

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

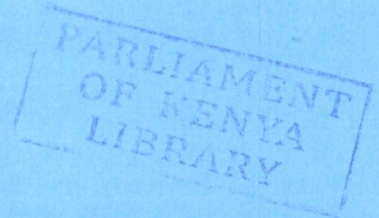
REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 31 JUL 2019 DAY: Wednesday

TABLED BY: Hon. Benjamin Wadhvani (Majority Whip)

CLERK OF THE TABLE: Hilda M...



OF
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – KAPENGURIA CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018



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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Core Values

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

(b) Key Management

The NGCDF KAPENGURIA 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	Stephen Mnangat
3.	Sub-County Accountant	Solomon Kiratu
4.	Chairman NGCDFC	Simon Siwareng
5.	Member NGCDFC	Joseph Lopetang'ole

(d) Fiduciary Oversight Arrangements

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

P.O. Box 1
- Building/House/Plaza
- Avenue/Road/Highway
Nairobi, KENYA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KAPENGURIA CONSTITUENCY

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For the year ended June 30, 2018

(f) NGCDF KAPENGURIA Constituency Contacts

Telephone: (254) ---

E-mail: ---.go.ke

Website: www.go.ke

(g) NGCDF KAPENGURIA Constituency Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank (specify the constituency account banker details)
...
...
...

(h) Independent Auditors

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

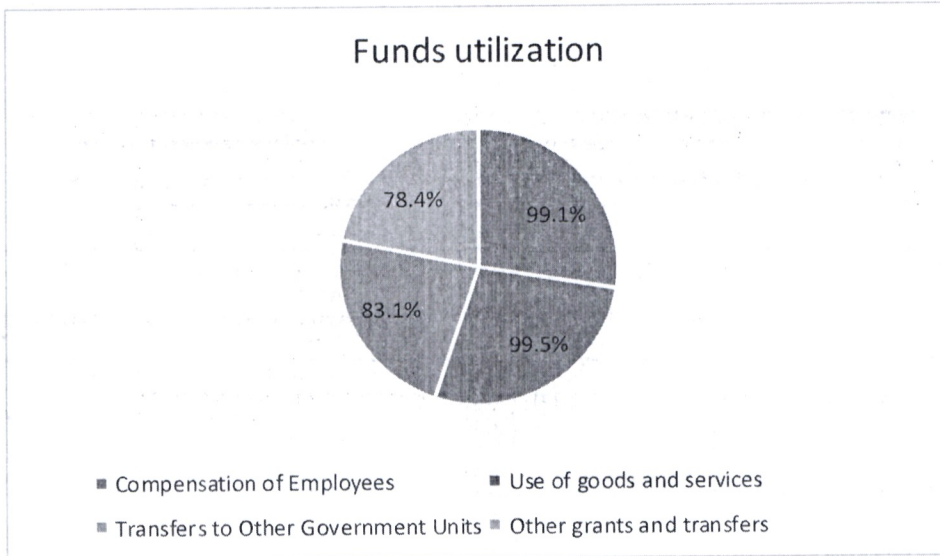
(i) Principal Legal Adviser

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

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The final budget for NG-CDF Kapenguria for FY 2017/2018 was Ksh 98,204,494 while the actual utilization was Ksh 81,676,318 resulting to a variance of Ksh 17,528,172 This explains the reason why there is less than 90% funds utilization under transfers to other government units and other grants and transfers. Overall, the budget performance was at 82%. The funds utilization is as indicated in the pie charts below.



In the financial year 2017/2018 a number of projects were undertaken which includes purchase of buses, construction of school classes and dormitories among other. Below herewith find complete of the completed projects.

<p>Bus purchase by NGCDF Kapenguria</p>	<p>St. Augustine Mixed Day Secondary School- Kapkoris</p>	<p>Bus for Riwo Secondary School.</p>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

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It has come out clearly that better utilization of CDF funds can make great impact in the community and with the coming in of the county government, there has been healthy competition which has led to improved service delivery. However, implementation has not been without challenges such as records keeping at the PMC level including delays in remitting the expenditure returns. However, there has been continuous capacity building on the need for expeditious accounting and reporting.

SIGN:



SIMON SIWARENG

CHAIRMAN NGCDF COMMITTEE



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

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

III. STATEMENT OF ENTITY MANAGEMENT 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-KAPENGURIA 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, 20-. 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-KAPENGURIA 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, 20-, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-KAPENGURIA 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-KAPENGURIA 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-KAPENGURIA Constituency financial statements were approved and signed by the Accounting Officer on 31/12 2018.



