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THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
LUNGALUNGA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2019**

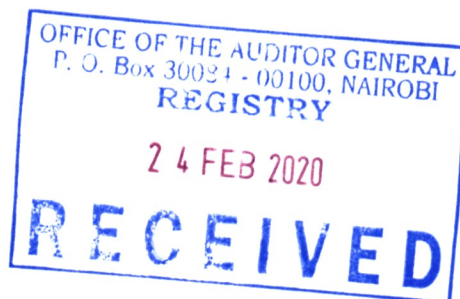


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -
LUNGALUNGA CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LUNGALUNGA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

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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 LUNGALUNGA Constituency day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	George Juma Onesmus
2.	Sub-County Accountant	Sabena Wambui
3.	Chairman NGCDFC	Abubakar Juma Manyenze
4.	Member NGCDFC	Lucy Ruwa Mwero (Alternative signatory)

(d) Fiduciary Oversight Arrangements

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

P.O. Box 63 Lungalunga
NG-CDF Building-Kanana
Ukunda/Lungalunga Highway
Nairobi, KENYA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

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For the year ended June 30, 2019

(f) NGCDF LUNGALUNGA Constituency Contacts

Telephone: (254) 721-355958
E-mail: cdflungalunga.go.ke
Website: www.cdflungalunga.go.ke

(g) NGCDF LUNGALUNGA Constituency Bankers

Co-operative Bank
Beach Road-Diani Classic Building
P.O. Box 568-80400
Ukunda
Kwale, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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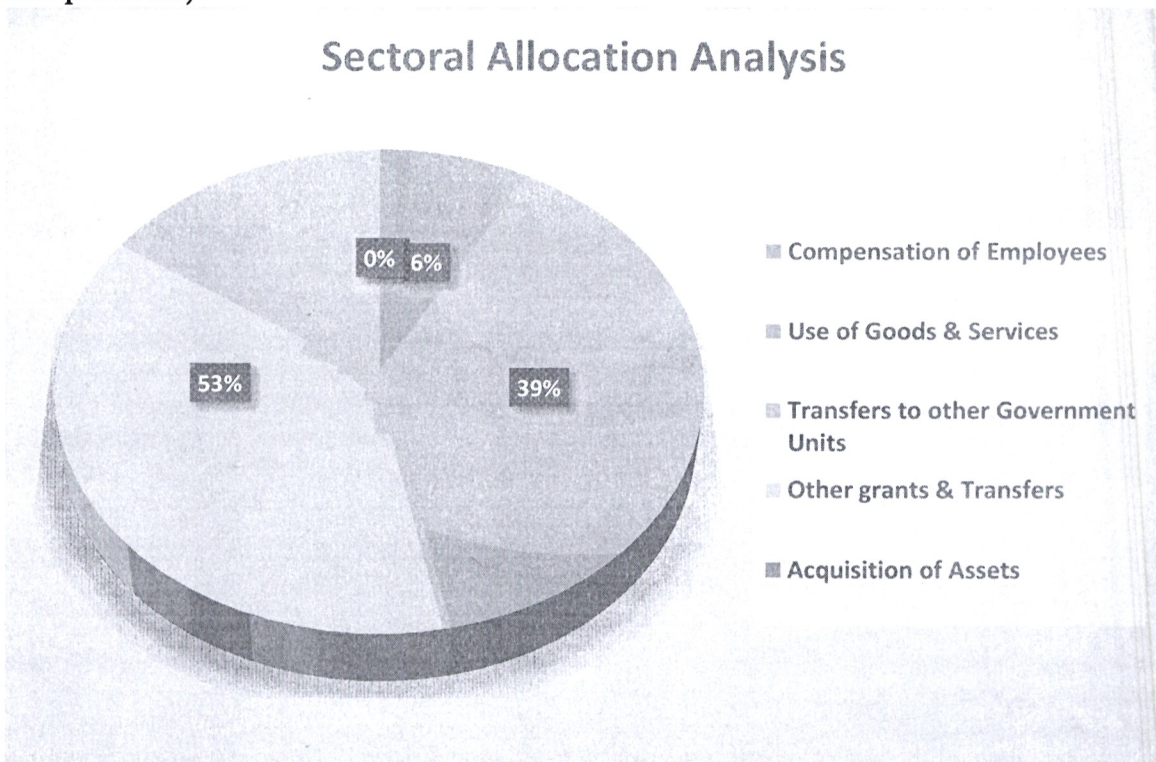
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

During the financial year ended 30th June 2019, Lungalunga NG-CDF was allocated a total of kshs.109,040,875.52. In the course of the financial year, Lungalunga NG-CDFC received approximately 50% of its financial year 2018/2019 allocation equivalent to kshs.54,000,000. However, during the financial year 2018/2019, kshs.56,284,483.15 was also received being fund for the previous financial years' allocations. Therefore, the funds received during the financial year totalled kshs.110,284,483.15 and was allocated to different sectors of the projects as follows:

Sectorial analysis

In the course of the financial year kshs.2,083,752 was compensation of employees, kshs.7,117,606 was use of goods and services, kshs.43,424,460 was transferred to Other Government Units which comprised of transfers to Primary School kshs.22,824,834, transfers to secondary schools kshs.20,599,625, kshs.60,004,999 was Other grants and Other payments which comprised of bursary to secondary schools kshs.26,668,000, bursary to Tertiary institutions kshs.11,597,222, security kshs.15,076,207, sports kshs.3,157,000 and emergency kshs.3,506,570.

