REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND IGEMBE NORTH CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2018

30th June 2018

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
IGEMBE NORTH CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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
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 Igembe North 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.	Accounting Officer	**Yusuf Mbuno**
2.	A.I.E holder	**Danson Njogu Njiru.**
3.	Sub-County Accountant	**Nicholas Kariuki**
4.	Chairman NGCDFC	**Misheck Koome**
5.	Member NGCDFC	**Agness Nkatha**

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Igembe north 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 IGEMBE NORTH Constituency Headquarters

P.O. Box 71
NG-CDF Building/House/Plaza
Laare Avenue/Road/Highway
Laare, Meru.

(f) NGCDF Igembe North Constituency Contacts

Telephone: (254) 703780482
E-mail: igembenorth@gmail.com

(g) NGCDF IGEMBE NORTH Constituency Bankers

1. Co-operative Bank of Kenya
   Maua Branch.
   Account Number: 01141612208000
   P.O. Box 71
   Maua.
   Meru, 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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Igembe north constituency is situated along Maili Tatu-Laare road and borders Igembe South on the north, Isiolo on the west and Igembe Central on the east regions. The main economic stay of the constituency is mainly farming of food crops with a large portion with Miraa. There is a large area in the south which is dry and the community majors on livestock keeping as their main economic activities. The constituency is vast with five wards and approximately has 330,000 populations. The constituency is wholly developed by NGCDF in about 70% together with other partners, mainly national government and nongovernmental organizations.

IGEMBE NORTH NGCDF PERFORMANCE

The constituency received Kshs. 48,105,172 the financial year 2017/2018 and has efficiently absorbed Kshs.30, 379,685 which translate into 63% rate inclusive bank balance brought forward. All the projects allocated funds in the financial year 2017/218 have not started but this is a priority immediately funds are received from the board.

KEY ACHIEVEMENTS OF THE FUND

NGCDF has transformed many lives of Igembe north residents. The empirical data available coupled with actual observations reveal an enormous impact on the residents in improved standard of living which was never witnessed before the inception of NGCDF. The current year has seen completion of 17 classrooms, 19 security projects and 5 water projects. The many poor children who have been to school under the courtesy of the fund is a milestone reached in enabling every needy student access education. Various places where residents walked for long distances to seek water commodity is also a great achievement which has saved energy and time to pursue other activities.

We stand united in prayer and thanks giving that NGCDF may live long enough to transform many lives.

EMERGING ISSUES

NGCDF being a community fund has so far been identified with the constituents needs which changes every now and then. With the establishment of the devolved functions, various sectors have been taken by the county governments which has stripped off residents the very pertinent projects centre in their economic life. County governments have slowly taken off with residents agitating for various projects formally funded by NGCDF and this has brought great discontent on the side of the residents who think such functions should be handled by NGCDF.

IMPLEMENTATION CHALLENGES.

There various challenges meted in the implementation of the kitty namely:

a) Lack of management skills by the project implementation committees.

B) Thinly allocation of project funds

c) Political interferences

WAY FORWAND

NGCDF should be added more funds enough to complete projects. Again PMC should be trained frequently on good management practices. MPs and their opponents should not interfere with projects.

CHAIRMAN NGCDF COMMITTEE

NAME: _____

SIGN: _____

CHAIRMAN
IGEMBE NORTH NG CDF.C

DATE _____

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 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-Igembe North 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-Igembe North 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 fund'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-Igembe North Constituency further confirms the completeness of the accounting records maintained for the fund, 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-Igembe North 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-Igembe North Constituency financial statements were approved and signed by the Accounting Officer on 29th September 2018.

FUND ACCOUNT MANAGER
IGEMBE NORTH NG-CDF
P. O. Box 71 - 60601, LAARE

Fund Account Manager
Name: Danson Niogre Njiru

Sub-County Accountant
Name: Nicholas Kariuki.
ICPAK Member:

DISTRICT ACCOUNTANT
IGEMBE NORTH SUB - COUNTY
P. O. Box 168 - 60601, LAARE

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – IGEMBE NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund– Igembe North Constituency set out on pages 6 to 39 which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combine 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 – Igembe North Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Accuracy of the Financial Statements

1.1 Statement of Assets and Liabilities

The statement of assets and liabilities for the year under review reflects comparative 2016/2017 balance of Kshs.17,707 in respect surplus while the audited 2016/2017 financial statements reflected a deficit of Kshs.17,707 for the same item resulting to an unexplained variance of Kshs.35,414.

