

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

PARLIAMENT  
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OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
LIKONI CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2018

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2018	
DAY.	
TABLED BY:	
CLERK-AT-THE-TABLE:	





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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LIKONI  
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)

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2019	DAY: Wednesday
TABLED BY:	Hon. Aden Duale MP (Lam)
CLERK TO THE ASSEMBLY:	Halima Ahmed



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LIKONI 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)  
LIKONI CONSTITUENCY  
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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 LIKONI 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	Mwalim Rashid Mrafi
3.	Sub-County Accountant	Joel Murithi
4.	Chairman NGCDFC	Ali Salim Mwakunyapa
5.	Member NGCDFC	Shuhudia Abdalla

**(d) Fiduciary Oversight Arrangements**

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

P.O Box 96780-80100  
Flats, Along Lunga Lunga Road  
Opp. Mt. Sinai Academy  
Mombasa, Kenya.

**(f) NGCDF LIKONI Constituency Contacts**

Telephone: (254) 0722461195

Email: [cdflikoni@ngcdf.go.ke](mailto:cdflikoni@ngcdf.go.ke)

Website: [likoni.cdf.go.ke](http://likoni.cdf.go.ke)

**(g) NGCDF LIKONI Constituency Bankers**

Cooperative Bank of Kenya

A/C No. 01120043565700

Likoni Branch

P.O Box 90430 – 80100

Mombasa

**(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

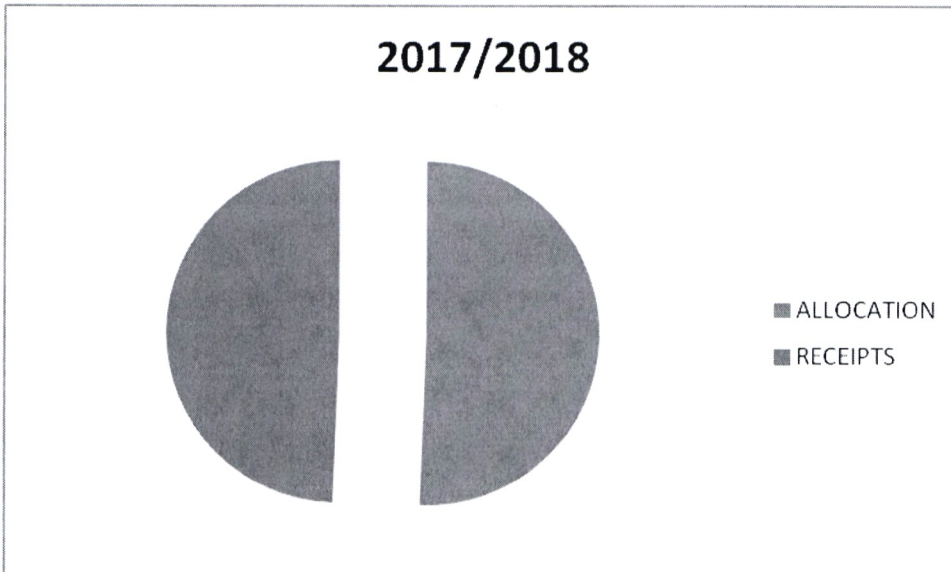
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Nairobi, Kenya

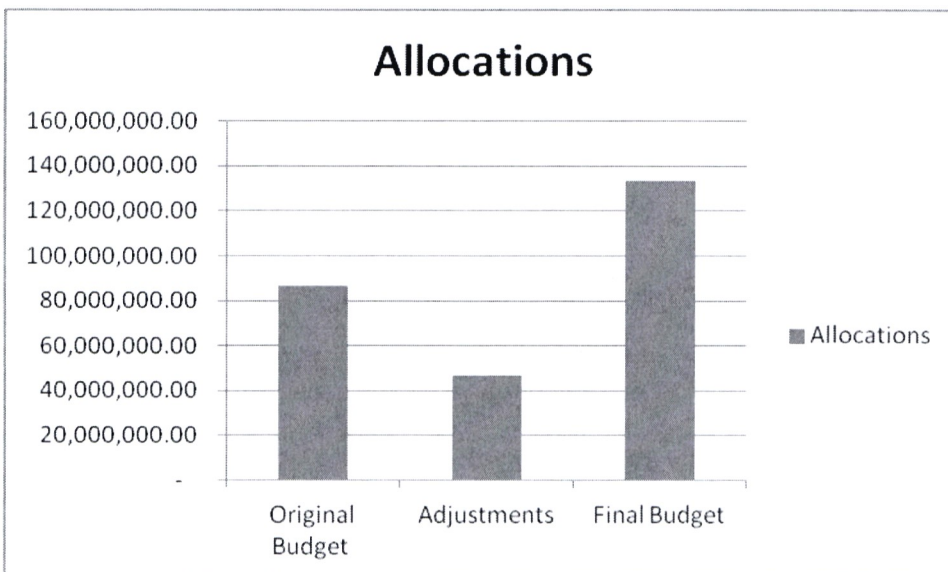
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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**II. FOREWORD BY THE CHAIRMAN NGCDF COMMITTEE**

During the year under review, the constituency's budget was Kshs. 86,810,344.82. Out of this the constituency received Kshs. 84,710,344.80 being 97.6% of the total budget for the year. It also received the 2016/2017 balance of Kshs. 30,948,275.10 making the total amount available for use during the year to be Kshs. 115,658,619.90

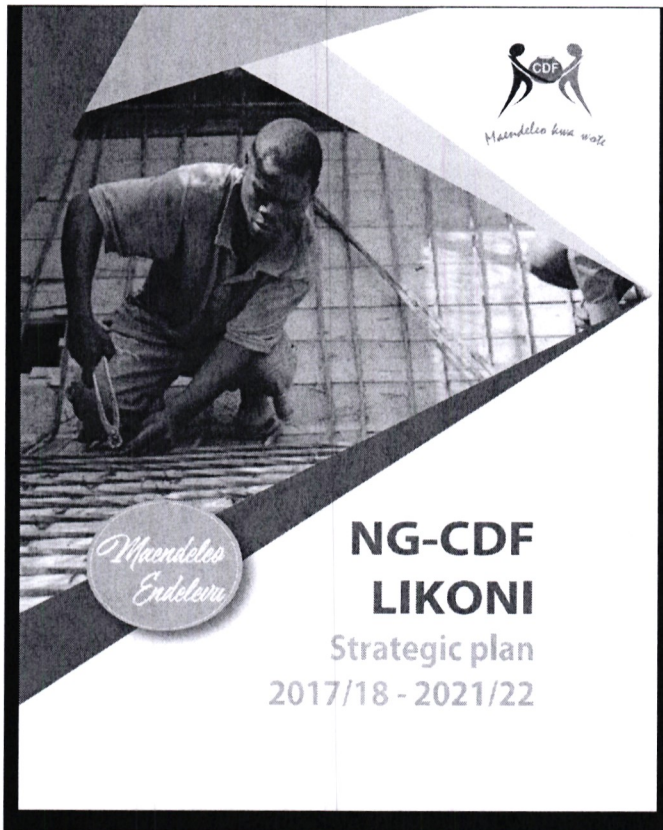


In addition the constituency was allocated a supplementary allocation of Kshs. 11,379,310.34 which was budgeted and forwarded to NG-CDF Board for approval and which at the close of the financial year had not been approved. The final adjusted budget of Kshs. 133,548,205.58 is depicted by the table below:



The NG-CDF Likoni spent Kshs. 75,647,809.55 on projects and administration. Part of the funds were disbursed and utilised to fund the following projects:

1. Strategic plan



2. Jamvi la Wageni primary school perimeter wall phase (ii)



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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3. Mwangala primary school 2 no. Classrooms

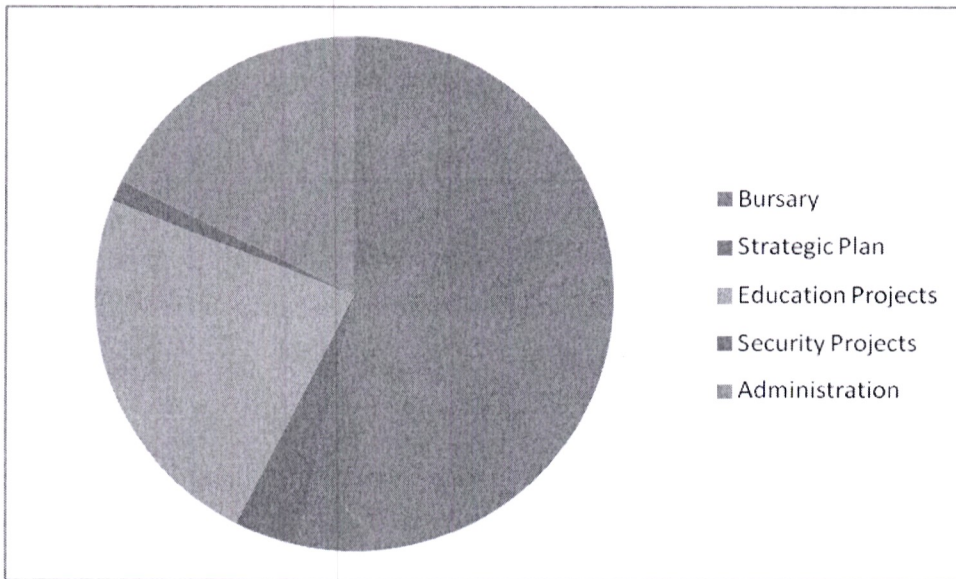


4. Mwahima secondary school administration block phase 2



5. Longo chief's office rehabilitation and toilet construction





The low number of projects implemented during the year is attributed to delayed disbursement of the funds from the NG – CDF Board. Kshs. 41,305,172.80 was disbursed in late May 2018 and the implementation of related projects could not be completed before the end of the financial year. The 2017 general election and the prolonged presidential election also resulted in delayed constitution of the NG – CDF Committees which were gazetted in December 2017 almost half way through the financial year.

However, the prospects for the next financial year look promising with the committee in place, trained and fully operational. It is our expectation to improve both the absorption rate of the funds and implementation rate of the projects.

Sign 

CHAIRMAN NGCDF COMMITTEE    Ali Salim Mwakunyapa

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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**III. STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES**

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


The Accounting Officer in charge of the NGCDF-LIKONI 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-LIKONI Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-LIKONI 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-LIKONI 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-LIKONI Constituency financial statements were approved and signed by the Accounting Officer on 6/3/ 2019.

  
Fund Account Manager  
Name: Banazir Mohamed

  
Sub-County Accountant  
Name: Tool Muthi  
ICPAK Member Number: 20667

# REPUBLIC OF KENYA

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## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Likoni Constituency set out on pages 9 to 38, which comprise the statement of financial 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Likoni Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act No. 30 of 2015.

#### Basis for Qualified Opinion

##### 1.0 Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2018 reflects use of goods and services of Kshs.8,499,110 as disclosed in Note 5 to the financial statements, being an increase of Kshs.1,210,624 or 17% from Kshs.7,288,486 reported in the previous financial year. The following observations were made:

##### 1.1. Routine Maintenance – Vehicles and Other Transport Equipment

Note 5 to the financial statements for the year ended 30 June 2018 reflects an amount of Kshs.592,729 in respect of routine maintenance – vehicles and other transport equipment. Included in this amount is Kshs.434,536 paid for repairs of motor vehicle registration number GKA 086X assigned to the Deputy County Commissioner of Likoni Sub County. However, the expenditure was not in the approved budget for the year under review. Further, the supporting invoice No.271A dated 5 March 2018 was issued before the Local Service Order Number 0413029 of 8 March 2018. In addition, the mechanical inspection report was issued on 11 April 2018, about one month after the repairs had been carried out and no justification was given for the delay.

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

Consequently, the propriety and legality of routine maintenance - vehicles and other transport equipment of Kshs.434,536 for the year ended 30 June 2018 could not be confirmed.

## **1.2. Fuel, Oil & Lubricants**

Note 5 to the financial statements for the year ended 30 June 2018 reflects an amount of Kshs.236,306 in respect of fuel, oil and lubricants. Included in this amount is Kshs.200,000 in respect of bulk fuel supplied by a filling station. Records availed for audit indicated that the fuel was drawn from the filling station by vehicles for different government departments for purported use by the fund. However, details of the official duties and work tickets for these vehicles were not provided for audit review to confirm that the vehicles were utilized for the benefit of the fund.

Consequently, the propriety of fuel, oil and lubricants expenditure of Kshs.200,000 for the year ended 30 June 2018 could not be confirmed.

## **2.0 Other Grants and Transfers**

The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and other payments of Kshs.43,706,545 as disclosed in Note 7 to the financial statements, being a decrease of Kshs.4,111,378 or 8.6% from Kshs.47,817,923 reported in the previous financial year. The following observations were made:

### **2.1 Bursary - Secondary and Tertiary**

Note 7 to the financial statements for the year ended 30 June 2018 reflects an amount of Kshs.25,933,000 in respect of bursary for secondary schools and Kshs.10,212,000 in respect of bursary for tertiary schools. Audit review of the bursary schedules availed for audit, indicated that twelve (12) bursary beneficiaries amounting to Kshs.90,000 had been recorded twice in the bursary schedule resulting in total payment of Kshs 180,000. The management did not explain why the bursary schedule indicated duplicate payments for the twelve (12) students.

Consequently, the propriety and validity of bursary of Kshs.90,000 for the year ended 30 June 2018 could not be confirmed.

