

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

THE NATIONAL ASSEMBLY  
PAPERS LAID

OF

DATE: 15 OCT 2019

TUESDAY

THE AUDITOR-GENERAL

TABLED

BY:

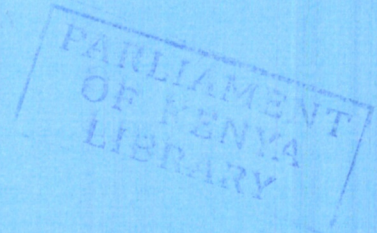
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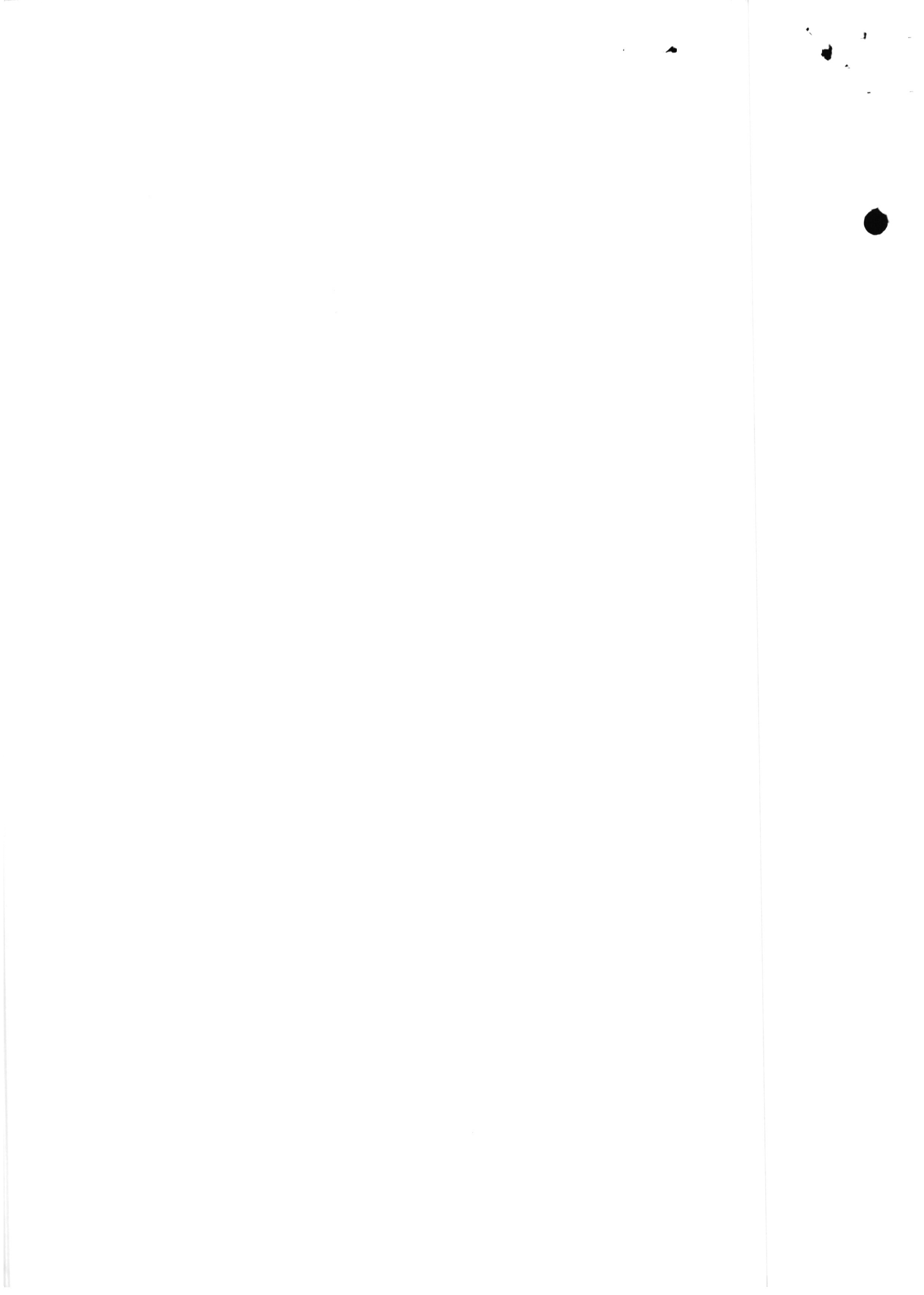
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THE TABLE:

ON

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

**FOR THE YEAR ENDED  
30 JUNE 2018**





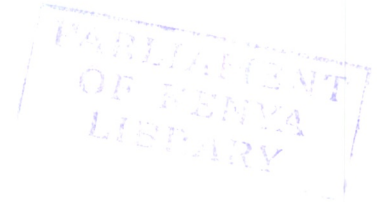


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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
KARACHUONYO CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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



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



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

**KARACHUONYO CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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Table of Content

Page

<b>I.</b>	<b>KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....</b>	<b>1</b>
<b>II.</b>	<b>FORWARD BY THE NGCDF COMMITTEE CHAIRMAN .....</b>	<b>4</b>
<b>III.</b>	<b>STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES .....</b>	<b>6</b>
<b>IV.</b>	<b>STATEMENT OF RECEIPTS AND PAYMENTS .....</b>	<b>7</b>
<b>V.</b>	<b>STATEMENT OF ASSETS AND LIABILITIES .....</b>	<b>8</b>
<b>VI.</b>	<b>STATEMENT OF CASHFLOW .....</b>	<b>9</b>
<b>VII.</b>	<b>SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....</b>	<b>10</b>
<b>VIII.</b>	<b>SIGNIFICANT ACCOUNTING POLICIES .....</b>	<b>11</b>
<b>IX.</b>	<b>NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>15</b>