The percentage allocation to the sectors in financial years comparison is presented graphically as hereunder provided;



Major achievements

Continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions. This has boosted retention and transition rates in schools. Major funded school projects are such as classrooms, administration blocks, laboratories, libraries, dormitories, toilets, lockers and chairs, desks and equipping of laboratories while security projects are chief offices and police administration blocks. During the year, the Committee disbursed a total of Kshs.38,265,222 as bursary to needy students in secondary, tertiary institutions and this benefitted a total of 3,254 students.

Below indicated is the current status of education and security projects in the Constituency.



Mwashetani High School tuition block

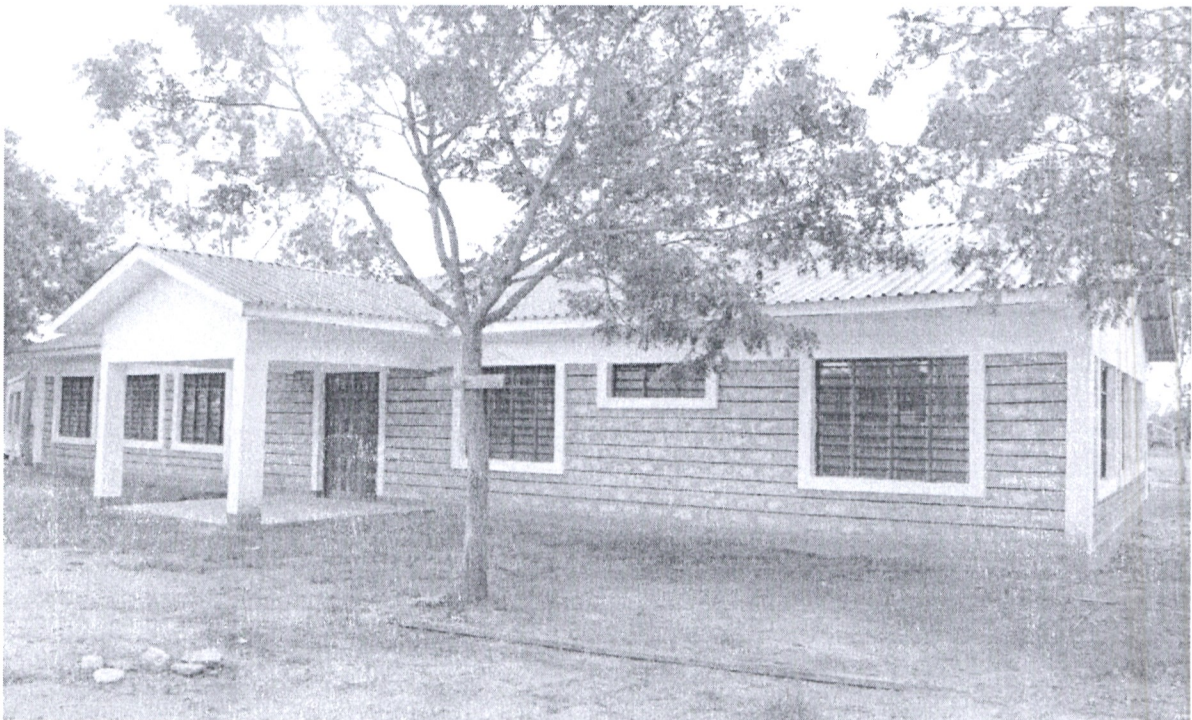


Mwenza mwenye Secondary School administration block

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Lungalunga chief's and assistant chief's office



Lungalunga Secondary School library

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Challenges

During the financial year 2018/2019, Lungalunga NG-CDFC experienced various challenges in management of the fund which included lack of proper records keeping by Project Management Committees. NG-CDFC has during the financial year 2018/2019 organised training of NG-CDFC, staff and Project Management Committees to capacity build as remedial measures hence improve performance.

I sincerely thank the NG-CDF Board, NG-CDFC, NG-CDFC staff, Project Management Committees, the relevant Government departments and other stakeholders for the support and co-operation that has made us achieve our goals.

Thank you indeed.