### **2.2 Bursary - Driving Schools**

Note 7 to the financial statements for the year ended 30 June 2018 reflects an amount of Kshs.3,991,000 in respect of bursary for driving schools. The expenditure was incurred on training of three hundred and seven (307) students at a cost of Kshs.13,000 per student on motor vehicle driving. However, the payment was supported with a list of three hundred and five (305) students, resulting to expenditure of Kshs.26,000 on two (2) students which was unsupported. Further, an additional expenditure of Kshs.1,144,000 was spent on training eighty-eight (88) students whose national identification numbers were not indicated nor copies of their identification cards provided to confirm whether they had attained at least eighteen (18) years of age required to qualify for bursary. In addition, evidence to confirm that the beneficiaries were admitted to driving schools, attended driving training lessons and were issued with driving licenses was not availed for audit verification.

Consequently, the propriety and validity of bursary - driving schools of Kshs.1,170,000 for the year ended 30 June 2018 could not be confirmed.

## **2.3 Emergency Projects**

Note 7 to the financial statements for the year ended 30 June 2018 reflects Kshs.470,545 in respect of emergency projects. Included in this amount is Kshs.164,500 spent on hiring of two (2) lorries used to distribute relief food supplied by National Government. However, no request/requisition for the service by Likoni Sub-County Commissioner nor approval of the Constituency Development Fund Committee were availed for audit review contrary to Section 12(5) of National Government Constituencies Development Fund Act, 2015 which states that, 'Every payment or instruction for payment out of the constituency fund account shall be strictly in accordance to the minutes of a resolution of a meeting of the Constituency Committee'.

Further, quotations and tender evaluation and award minutes were not availed for audit verification.

Consequently, the propriety and validity of emergency projects expenditure of Kshs.164,500 for the year ended 30 June 2018 could not be confirmed.

## **3.0 Cash and Cash Equivalents**

The statement of financial assets as at 30 June 2018 reflects a bank balance of Kshs.44,421,084. The bank reconciliation statement as at 30 June 2018 for this bank reflects payments in cash book not in bank statement (un-presented cheques) amounting to Kshs.2,324,609. However, the amount includes stale cheques totaling to Kshs.160,046 which had not been reversed in the cash book as at 30 June 2018. Further, as at 31 December 2018 balance of the unpresented cheques amounting to Kshs.927,313 had not been subsequently cleared in the bank.

Consequently, the accuracy and completeness of bank balance of Kshs.44,421,084 as at 30 June 2018 could not be confirmed.

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

## **Key Audit Matters**

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

## **Other Matter**

### **1.0 Budgetary Control and Performance**

#### **1.1 Revenue Budget Analysis**

During the year under review, National Government Constituencies Development Fund – Likoni Constituency had a revenue budget of Kshs.133,548,205 against actual receipts of

Kshs.115,658,620 or 87%, resulting to an under disbursement of budget of Kshs.17,889,585 or 13% from the Constituency Development Fund Board.

Failure by the Board to disburse funds as per the budget, may adversely affect delivery of goods and services to the residents of Likoni Constituency contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

## 1.2 Expenditure Budget Analysis

During the year under review, National Government Constituencies Development Fund – Likoni Constituency had a budget of Kshs.133,548,205 and actual expenditure of Kshs.75,647,809, resulting to net under expenditure of Kshs.57,900,396 as summarized below:

<b>Payments Details</b>	<b>Final Budget (Kshs)</b>	<b>Actual on Comparable Basis (Kshs)</b>	<b>Under Expenditure (Kshs)</b>	<b>%</b>
Compensation of Employees	4,018,607	2,162,209	1,856,398	46
Use of goods and services	12,931,310	8,499,110	4,432,200	34
Transfers to Other Government Units	67,215,248	18,629,945	48,585,303	72
Other grants and transfers	46,381,040	43,706,545	2,674,495	6
Acquisition of other Assets	2,000	-	2,000	100
Other Payments (Strategic Plan)	3,000,000	2,650,000	350,000	12
<b>Total</b>	<b>133,548,205</b>	<b>75,647,809</b>	<b>57,900,396</b>	<b>43</b>

The under expenditure of Kshs.57,900,396 or 43% may have curtailed delivery of goods and services to the residents of Likoni Constituency. This implies that public funds were lying idle at the expense of other deserving areas. This may affect delivery of goods and services to the residents of Likoni Constituency contrary to values and principles of public service as provided for under Article 232 (1– c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services. There is need therefore for the management to relook at its budget making process with a view to focusing on the priority projects which will be implemented during the year for effective and efficient service delivery to the residents of Likoni Constituency.

## 1.3 Projects Implementation

The Fund's projects implementation status report as at 30 June 2018 availed for audit review showed cumulative disbursements of Kshs.68,227,901 for thirty (30) projects, out of which cumulative expenditure amounted to Kshs.25,878,108 or 37.93% of the disbursements, resulting to unspent balance of Kshs.42,349,793 or 62.07% as detailed below:

No	Name of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs.)	Amount Certified as at 30.6.2018 (Kshs.)	% Certified
1.	Mwahima Secondary School	Construction / extension of offices in the administration block	3,700,000	7,584,694	4,504,858	3,079,836	3,079,836	40
2.	Jamvi La Wageni Primary School	Construction of a perimeter wall approximately 500 meters long	2,000,000	7,589,705	6,223,684	1,366,021	1,366,021	18
3.	Mwangala Primary	construction of two classrooms	2,500,000	2,500,000	1,062,418	1,437,582	1,437,582	58
4.	Likoni school for the blind	Purchase of 51 seater school bus	7,000,000	7,000,000	6,998,558	1,442	6,998,558	100
5.	Likoni Secondary	Construction of a Perimeter wall approximately 150 meters	2,500,000	2,500,000	2,318,590	181,410	2,318,590	100
6.	Mwahima secondary school	Purchase of office furniture and lockers	800,000	800,000	800,000	-	800,000	100
7.	Mweza secondary school	construction of first floor block of six classrooms and principals office	700,000	700,000	700,000	-	70,000	10
8.	Shikaadabu Chief's Office	Window Drills	600,000	600,000	600,000	-	600,000	100
9.	Strategic Plan	preparation of strategic Plan	2,650,000	2,650,000	2,650,000	350,000	2,650,000	100
10.	Likoni sports	Sports activities	1,500,000	1,504,709	20,000	1,484,709	20,000	0
11.	Longo Chief's office	construction of 2 door toilet	1,000,000	1,000,000	-	1,000,000	-	0
12.	CIT Hubs	Equipping of CIT Hubs at Mtongwe, Likoni, Shika adabu	3,507,770	3,507,770	-	3,507,770	-	0
13.	Puma Primary School	Construction of 8 door toilet block	2,000,000	2,000,000	-	2,000,000	-	0
14.	Mweza primary school	Construction of 8 door toilet block	2,000,000	2,000,000	-	2,000,000	-	0
15.	Mtongwe Primary School	Purchase of equipment for Resource Centre	1,200,000	1,200,000	-	1,200,000	-	0
16.	Shika Adabu Primary School	Replacement of asbestos roof on sixteen classrooms including disposal at approved sites as per NEMA guidelines	5,896,023	5,896,023	-	5,896,023	-	0