**X. 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)  
KARACHUONYO CONSTITUENCY**

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

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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 KARACHUONYO 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 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Duncan Muga
3.	Sub-County Accountant	Richard Nyachoti
4.	Chairman NGCDFC	Eliazah Babu Muga
5.	Member NGCDFC	Gordon Osano

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 36-  
KENDUBAY  
Next to Rachuonyo North District Headquarters  
Along Kenubay-Oyugis Road



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

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

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**(f) NGCDF KARACHUONYO Constituency Contacts**

Telephone: (254) 711972390  
E-mail: karachuonyo@cdf.go.ke  
Website: www.karachuonyo@cdf.go.ke

**(g) NGCDF KARACHUONYO Constituency Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Equity Bank  
Account no. *1184059780, Homabay Branch*  
PO BOX  
Homabay

**(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)  
KARACHUONYO CONSTITUENCY**

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

**XI.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

**OPENING REMARKS:**

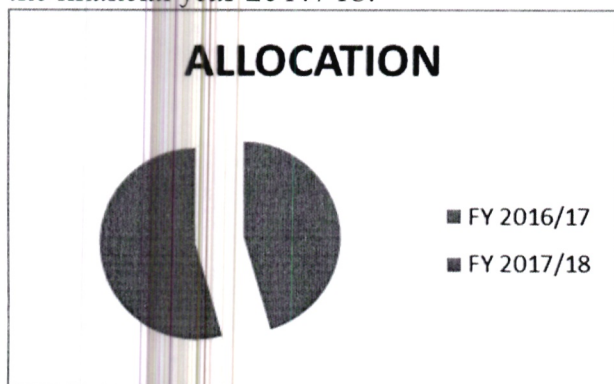
On behalf of the Hon. Andrew Adipo Okuome, M.P. Karachuonyo Constituency, NG-CDFC Karachuonyo Constituency and the entire Karachuonyo constituents wish to acknowledge and appreciate the funds allocated to the constituency by the National Government by through the NG-CDF Board to facilitate the implementation of various projects in the Constituency.

Karachuonyo Constituency implemented various projects during the period being reported including bursary allocation to needy students in both secondary and tertiary schools; Construction of classrooms and pit latrines, purchase of desk, fencing and planting of trees in schools; Construction of laboratories, dormitories and provision of water tanks in primary and secondary schools; Construction of a foot bridge in a primary school connecting two locations benefitting close to over 30,000 people in the ward; and Construction of Chiefs camps.

The implementation of the above projects has led to improved learning and enhanced security in the constituency. However, due to the size of approximately 412.50 sq.km. With a population of 162,043 in the constituency coupled with the poverty level and the need for infrastructural development in schools, the funds allocated were not able to fulfil the constituency needs. In view of the above, there is need to review funds allocation in 2018/2019 to the constituencies with view to increase the allocation

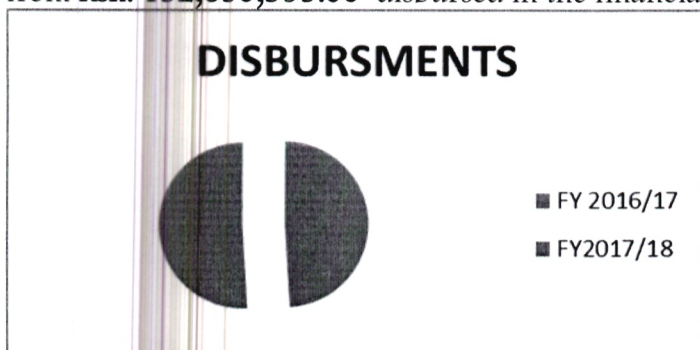
**ALLOCATIONS OF FUNDS:**

The NG-CDF Board has made improvement in allocation of funds to the constituencies. The total allocation to the constituency improved from Ksh 82Million in the FY 2016/17 to ksh98Million in the financial year 2017/18:



**DISBURSMENTS OF FUNDS TO PROJECTS:**

Karachuonyo NG-NG-CDF has in the last financial year disbursed up to **Ksh 137,056,801.00** from **Ksh. 132,650,395.00** disbursed in the financial year 2016/17.



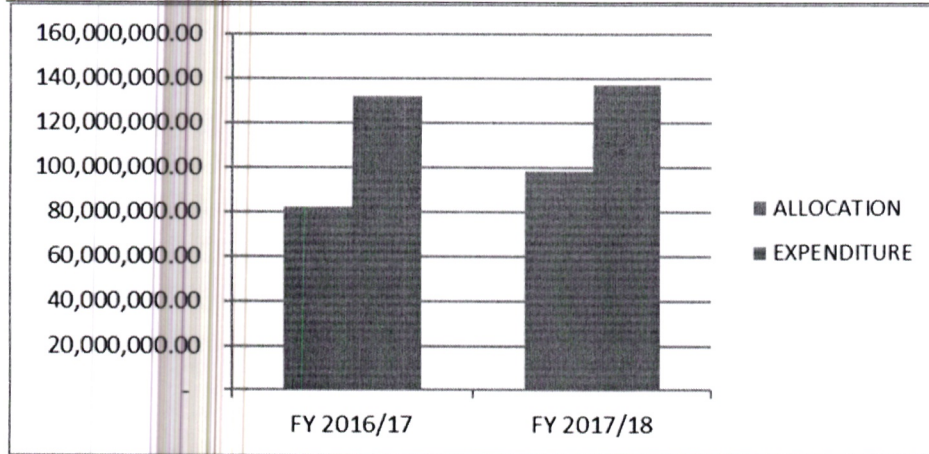
This shows an improvement in the disbursements of projects' funds hence improvements of service delivery to the residents of Karachuonyo.