Fund Account Manager
Name: Stephen Mnangat



Sub-County Accountant
Name: Solomon Kiratu
ICPAK Member Number: 12540



REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kapenguria Constituency set out on pages 7 to 45, 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 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Kapenguria 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Adverse Opinion

1.0 Unsupported Project Management Committee Bank Balances

Annex 4 to the financial statements reflect Project Management Committee (PMC) bank balances totalling Kshs.575,500 as at 30 June 2018. However, cash books, bank confirmation certificates, bank statements and bank reconciliation statements were not provided for audit review.

Consequently, the existence, accuracy, validity and completeness of the Project Management Committee bank balance Kshs.575,500 as at 30 June 2018 could not be confirmed.

2.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2018 reflects compensation of employees figure of Kshs.2,964,066 which is at variance with monthly payroll summaries figure of Kshs.2,973,684 resulting in an unreconciled or unexplained difference of Kshs.9,618. Consequently, the accuracy, validity and completeness of

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

compensation of employees figure of Kshs.2,964,066 for the year ended 30 June 2018 could not be confirmed.

3.0 Unsupported Expenditure

The statement of receipts and payments for the year ended 30 June 2018 reflects transfers to other government units figure of Kshs.41,394,040 relating to funds disbursed to various Project Management Committees. However, actual expenditure returns and acknowledgement letters from institutions that received the funds were not availed for audit verification contrary to Section 15(1) (d) of the National Constituency Development Fund Regulations, 2016 which states that the Project Management Committees shall prepare returns and file them with a Constituency Committee.

Under the circumstances, the management was in breach of the law and it was not possible to confirm whether the funds totaling Kshs.41,394,040 were actually received and utilized for the budgeted projects in the year under review.

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 adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Adverse Opinion section, 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 Budget Performance

The National Government Constituencies Development Fund - Kapenguria Constituency had an approved budget of Kshs.99,204,489 during the financial year 2017/2018 comprising of 2017/2018 allocation of Kshs.98,189,655 and unspent balances brought forward from 2016/2017 as adjustment of Kshs.1,014,834. During the same period, the Fund recorded expenditure of Kshs.81,676,318 or approximately 82% of the budgeted amount resulting in under expenditure of Kshs.17,528,171 or 18% of the budget as detailed below:

Item	Budget Amount (Kshs)	Expenditure (Kshs)	Under Absorption (Kshs)	(%) Utilization
Compensation of Employees	2,992,000	2,964,066	27,934	99
Use of goods and services	6,798,764	6,339,442	459,321	93

Item	Budget Amount (Kshs)	Expenditure (Kshs)	Under Absorption (Kshs)	(%) Utilization
Transfers to Other Government Units	49,829,732	41,394,040	8,435,692	83
Other grants and transfers	39,583,994	30,978,770	8,605,224	78
Total	99,204,489	81,676,318	17,528,171	82

From the above summary, it is clear that the Fund failed to utilize Kshs.17,528,171 or 18% of its budget allocation. Failure to utilize all the funds as budgeted for is an indication that programs or activities were not implemented as planned thus not achieving the intended objective of improving delivery of goods and services to the people of Kapenguria Constituency. It may also be an indication that the budget was not realistic.

2.0 Project Implementation

During the financial year 2017/2018, National Government Constituency Development Fund – Kapenguria Constituency had an approved budget of Kshs.59,506,758.61 to be spent on twenty-one (21) projects out of which an amount of Kshs.41,394,040 was disbursed to eleven (11) projects excluding emergency, environment and sports project ,ten (10) projects with a total budget of Kshs.18,112,718 were not funded during the year, eight (8) projects with a budget of Kshs.22,678,486 were completed and in use while three (3) projects with a budget of Kshs.17,840,554 were ongoing at between 75% and 80% levels of completion as detailed in **Appendix I**. Failure to fund or complete the projects casts doubt on their implementation and may deny the people of Kapenguria Constituency the benefits of the projects.

3.0 Project Verification

During the year under review, ten (10) projects with total disbursements of Kshs.40,744,040 were verified. Four (4) projects with a total disbursements amounting to Kshs.4,770,000 were found to be complete and in use, one (1) project with a disbursement of Kshs.1,500,000 was partially completed and out of five schools where funds were disbursed for purchase of buses, three (3) schools with a total disbursement of Kshs.18,133,486 had received their buses while two (2) with a total disbursement of Kshs.16,340,554 were yet to receive the buses as detailed in **Appendix II**.