No	Name of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs.)	Amount Certified as at 30.6.2018 (Kshs.)	% Certified
17.	Consolata Primary School	Replacement of asbestos roof on sixteen classrooms including disposal at approved sites as per NEMA guidelines	5,000,000	5,000,000	-	5,000,000	-	0
18.	Mtongwe Girls Secondary School	Construction of dining hall phase 1 (walling, roofing, doors and windows)	5,000,000	5,000,000	-	5,000,000	-	0
19.	Shika Adabu Chief's Office	Construction of perimeter wall and other works	3,500,000	3,500,000	-	3,500,000	-	0
20.	Longo ACC	Purchase of furniture	160,000	160,000	-	160,000	-	0
21.	Mtongwe chief's office	Purchase of furniture	130,000	130,000	-	130,000	-	0
22.	Likoni ACC	Purchase of furniture	160,000	160,000	-	160,000	-	0
23.	Likoni chief's office	Purchase of furniture	130,000	130,000	-	130,000	-	0
24.	Shika adabu chief's office	Purchase of furniture	130,000	130,000	-	130,000	-	0
25.	DCC's office	Purchase of furniture	280,000	280,000	-	280,000	-	0
26.	Likoni NG – CDF	15 board room chairs@105,000	105,000	105,000	-	105,000	-	0
27.	Deputy County Commissioner's Office	Construction of 120 meter perimeter wall@1,600,000	1,600,000	1,600,000	-	1,600,000	-	0
28.	Deputy County Commissioner's Office	Construction of 2 door toilet block@650,000	650,000	650,000	-	650,000	-	0
29.	Deputy County Commissioner's Office	Drilling of borehole and related plumbing works@350,000	350,000	350,000	-	350,000	-	0
30.	Timbwani Police Post	Construction of 4 No. Room staff house@1,400,000 and 2 door toilet block@600,000	2,000,000	2,000,000	-	2,000,000	-	0
<b>Total</b>			<b>58,748,793</b>	<b>68,227,901</b>	<b>25,878,108</b>	<b>42,349,793</b>	<b>8,771,020</b>	

The above table indicates that the Project Management Committees were holding unspent disbursements amounting to Kshs.42,349,793, out of which Kshs.34,798,793 was disbursed for implementation of twenty (20) projects and which had not started. The management attributed the non-implementation of these projects to late receipt of funds in the financial year.

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

#### 1.4 Projects Inspection

During the year under review, eight (8) projects which received Kshs.18,629,945 were verified in the month of December 2018, out of which four (4) projects which received a total of Kshs.10,000,000 had anomalies as detailed below:

S/No.	Project	Activity	Amount (Kshs)	Remarks
1.	Mwangala Primary School	Construction of two classrooms	2,500,000	At the time of physical verification, gutters and ceiling boards which were specified in the Bill of Quantities had not been fixed while the floor had cracks. Further, the contractor was not on site after receiving full payment for the work.
2.	Jamvi la Wageni Primary school	Completion of perimeter wall: extension of height, plastering of internal wall, keying of external wall and copping	2,000,000	At the time of physical verification, 1128 square meters of the wall specified in the Bill of Quantities had not been keyed yet the contractor was not on site after receiving full payment for the contract.
3.	Likoni Secondary school	Construction of perimeter fence	2,500,000	When the project was verified, about 150 meters of the fence had been constructed but keying and coping work had not been done yet the project had been completed and handed over to the Project Committee by the contractor after full payments. These items were specified in the Bill of Quantities.
4.	Mwahima Secondary school	Completion of administration block( plastering, painting, ceiling, floor, electrical and mechanical fittings)	3,000,000	At the time of project verification, the coral block wall and beams quantity measuring 1170 square meters was not yet complete, the contractor was not on site yet they had already been fully paid for the works for phase three of the project. Further, details of how provisional sum of Kshs.200,000 included in the Bill of Quantities was utilized were not availed for audit verification.
<b>Total</b>			<b>10,000,000</b>	

Consequently, the Fund may have failed to obtain value for money spent on the projects valued at Kshs.10,000,000 for the year ended 30 June 2018. Hence there is need for proper implementation and follow up mechanism to ensure that projects are fully implemented for better delivery of goods and service to the citizens of Likoni Constituency.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Qualified opinion sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1.0 Hospitality Supplies and Services

Note 5 to the financial statements for the year ended 30 June 2018 reflects hospitality supplies and services of Kshs.312,650. Included in this amount is Kshs.155,300 spent on airtime, stationery, refreshments, hire of projectors, chairs and public address system during constituency security leaders' meeting. However, this expenditure was not in the approved budget for the year under review nor was the expenditure approved vide a minute of the Likoni Constituency Development Fund Committee as required by Section 12(5) of the National Government Constituencies Development Fund Act, 2015 which states that, 'Every payment or instruction for payment out of the constituency fund account shall be strictly in accordance to the minutes of a resolution of a meeting of the Constituency Committee'.

Consequently, the legality of the hospitality, supplies and services expenditure of Kshs.155,300 for the year ended 30 June 2018 could not be confirmed.

#### 2.0 Project Management Committee Accounts

Annex 5 to the financial statements for the year ended 30 June 2018 reflects twenty-five (25) Project Management Committee (PMC) bank accounts holding total bank balance of Kshs.13,298,259 as at 30 June 2018. The following observations were made:

##### 2.1 Projects Bank Statements and Certificates

Included in the bank balance of Kshs.13,298,259 is Kshs.235,939 in respect of four (4) Project Management Committee(PMC) bank accounts whose bank statements and certificates of bank balances were not availed for audit verification.

Consequently, the accuracy and completeness of the four (4) project management committee bank balance of Kshs.235,939 as at 30 June 2018 could not be confirmed.

## 2.2 Closure of Project Bank Accounts

Records availed for audit review indicated that out of the twenty-five (25) project management committee bank balances disclosed under annex 5 to the financial statements, seventeen (17) projects with a total balance of Kshs.9,594,510 as at 30 June 2018 were indicated as complete as at 29 January 2019 but the accounts had not been closed and still held bank balance of Kshs.780,767. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that, 'All unutilized funds of the Project Management Committee shall be returned to the constituency account'. Further, project expenditure returns and handover reports after completion of the same were not availed for audit verification nor were the projects labelled. This is contrary to Section 15(1) of National Government Constituencies Development Fund Regulations, 2016 which states that, 'There shall be appointed a project management committee for each project in a Constituency in accordance with Section 36 of the National Government Constituencies Development Fund Act, 2015 which shall - (b) maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented; (d) prepare returns and file them with a Constituency Committee on a timely basis; (e) account for funds to a Constituency Committee; and (f) undertake project closure, labelling and handover upon completion'. Section (2) further, states that 'A project management committee shall prepare and submit hand over reports to a Constituency Committee'.