**ALLOCATION VS EXEPNDITURE:**



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

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



**KEY ACHIEVEMENTS:**

We have made achievements in infrastructural developments across the constituency more especially on the education and security sectors. This therefore, reflects on improved service delivery to the people of Karachuonyo:

**Sample of Implemented Projects**



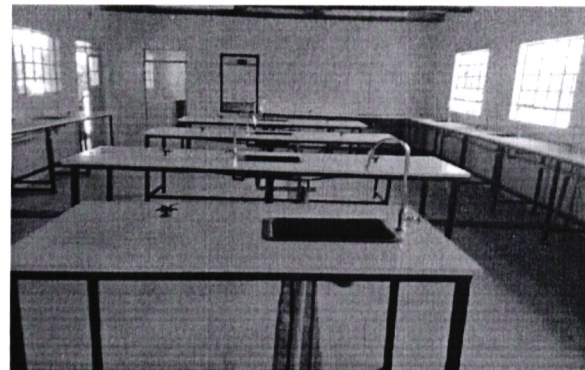
**ST. ALFRED LAB**



**KANYAMFWA MIXED SCHOOL BUS**



**ST. ALFRED ALARA SEC SCH BUS**



**ST. ALFRED ALARA LAB FITTINGS**

**CHALLENGES:**

The challenges we face mostly is delays in preparation of Bills of Quantity by line Ministry thus delaying the process of cheques preparation.

Thank you.

Sign:.....  
CHAIRMAN NGCDF COMMITTEE



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

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**XII. 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-KARACHUONYO 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-KARACHUONYO 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 Karachuonyo Constituency financial statements give a true and fair view of the state of Karachuonyo Constituency transactions during the financial year ended June 30, 2018, and of the Karachuonyo Constituency financial position as at that date. The Accounting Officer charge of the NGCDF-KARACHUONYO Constituency further confirms the completeness of the accounting records maintained for the Karachuonyo Constituency, 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.

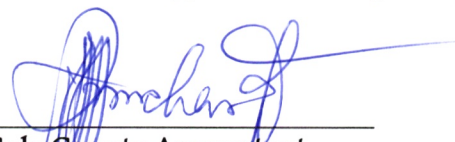
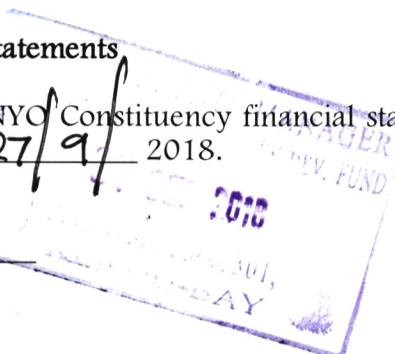
The Accounting Officer in charge of the NGCDF-KARACHUONYO Constituency confirms that the Karachuonyo Constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Karachuonyo Constituency funds received during the 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 Karachuonyo Constituency 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-KARACHUONYO Constituency financial statements were approved and signed by the Accounting Officer on 27/9/ 2018.



\_\_\_\_\_  
Fund Account Manager  
Name:



\_\_\_\_\_  
Sub-County Accountant  
Name:  
ICPAK Member Number:



# REPUBLIC OF KENYA

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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 – KARACHUONYO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

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#### Qualified Opinion

I have audited the accompanying financial statements Karachuonyo National Government Constituencies Development Fund set out on pages 7 to 30 which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Karachuonyo National Government Constituencies Development Fund 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 Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Summary Statement of Appropriation

Included in the summary of statement of appropriation recurrent and development in the final budget of Kshs.150,996,721 is an adjustment of Kshs.64,186,376 which in turn includes Kshs.51,131,862 receipts for prior years leaving unreconciled difference of Kshs.13,054,514 not supported by any documentary evidence. Consequently, the accuracy and validity of the summary statement of appropriation could not be ascertained as at 30 June 2018.

##### 2. Unaccounted for Security Expenditure

Included in the financial statements under Note 7 is other grants and other payments expenditure of Kshs.35,802,511 which includes security expenditure of

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

Kshs.4,541,034 which in turn includes an expenditure of Kshs.950,000 that was paid to Project Management Committee (PMC) for Rambira Wang'chieng Chiefs' office for electrical installation and painting. However, audit verification of the project on the 17 April 2019, revealed that no work was undertaken and the contractor was not on site. The project file and the PMC bank statement was not provided for audit review. In the circumstance, it was not possible to confirm the propriety of the expenditure.

### 3. Unsupported Expenditure on Transfer to Schools

Included in transfer to other Government units of Kshs.91,176,902 is Kshs.12,080,000 in respect to transfers to primary and secondary schools. However, expenditure returns were not made available for audit verification. Consequently, the propriety of Kshs.12,080,000 could not be confirmed as at 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Karachuonyo National Government Constituencies Development Fund in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

#### 1. Budgetary Control and Performance

##### 1.1 Budget Performance Analysis

Karachuonyo NG-CDF constituency was allocated a total of Kshs.86,810,345 and a further Kshs.11,379,310 under the supplementary budget and prior year unutilized funds of Kshs.52,807,066 bringing the total allocation in the year to Kshs.150,996,721. It was further noted that the actual expenditures in the year was Kshs.143,506,765 against the final budgeted amount of Kshs.150,996,721 resulting in an under absorption by Kshs.7,489,956 or approximately 5% of the budget as indicated below;

Item	Current year Final Budget Figures Kshs	Current Year Actual Figures Kshs	Variance Kshs
Compensation of employees	1,873,204	777,642	1,095,562
Use of Goods and Services	9,249,069	9,299,745	(50,676)
Transfer to Other Government Units	90,249,069	91,176,902	(230,101)
Other Grants and Transfers	44,250,620	42,252,475	1,998,145
Other Payments	4,677,027	0	(4,677,027)
<b>Totals</b>	<b>150,996,721</b>	<b>143,506,765</b>	<b>7,489,956</b>