Under the circumstances, the intended objectives may not have been achieved and value for money may also not have been obtained.

4.0 Payments for Un Delivered School Buses

Included in the transfers to other government units figure of Kshs.41,394,040 reflected in the statement of receipts and payments is transfer to secondary school's figure of Kshs.40,174,040 out of which Kshs.16,340,554 was paid to two Secondary School vide cheque no 7165 of Kshs.6,000,000 and cheque no.7167 of Kshs.10,340,554 for the purchase of a 51 seater and 62 seater school buses as shown below:

PV. No	Date	Cheque No	Payee	Details	Amount (Kshs.)
390161	26/06/2018	7165	Karas Secondary School	Purchase of 51 seater school bus	6,000,000.00
390162	26/06/2018	7167	Nasokol Girls School	Purchase of 62 seater school bus	10,340,554.00
				Total	16,340,554.00

However, tender documents such as tender advertisement, tender opening, evaluation and award committee minutes, project file, local purchase order, contract agreement and log books were not availed for audit review. Further, a physical verification in the month of February 2019 revealed that the buses paid for had not been delivered.

Consequently, the propriety of Kshs.16,340,554 spent on the purchase of school buses for the year ended 30 June 2018 could not be confirmed.

5.0 Unsupported Sports Project Expenses

Included in other grants and transfers expenditure of Kshs.30,978,770 reflected under note 7 of the financial statements is sports project figure of Kshs.1,736,205 paid to two firms for supply of various sports items including footballs, trophies and soccer jerseys as shown below:

PV No	Date	Payee	Details	Amount (Kshs)
390114	26/04/2018	Kitale sports house	Being payment for purchase 10 trophies, 30 foot balls and 50 soccer jerseys	420,000.00
390118	13/03/2018	Poreet Enterprises	Being payment for purchase 30 trophies, 50 foot balls and 60 soccer jerseys	662,000.00
390122	02/05/2018	Kitale sports house	Being payment for purchase 30 trophies, 50 foot balls and 60 soccer jerseys	654,205.00
			Total	1,736,205.00

However, requisitions, inspection and acceptance committee report, delivery notes and signed distribution list and acknowledgement letters from the beneficiaries of these items were not provided for audit review.

Consequently, the propriety of the sports projects expenses amounting to Kshs.1,736,205 for the year ended 30 June 2018 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/Adverse Opinion] section of my report, based on the audit procedures

performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Recruitment of New Staff

Available information revealed that during the year under review, three (3) new staff members were hired. However, It could not be confirmed whether the recruitment was done through a competitive process given that a copy of the advertisement for the posts, list of shortlisted candidates and minutes of the interviews were not availed for audit review.

Consequently, the management of the Fund was in breach of the Constitution and the Employment Act, 2007.

2.0 Use of Goods and Services

2.1 Unsupported Hospitality Supplies and Services Expenditure

Included in the use of goods and services figure of Kshs.6,339,442 reflected in the statement of receipts and payments is hospitality supplies and services expenses figure of Kshs.289,885 out of which Kshs.202,385 payment was made vide payment voucher number 390158 during public participation exercise. However, the payment was not supported by scheduled programme/notices and attendance register.

Consequently, the propriety of Kshs.202,385 spent on the public participation exercise for the year ended 30 June 2018 could not be confirmed.

2.2 Cash Procurement

Included in the use of goods and services figure of Kshs.6,339,442 under note 5 to the financial statement is printing, advertising and information supplies and services balance of Kshs.530,422 out of which expenditure amounting to Kshs.495,000 related to purchase of mobile phone for office use and printing of mock exams for secondary schools in Kapenguria Constituency were done in cash. However, the figure exceeded the low value cash purchase limit of Kshs.5,000 for entities in class 'C' in which NG CDF falls.

Consequently, the management was in breach of the law.

3.0 Transfers to Other Government Entities

3.1 Purchase of Land - Kapchila Secondary School

Included in transfers to other government units figure of Kshs.41,394,040 reflected in the statement of receipts and payments is transfer to secondary school's figure of Kshs.40,174,040 out of which Kshs.1,200,000 was incurred on the purchase of 2 acres of land for Kapchila Secondary School. However, the supporting documents for the purchase of land such as valuation report, search certificate, tender evaluation and award committee minutes and title deed were not availed for audit review.

Consequently, the propriety of Kshs.1,200,000 incurred on purchase of land for the year ended 30 June 2018 could not be confirmed.