Sign



ABUBAKAR JUMA MANYENZE
CHAIRMAN NG-CDF COMMITTEE

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III. STATEMENT OF ENTITY 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 Constituency Development Fund-Lungalunga Constituency shall prepare financial statements in respect of that fund. 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-Lungalunga Constituency is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year(period) ended on June 30, 2019. 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 fund; (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-Lungalunga Constituency accepts responsibility for the fund'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 NGCDF Lungalunga financial statements give a true and fair view of the state of fund's transactions during the financial year ended June 30, 2019, and of the fund's financial position as at that date. The Accounting Officer charge of the NGCDF-Lungalunga Constituency further confirms the completeness of the accounting records maintained for the fund, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

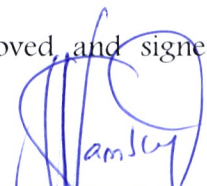
The Accounting Officer in charge of the NGCDF-Lungalunga Constituency confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the fund's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the fund'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-Lungalunga Constituency financial statements were approved and signed by the Accounting Officer on 30 Dec 2019.



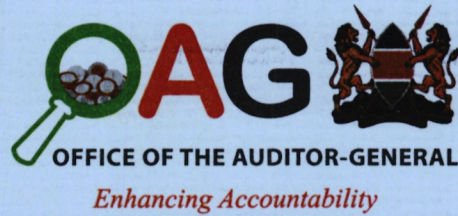
**Fund Account Manager
George Juma Onesmus**



**Sub-County Accountant
Sabena Wambui
ICPAK Member Number:**

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-LUNGALUNGA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Lungalunga Constituency set out on pages 9 to 36, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the 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 effects 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-Lungalunga Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Presentation and Accuracy of the Financial Statements

The following anomalies were noted in the financial statements presented for audit :

- i. The Sub-County Accountant's Institute of Certified Public Accountants of Kenya (ICPAK) registration number was not indicated.
- ii. The breakdown of the unutilized funds amounting to Kshs.61,245,780 reflected in summary statement of appropriation - recurrent and development combined is not provided under Note 15.3 to the financial statements and at Annex 3 as required.
- iii. Management effort to resolve the prior year audit matters has not been disclosed under the progress on follow up of auditor recommendations section of the financial statements.

- iv. The transfers of Kshs.110,284,483 received from the National Government Constituencies Development Fund Board reflected under the summary statement of appropriation - recurrent and development combined did not include the bank balance of Kshs.11,401,238 brought forward from the prior year. The accuracy of the statement and the reported receipts budget utilization difference of Kshs.66,442,114 could, therefore, not be confirmed.

Consequently, the financial statements did not comply with the presentation requirements under International Public Sector Accounting Standard No.1 – Presentation of Financial Statements and the financial reporting guidelines issued by the Public Sector Accounting Standards Board.

2.0 Inaccuracy of Bank Balance

The statement of assets and liabilities reflects a bank balance of Kshs.6,204,905. However, the June, 2019 bank reconciliation statement reflected payments in cashbook not in bank statement amounting to Kshs.4,729,486, out of which twenty-six (26) cheques amounting to Kshs.537,452 were stale and had not been reversed in cash book as at 30 June, 2019. Further, the bank statements to confirm when cheques totaling Kshs.4,192,034 were subsequently cleared by the bank were not availed for audit review.

In addition, the bank reconciliation statement reflected receipts in bank statement not in cash book amounting to Kshs.15,000 relating to unpaid cheques in June, 2018 and bank charges amounting to Kshs.39,200 as payments in bank statement not yet recorded in cash book. No explanation was given why the long outstanding receipts had not been updated in the cashbook and why the bank charges were not recorded in the cashbook and expensed in the statement of receipts and payments.

Consequently, the accuracy and completeness of the bank balance of Kshs.6,204,905 could not be confirmed.

3.0 Unsupported Payments for Security Projects

The statement of receipts and payments reflects other grants and transfers of Kshs.60,004,999, out of which Kshs.15,076,207, as disclosed in Note 7 to the financial statements, was in respect of security projects. However, payment vouchers for expenditure amounting to Kshs.8,932,000 were not provided for audit verification.

Consequently, the accuracy and propriety of Kshs.8,932,000 spent on security projects could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund-Lungalunga Constituency Management in accordance with ISSAI 130 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. There were no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined, reflects a budgeted expenditure of Kshs.176,726,597 against actual expenditure on comparable basis of Kshs.115,480,817, resulting into an under-absorption of Kshs.61,245,780 or 35%. The under-expenditure was attributed to delayed disbursement of funds by the Board.

There is need therefore for the National Government Constituencies Development Fund Board to disburse funds in a timely manner for implementation of projects as planned to facilitate effective and efficient delivery of services to the residents of Lungalunga 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 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

1.0 Projects Implementation Status

The projects implementation status report as at 30 June, 2019 availed for audit review indicated that seventeen (17) development projects with a total allocation of Kshs.50,560,000 were approved by the National Government Constituencies Development Fund Board for implementation in the financial year 2018/2019. However, twelve (12) projects with a total allocation of Kshs.38,210,000 were still ongoing as at 30 June, 2019. Delayed implementation of projects was attributed to late disbursement of funds.

Delayed completion of the projects negatively affected the delivery of services to the residents of Lungalunga Constituency.

2.0 Poor Projects Monitoring

Audit inspection undertaken in January, 2020 on six (6) projects with a total cost of Kshs.21,010,000 revealed anomalies as provided under Appendix I.