In the circumstances, the validity and accuracy of the statement of assets and liabilities balances as at 30 June 2018 could not be confirmed.

1.2 Statement of Cash Flow

The statement of cash flow for the year under review reflects a cash and cash equivalent balance of Kshs.3,689,113 and Kshs.3,849,288 in respect to closing balance for the financial year 2016-2017 and opening balance for year under review respectively resulting to an unexplained variance of Kshs.160,175.

In the circumstances, the validity and accuracy of the statement of cash flow for the year ended 30 June 2018 could not be ascertained.

1.3 Summary Statement of Appropriation: Recurrent and Development Combined

The summary statement of appropriation: recurrent and development combined for the year under review reflects a budget utilization difference Kshs.54,784,484 in respect of transfers from National Government Constituencies Development Fund (NGCDF) Board. However, even though there were no other receipts during the year, the statement reflects a total of Kshs.54,054,461 for the same item resulting to an unexplained variance of Kshs.730,023.

In the circumstances, the validity and accuracy of the summary statement of appropriation: recurrent and development combined for the year ended 30 June 2018 could not be ascertained.

1.4 Unutilized Funds

Note 15.3 to the financial statements reflects Kshs.76,359,259 in respect to unutilized funds balance as at 30 June 2018. However, a recasting of the figures gave a total of Kshs.77,099,258 resulting to an unexplained variance of Kshs.739,999.

In the circumstances, the validity and accuracy of the unutilized funds balance of Kshs.76,359,259 for the year ended 30 June 2018 could not be ascertained.

2.0 Cash and Cash Equivalents

Note 10 to the financial statements reflects Kshs.21,574,775 in respect to cash and cash equivalents balances as at 30 June 2018. However, included in the Kshs.21,574,775 are unpresented cheques totaling to Kshs.7,277,444 which further includes stale cheques totaling to Kshs.1,928,230 and which had not been replaced or reversed in the cashbook as at 30 June 2018 thereby understating the cashbook balance by the same amount. Further, the certificate of bank balance of Equity Bank account reflected Kshs.2,583,826 while bank reconciliation reflected Kshs.2,721,826 resulting to unexplained variance of Kshs.138,000.

In view of the above, the validity and accuracy of the cash and cash equivalents balance of Kshs.21,574,775 as at 30 June 2018 could not be confirmed.

3.0 Bursary Funds

Note 7 to the financial statements reflects Kshs.19,124,665 in respect to other grants and other payments which includes Kshs.8,046,865, Kshs.7,262,800 and Kshs.315,000 all totalling to Kshs.15,624,665 in respect to bursaries disbursed to secondary schools, tertiary institutions and special schools respectively during the year ended 30 June 2018. However, only bursaries totalling to Kshs.7,646,740 (49%) were acknowledged by the respective beneficiaries through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.7,977,925 (51%) un-acknowledged by the beneficiary schools and institutions. Further, included in the Kshs.7,977,925 are bursaries totalling to Kshs.785,503 awarded to students without admission numbers from their respective institutions.

In the circumstances, it has not been possible to ascertain whether the bursaries amounting to Kshs.7,977,925 benefited the intended beneficiaries and were expended as appropriated during the year ended 30 June 2018.

4.0 Nugatory Expenditure

Note 5 to the financial statements reflects Kshs.5,578,700 in respect to use of goods and services for the year ended 30 June 2018 which includes Kshs.5,082,800 for committee expenses which further includes Kshs.396,000 paid as allowances to committee members during monitoring and evaluation of projects.

However, it has not been possible to establish which projects the members were monitoring and evaluating since no supporting evidence was availed for audit review. Further, included in the Kshs.396,000 is Kshs.96,000 paid as allowances to unknown people without the approval of the committee members.

In the circumstances, the propriety and value for money for the Kshs.396,000 expenditure in respect to monitoring and evaluation for the year ended 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 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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Receipt Analysis

The Fund's summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2018 reflects an approved receipt budget of Kshs.106,738,944 and actual receipts of Kshs.51,954,460 resulting to a budget shortfall of Kshs.54,784,484.

In overall, the Fund failed to actualize its budget by Kshs.54,784,484 or 51% an indication that most of the programs and activities that had been planned were not implemented. There is need therefore for the Constituency Development Fund (CDF) management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Igembe North Constituency.