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

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT SYSTEMS AND GOVERNANCE

### Conclusion

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

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

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

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

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

Management is also responsible for the submission of National Government Constituencies Development Fund - Likoni Constituency's financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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

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

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

Further, in planning and performing the audit of National Government Constituencies Development Fund – Likoni Constituency's financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

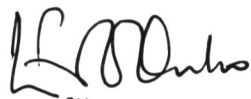
- Identify and assess the risks of material misstatement of National Government Constituencies Development Fund - Likoni Constituency financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate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

to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of National Government Constituencies Development Fund - Likoni Constituency's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of National Government Constituencies Development Fund- Likoni Constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**13 May 2019**





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

**V. STATEMENT OF FINANCIAL ASSETS AS AT 30<sup>TH</sup> JUNE 2018**

	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	44,421,084	4,410,274
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		44,421,084	4,410,274
Account Receivables-Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		44,421,084	4,410,274
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables- Retention	12	-	-
<b>NET FINANCIAL ASSETS</b>		44,421,084	4,410,274
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	4,410,274	37,588,983
Surplus/Deficit for the year		40,010,811	(33,178,709)
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		44,421,085	4,410,274

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LIKONI Constituency financial statements were approved on 6/31 2019 and signed by:

  
Fund Account Manager  
Name: Bawaxir Mohamed

  
Sub-County Accountant  
Name: Jool Muthi  
ICPAK Member Number: 20667

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

LIKONI CONSTITUENCY


Reports and Financial Statements


For the year ended June 30, 2018

VI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2018

Receipts for operating income		2017- 2018	2016- 2017
Transfers from CDF Board	1	115,658,620	101,403,874
Other Receipts	3	-	15,000
		<b>115,658,620</b>	<b>101,418,874</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,162,209	3,521,663
Use of goods and services	5	8,499,110	7,288,486
Transfers to Other Government Units	6	18,629,945	75,691,360
Other grants and transfers	7	43,706,545	47,817,923
Other Payments	9	2,650,000	-
		<b>75,647,810</b>	<b>134,319,432</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>40,010,810</b>	<b>(32,900,558)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	278,151
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>278,151</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>40,010,810</b>	<b>(33,178,709)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>4,410,274</b>	<b>37,588,983</b>
<b>Cash and cash equivalent at END of the year</b>		<b>44,421,084</b>	<b>4,410,274</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LIKONI Constituency financial statements were approved on 6/3/19 2019 and signed by:

  
 Fund Account Manager  
 Name: Bawazir Mohamed

  
 Sub-County Accountant  
 Name: Jool Njirthe  
 ICPAK Member Number: 20667

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –LIKONI CONSTITUENCY**  
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**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
a	b	c=a+b	d	e=c-d	f=d/c %	
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	46,737,861	133,548,205	120,068,894	13,479,311	90
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts (AIA)	-	-	-	-	-	-
	86,810,345	46,737,861	133,548,205	120,068,894	13,479,311	
<b>PAYMENTS</b>						
Compensation of Employees	2,750,000	1,268,607	4,018,607	2,162,209	1,856,398	54
Use of goods and services	4,999,931	7,931,379	12,931,310	8,499,110	4,432,200	66
Transfers to Other Government Units	43,791,023	23,424,225	67,215,248	18,629,945	48,585,303	28
Other grants and transfers	32,269,391	14,111,649	46,381,040	43,706,545	2,674,495	94
Acquisition of other Assets	-	2,000	2,000	-	2,000	0
Other Payments (Strategic Plan)	3,000,000	-	3,000,000	2,650,000	350,000	88
<b>TOTALS</b>	<b>86,810,345</b>	<b>46,737,860</b>	<b>133,548,205</b>	<b>75,647,809</b>	<b>57,900,396</b>	<b>57</b>

The general utilisation of funds was above average at 57%. The small number of projects implemented during the year is attributed to delayed disbursement of the funds from the NG – CDF Board. Kshs. 41,305,172.80 was disbursed in late May 2018 and the implementation of related projects could not be completed before the end of the financial year. The 2017 general election and the prolonged presidential election also resulted in delayed constitution of the NG – CDF Committees which were gazetted in December 2017 almost half way through the financial year.

Compensation of employees stood at 54%. The NG –CDF Staff came on board in February 2018 and have been on payroll for only five months. The transfers to other government units which are primarily transfers to primary schools, secondary schools and security units stood at 33%. The NG – CDF Committee was able to disburse funds to only four schools compared to 12 earmarked for development. It disbursed funds to one security project compared to 4 projects due to delayed disbursements from the NG – CDF Board. There was none utilisation of funds under the supplementary budget which had not been approved.

The NGCDF-LIKONI Constituency financial statements were approved on 6/3/ 2019 and signed by:

  
Fund Account Manager  
Name: Banazir Mubhammad

  
Sub-County Accountant  
Name: Joel Nyitha  
ICPAK Member Number: 20607

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

**LIKONI 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-LIKONI Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

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

**LIKONI CONSTITUENCY**

**Reports and Financial Statements**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**External Assistance**

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

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

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

During the year ended 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)  
LIKONI 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)**  
**LIKONI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**IX. NOTES TO THE FINANCIAL STATEMENTS**  
**1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES**

<b>GFS CODES</b>	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>	
			<b>Kshs</b>	<b>Kshs</b>	
<b>1330407</b>	NG - CDF BOARD	AIE NO.A 855902	5,500,000	4,094,828	
		AIE NO.A 892591	30,948,275	33,221,485	
		AIE NO.A 892625	37,905,172	17,234,112	
		AIE NO.A 896988	41,305,173	36,853,449	
		AIE NO.A 839681	-	10,000,000	
<b>1330408</b>	Conditional grants	AIE NO...	-	-	
		AIE NO...	-	-	
<b>1330409</b>	Receipt from other Constituency		-	-	
	<b>TOTAL</b>		<b>115,658,620</b>	<b>101,403,874</b>	
<b>3510000</b>	<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>				
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>	
			<b>Kshs</b>	<b>Kshs</b>	
<b>3510202</b>	Receipts from the Sale of Buildings		-	-	
<b>3510601</b>	Receipts from the Sale of Vehicles and Transport Equipment		-	-	
<b>3510801</b>	Receipts from the Sale Plant Machinery and Equipment		-	-	