3.2 Funding of Un Approved Projects

The statement of receipt and payments reflects transfers to other government units figure of Kshs.41,394,040 which according to note 6 to the financial statements included transfers to secondary school amount of Kshs.40,174,040 and transfers to primary schools amount of Kshs.1,220,000. Examination of expenditure records and approved code list availed for audit review revealed that the following two projects with a total disbursement of Kshs.1,370,000 were funded during the 2017/2018 financial year but were not in the approved project code list.

PV No	Date		Payee	Details	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Amount Disbursed not Budgeted (Kshs.)
390080	03/05/2018	6221	Turkwel gorge mixed school	Construction of sanitorian facilities(8 latrines and 10 bathrooms) for both girls and boys	0.00	800,000	800,000
390055	24/4/2018	6206	Komol Primary School	Purchase of 60 double decker beds	0.00	570,000	570,000
				Total	0.00	1,370,000	1,370,000.00

Consequently, the management is in breach of the law.

4.0 Other Grants and Transfers

4.1 Bursary Disbursement

Included in the other grants and transfers balance of Kshs.30,978,770 reflected in the statement of receipts and payments are bursary disbursements totaling Kshs.22,369,300 to secondary schools and tertiary institutions of Kshs.12,543,300 and Kshs.9,826,000 respectively as disclosed under note 7 to the financial statements. However, minutes of the bursary subcommittee indicating how the beneficiaries were identified and confirming two co-opted members one from the area education office seconded by the Ministry of Education as required by Constituency Development Fund circular reference no. Voll 1/111 dated 13 September 2010, were not availed for audit review. In addition, a list of those who were awarded bursaries and acknowledgement letters by the schools and tertiary institutions were also not provided for audit review.

Under the Circumstances, the management breached the law and the accuracy and propriety of the bursary disbursements of Kshs.22,369,300 for the year under review could not be confirmed.

4.2 Environment Project

The statement of receipts and payments reflects other grants and transfers expenses amounting to Kshs.30,978,770 which according to note 7 included environment projects

expenditure amounting to Kshs.1,736,185 incurred on purchase of seedlings as detailed below:

No	Date	P.V No.	Payee	Details	Amount Kshs
1	30/04/2018	390169	Green Environment Enterprises	Payment for Environmental Activities and Other related activities	507,885.00
2	24/04/2018	390139	Kapenguria Environmental agency	Payment for Environmental Activities and Other related activities	515,000.00
3	24/04/2018	390155	Kapenguria Environmental agency	Payment for Environmental Activities and Other related activities	713,300.00
				Total	1,736,185.00

However, the signed distribution list by the beneficiaries of the seedlings was not provided for audit review.

Consequently, the propriety of Kshs.1,736,185 spent on the purchase of seedlings could not be confirmed.

4.3 Emergency Repairs to Schools

The statement of receipts and payments reflects other grants and payments amount of Kshs.30,978,770 which included emergency payments amounting to Kshs.5,137,080. Included in this was two payments amounting to Kshs.1,719,000 made to two firms as detailed below for emergency works which were not supported by bills of quantities and payment certificate from the ministry of public works.

Pv.no	Date	Payee	Details	Amount Kshs
390060	20-06-18	Penjoy Contractors	Repair of two classes at Marcha primary school	613,000.00
390071	27-02-18	Moks Contractors	Roofing of two classes and toilets repairs.	1,106,000.00
			Total	1,719,000.00

Under the Circumstances, the propriety of Kshs.1,719,000 for the year under review 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

As required by Section 7 (1) (a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for [Conclusion on Effectiveness of Internal Controls, Risk Management and Governance/Adverse Opinion] section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires 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 for The Financial Statements

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 such 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's 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.