1.2 Expenditure Analysis

The Fund's summary statement of appropriation: recurrent and development combined reflects budgeted payments for the year ended 30 June, 2018 of Kshs.106,738,944 and actual payments of Kshs.30,379,685 resulting to an under expenditure of Kshs.76,359,259 as follows;

Item	Budget (Kshs)	Actual (Kshs)	Under (Kshs)	% Utilization
Recurrent				
Compensation of employees	2,745,560	1,676,320	1,069,240	61%
Use of goods and services	7,288,659	5,578,700	1,709,959	77%
Sub Total	**10,034,219**	**7,255,020**	**2,779,199**	**72%**
Development				
Transfers to other Government units	38,827,348	-	38,827,348	0%
Other grants and transfers	23,899,552	19,124,665	4,774,887	80%
Acquisition of Assets	16,560,000	4,000,000	12,560,000	24%
Other payments	6,038,514	-	6,038,514	0%
Additional Proposal	11,379,311	-	11,379,311	0%
Sub Total	**96,704,725**	**23,124,665**	**73,580,060**	**24%**
TOTAL	**106,738,944**	**30,379,685**	**76,359,259**	**28%**

In overall, the NG-CDF Igembe North Constituency underspent its budget by Kshs.76,359,259 of the total budgeted expenditure. The funds could have been allocated to other deserving areas that would have improved delivery of goods and services to the residents of Igembe North Constituency.

There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the citizens of Igembe North Constituency.

1.3 Project Implementation Status

The Fund had an approved expenditure budget of Kshs.106,738,944 comprising of both recurrent and development expenditure of Kshs.10,034,219 (9.4%) and Kshs.96,704,725 (90.6%) respectively for the year under review.

Review of the project implementation status report as at 30 June, 2018 revealed that out of the Kshs.96,704,725 development budget allocated to the Fund for projects, only two (2) projects worth Kshs.7,500,000 (7.8%) were completed, two (2) worth Kshs.18,330,585 (19%) were on-going and sixty-nine (69) worth Kshs.70,874,140 (73.2%) were yet to be started as shown below;

Project	Total Allocation (Kshs)	Disbursement (Kshs)	No of Projects	Implementation Status
Strategic Plan	3,500,000	3,500,000	1	Completed
Office Furniture & Equipment	4,000,000	4,000,000	1	
Sub Total	**7,500,000**	**7,500,000**	**2**	
Bursary	18,330,585	15,624,665	2	On going
Emergency	4,568,966	-	1	Not started
Education-Primary Schools	29,484,079	-	31	
Education Secondary Schools	9,343,270	-	9	
Security Projects	1,000,000	-	1	
ICT Hubs	6,038,514	1,338,513	1	
Motor Vehicle	6,800,000	6,800,000	1	
Fund Website	260,000	260,000	1	
Office Re-designing and Renovation	2,000,000	2,000,000	1	
Additional Proposal	11,379,311	-	23	
Sub Total	**70,874,140**	**10,398,513**	**69**	
Total	**96,704,725**	**33,523,178**	**73**	

In view of the foregoing, the constituents did not get the expected services equivalent to the Kshs.18,330,585 of ongoing projects and Kshs.70,874,140 of projects not started all

totalling to Kshs.89,204,725 for the year ended 30 June 2018. This is an indication of ineffective project implementation mechanism.

There is need for the Constituency Development Fund Committee (CDFC) to review its project planning mechanism with a view to prioritizing those projects which will be implemented during the financial year resulting to higher impact into improving service delivery to the citizen of Igembe North Constituency.

2.0 Progress on Follow up of Auditor Recommendations

The progress on follow up of auditor recommendations annexed at pages 31 to 39 of the financial statements indicates that all issues raised by the auditor in previous year were all resolved. However, no documentary evidence has been availed for verification to show how and when the issues were resolved.

In view of above, the accuracy and completeness of the information contained in the financial statements for the year under review could not be ascertained.

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 Presentation of the Financial Statements

The financial statements for the year under review did not include the head of finance (Sub County Accountant) Institute of Certified Public Accountant (ICPAK) membership number as required by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the presentation of the financial statements for the year under review is not in accordance with the recommended (PSASB) format.

2.0 Irregular Procurement of Office Furniture and General Equipment

Note 8 to the financial statements reflects Kshs.4,000,000 in respect to purchase of office furniture and general equipment as at 30 June 2018. However, the Fund used the request for quotations to procure the office furniture and general equipment contrary to the

maximum threshold limit of Kshs.500,000 set in the threshold matrix of the Public Procurement and Disposal (Amendments) Regulations, 2013.