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3510803	Receipts from the Sale of office and general equipment		-	-
		<b>Total</b>	-	-
<b>1400000</b>	<b>3 OTHER RECEIPTS</b>			
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
1420601	Sale of tender documents		-	15,000
	<b>Total</b>		-	<b>15,000</b>
<b>2110000</b>	<b>4 COMPENSATION OF EMPLOYEES</b>			
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
2110201	Basic wages of contractual employees		2,003,547	2,395,038
2110202	Basic wages of casual labour		-	10,000
2120101	Employer contribution to NSSF		7,400	22,025
2710120	gratuity		151,262	1,094,600
	<b>Total</b>		<b>2,162,209</b>	<b>3,521,663</b>
<b>2200000</b>	<b>5 USE OF GOODS AND SERVICES</b>			
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
2210100	Utilities, supplies and services		294,885	422,050
2210104	Office rent		-	-
2210200	Communication, supplies and services		269,460	269,305

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2210300	Domestic travel and subsistence		346,558	76,900	
2210500	Printing, advertising and information supplies & services		290,480	574,347	
2210700	Training expenses		30,000	904,200	
2210800	Hospitality supplies and services		312,650	-	
2210802	Other committee expenses		1,644,700	678,901	
2210809	Committee allowance		3,972,400	4,215,000	
2211100	Office and general supplies and services		308,755	-	
2211200	Fuel ,oil & lubricants		236,306	15,768	
2211300	Other operating expenses (Bank charges)		200,187	15,975	
2220100	Routine maintenance – vehicles and other transport equipment		592,729	18,440	
2220200	Routine maintenance – other assets		-	97,600	
				-	
	<b>Total</b>		<b>8,499,110</b>	<b>7,288,486.00</b>	
<b>2630200</b>	<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>				
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>	

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			Kshs	Kshs	
2630204	Transfers to primary schools		11,500,000	48,091,101	
2630205	Transfers to secondary schools		7,129,945	27,600,259	
	<b>TOTAL</b>		<b>18,629,945</b>	<b>75,691,360</b>	
<b>2640000</b>	<b>7 OTHER GRANTS AND OTHER PAYMENTS</b>				
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>	
			<b>Kshs</b>	<b>Kshs</b>	
2640101	Bursary - Secondary		25,933,000	19,267,462	
2640102	Bursary - Tertiary		10,212,000		
2640104	Bursary-Driving schools		3,991,000	-	
2640507	Security		1,600,000	13,813,722	
2640508	Other			2,000,000	
2640509	Sports		1,500,000	2,009,112	
2640510	Environment		-	865,152	
2640200	Emergency Projects (specify)		470,545	9,862,475	
	<b>Total</b>		<b>43,706,545</b>	<b>47,817,923</b>	
<b>3100000</b>	<b>8 ACQUISITION OF ASSETS</b>				
	<b>Non Financial Assets</b>		<b>2017 - 2018</b>	<b>2016- 2017</b>	
			<b>Kshs</b>	<b>Kshs</b>	
3110102	Purchase of Buildings		-	-	
3110202	Construction of Buildings		-	-	
3111001	Purchase of Office		-	47,876	

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	furniture and fittings				
3111009	Purchase of other office equipments		-	230,275	
	<b>Total</b>		-	<b>278,151</b>	
	<b>9. Other payments</b>				
	Strategic Plan		-	2,650,000	
	<b>Total</b>	-	-	<b>2,650,000</b>	
<b>10A: Bank Balances (cash book bank balance)</b>					
			<b>2017 - 2018</b>	<b>2016 - 2017</b>	
	<b>Name of Bank, Account No. &amp; currency</b>		<b>Kshs (30/6/2018)</b>	<b>Kshs (30/6/2017)</b>	
	<i>Cooperative Bank, Likoni Branch A/C no. 01120043565 700</i>		44,421,084	4,410,274	
	<b>Total</b>		<b>44,421,084</b>	<b>4,410,274</b>	
<b>10B: CASH IN HAND)</b>					
			<b>2017 - 2018</b>	<b>2016 - 2017</b>	
			<b>Kshs (30/6/2018)</b>	<b>Kshs (30/6/2017)</b>	
	Location 1		-	-	
	<b>Total</b>		-	-	

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			<i>[Provide cash count certificates for each]</i>	<i>[Provide cash count certificates for each]</i>	
<b>11: OUTSTANDING IMPRESTS</b>					
			<b>2017 - 2018</b>	<b>2016 - 2017</b>	<b>Balance (30/6/2015)</b>
			<b>Kshs (1/7/2018)</b>	<b>Kshs (1/7/2017)</b>	<b>Kshs</b>
	Imprest				
			-	-	
	<b>Total</b>		-	-	
<b>12 RETENTION</b>					
			<b>2017-2018</b>	<b>2016-2017</b>	
			-	-	
<b>13 BALANCES BROUGHT FORWARD</b>					
			<b>2017 - 2018</b>	<b>2016 - 2017</b>	
			<b>Kshs (1/7/2017)</b>	<b>Kshs (1/7/2016)</b>	
	Bank accounts		4,410,274	37,588,983	
	Cash in hand				
	<b>Total</b>		<b>4,410,274</b>	<b>37,588,983</b>	
		<i>[Provide short appropriate explanations as necessary]</i>			
<b>14. PRIOR YEAR ADJUSTMENTS</b>					
			<b>2017 - 2018</b>	<b>2016 - 2017</b>	
			<b>Kshs</b>	<b>Kshs</b>	
	Bank accounts( stale bursary chqs reversed)		-	-	

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	Cash in hand				
	Imprest			-	-
				-	-
	<b>Total</b>			-	-
	<b>15. OTHER IMPORTANT DISCLOSURES</b>				
	<b>15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)</b>				
			<b>2017 - 2018</b>	<b>2016 - 2017</b>	
			<b>Kshs</b>	<b>Kshs</b>	
	Construction of buildings		-	-	
	Construction of civil works		-	-	
	Supply of goods		-	-	
	Supply of services		-	-	
	<b>TOTAL</b>		-	-	
	<b>15.2: PENDING STAFF PAYABLES (See Annex 2)</b>				
			<b>Kshs</b>	<b>Kshs</b>	
	Senior management		-	-	
	Middle management		-	-	
	Unionisable employees		-	-	
	Others (General workers)		-	-	
	Staff gratuity		-	-	
	<b>15.3: UNUTILISED FUNDS (See Annex 3)</b>				
			<b>2017-2018</b>	<b>2016-2017</b>	
			<b>Kshs</b>	<b>Kshs</b>	

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	Compensation of Employees		1,856,398	1,268,607.	
	Use of goods and services		4,432,200	7,590,000	
	Transfers to Other Government Units		48,585,303	12,955,259	
	Other grants and transfers		2,674,495	13,822,834	
	Acquisition of other Assets		2,000	(278,151)	
	Other Payments (Strategic Plan)		350,000	-	
			<b>57,900,396</b>	<b>35,358,549</b>	