## 2. Project Implementation Status

In the Financial year 2017/2018, the Karachuonyo NG-CDF was to implement a total of 84 project valued at Kshs.82,214,989. Further analysis indicates that Nine (9) projects valued at Kshs.8,402,203 were not yet started, fifteen (15) project valued at Kshs.15,980,680 were ongoing, sixty (60) projects valued at Kshs.57,832,106 were completed as analyzed below:

Sector	Completed Value		On-Going		Not Yet Started	
	No.	Value (Kshs.)	No.	Value (Kshs)	No	Value (Kshs.)
Emergency	5	3,900,000				
Environment	1	1,736,206	1	900,000	1	836,206
Sports	1	1,736,296	1	1,280,000		456.296
Bursary	1	26,731,284		0		
Education	47	22,778,320	13	13,250,680		-
Security	5	950,000		550,000	7	2,888,514
Constituency ICT hub	1	0	0		1	4,677,027
<b>Total</b>	<b>60</b>	<b>57,832,106</b>	<b>15</b>	<b>15,980,680</b>	<b>9</b>	<b>8,402,203</b>

Consequently, failure to utilize all funds as budgeted/disbursed is an indication that programs and activities are not implemented as planned hence not achieving the intended objectives of improving delivery of goods and services to the Karachuonyo constituents.

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.

### 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 Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## 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 matter(s) described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Qualified Opinion] section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the projects ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Karachuonyo National Government Constituencies Development Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance 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 the 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 Karachuonyo National Government Constituencies Development Fund policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Karachuonyo National Government Constituencies Development Fund 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 Karachuonyo National Government Constituencies Development 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 Karachuonyo National Government Constituencies Development 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**

**23 August 2019**

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

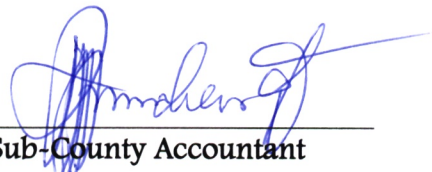
**Reports and Financial Statements  
For the year ended June 30, 2018**

**XIII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	137,942,207	97,520,366
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>137,942,207</b>	<b>97,520,366</b>
<b>PAYMENTS</b>			
Compensation of employees	4	777,642	1,614,853
Use of goods and services	5	9,299,745	16,772,834
Transfers to Other Government Units	6	91,176,902	47,215,000
Other grants and transfers	7	42,252,475	60,597,745
Acquisition of Assets	8	-	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>143,506,765</b>	<b>126,200,431</b>
<b>SURPLUS/DEFICIT</b>		<b>(5,564,558)</b>	<b>(28,680,065)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KARACHUONYO Constituency financial statements were approved on 27/9/18 2018 and signed by:

  
Fund Account Manager  
Name:

  
Sub-County Accountant  
Name:  
ICPAK Member Number:





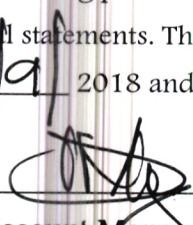
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
KARACHUONYO CONSTITUENCY**

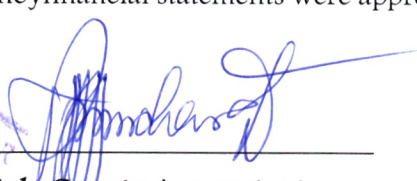
**Reports and Financial Statements  
For the year ended June 30, 2018**

**XIV. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	1,320,610	435,204
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	6,449,964
<b>TOTAL FINANCIAL ASSETS</b>		<b>1,320,610</b>	<b>6,885,168</b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	6,885,168	35,565,233
Surplus/Deficit for the year		(5,564,558)	(28,680,065)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>1,320,610</b>	<b>6,885,168</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KARACHUONYO Constituency financial statements were approved on 27/9 2018 and signed by:

  
Fund Account Manager  
Name:

  
Sub-County Accountant  
Name:  
ICPAK Member Number:



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

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

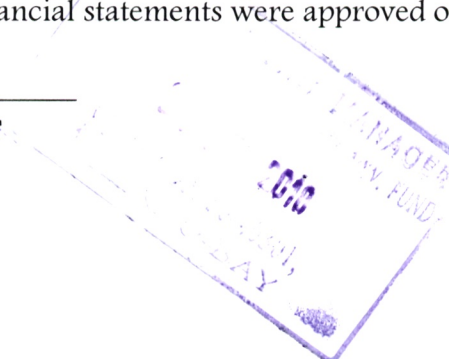
**XV. STATEMENT OF CASHFLOW**

		<b>2017-2018</b>	<b>2016-2017</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	137,942,207	97,520,366
Other Receipts	3	-	-
		<b>137,942,207</b>	<b>97,520,366</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	777,642	1,614,853
Use of goods and services	5	9,299,745	16,772,834
Transfers to Other Government Units	6	91,176,902	47,215,000
Other grants and transfers	7	42,252,475	60,597,745
Other Payments	9	-	-
		<b>143,506,765</b>	<b>126,200,431</b>
<b>Adjusted for:</b>			
Adjustments during the year	14		-
<b>Net cash flow from operating activities</b>		<b>(5,564,558)</b>	<b>(28,680,065)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	8		-
<b>Net cash flows from Investing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(5,564,558)</b>	<b>(28,680,065)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>6,885,168</b>	<b>35,565,233</b>
<b>Cash and cash equivalent at END of the year</b>		<b>1,320,610</b>	<b>6,885,168</b>

XVI. The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KARACHUONYO Constituency financial statements were approved on 27/9/18 2018 and signed by:

\_\_\_\_\_  
Fund Account Manager  
Name:

\_\_\_\_\_  
Sub-County Accountant  
ICPAK Member Number:



XVII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345.00	64,186,376.00	150,996,721.00	143,506,764.65	7,489,956.35	95.0%
<b>TOTAL RECEIPTS</b>	<b>86,810,345.00</b>	<b>64,186,376.00</b>	<b>150,996,721.00</b>	<b>143,506,764.65</b>	7,489,956.35	95.0%
<b>PAYMENTS</b>					-	#DIV/0!
Compensation of Employees	1,438,000.00	435,204.00	1,873,204.00	777,642.40	1,095,561.60	41.5%
Use of goods and services	7,824,931.00	1,424,138.00	9,249,069.00	9,299,745	(6,500,639.70)	170.3%
Transfers to Other Government Units	37,279,000.00	53,667,801.00	90,946,801.00	91,176,902.40	(230,101.40)	100.3%
Other grants and transfers	35,591,387.00	8,659,233.00	44,250,620.00	42,252,475	8,448,108.85	80.9%
Other Payments(ICT Hubs)	4,677,027.00	-	4,677,027.00	-	4,677,027.00	0.0%
<b>TOTAL</b>	<b>86,810,345.00</b>	<b>64,186,376.00</b>	<b>150,996,721.00</b>	<b>143,506,764.65</b>	7,489,956.35	95.0%

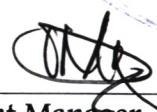
a) REASONS FOR UNDER UTILIZATION:-

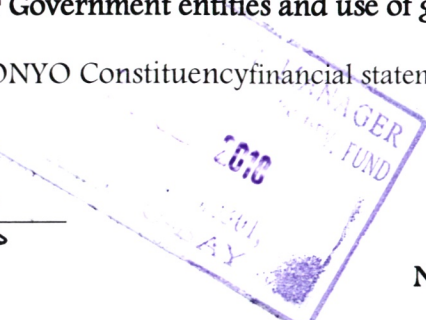
Strategic plan and ICT Hubs- Board was yet to release guidelines on its implementation as at the closure of the financial year  
 Compensation of employees- Pending NG-CDF Staff gratuity

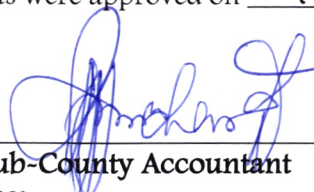
b) REASONS FOR OVERUTILIZATION:-

Transfer to other Government entities and use of goods and services: - roll over of projects funds from FY 2016-2017 spent in 2017/2018 FY

The NGCDF-KARACHUONYO Constituency financial statements were approved on 27/9/2018 and signed by:

  
 Fund Account Manager  
 Name:



  
 Sub-County Accountant  
 Name:  
 ICPAK Member Number:

**XVIII. 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-KARACHUONYO 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**

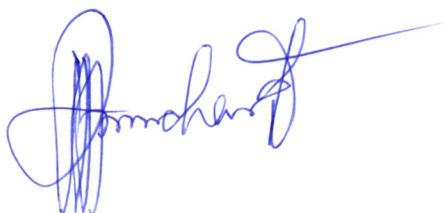
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

**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.



4

## **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 30<sup>th</sup> 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.

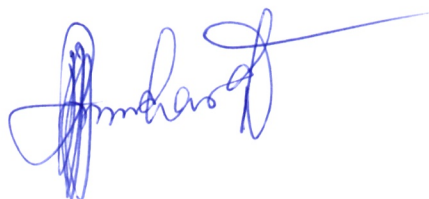
### **Use of Goods and Services**

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) –  
KARACHUONYO 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 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

### **12. Comparative Figures**

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

### **13. Subsequent Events**

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

### **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) –  
KARACHUONYO CONSTITUENCY**

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

**XIX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
Normal Allocation	AIE NO. A825901		23,000,000
	AIE NO. A825949		24,572,089
	AIE NO. A829587		4,094,828
	AIE NO. A855209		36,853,449
	AIE NO. A839726		9,000,000
	AIE NO. A855845	5,500,000	
	AIE NO. A892579	31,948,275	
	AIE NO. A892662	12,860,000	
	AIE NO. A892649	1,350,000	
	AIE NO. A892647	4,973,587	
	AIE NO. A896751	37,905,172	
	AIE NO. A896881	43,405,173	
<b>TOTAL</b>		<b>137,942,207</b>	<b>97,520,366</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2017-2018	2016-2017
	Kshs	Kshs
Total	0.00	0.00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO 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
<b>Total</b>	0.00	0.00

**4. COMPENSATION OF EMPLOYEES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	766,122	1,440,905
Basic wages of casual labor	-	
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF	11,520	173,948
Gratuity-contractual employees		
<b>TOTAL</b>	<b>777,642</b>	<b>1,614,853</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	10,960	103,495
Electricity	17,862	
Water & sewerage charges	5,515	
Office rent	-	
Communication, supplies and services	-	
Domestic travel and subsistence	-	161,700
Printing, advertising and information supplies & services	-	
Rentals of produced assets	-	
Training expenses	-	
Hospitality supplies and services	-	
Other committee expenses	3,356,000	6,932,000
Committee allowance	3,989,500	6,559,500
Specialised materials and services	-	
Office and general supplies and services	-	
Fuel , oil & lubricants	685,000	600,000
Other operating expenses	-	506,690
Bank service commission and charges	-	
Security operations	-	
Routine maintenance - vehicles and other transport equipment	934,908	209,509
Routine maintenance- other assets	-	
Strategic Plan	300,000	1,699,940
<b>TOTAL</b>	<b>9,299,745</b>	<b>16,772,834</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to Primary schools	29,575,000	27,830,000
Transfers to Secondary schools	61,601,902	15,535,000
Transfers to Tertiary institutions	-	-
Transfers to Health institutions	-	3,850,000
<b>TOTAL</b>	<b>91,176,902</b>	<b>47,215,000</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