In the circumstance, the Fund was 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 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.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit so as 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, risk management and governance.

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

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

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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance 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 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 Fund's 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 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 Fund to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Nairobi

10 April 2019

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	48,105,172	138,657,209
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		**48,105,172**	**138,657,209**
PAYMENTS			
Compensation of employees	4	1,676,320	1,835,889
Use of goods and services	5	5,578,700	9,031,578
Transfers to Other Government Units	6	0	41,383,000
Other grants and transfers	7	19,124,665	80,608,611
Acquisition of Assets	8	4,000,000	0
Other Payments	9	0	5,999,557
TOTAL PAYMENTS		**30,379,685**	**138,674,915**
SURPLUS/(DEFICIT)		**17,725,487**	**17,707**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Igembe North Constituency financial statements were approved on 29th September 2018 and signed by:

Fund Account Manager
Name: Danson Njogu Njiru

FUND ACCOUNT MANAGER
IGEMBE NORTH NG-CDF
P. O. Box 71 - 60601, LAARE

Sub-County Accountant
Name:Nicholas Kariuki
ICPAK Member Number:

DISTRICT ACCOUNTANT
IGEMBE NORTH SUB - COUNTY
P. O. Box 168 - 60601, LAARE

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	21,574,775	3,849,288
Cash Balances (cash at hand)	10B	0	0
Total Cash and Cash Equivalents		**21,574,775**	**3,849,288**
Current receivables - Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		**21,574,775**	**3,849,288**
FINANCIAL LIABILITIES			
Accounts payable - Retention	12	0	0
NET FINANCIAL ASSETS		**21,574,775**	**3,849,288**
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	3,849,288	3,706,820
Surplus/Defict for the year		17,725,487	17,707
Prior year adjustments	14	0	0
NET FINANCIAL POSITION		**21,574,775**	**3,689,113**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Igembe North Constituency financial statements were approved on 29th September 2018 and signed by:

FUND ACCOUNT MANAGER
IGEMBE NORTH NG-CDF
P. O. Box 71 - 60601, LAARE

Fund Account Manager
Name: Danson Njogu Njiru

DISTRICT ACCOUNTANT
IGEMBE NORTH SUB - COUNTY
P. O. Box 160 - 60601, LAARE

Sub County Accountant
Name:Nicholas Kariuki
ICPAK Member Number:

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	48,105,172	138,657,209
Other Receipts	3	0	0
		48,105,172	**138,657,209**
Payments for operating expenses			
Compensation of Employees	4	1676,320	1,835,889
Use of goods and services	5	5,578,700	9,031,578
Transfers to Other Government Units	6	0	41,583,300
Other grants and transfers	7	19,124,665	80,608,611
Other Payments	9	0	0
		(26,379,685)	**(138,674,915)**
Adjusted for:			
Adjustments during the year	14	0	0
Net cash flow from operating activities		**21,725,487**	**(17,707)**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	9	(4,000,000)	(0)
Net cash flows from Investing Activities		**(4,000,000)**	**0**
NET INCREASE IN CASH AND CASH EQUIVALENT		**17,725,487**	**(17,707)**
Cash and cash equivalent at BEGINNING of the year	**13**	**3,849,288**	**3,706,820**
Cash and cash equivalent at END of the year		**21,574,775**	**3,689,113**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Igembe North Constituency financial statements were approved on 28th September 2018 and signed by:

FUND ACCOUNT MANAGER
IGEMBE NORTH NG-CDF
P. O. Box 71 - 60601, LAARE

Fund Account Manager
Name: Danson Njogu Niiru

DISTRICT ACCOUNTANT
IGEMBE NORTH SUB - COUNTY
P. O. Box 168 - 60601, LAARE

Sub-County Accountant
Name: Nicholas Kariuki
ICPAK Member Number:

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 %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	19,928,599	106,738,944	51,954,460	54,784,484	49%
Proceeds from Sale of Assets	0	0	0	0	0	
Other Receipts	0	0	0	0	0	
	86,810,345	**19,928,599**	**106,738,944**	**51,954,460**	**54,054,461**	**49%**
PAYMENTS						
Compensation of Employees	1,900,000	845,560	2,745,560	1,676,320	1,069,240	61%
Use of goods and services	5,912,931	1,375,728	7,288,659	5,578,700	1,709,959	77%
Transfers to Other Government Units	38,827,348	0	38,827,348	0	38,827,348	0%
Other grants and transfers	22,271,552	1,628,000	23,899,552	19,124,665	4,774,887	80%
Acquisition of Assets	16,560,000	0	16,560,000	4,000,000	12,560,000	24%
Other Payments	1,338,514	4,700,000	6,038,514	0	6,038,514	0%
Additional proposal awaiting app.	0	11,379,311	11,379,311	0	11,379,311	0%
TOTALS	**86,810,345**	**19,928,599**	**106,738,944**	**30,379,685**	**76,359,259**	**28%**