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

Nairobi

13 May 2019

Appendix I Project Implementation Status Report

S/No	Project Name	Project Activity	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Cumulative Achievement (%)	Implementation status (Not Started/On-going/Stalled or Abandoned)
1	Holy Trinity Girls Sec Sch	Purchase of 62 seater school bus	11,628,486.40	11,133,486.00	100%	Complete
2	Turkwel Secondary Sch	Construction of sanitorian facilities(8 latrines and 10 bathrooms) for both girls and boys,	0.00	800,000.00	100%	Complete
3	Turkwel Secondary Sch	Construction of the two classes: from foundation, slabbing walling, ring beam, roofing ,plastering ,fixing steel doors and fixing steel windows and painting	2,200,000.00	2,200,000.00	100%	Complete
4	Meshark Tumkou Sec Sch	Complete payment of 51 seater school bus purchase debt	1,000,000.00	1,000,000.00	100%	Complete
5	Chemororoch Secondary School	Purchase of 51 Seater School Bus	6,000,000.00	6,000,000.00	100%	Complete
6	Kapchila secondary School	Purchase of one acre land for the school	1,200,000.82	1,200,000	100%	Complete
7	Komol Primary School	Purchase of 60 beds	0.00	570,000.00	100%	Complete
8	Karon Primary School	Construction of the one class : from foundation, slabbing walling, ring beam, roofing ,plastering ,fixing steel doors and fixing steel windows and painting	650,000.00	650,000.00	100%	Complete
9	Nasokol Girls Sch	Purchase of 62 seater school bus	10,340,554.40	10,340,554.00	80%	On going
10	Karas Secondary School	Purchase of 51 Seater School Bus	6,000,000.00	6,000,000.00	90%	On going
11	Kitalekapel Secondary School	Construction of the one class and a toilet : from foundation, slabbing walling, ring beam, roofing ,plastering ,fixing steel doors and fixing steel windows and painting	1,500,000.00	1,500,000.00	75%	On going

S/No	Project Name	Project Activity	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Cumulative Achievement (%)	Implementation status (Not Started/On-going/Stalled or Abandoned)
12	Kapkata Secondary School	Finishing works of one classroom: plastering, fixing steel doors and fixing steel windows and painting	450,000.00	-	0%	Not Started
13	Nasokol Girls Sch Bus	Additional funds to complete purchase of 67 seater scania school bus	3,000,000.00	-	0%	Not Started
14	Miskwony Secondary School	Construction of one classroom from foundation, slabbing, walling, roofing and fixing steel windows and doors	600,000.00	-	0%	Not Started
15	Meshark Tumkou Sec Sch	Construction of administration block for the school; foundation, slabbing walling and roofing	4,000,000.00	-	0%	Not Started
16	Kakpaw Pri School	Purchase of one acre of lands for the school playground	1,000,000.00	-	0%	Not Started
17	Ketiam Primary School	Finishing works of one classroom: plastering ,fixing steel doors and fixing steel windows and painting	450,344.96	-	0%	Not Started
18	Riting Primary School	Completion of the fence using chain link and metal bars as posts for five hundred meters	500,000.00	-	0%	Not Started
19	Constituency Innovation centres	Installation of innovation Hub in Endeless Ward. Procurement of Satellite Antenna, Router, Digital Access Kit and digital ruggedized tables, wi-fi with outdoor wireless device complete with 12U cabinet complete with installation accessories in 4 sites.	4,677,027.20	-	0%	Not Started
20	Constituency strategic plan 2017-2022	Preparation of constituency strategic plans for the period 2017-2022.	4,000,000.00	-	0%	Not Started

S/No	Project Name	Project Activity	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Cumulative Achievement (%)	Implementation status(Not Started/On-going/Stalled or Abandoned)
21	Siyoi Primary School	Construction of two 4 door toilets for boys and girls: digging pit latrines, slabbing, walling, roofing and plastering	310,344.83	-	0%	Not Started
		Total	59,506,758.61	41,394,040.00		

Appendix II.

Project Verification

S/No.	Project Name	Project Activity	Amount Disbursed Kshs	Results of Verification
1	Turkwel gorge mixed sch	Construction of sanitorian facilities(8 latrines and 10 bathrooms) for both girls and boys	800,000	Sanitorian facilities complete and in use but 4No. doors to the toilets were not fitted. 2No. bathrooms which are temporary structures were put up.
2	Turkwel gorge mixed sch	Construction of two classes: From foundation , slabbing, walling, ring beam, roofing, plastering, fixing steel doors and windows and painting	2,200,000	Floors, walls, fittings, plastering, roof and painting done and classes were complete and in use. The floors done had started wearing out.
3	Kitalakapel sec school	Construction of one class and a toilet from foundation, slabbing walling, ring beam, roofing, plastering, fixing steel doors and windows and painting	1,500,000	Three classrooms constructed instead of one. Toilet not constructed. Floor and walling complete. Plastering was complete but no painting. windows and doors were fitted but no glasses. A representation given indicated co-funding by the school of Kshs. 300,000.
4	Holy Trinity Girls Sec Sch	Purchase of 62 seater school bus, Being payment for additional funds for purchase of a 62 seater bus	11,133,486	School bus delivered
5	Meshack Tomkon Sec Sch	Complete payment of 51 seater school bus purchase debt	1,000,000	School bus delivered
6	Chemororoch Secondary Sc	Purchase of 51 seater school bus	6,000,000	School bus delivered but log book not yet received.