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**15.4: PMC Account Balances (See Annex 4)**

	<b>2017-2018</b>	<b>2016-2017</b>	
PMC Account Balances (see attached list)	<b>Kshs.</b>	<b>Kshs.</b>	
	<b>13,295,259</b>	<b>30,675,856</b>	

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<b>ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE</b>				
<b>Supplier of Goods or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2016</b>
	a	b	c	d=a-c
<b>Construction of buildings</b>				
<b>Sub-Total</b>				
<b>Construction of civil works</b>				
<b>Sub-Total</b>	-			-
<b>Supply of goods</b>				
<b>Sub-Total</b>	-			-
<b>Supply of services</b>				
<b>Sub-Total</b>	0			
<b>Grand Total</b>				-
<b>ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES</b>				
<b>Name of Staff</b>	<b>Job Group</b>	<b>Original Amount</b>	<b>Date Payable Contracted</b>	<b>Amount Paid To-Date</b>
		a	b	c
<b>Senior Management</b>				
<b>Sub-Total</b>		-		-
<b>Middle Management</b>				

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<b>Sub-Total</b>			-	-
<b>Unionisable Employees</b>				
			-	
<b>Sub-Total</b>			-	
<b>Others (Cleaners)</b>				
<b>Sub-Total</b>			-	-
				-
<b>Sub-Total</b>			-	-
<b>Grand Total</b>			-	-

**ANNEX 3 - UNUTILISED FUNDS**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Outstanding Balance 2017/2018</b>	<b>Outstanding Balance 2016/2017</b>	<b>Comments</b>
Compensation of Employees	Compensation of Employees	1,856,938	1,268,607	
<b>Sub-Total</b>		1,856,938	1,268,607	
Use of goods and services	Use of goods and services	4,432,200	7,590,000	
<b>Sub-Total</b>		4,432,200	7,590,000	
Transfers to Other Government Units	Transfers to Other Government Units	48,585,303	12,955,259	
<b>Sub-Total</b>		48,585,303	12,955,259	
Other grants and transfers	Other grants and transfers	2,674,495	13,822,834	

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<b>Sub-Total</b>		2,674,495	13,822,834.00	
Acquisition of other Assets	Acquisition of other Assets	2,000.00	(278,151)	
<b>Sub-Total</b>		2,000.00	(278,151)	
Other Payments(Strategic Plan)		350,000		
<b>Sub-Total</b>		350,000	-	
<b>Grand Total</b>		<b>57,900,936</b>	<b>35,358,549</b>	

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2016/17</b>	<b>Additions during year (Kshs)</b>	<b>Disposals during year (Kshs)</b>	<b>Historical Cost (Kshs) 2017/18</b>
Buildings and structures	8,705,856	-	-	8,705,856
Office equipment, furniture and fittings	2,100,151	-	-	2,100,151
ICT Equipment, Software and Other ICT Assets	288,000	-	-	288,000
Other Machinery and Equipment	405,000	-	-	405,000
<b>Total</b>	<b>11,499,007</b>	<b>-</b>	<b>-</b>	<b>11,499,007</b>

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**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account Number	Bank Balance 2017/2018	Bank Balance 2016/2017
BUBUBU SEC PMC PROJECT SHG	CO-OPERATIVE - LIKONI	1134397330200	21,515.25	486,145.25
CONSOLATA PRIMARY SCHOOL	CO-OPERATIVE - LIKONI	1129043950201	229,723.87	3,849,751.72
INSPIRATIONS PRIMARY SCHOOL	CO-OPERATIVE - LIKONI	1134627050400	7,771.95	71,491.95
JAMVI LA WAGENI PRIMARY SCHOOL	CO-OPERATIVE - LIKONI	1129627675700	1,365,944.00	2,359,452.00
LIKONI ENVIRONMENTAL PMC	CO-OPERATIVE - LIKONI	1134627281400	2,108.50	2,108.50
LIKONI OFFICE PMC	CO-OPERATIVE - LIKONI	1134397352600	8,113.75	98,113.75
LIKONI POLICE PMC	CO-OPERATIVE - LIKONI	1134397444400	103,307.90	5,105,458.00
LIKONI PRIMARY PMC	CO-OPERATIVE - LIKONI	1134397352500	528,308.60	3,221,784.75
LIKONI PRIMARY SCH CLASSROOMS PMC	CO-OPERATIVE - LIKONI	1134627861500	230.00	255,780.05
LIKONI SCHOOL FOR THE BLIND	CO-OPERATIVE - LIKONI	01128396656002	3,698,775.00	-
LIKONI SEC SCHOOL P.M.C	CO-OPERATIVE - LIKONI	1139396323602	181,410.00	-
LIKONI SPORTS PROJECT (PMC)	CO-OPERATIVE - LIKONI	1134396638300	1,484,728.50	4,708.50
LONGO CHIEF'S OFFICE PMC	CO-OPERATIVE - LIKONI	01141628303900	541,621.40	
LONGO PRIMARY SCHOOL	CO-OPERATIVE - LIKONI	1129044176500	44,010.96	48,048.36
MAJI SAFI PRIMARY SCHOOL	CO-OPERATIVE - LIKONI	1139043657504	47,667.30	578,852.35
MTONGWE PRIMARY PMC	CO-OPERATIVE - LIKONI	1134627304500	110,582.50	4,522,673.10
MWAHIMA SEC SCH PMC PROJECT	CO-OPERATIVE - LIKONI	1139627619701	3,079,836.30	5,727,587.30
MWANGALA PRIMARY P.M.C	CO-OPERATIVE - LIKONI	01134397179700	1,437,582.05	
MWEZA PRIMARY PMC	CO-OPERATIVE - LIKONI	1134397352700	17,723.45	41,438.45
MWEZA SEC SCHOOL P.M.C	EQUITY-MOMBASA	250264005266	-	967,514.10
NEW MRIMA SEC SCHOOL –CDF PROJE	CO-OPERATIVE - LIKONI	1134396914200	53,250.00	53,250.00
PELELEZA PRI.SCH-CDF PROJECT	CO-OPERATIVE - LIKONI	1134397155000	98,109.20	1,875,185.00
PUMA SEC SCHOOL CDF PROJ	CO-OPERATIVE - LIKONI	1134396957700	4,144.20	89,199.00

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PMC	Bank	Account Number	Bank Balance 2017/2018	Bank Balance 2016/2017
SHIKAADABU CHIEF'S OFFICE	CO-OPERATIVE - LIKONI	1134627785100	99,697.15	605,859.35
VIJIWENI PRIMARY SCHOOL	CO-OPERATIVE - LIKONI	113462787600	132,097.30	711,457.45
			<b>13,298,259.13</b>	<b>30,675,858.93</b>