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

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

i. *Budget utilization difference of ksh.54, 784,484 in the receipt row for transfers from NGCDF board is the amount NG-CDF board owe for 2017/2018 financial year and additional proposal amount awaiting approval.*
ii. *Underutilization of 61%, 77%, 80% and 24% on various accounts was due to high turnover of fund account managers in the constituency delay in funds requisition.*
iii. *The funds in the adjustment column of 845, 560, 1,375,728 and 1,628,000 are funds from balance brought forward from the previous financial year of employees' salaries, goods and services and bursaries respectively.*

iv. Ksh.4, 700,000 are amounts from the previous received in the 2017/2018 year for Youth empowerment centre and Laare youth centre.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-IGEMBE NORTH Constituency financial statements were approved on 29th September 2018 and signed by:

FUND ACCOUNT MANAGER
IGEMBE NORTH NG-CDF
P. O. Box 71 - 60601, LAARE

Fund Account Manager
Name: Danson Njogu Njiru

DISTRICT ACCOUNTANT
IGEMBE NORTH SUB - COUNTY
P.O. Box 168 - 60601, LAARE

Sub-County Accountant
Name:Nicholas Kariuki.
ICPAK Member Number:

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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 balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO.A855819	1	5,500,000	0
AIE NO.A892728	2	3,500,000	0
AIE NO.	3	1,200,000	0
AIE NO.A892914	4	37,905,172	
AIE NO	1	0	4,094,827
AIE NO	2	0	36,853,449
	3	0	36,948,275
	4	0	60,760,657
TOTAL		**48,105,172**	**138,657,209**

2. PROCEEDS FROM SALE OF ASSETS

	2017-2018	2016-2017
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

3. OTHER RECEPTS

	2017- 2018 Kshs	2016-2017 Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	**0**	**0**

4. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,231,820	838,790
Basic wages of casual labour	196,500	996,919
Personal allowances paid as part of salary		
House allowance	248,000	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Other personnel payments	0	415,837
Total	**1,676,320**	**2,251,540**

5. **USE OF GOODS AND SERVICES**

	2017-2018 Kshs	2016-2017 Kshs
Committee Expenses	5,082,800	5,147,000
Utilities, supplies and services	218,625	0
Communication, supplies and services	0	0
Domestic travel and subsistence	0	0
Printing, advertising and information supplies & services	0	830,000
Rentals of produced assets	0	0
Training expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	277,275	480,000
Other operating expenses	0	2,574,579
Routine maintenance – vehicles and other transport equipment	0	0
Routine maintenance – other assets	0	0
Total	**5,578,700**	**9,031,578**

6. **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities	0	0
Transfers to primary schools (see attached list)	0	22,500,000
Transfers to secondary schools (see attached list)	0	14,400,000
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	0	4,483,000
TOTAL	**0**	**41,383,300**

7. **OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see attached list)	8,046,865	10,797,819
Bursary – tertiary institutions (see attached list)	7,262,800	8,066,190
Bursary – special schools (see attached list)	315,000	106,000
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	0	21,130,000
Sports projects (see attached list)	0	4,123,264
Environment projects (see attached list)	0	0
Emergency projects (see attached list)	0	4,480,000
Water	0	10,672,125
Electricity	0	7,500,000
Roads	0	11,250,000
Strategic Plan	3,500,000	0
Other capital grants and transfer	0	2,483,213
Total	**19,124,665**	**80,608,611**

8. ACQUISITION OF ASSETS

Non Financial Assets	2017-2018 Kshs	2016-2017 Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	4,000,000	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
	0	
Total	4,000,000	0

9. OTHER PAYMENTS

	2017-2018 Kshs	2016-2017 Kshs
ICT Hub	0	0
Social Security Fund		183,720
Other Payments		5,815,837
Total	**0**	**5,999,557**