S/No.	Project Name	Project Activity	Amount Disbursed Kshs	Results of Verification
7	Karas Secondary School	Purchase of 51 seater school bus	6,000,000	School bus yet to be delivered.
8	Nasokol Girls School	Purchase of 62 seater school bus	10,340,554	School bus yet to be delivered.
9	Kapchilla sec school	Purchase of one acre land for the school	1,200,000	Ownership documents not availed.
10	Komol Primary School	Purchase of 60 double decker beds	570,000.00	Beds delivered and in use.
		Total	40,744,040	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KAPENGURIA CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2018


IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	84,074,137	81,896,552
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		84,074,137	81,896,552
PAYMENTS			
Compensation of employees	4	2,964,066	2,986,373
Use of goods and services	5	6,339,442	3,442,049
Transfers to Other Government Units	6	41,394,040	49,473,100
Other grants and transfers	7	30,978,770	31,165,890
Acquisition of Assets	8	-	979,960
Other Payments	9	-	-
TOTAL PAYMENTS		81,676,318	88,047,372
SURPLUS/(DEFICIT)		<u>2,397,819</u>	<u>(6,150,820)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KAPENGURIA Constituency financial statements were approved on 31/12 2018 and signed by:


Fund Account Manager
Name: Stephen Mnangat



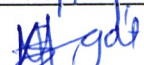

Sub-County Accountant
Name: Solomon Kiratu
ICPAK Member Number: 12540


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

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	3,412,653	1,014,835
Cash Balances (cash at hand)	10B	-	-
		-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		<u>3,412,653</u>	<u>1,014,835</u>
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	1,014,834	7,165,655
Surplus/Defict for the year		2,397,819	(6,150,820)
Prior year adjustments	14	-	-
NET LIABILITIES		<u>3,412,653</u>	<u>1,014,835</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KAPENGURIA Constituency financial statements were approved on 31/12 2018 and signed by:


Fund Account Manager
Name: Stephen Mnangat


Sub-County Accountant
Name: Solomon Kiratu
ICPAK Member Number: 12540



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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	84,074,137	81,896,552
Other Receipts	3	-	-
		84,074,137	81,896,552
Payments for operating expenses			
Compensation of Employees	4	(2,964,066)	(2,986,373)
Use of goods and services	5	(6,339,442)	(3,442,049)
Transfers to Other Government Units	6	(41,394,040)	(49,473,100)
Other grants and transfers	7	(30,978,770)	(31,165,890)
Other Payments	9	-	-
		(81,676,318)	(87,067,412)
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		2,397,819	(5,170,860)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(-)	(976,960)
Net cash flows from Investing Activities		-	(979,960)
NET INCREASE IN CASH AND CASH EQUIVALENT		2,397,819	(6,150,820)
Cash and cash equivalent at BEGINNING of the year	13	1,014,834	7,165,655
Cash and cash equivalent at END of the year		<u>3,412,653</u>	<u>1,014,835</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KAPENGURIA Constituency financial statements were approved on 31/12/2018 2018 and signed by:

Agat
Fund Account Manager
Name: Stephen Mwangi

Shw
Sub-County Accountant
Name: Solomon Kiratu
ICPAK Member Number: 12540



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KAPENGURIA CONSTITUENCY

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	98,189,655	1,014,834	99,204,489	84,074,137	15,130,353	84.7%
Proceeds from Sale of Assets						
Other Receipts	98,189,655	1,014,834	99,204,489	84,074,137	15,130,353	84.7%
PAYMENTS						
Compensation of Employees	2,992,000		2,992,000	2,964,066	27,934	99.1%
Use of goods and services	5,783,929	1,014,834	6,798,763	6,339,442	459,321	93.2%
Transfers to Other Government Units	49,829,732	-	49,829,732	41,394,040	8,435,692	83.1%
Other grants and transfers	39,583,994	-	39,583,994	30,978,770	8,605,224	78.3%
Acquisition of Assets						
Other Payments						
TOTALS	98,189,655	1,014,834	99,204,489	81,676,318	17,528,171	82%

(a) [For the revenue items, indicate whether they form part of the ALA by inserting the "ALA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. 84.7 % receipt on transfers from NGCDF Board resulting to below 90% of receipt was due to delayed funding by NGCDF Board.
- ii. 83.1% spent on transfer to other government units resulting to below 90% of utilization was due to delayed funding by NGCDF Board.
- iii. 78.3% spent on other grants and transfers resulting to below 90% of utilization was due to delayed funding by NGCDF Board.
- iv. -x
- v. -x

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KAPENGURIA CONSTITUENCY
Reports and Financial Statements
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(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-KAPENGURIA Constituency financial statements were approved on 31/12/ 2018 and signed by:



Fund Account Manager
Name: Stephen Mnangat



Sub-County Accountant
Name: Solomon Kiratu 12540
ICPAK Member Number:



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KAPENGURIA 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-KAPENGURIA 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.