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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 Stale Cheques	The statement of financial assets as at 30 June 2017 reflects bank balance of Kshs 4,410,274 which includes stale cheques amounting to Kshs 81,480 which had not been reserved in the cash book as at year end.	<i>Report of the Auditor General on the Financial Statements of Likoni Constituency Development Fund for the year ended 30<sup>th</sup> June 2017 was received on 17<sup>th</sup> July 2018 and the issues raised therein are being addressed</i>	Mwalim Rashid Mrafi Fund Account Manager	Not Resolved	31 <sup>st</sup> October 2018
1.2 Payments in Bank Statements not in Cash Book	The statement of financial assets as at 30 <sup>th</sup> June reflects bank balance Kshs 4,410,274. The reconciliation statement reflects charges amounting to Kshs 13,477 which ought to have been recorded in cash book and expensed in the statement of receipts and payments for the year ended.  Bank charges figure reflected in bank	<i>Report of the Auditor General on the Financial Statements of Likoni Constituency Development Fund for the year ended 30<sup>th</sup> June 2017 was received on 17<sup>th</sup> July 2018 and the issues raised therein are being addressed</i>	Mwalim Rashid Mrafi Fund Account Manager	Not Resolved	31 <sup>st</sup> October 2018

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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)
	reconciliation statement varies from Kshs 15,975 shown in note 5 to the financial statement by Kshs 2,498 which has not been explained nor reconciled.				
1.3 Payments in Cash Book not in Bank statements.	The statements of financial assets as at 30 June 2017 reflects bank balance of Kshs 4,410,274 which has been arrived at after payments in Cash book not yet recorded in bank statements amounting to Kshs 2,525,803.28. Out of this amount, bank statements showing when cheques amounting to Kshs 675,102.25 were subsequently cleared by the bank were not availed for audit review. Consequently, the accuracy and completeness of the bank balance of Kshs 4,410,274 as at 30 <sup>th</sup>	<i>Report of the Auditor General on the Financial Statements of Likoni Constituency Development Fund for the year ended 30<sup>th</sup> June 2017 was received on 17<sup>th</sup> July 2018 and the issues raised therein are being addressed</i>	Mwalim Rashid Mrafi Fund Account Manager	Not Resolved	31 <sup>st</sup> October 2018

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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)
	June 2017 could not be confirmed.				
2.0 Unsupported expenditure	<p><b>1. Other receipts</b> Kshs 15,000: supporting schedule for these receipts was not availed for audit verification.</p> <p><b>2. Domestic travel and subsistence Allowances</b> Kshs 76,900: particulars of beneficiaries and journeys travelled were not indicated in the schedules availed for audit review.</p> <p><b>3. Transfers to primary schools:</b> Mtongwe primary school: purchase of school bus: Kshs 7,000,000: the tender advertisement for procurement was not availed for audit review, neither was the availed for physical verification.</p> <p><b>4. Transfers to secondary schools:</b> Bububu secondary school: purchase of school bus: Kshs 7,000,000: the</p>	<p><i>Report of the Auditor General on the Financial Statements of Likoni Constituency Development Fund for the year ended 30<sup>th</sup> June 2017 was received on 17<sup>th</sup> July 2018 and the issues raised therein are being addressed</i></p>	Mwalim Rashid Mrafi Fund Account Manager	Not Resolved	31 <sup>st</sup> October 2018

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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)
	<p>tender advertisement for procurement was not availed for audit review, neither was the availed for physical verification.</p> <p>As a result, the propriety, value for money for the expenditure of Kshs 14,091,900 for the year ended 30<sup>th</sup> June could not be confirmed.</p>				
3.0 Other grants and transfers	The statements of receipts and payments for the year ended 30 <sup>th</sup> June 2017 reflects other grants and transfers of Kshs 47,817,923.	<i>Report of the Auditor General on the Financial Statements of Likoni Constituency Development Fund for the year ended 30<sup>th</sup> June 2017 was received on 17<sup>th</sup> July 2018 and the issues raised therein are being addressed</i>	Mwalim Rashid Mrafi Fund Account Manager	Not Resolved	31 <sup>st</sup> October 2018
3.1 Acknowledgement of Bursaries.	Note 7 to the financial Statements for the year ended 30 <sup>th</sup> June 2017 reflects	<i>Report of the Auditor General on the Financial Statements of Likoni</i>	Mwalim Rashid Mrafi Fund Account Manager	Not Resolved	31 <sup>st</sup> October 2018

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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)
	<p>bursaries to secondary schools of Kshs 19,267,462 out of which bursaries amounting to Kshs 3,340,000 on bursaries for the year ended 30<sup>th</sup> June 2017 could not be confirmed. Consequently, the propriety of the expenditure of Kshs 3,340,000 on bursaries could not be confirmed.</p>	<p><i>Constituency Development Fund for the year ended 30<sup>th</sup> June 2017 was received on 17<sup>th</sup> July 2018 and the issues raised therein are being addressed</i></p>			
3.2 Emergency Projects	<p>Note 7 to the financial statements for the year ended 30<sup>th</sup> June 2017 reflects emergency projects of Kshs 9,862,474.59. Included in this amount is Kshs 557,787 for construction of septic tank at Mwahima primary school and Kshs 4,000,000 for construction of perimeter wall round Mtongwe primary school all amounting to Kshs 4,557,787. However, at the time of project audit</p>	<p><i>Report of the Auditor General on the Financial Statements of Likoni Constituency Development Fund for the year ended 30<sup>th</sup> June 2017 was received on 17<sup>th</sup> July 2018 and the issues raised therein are being addressed</i></p>	Mwalim Rashid Mrafi Fund Account Manager	Not Resolved	31 <sup>st</sup> October 2018

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue ( <i>Name and designation</i> )	Status: ( <i>Resolved / Not Resolved</i> )	Timeframe: ( <i>Put a date when you expect the issue to be resolved</i> )
	<p>verification in the month of September 2017, no work had been done on the septic tank. Further during the site audit visit on the perimeter wall, coping and finishes work specified in the Bill of Quantity amounting to Kshs 440,621 had not been done and the contractor was not on site. As such these projects do not qualify as emergency under Section 8(3) of the NGCDF which defines emergency as an urgent, unforeseen need for the expenditure for which in the opinion of the committee it cannot be delayed until the next financial year without harming public interest of the constituents?</p> <p>Consequently, the propriety and value for money of the expenditure of Kshs 4,557,787 on construction of a septic tank and</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue ( <i>Name and designation</i> )	Status: ( <i>Resolved / Not Resolved</i> )	Timeframe: ( <i>Put a date when you expect the issue to be resolved</i> )
	perimeter wall for the year ended 30 <sup>th</sup> June 2017 could not be confirmed.				