The above state of affairs is an indication of poor projects monitoring and supervision resulting into poor workmanship and delays in implementation of projects which could lead to cost escalations.

3.0 Irregular Procurement of Construction Contracts

Section 91(1) of the Public Procurement and Asset Disposal Act, 2015 provides that open tendering shall be the preferred procurement method for procurement of goods, works and services. Section 96(2) of the Act further provides that, if the estimated value of the goods, works or services being procured is equal to, or more than the prescribed threshold for County, National and International advertising, the procuring entity shall advertise in the dedicated government tenders' portals or in its own website, or a notice in at least two daily newspapers of nationwide circulation. However, no evidence of advertisement for five (5) construction contracts with a total cost of Kshs.15,500,000 was provided despite their respective contract sums being within the threshold of Kshs.4,000,000 for open tender as detailed below:

No.	Project Name	Project Activity	Contract Sum (Kshs.)
1.	Godo Chief's Office and Police Post	Construction of a new Chief's Office and Police Administration Block	5,500,000
2.	Kiruku Secondary School	Construction of a new Dormitory	5,500,000
3.	Mwangulu Police Station	Construction of a new Administration Block	4,500,000
	Total		15,500,000

It could therefore not be confirmed that the procurement was done in a system that is fair, equitable, transparent, competitive and cost-effective as provided under Article 227(1) of the Constitution of Kenya.

Further, there was no evidence that the bidders submitted any form of tender security as required under Section 61(1) of Public Procurement and Asset Disposal Act, 2015 which provides that an accounting officer of a procuring entity may require that tender security be provided with tenders, subject to such requirements or limits as may be prescribed.

Consequently, Management was in breach of the Law and may have no recourse in case of unsatisfactory performance by the contractors.

4.0 Award of Bursary to Secondary Schools and Tertiary Institutions

The statement of receipts and payments reflects other grants and transfers of Kshs.60,004,999, out of which Kshs.38,265,222 was in respect of bursary to secondary schools and tertiary institutions, as disclosed at Note 7 to the financial statements. However, no evidence was provided of the vetting of the bursary applicants as provided under Regulation 21(3) of the National Government Constituency Development Fund, Regulations, 2016.

In the circumstances, it could not be confirmed that bursaries were awarded fairly and to the deserving applicants.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Article 229(6) of the Constitution, 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 2315 and ISSAI 2330. 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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing National Government Constituencies Development Fund-Lungalunga Constituency ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 noncompliance. 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 the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

16 September, 2021

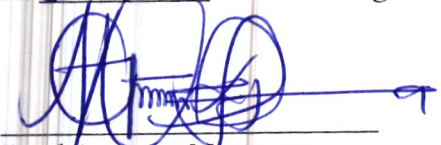
APPENDIX I: Poor Projects Monitoring

	Project Name	Details of Project	Cost of Project (Kshs.)	Audit Verification
1.	Mwezamwenye Secondary School	Construction of an Administration Block	6,000,000	<ul style="list-style-type: none"> The Administration Block is complete and in use but toilets are not being used due to lack of septic tank. Softwood doors fitted instead of hardwood as per Bills of Quantities.
2.	Mkono wa Ndugu Primary School	Construction of 2 new classrooms and 1 No. 2 door pit latrine and 20 desks	3,350,000	<ul style="list-style-type: none"> Ongoing works on 2 classrooms. Toilet not complete. Desks not yet supplied.
3.	Mamba Police Post	Completion of police administration block-ceiling, louvres and painting	1,300,000	<ul style="list-style-type: none"> The Project was ongoing, but the roof had already started rusting. The size of the timber for roofing was not as per Bill of Quantities.
4.	Mwashetani High School	Completion of Tuition Block	710,000	<ul style="list-style-type: none"> The Contractor was not on site despite the project being incomplete. The Project Account Statement was not availed for verifications. The current head teacher was not a signatory to the project management committee bank account.
5.	Ngathini Primary School	Construction of 2 new classrooms, 2 door pit latrine and 20 desks	3,650,000	<ul style="list-style-type: none"> The doors size was smaller compared to the specifications in the Bill of Quantities. The desks were not labelled. The toilet had not been connected to the septic.
6.	Lungalunga Secondary School	Construction of Library	6,000,000	<ul style="list-style-type: none"> Observed cracks on the walls and floor. The roof was leaking leading to damage to the ceiling. The contractor had been paid all the money other than the retention money.
Total			21,010,000000	

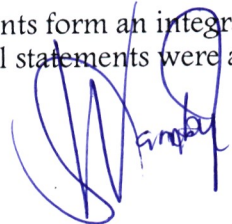
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 TH JUNE 2019	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	110,284,483	84,353,447
Proceeds from Sale of Assets	2	00	00
Other Receipts	3	<u>00</u>	<u>00</u>
TOTAL RECEIPTS		110,284,483	84,353,447
PAYMENTS			
Compensation of employees	4	2,083,752	1,831,117
Use of goods and services	5	7,117,606	5,142,676
Transfers to Other Government Units	6	43,424,460	41,182,693
Other grants and transfers	7	60,004,999	22,693,089
Acquisition of Assets	8	2,850,000	00
Other Payments	9	00	7,420,000
TOTAL PAYMENTS		115,480,817	78,269,575
SURPLUS/(DEFICIT)		<u>(5,196,333)</u>	<u>6,083,872</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Lungalunga Constituency financial statements were approved on 21st Dec 2019 and signed by:



Fund Account Manager
George Juma Onesmus



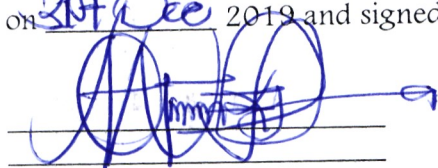
Sub-County Accountant
Sabena Wambui
ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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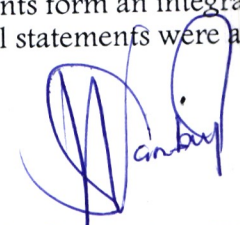
V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	6,204,905	11,401,238
Cash Balances (cash at hand)	10B	00	00
Total Cash and Cash Equivalents		6,204,905	11,401,238
Current Receivables			
Outstanding Imprests	11	00	00
TOTAL FINANCIAL ASSETS		6,204,905	11,401,238
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	00	00
Gratuity	12B	00	00
TOTAL FINANCIAL LIABILITES		00	00
NET FINANCIAL ASSETS		6,204,905	11,401,238
REPRESENTED BY			
Fund balance b/fwd	13	11,401,238	5,317,366
Surplus/Deficit for the year		(5,196,333)	6,083,872
Prior year adjustments	14	00	00
NET FINANCIAL POSITION		6,204,905	11,401,238

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Lungalunga Constituency financial statements were approved on 30th June 2019 and signed by:



Fund Account Manager
George Juma Onesmus



Sub-County Accountant
Sabena Wambui
ICPAK Member Number:

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2019

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from NGCDF Board	1	110,284,483	84,353,447
Other Receipts	3	00	00
Total receipts		110,284,483	84,353,447
Payments			
Compensation of Employees	4	2,083,752	1,831,117
Use of goods and services	5	7,117,606	5,142,676
Transfers to Other Government Units	6	43,424,460	41,182,693
Other grants and transfers	7	60,004,999	22,693,089
Other Payments	9	00	7,420,000
Total payments		112,630,817	78,269,575
Total Receipts Less Total Payments		(2,346,333)	6,083,872
Adjusted for:			
Outstanding imprest	11	00	00
Retention Payable	12A	00	00
Gratuity Payable	12B	00	00
Prior year adjustments	14	00	00
Net Adjustments		00	00
Net cash flow from operating activities		(2,346,333)	6,083,872
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	00	00
Acquisition of Assets	8	(2,850,000)	(00)
Net cash flows from Investing Activities		(2,850,000)	00
NET INCREASE IN CASH AND CASH EQUIVALENT		(5,196,333)	6,083,872
Cash and cash equivalent at BEGINNING of the year	13	11,401,238	5,317,366
Cash and cash equivalent at END of the year		<u>6,204,905</u>	<u>11,401,238</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Lungalunga Constituency financial statements were approved on 30th June 2019 and signed by:

Fund Account Manager
 George Juma Onesmus

Sub-County Accountant
 Sabena Wambui
 ICPAK Member Number:

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	109,040,876	67,685,721	176,726,597	110,284,483	66,442,114	61
Proceeds from Sale of Assets	00	00	00	00	00	0
Other Receipts	00	00	00	00	00	0
PAYMENTS	109,040,876	67,685,721	176,726,597	110,284,483	66,442,114	61
Compensation of Employees	3,258,926	00	3,258,926	2,083,752	1,175,174	64
Use of goods and services	6,554,753	3,050,000	9,604,753	7,117,606	2,487,147	74
Transfers to Other Government Units	45,110,000	27,473,679	72,827,286	43,424,460	29,402,826	59
Other grants and transfers	54,117,197	31,762,042	85,635,632	60,004,999	25,630,633	70
Acquisition of Assets	00	5,400,000	5,400,000	2,850,000	2,550,000	52
Other Payments	00	00	00	00	00	0
TOTALS	109,040,876	67,685,721	176,726,597	115,480,817	61,245,780	61

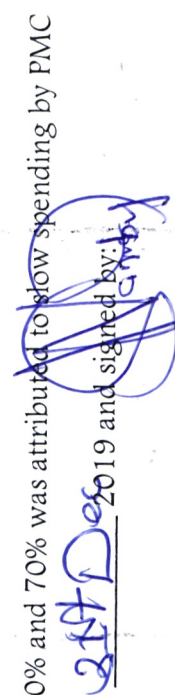
(a) The revenue item only include receipts from NG-CDF Board

(b) The underutilization and over utilization of funds was due to the following:

- i. Compensation of Employees 64% was as a result of excess budgeting.
- ii. Transfers to other Government units and Other Grants and transfers 60% and 70% was attributed to slow spending by PMC and also delay in disbursement from the Board.