Description	2017-2018	2016-2017
	Kshs	Kshs
Bursary -Secondary	17,932,946	31,561,175
Bursary -Tertiary	11,511,464	11,369,895
Bursary-Special schools	-	10,000
Mocks & CAT	-	350,000
Water	-	
Food security	-	
Electricity	-	
Security	4,541,034	2,100,000
Roads and Bridges	3,000,000	3,600,000
Sports	-	1,753,441
Environment	1,037,031	1,500,000
Cultural Projects	-	
Agriculture	330,000	3,998,234
<b>Emergency Projects</b>	<b>3,900,000</b>	<b>4,355,000</b>
<b>TOTAL</b>	<b>42,252,475</b>	<b>60,597,745</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

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

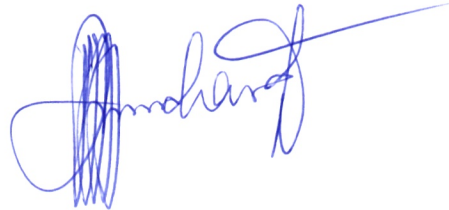
*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Total</b>	0.00	0.00

**9. OTHER PAYMENTS**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Specify	0.00	0.00
Specify	0.00	0.00
	<b>0.00</b>	<b>0.00</b>





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	Account Number	2017-2018	2016-2017
		Kshs (30/6/2018)	Kshs (30/6/2016)
<i>EQUITY BANK, HOMABAY Branch. Karachuonyo NG-CDF</i>	<i>A/C no1184059780</i>	<b>1,320,610</b>	435,204
<b>10B: CASH IN HAND)</b>			
Location 1		-	-
<b>TOTAL</b>		-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>
	<b>Date imprest taken</b>	<b>Kshs</b>	<b>Kshs</b>
			-
		NIL	NIL

**12 RETENTION**

	2017 - 2018	2016-2017
	Kshs	Kshs
<b>Total</b>	0.00	0.00

**13. BALANCES BROUGHT FORWARD**

	2017-2018	2016-2017
	Kshs (1/7/2017)	Kshs (1/7/2016)
Bank accounts	6,885,168	35,565,233
Cash in hand	-	-
Imprest	-	-
<b>TOTAL</b>	<b>6,885,168</b>	<b>35,565,233</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**14. PRIOR YEAR ADJUSTMENTS**

	2017- 2018	2016-2017
	Kshs	Kshs
Total	0.00	0.00

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2017- 2018	2016-2017
	Kshs	Kshs
	0.00	0.00

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	2017-2018	2016-2017
	Kshs	Kshs
Senior management		
Middle management	-	-
Unionisable employees		-
Others( Contractual Employees)	1,095,562	435,204
	<b>1,095,562</b>	<b>435,204</b>

**15.3: UNUTILIZED FUNDS (See Annex 3)**

	2017-2018	2016-2017
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	2,750,000	48,141,000
Amounts due to other grants and other transfers (see attached list)	3,348,608	4,810,862
Use of Goods and Services (Strategic Plan Review)	2,068,723	300,000
Constituency Innovation Hubs(CIH)	4,677,027	
	<b>12,844,359</b>	<b>53,251,862</b>

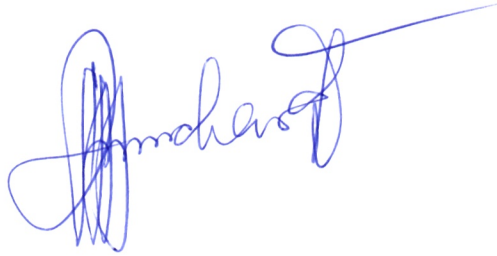
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**15.4: PMC account balances (See Annex 5)**

	<b>2017- 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	<b>3,602,433</b>	NIL
	<b>3,602,433</b>	<b>NIL</b>



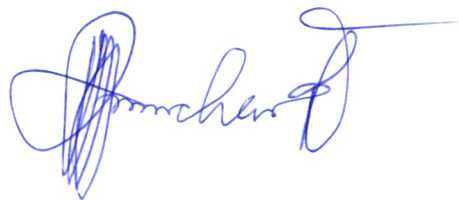


Reports and Financial Statements

For the year ended June 30, 2018

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	a	b	c	d=a-c		
Sub-Total						
Grand Total						