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) –
KAPENGURIA 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.

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) –
KAPENGURIA CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO A855843	1	5,500,000	-
AIE NO A892950	2	37,905,172	-
AIE NO A896939	3	40,668,965	-
AIE NO	1	-	4,094,828
AIE NO	2	-	36,853,449
AIE NO	3	-	40,948,275
TOTAL		84,074,137	81,896,552

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	-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

KAPENGURIA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018	2016-2017
	Kshs	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	2,964,066	2,986,373
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	2,964,066	2,986,373

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	1,092,000	769,934
Utilities, supplies and services	86,548	30,865
Communication, supplies and services	244,033	9,960
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	530,422	51,120
Rentals of produced assets	-	-
Training expenses	987,000	986,600
Hospitality supplies and services	289,885	24,960
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	176,500	119,700
Other operating expenses	152,096	-
Routine maintenance – vehicles and other transport equipment	1,594,650	844,910
Routine maintenance – other assets	258,308	-
Fuel, Oil & lubricants	928,000	607,000
Total	6,339,442	3,442,049

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

KAPENGURIA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	1,220,000	19,653,100
Transfers to secondary schools (see attached list)	40,174,040	23,420,000
Transfers to tertiary institutions (see attached list)	-	6,400,000
Transfers to health institutions (see attached list)	-	-
TOTAL	41,394,040	49,473,100

7. **OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,543,300	13,699,000
Bursary – tertiary institutions (see attached list)	9,826,000	6,085,450
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	-	-
Sports projects (see attached list)	1,736,205	1,340,000
Environment projects (see attached list)	1,736,185	1,402,440
Emergency projects (see attached list)	5,137,080	4,039,000
Other projects	-	4,600,000
Total	30,978,770	31,165,890

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

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2017-2018 Kshs	2016-2017 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	-	473,000
Purchase of ICT Equipment, Software and Other ICT Assets	-	506,960
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	-	979,960

9. OTHER PAYMENTS

	2017-2018 Kshs	2016-2017 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>Equity Bank – A/C No. 107029759933</i>	3,412,653	1,014,835
<i>Name of Bank, Account No.</i>	-	-
<i>Name of Bank, Account No.</i>	-	-
Total	3,412,653	1,014,835
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>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
Total				-

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

12 RETENTION

	2017 - 2018	2016-2017
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	1,014,834	7,165,654
Cash in hand	-	-
Imprest	-	-
Total	1,014,834	7,165,654

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
Total	-	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018 Kshs	2016-2017 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	-	-
Use of goods and services	-	-
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Acquisition of assets	-	-
Others (<i>specify</i>)	-	-
	-	-

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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)	575,000	755,500
	575,000	755,500

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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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 d=a-c	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 ENTITY - (KAPENGURIA NG-CDF)
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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	372,000	-	-	372,000
Buildings and structures	8,099,659	-	-	8,099,659
Transport equipment	11,242,046	-	-	11,242,046
Office equipment, furniture and fittings	1,023,000	-	-	1,023,000
ICT Equipment, Software and Other ICT Assets	1,155,296	-	-	1,155,296
Other Machinery and Equipment	250,000	-	-	250,000
Heritage and cultural assets				
Intangible assets				
Total	22,142,001			22,142,001

NATIONAL GOVERNMENT ENTITY - (KAPENGURIA NG-CDF)

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For the year ended June 30, 2018 (Kshs'000)

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Turkwel secondary school	KCB	1108728123	320,000	
Koran Primary School	KCB	1107986543	100,000	
Komol primary school	Equity	107017389399	50,000	
Kapchilla Secondary School	Equity	108066277392	105,500	
Poole Primary School	KCB	1105542297		10,000
Tindar Primary School	KCB	1106044622		5,000
Ketiam Pry school	KCB	1106175522		100,000
Chetram Pry School	KCB	1107215072		120,500
Turkwel Gorge Secondary School	Equity	107016170944		210,000
Tomena Secondary School	KCB	1109088781		310,000
Total			575,500	755.500