The NGCDF Mangalanga Constituency financial statements were approved on 21st Dec 2019 and signed by:


Fund Account Manager
George Jama Onesmus


Sub-County Accountant
Sabena Wambui
ICPAK Member Number:

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,258,926	00	3,258,926	2,083,752	1,175,174
1.2 Committee allowances	1,501,695	00	1,501,695	1,681,382	-179,687
1.3 Use of goods and services	1,781,832	1,750,000	3,531,832	2,160,369	1,371,463
2.0 Monitoring and evaluation					
2.1 Capacity building	574,426	00	574,426	839,500	-265,074
2.2 Committee allowances	1,369,600	00	1,369,600	1,897,954	-528,354
2.3 Use of goods and services	1,327,200	1,300,000	2,627,200	538,401	2,088,599
3.0 Emergency					
3.1 Primary Schools	5,738,993	3,557,999	9,296,992	3,506,570	5,790,422
3.2 Secondary schools	00	00	00	00	00
3.3 Tertiary institutions	00	00	00	00	00
3.4 Security projects	00	00	00	00	00
4.0 Bursary and Social Security					
4.1 Primary Schools	00	00	00	00	00
4.2 Secondary Schools	20,000,000	6,271,770	26,271,770	28,659,000	-2,387,230
4.3 Tertiary Institutions	7,278,204	2,000,000	9,278,203	9,606,222.	-328,019
4.4 Universities	00	00	00	00	00
4.5 Social Security	00	00	00	00	00
5.0 Sports					
5.1 Constituency Sports Activity	1,400,000	1,400,000	2,800,000	00	2,800,000
5.2 Constituency Sports Activity	00	1,758,000	1,758,000	1,758,000	00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LUNGALUNGA CONSTITUENCY

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Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
5.3 Constituency Sports Activity	00	1,399,000	1,399,000	1,399,000	00
6.0 Environment					
6.1 Constituency Environmental Activity	1,400,000	1,400,000	2,800,000	00	2,800,000
6.2					
6.3					
7.0 Primary Schools Projects (List all the Projects)					
7.1 Vibandani Kwa Bitia Pry Sch	3,850,000	2,800,000	6,650,000	00	6,650,000
7.2 Mikamini Pry Sch	3,350,000	00	3,350,000	3,340,000	10,000
7.3 Maji Moto Pry Sch	3,350,000	3,473,679	6,823,679	866,321	5,957,358
7.4 Rila Pry Sch	3,350,000	3,350,000	6,700,000	00	6,700,000
7.5 Mamba Pry Sch	3,350,000	3,350,000	6,700,000	00	6,700,000
7.6 Mwantsefu Pry Sch	3,350,000	3,350,000	6,700,000	00	6,700,000
7.7 Mkono wa Ndugu Pry Sch	3,350,000	1,000,000	4,350,000	2,340,000	2,010,000
7.8 Shimoni Pry Sch	3,350,000	3,350,000	6,700,000	00	6,700,000
7.9 Ngathini Pry Sch	3,350,000	350,000	3,700,000	2,990,000	710,000
7.10 Mpakani Pry Sch	1,300,000	00	1,300,000	1,300,000	00
7.11 Masimbani Pry Sch	1,000,000	00	1,000,000	1,500,000	-500,000
7.12 Namelock Pry Sch	450,000	450,000	900,000	00	900,000
7.13 Maledi Primary School	00	00	00	3,650,000	-3,650,000
7.14 Chitsukwa Primary School	00	00	00	3,300,000	-3,300,000
7.15 Mshiu Primary School	00	00	00	2,338,514	-2,338,514
7.16 Mshiu Primary School	00	00	00	1,000,000	-1,000,000
7.17 Works-Eng. Mwangunya	00	00	00	100,000	-100,000
7.18 SSCO Wilberforce Mwakiru	00	00	00	100,000	-100,000
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Mwashetani High Sch	710,000	00	710,000	710,000	0