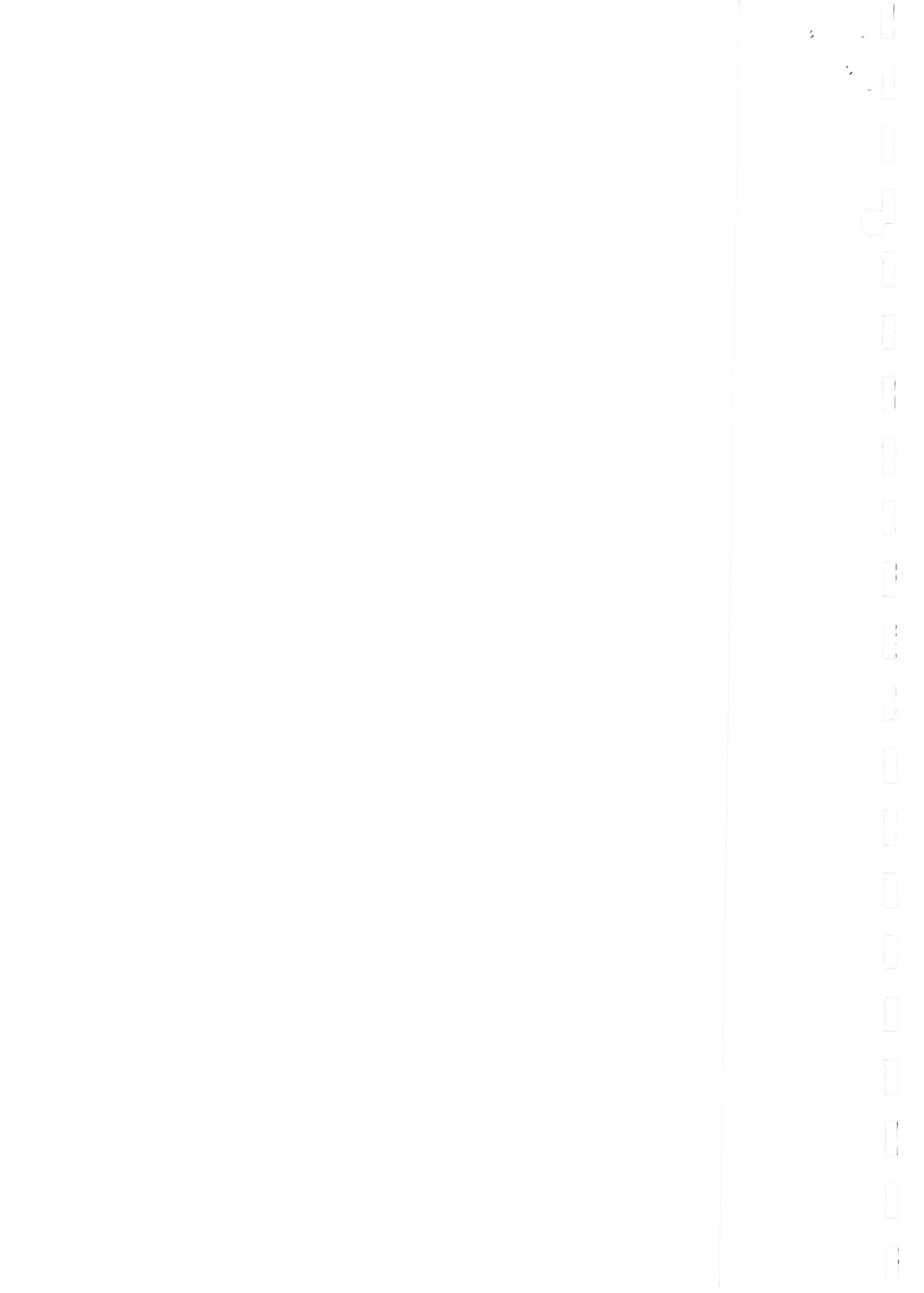



Reports and Financial Statements

For the year ended June 30, 2018

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance		Comments
					2018	2017	
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
2.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
3.							
<b>Sub-Total</b>							
<b>Others (Contractual employees)</b>							
1. Employee Salary	salaries	873,204		777,642	95,562		
2. Employee Gratuity	gratuity	1,000,000		-	1,000,000	435,204.00	
<b>Sub-Total</b>		<b>1,873,204</b>		<b>777,642</b>	<b>1,095,562</b>	<b>435,204.00</b>	
<b>Grand Total</b>		<b>1,873,204</b>		<b>777,642</b>	<b>1,095,562</b>	<b>435,204.00</b>	