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1 of 2017	Bursary disbursement	A copy of the minutes of the sub committee indicating how the beneficiaries were identified is available for review. The minutes indicating co-option of two officers one being the district education officer and the second one is the assistant county commissioner- Kapenguria. The schools/institutions did acknowledge receipt of the bursary funds and make acknowledge letters, copies of acknowledgement letters are available for review.	Stephen Mnangat, Funds Accounts Manager	Resolved	
1.2 of 2017	Emergency projects	The funds were used to pay for labour to individuals that were involved on repairs of toilets and classrooms that had been destroyed by heavy wind and rains at various schools within the constituency. Supporting documents are available for review.	Stephen Mnangat, Funds Accounts Manager	Resolved	
1.3 of 2017	Renovation of sook office	The quotations, evaluation minutes, and inspection and acceptance reports are	Stephen Mnangat, Funds	Resolved	

NATIONAL GOVERNMENT ENTITY - (KAPENGURIA NG-CDF)

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For the year ended June 30, 2018 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		available for review. The works have since been satisfactorily done.	Accounts Manager		
1.4 of 2017	Renovation of Kongelai CDF office	The quotations, evaluation minutes, and inspection and acceptance reports. We wish to confirm that the works were undertaken fully and satisfactorily.	Stephen Mnangat, Funds Accounts Manager	Resolved	
2.0 of 2017	Purchase of Lnad- Riwo Secondary School	The purchase agreement for the Riwo secondary school land is available for review. The compensation included development assets that were on the site that belonged to the group. More ownership documents are in progress.	Stephen Mnangat, Funds Accounts Manager	Not Resolved	31 st December, 2018
3.0 of 2017	Proposed construction of Kitalakapel TTI-Erection and completion of twin workshop, classrooms and office block	NG-CDF Kapenguria was supposed to disburse the amount to the TTI just like to other projects and not based on the completion certificates. The contracts for the projects were signed between the contractor and the mentoring institutions and therefore the institutions were fully accountable for the supervision and payments for all works done as per the contract. A follow up will be made to the institution so that it provide the supporting documents for the funds	Stephen Mnangat, Funds Accounts Manager	Not Resolved	31 st December, 2018

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For the year ended June 30, 2018 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		disbursed			
1.0 of FY 2016	Inaccuracies in the financial statements	The variance of Ksh 2,006,913 was as a result of undisbursement of the same by the CDF board.	Stephen Mnangat, Funds Accounts Manager	Resolved	
2.0 of FY 2016	Lack of expenditure returns for Ksh 1,215,149 for construction of Kongelai CDF office	The expenditure returns for the construction of kongelai CDF office has since been availed by the PMC.	Stephen Mnangat, Funds Accounts Manager	Resolved	
3.0 of FY 2016	Lack of bursary sub committee	The bursary sub committee has since been formed where two other members have been coopted where one is the district education officer-Kapenguria	Stephen Mnangat, Funds Accounts Manager	Resolved	
4.0 of FY 2016	Lack of Purchase supporting documents for purchase of land -Psigirio primary school	The supporting documents such sale agreement among others for the purchase of land in Psigirio primary school are available for review	Stephen Mnangat, Funds Accounts Manager	Resolved	
1.0 of FY 2015	Validity of transfer from other government entities put to question.	The Ksh 24,686,430 was funds relating to the previous financial year, FY 2013/2014 that was funded in FY 2014/2015 bank statements are available for review.	Stephen Mnangat, Funds Accounts Manager	Resolved	
2.0 of FY 2015	Unconfirmed propriety of compensation of employees of Ksh 1,082,720	The number of the employees has been reducing slowly where in the event of an exit of an employee no replacement is made. The number has since gone down by 2.	Stephen Mnangat, Funds Accounts Manager	Not resolved	By December, 2019
3.0 of FY	Unconfirmed propriety of purchase of school buses	The unspent balance of Ksh 213,280 for the St mary's	Stephen Mnangat,	Resolved	

NATIONAL GOVERNMENT ENTITY - (KAPENGURIA NG-CDF)

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For the year ended June 30, 2018 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2015	amounting to Ksh 13,000,000	siyoi secondary school was spent in making payment for the insurance. The invoice is available for review. In addition procurement records for the purchase of the buses are available for review.	Funds Accounts Manager		
4.0 of FY 2015	Unconfirmed propriety for transfer to health facilities amounting to Ksh 2,400,000	The expenditure returns for the renovation of the health facilities have since been availed by the respective PMCs	Stephen Mnangat, Funds Accounts Manager	Resolved	