Reports and Financial Statements
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Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
8.1Mwashetani High Sch	00		0	1,400,000	-1,400,000
8.2Kiruku Sec Sch	5,500,000	1,000,000	6,500,000	5,430,000	1,040,000
8.2Kiruku Sec Sch	00	0	0	59,925	-59,925
8.3Juma Boy Sec Sch	5,000,000	5,000,000	10,000,000	0	10,000,000
8.4Mwenza mwenye Sec Sch	00	0.0	0.00	62,188	-62,188
8.4Mwenza mwenye Sec Sch	00	0.0	0.00	5,937,812	-5,937,812
8.5Lungalunga Sec Sch	00	0.0	0.00	66,700	-66,700
8.5Lungalunga Sec Sch	00	0.0	0.00	6,933,000	-6,933,000
9.0 Tertiary institutions Projects (List all the Projects)					
9.1	00	00	00	00	00
10.0 Security Projects					
10.1Mwangulu Police Station	4,500,000	4,500,000	9,000,000	00	9,000,000
10.2Godo chief's office and Police post	5,500,000	1,000,000	6,500,000	58,000	6,442,000
10.2Godo chief's office and Police post	00	00	00	4,432,000	-4,432,000
10.3Kikoneni Police Post	3,500,000	3,500,000	7,000,000	00	7,000,000
10.4Mamba Police Station	1,300,000	00	1,300,000	1,300,000	00
10.4Mamba Police Station	00	00	00	2,786,207	-2,786,207
Lungalunga Chief's & Ass. Chief's office	00	1,975,273	1,975,273	4,500,000	-2,524,727
Lungalunga Sub-County Police/Chief furniture	00	0.0	00	2,000,000	-2,000,000
11.0 Acquisition of assets					
11.1INGCDF Office	00	5,400,000	5,400,000	1,100,000	4,300,000
11.1INGCDF Office	00	0.0	00	550,000	-550,000
11.1INGCDF Office	00	00	00	1,200,000	-1,200,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LUNGALUNGA CONSTITUENCY

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Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
12.0 Others					
12.1 Strategic Plan	4,000,000	3,000,000	7,000,000	00	7,000,000
12.2 Innovation Hub	00	00	00	00	00
Total	109,040,876	67,685,721	176,726,597	115,480,817	61,245,780

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

External Assistance

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

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

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

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SIGNIFICANT ACCOUNTING POLICIES

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

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES

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 Fund

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015.

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law.

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

12. Comparative Figures

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

13. Subsequent Events

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

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

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SIGNIFICANT ACCOUNTING POLICIES

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) –
LUNGALUNGA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018-2019	2017-2018
		Kshs	Kshs
NGCDF Board			
AIE NO. A855908	1		5,500,000
AIE NO.A892778	2		37,905,172
AIE NO.A892558	3		40,948,275
AIE NO. B005202	1	38,005,173	
AIE NO. B005281	2	16,779,310	
AIE NO. B030092	3	10,000,000	
AIE NO. B030320	4	1,000,000	
AIE NO.B030319	5	500,000	
AIE NO.B030484	6	15,000,000	
AIE NO.A724462	7	11,000,000	
AIE NO.B006431	8	6,000,000	
AIE NO. B042791	9	12,000,000	
TOTAL		110,284,483	84,353,447

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	Kshs.	Kshs.
Receipts from sale of Buildings	00	00
Receipts from the Sale of Vehicles and Transport Equipment	00	00
Receipts from sale of office and general equipment	00	00
Receipts from the Sale Plant Machinery and Equipment	00	00
Total	00	00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LUNGALUNGA CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Interest Received	00	00
Rents	00	00
Receipts from Sale of tender documents	00	00
Other Receipts Not Classified Elsewhere	00	00
Total	00	00

4. COMPENSATION OF EMPLOYEES

		2018-2019	2017-2018
		Kshs	Kshs
Basic wages of contractual employees		1,998,072	1,831,117
Basic wages of casual labour		00	00
Personal allowances paid as part of salary			
House allowance		00	00
Transport allowance		00	00
Leave allowance		00	00
Gratuity – paid	00		00
- accrued	00	00	00
Other personnel payments		00	00
Employers Contribution to NSSF		85,680	00
Total		2,083,752	1,831,117

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6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to National Government entities	00	00
Transfers to primary schools (see attached list)	22,824,835	31,682,693
Transfers to secondary schools (see attached list)	20,599,625	9,500,000
Transfers to tertiary institutions (see attached list)	00	00
Transfers to health institutions (see attached list)	00	00
TOTAL	43,424,460	41,182,693

7. OTHER GRANTS AND OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bursary – secondary schools (see attached list)	28,255,000	8,063,000
Bursary – tertiary institutions (see attached list)	10,010,222	4,800,000
Bursary – special schools (see attached list)	00	00
Mock & CAT (see attached list)	00	00
Security projects (see attached list)	15,076,207	6,343,967
Sports projects (see attached list)	3,157,000	1,278,000
Environment projects (see attached list)	00	00
Emergency projects (see attached list)	3,506,570	2,235,122
Total	60,004,999	22,693,089

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5. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Committee Expenses	3,579,336	2,643,243
Utilities, supplies and services	310,237	1,836,433
Communication, supplies and services	77,000	00
Domestic travel and subsistence	208,000	00
Printing, advertising and information supplies & services	00	00
Rentals of produced assets	00	00
Training expenses	839,500	663,000
Hospitality supplies and services	92,000	00
Insurance costs	00	00
Specialized materials and services	50,000	00
Office and general supplies and services	686,401	00
Other operating expenses	55,653	00
Routine maintenance – vehicles and other transport equipment	1,076,479	00
Routine maintenance – other assets	143,000	00
Total	7,117,606	5,142,676