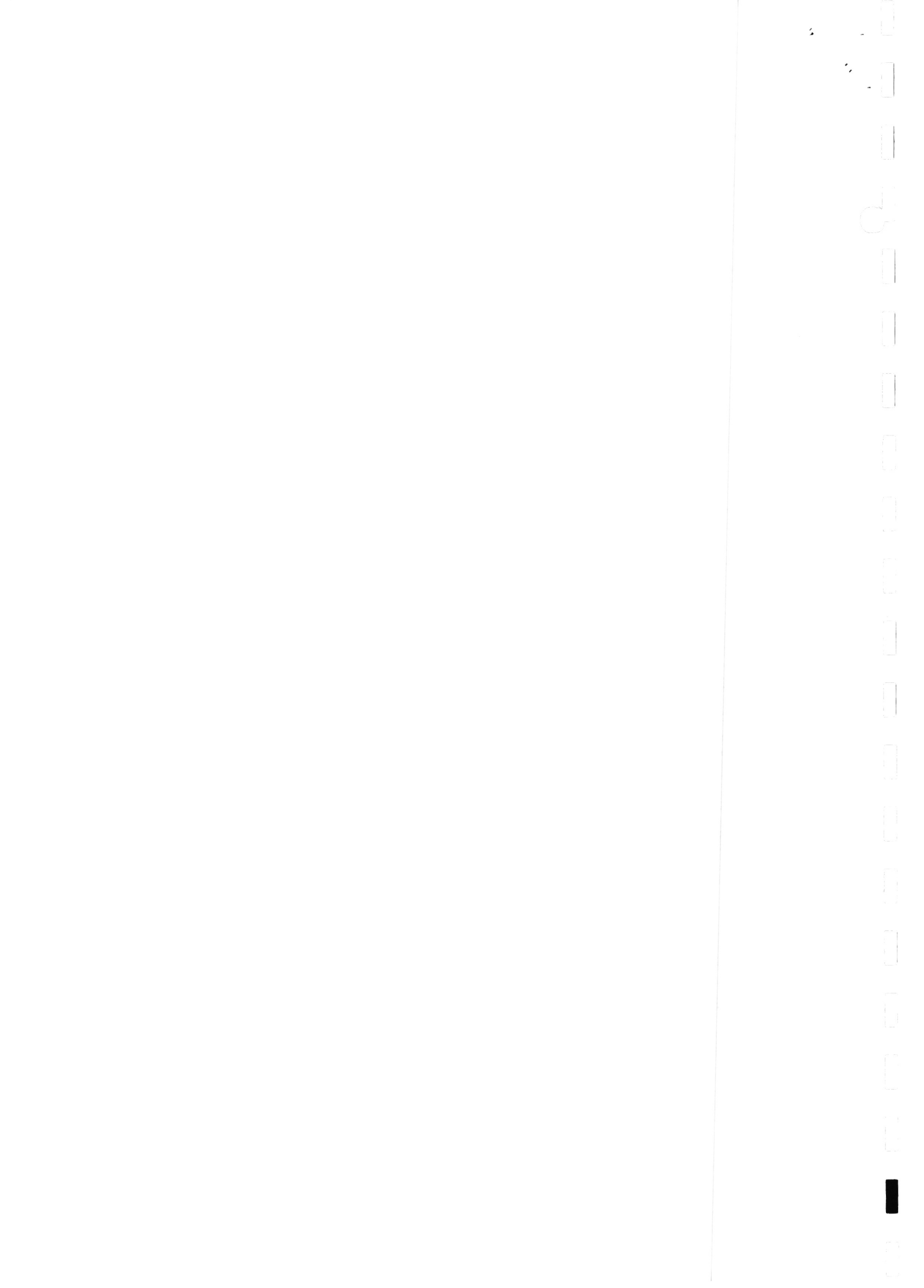


Reports and Financial Statements

For the year ended June 30, 2018

ANNEX 3 –UNUTILIZED FUNDS

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2018	2017	
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
<b>1. Primary Schools</b>				0		0	
1. Yao Kamolo Pry School	construction of 2 door pit latrine	300,000.00		-	300,000		
2. Gendia Pry School	Construction of classrooms	1,900,000.00		-	1,900,000		
3. St. Douglas Weta pry School	Completion of classrooms	400,000.00		-	400,000		
4. Wagwe Pry School	Purchase and erection of water tank	150,000.00		-	150,000		
<b>2. Secondary Schools</b>							
<b>Sub-Total</b>		<b>2,750,000</b>			<b>2,750,000</b>		
<b>Amounts due to other grants and other transfers</b>							
<b>1. Sports</b>	Facilitate Karachuonyo tournament	1,736,207		-	1,736,207		
<b>2. Bursary</b>	Support needy students	24,606,847		22,994,446.00	1,612,402		
						0	



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

<b>Sub-Total</b>		<b>3,348,609</b>			<b>3,348,609</b>		
<b>Grand Total</b>		<b>3,348,609</b>			<b>3,348,609</b>		
<b>Others</b>							
Constituency ICT Hubs	Constituency ICT hubs	4,677,027			4,677,027		
Use of Goods and Services	Strategic plan review	2,068,723			2,068,723		
<b>Sub-Total</b>		<b>6,745,751</b>		<b>22,994,446.00</b>	<b>6,745,751</b>		
<b>Total</b>		<b>37,712,009</b>		<b>22,994,446.00</b>	<b>12,844,359</b>		



ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2017/18	2016/17
Land	-	-
Buildings and structures	-	-
Transport equipment	12,089,364.48	12,089,364
Office equipment, furniture and fittings	442,000.00	442,000
ICT Equipment, Software and Other ICT Assets	678,495.00	678,495
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>13,209,859.48</b>	<b>13,209,859</b>



2

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

**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

P.M.C.	BANK	ACC NO	BALANCE 2017/18	BALANCE 2016/17
Raongo Primary School	EQUITY BANK,HOMABAY	0980269057125	249,709	NIL
Warao Primary School	EQUITY BANK,HOMABAY	0980276618940	302,860	NIL
Awach Primary School	EQUITY BANK,HOMABAY	0980276252304	345,791	NIL
Rongo Nyagowa Primary School	EQUITY BANK,HOMABAY	0980276206562	248,810	NIL
Yao Kamolo Primary School	EQUITY BANK,HOMABAY	0980274453429	300,390	NIL
Soko Kogira Primary School	EQUITY BANK,HOMABAY	0980275744139	135,150	NIL
Kowuor Primary School	EQUITY BANK,HOMABAY	0980277524320	579,000	NIL
Lwala Primary School	EQUITY BANK,HOMABAY	0980271818600	158055	NIL
Onyando Primary School	EQUITY BANK,HOMABAY	0980270520414	327,073	NIL
Kasibos Primary School	EQUITY BANK,HOMABAY	0980269268037	151,125	NIL
Rachuonyo North Dcc's Office	EQUITY BANK,HOMABAY	0980277000305	102,190	NIL
Kanam B Chief's Office	EQUITY BANK,HOMABAY	0980270603800	702,280	NIL
			<b>3,602,433</b>	



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KARACHUONYO CONSTITUENCY**

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

**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	Inaccuracies of the Financial Statements	<b>Financial statement:</b> Copies of Audit Reports certified balances of statements of Receipts and payments, Assets and Cash flow availed	FAM Duncan Muga	Resolved on Draft Report	5days after Audit draft report was received
2	Irregular transfer of funds to Karachuonyo Educational Fund	<b>Karachuonyo Educational Fund:</b> NG-CDFC resolution for the creation of fund, Service charter between HELB and KEF and minutes approving transfers to the fund availed.	FAM Duncan Muga	Resolved. On Audit Report	5days after receipt of Audit report
3	Un-implemented projects and Services	<b>Roll Over Projects:</b> CDF is a rolling fund, projects identified have since been implemented, copy of the PIS attached.	FAM Duncan Muga	Resolved In the FY 2016/17	On receipt of the first disbursements.
4	Project verifications	<b>Projects:</b> Projects billboards and labels availed.	FAM Duncan Muga	Resolved in the FY 2016/17	FY 2016/17