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8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2018-2019	2017-2018
	Kshs	Kshs
Purchase of Buildings	00	00
Construction of Buildings	2,850,000	00
Refurbishment of Buildings	00	00
Purchase of Vehicles and Other Transport Equipment	00	00
Overhaul of Vehicles and Other Transport Equipment	00	00
Purchase of Household Furniture and Institutional Equipment	00	00
Purchase of Office Furniture and General Equipment	00	00
Purchase of ICT Equipment, Software and Other ICT Assets	00	00
Purchase of Specialised Plant, Equipment and Machinery	00	00
Rehabilitation and Renovation of Plant, Machinery and Equip.	00	00
Acquisition of Land	00	00
Acquisition of Intangible Assets	00	00
Total	2,850,000	00

9. OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Purchase of land for Sub-County HQs	00	4,720,000
Walling of Sub-County HQs	00	2,700,000
Strategic plan	00	00
ICT Hub	00	00
TIVET	00	00
	00	7,420,000

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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
<i>Co-operative Bank Account No. 01141466629200</i>	6,204,905	11,401,238
Total	6,204,905	11,401,238
10B: CASH IN HAND		
Location 1	00	00
Location 2	00	00
Location 3	00	00
Other Locations (<i>specify</i>)	00	00
Total	00	00
<i>[Provide cash count certificates for each]</i>		

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11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
Total				00

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

12A. RETENTION

	2018 - 2019	2017-2018
	Kshs	Kshs
Supplier 1	00	00
Supplier 2	00	00
Supplier 3	00	00
Total	00	00

[Provide short appropriate explanations as necessary]

12B. STAFF GRATUITY OUTSTANDING

	2018 - 2019	2017-2018
	Kshs	Kshs
Name 1	00	00
Name 2	00	00
Name 3	00	00
Add as appropriate		
Total	00	00

[Provide short appropriate explanations as necessary]

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13. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	11,401,238	5,317,366
Cash in hand	00	00
Imprest	00	00
Total	11,401,238	5,317,366

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	00	00
Cash in hand	00	00
Imprest	00	00
Total	00	00

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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	00	00
Construction of civil works	00	00
Supply of goods	00	00
Supply of services	00	00
	00	00

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
NGCDFC Staff	00	00
Others (<i>specify</i>)	00	00
	00	00

15.3: UNUTILIZED FUND (See Annex 3)

	Kshs	Kshs
Compensation of employees	00	00
Use of goods and services	00	00
Amounts due to other Government entities (see attached list)	00	00
Amounts due to other grants and other transfers (see attached list)	00	00
Acquisition of assets	00	00
Others (<i>specify</i>)	00	00
	00	00

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15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	00	00
	00	00

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (specify)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Sub-Total				
Amounts due to other grants and other transfers				
Sub-Total				
Sub-Total				
Acquisition of assets				
Others (<i>specify</i>)				
Sub-Total				
Grand Total				

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land	3,200,000	0	0	3,200,000
Buildings and structures	0	0	0	0
Transport equipment	1,320,000	0	0	1,320,000
Office equipment, furniture and fittings	1,936,204	0	0	1,936,204
ICT Equipment, Software and Other ICT Assets	2,611,805	0	0	2,611,805
Other Machinery and Equipment	399,000	0	0	399,000
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	9,467,009	0	0	9,467,009

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Godo Chief's Office And Police Post Ng-Cdf Pmc	Co-operative	01141838249400	4,430,975.00	
Ngathini Primary School Ng-Cdf Pmc	Co-operative	01141043974800	1,292,922.45	
Mikameni Primary School Ng-Cdf Pmc	Co-operative	01141838212601	1,694,247.95	
Mpakani Primary School Ng-Cdf Pmc	Co-operative	01141566357200	276,342.75	
Lungalunga Secondary School Ng-Cdf Pmc	Co-operative	01141566892400	1,447,092.00	24.00
Masimbani Primary School Ng-Cdf Pmc	Co-operative	01141566898200	676,776.25	
Mshiu Primary School Ng-Cdf Pmc	Co-operative	01141043962100	524,038.35	
Mamba Police Post Ng-Cdf Pmc	Co-operative	01141838133800	421,697.92	
Kiruku Secondary School Ng-Cdf Pmc	Co-operative	01141838202100	12,912.78	
Maledi Primary School Ng-Cdf Pmc	Co-operative	01141838103600	2,721.25	562.50
Chitsukwa Primary School Ng-Cdf Pmc	Co-operative	01141838103400	75.00	
Maji Moto Primary School Ng-Cdf Pmc	Co-operative	01141838186200	183,649.50	
Mkono Wa Ndugu Primary School Ng-Cdf Pmc	Co-operative	01141838249300	2,338,975.00	
Mwenza Mwenye Secondary School Ng-Cdf Pmc	Co-operative	01141838103500	541,696.00	
Mwashetani High School Ng-Cdf Pmc	Co-operative	01141566102900	1,175,272.50	
Lungalunga Location Chief's Office Ng-Cdf Pmc	Co-operative	01141838057100	225,560.00	
Lungalunga Sub-County Police Furniture Ng-Cdf Pmc	Co-operative	01141838057200	50.00	
Total			15,245,004.70	

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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)