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
Co-op-Acc. 01141612208000	21,469,340	3,849,288
Equity Acc. 0400262495103	105,435	0
Name of Bank, Account No.	0	0
Total	**21,574,775**	**3,849,288**
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (*specify*)	0	0
Total	**0**	**0**
[Provide cash count certificates for each]		

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Name of Officer or Institution	dd/mm/yy	0	0	0
Name of Officer or Institution	dd/mm/yy	0	0	0
Name of Officer or Institution	dd/mm/yy	0	0	0
Name of Officer or Institution	dd/mm/yy	0	0	0
Name of Officer or Institution	dd/mm/yy	0	0	0
Name of Officer or Institution	dd/mm/yy	0	0	0
Total				0

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

12RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1	0	0
Supplier 2	0	0
Supplier 3	0	0
Total	0	0

[Provide short appropriate explanations as necessary

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	3,849,288	3,706,820
Cash in hand	0	0
Imprest	0	0
Total	3,849,288	3,706,820

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	0	0
Cash in hand	0	0
Imprest	0	0
Total	0	0

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	0	0

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others (*specify*)	0	0
	0	0

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,069,240	0
Use of goods and services	1,709,959	0
Amounts due to other Government entities (see attached list)	39,827,348	0
Amounts due to other grants and other transfers (see attached list)	8,274,886	0
Acquisition of assets	8,800,000	0
Others (*specify*)	6,038,514	0
Additional proposal awaiting approval	11,379,311	0
	76,359,259	0

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	1,889,718	0
	1,889,718	**0**

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		1,069,240		
Use of goods & services		1,709,959		
Sub-Total		2,779,199		
Amounts due to other Government entities				
Thiirua primary school		650,000		
Mutuati primary school		650,000		
Mbayo primary school		1,300,000		
Muromutua primary school		650,000		
Kanthali primary school		1,300,000		
Naathu primary school		650,000		
Naikuriu primary school		650,000		
Kang'enyone primary school		1,300,000		
K.K Kiula primary school		650,000		
Mwerongundu primary school		2,000,000		
Nkiriana primary school		250,800		
Lubua primary school		650,000		
Miuine primary school		650,000		
Mea primary school		650,000		
Kamue primary school		1,300,000		
CCM Marere primary school		1,300,000		
Anjalu primary school		650,000		
Luciuti primary school		650,000		
Karichu primary school		650,000		
Kamueline primary school		1,300,000		
Leeta primary school		1,300,000		
Ambaru primary school		711,079		
Tiiri primary school		1,500,000		
Ngukuine primary school		1,300,000		
Kamboo primary school		650,000		
Barenta primary school		1,300,000		
Aithu primary school		650,000		

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Murungene primary school		1,300,000		
Kirindara primary school		1,622,200		
Mariri primary school		650,000		
S.t Anthony Nginyo primary school		650,000		
Mbayo secondary school		1,300,000		
Kithetu day secondary school		650,000		
Nkanda day secondary school		1,400,000		
Ntanki secondary school		1,300,000		
Ndoleli secondary school		650,000		
Kathatene secondary school		650,000		
Mariri day secondary school		1,950,000		
Linjoka day secondary school		793,270		
Kiani Day secondary school		650,000		
Sub-Total		**38,827,349**		
Amounts due to other grants and other transfers				
Bursary Tertiary		1,077,921		
Emergency		4,568,966		
Linjoka sub-chief's office		1,000,000		
Bursary		1,628,000		
Sub-Total		**8,274,887**		
Acquisition of assets				
Motor vehicle		6,800,000		
Extension of office		2,000,000		
Sub-Total		**8,800,000**		
Others payments				
Innovation hub		1,338,514		
Youth empowerment centre		2,500,000		
Laare Youth centre		1,000,000		
Emegency		1,200,000		
Sub-Total		**6,038,514**		
Additional proposal awaiting approval				
Goods and services		682,758.62		

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
NG-CDF /PMC capacity building		341,379.32		
Bursary secondary		2,086,207		
emergency		568,966		
Ngitana primary school		350,000		
Kiolo primary school		350,000		
Kamweline primary school		350,000		
Mutuati Primary school		350,000		
Thiirua primary school		350,000		
K.K Etama primary school		350,000		
Lubua primary school		350,000		
Kangenyone primary school		350,000		
Murungene primary school		200,000		
Theera primary school		700,000		
Miriki primary school		350,000		
MCK Ithata primary school		350,000		
Kilera primary school		200,000		
Inono secondary school		350,000		
Kathatene day secondary school		350,000		
Kamukunji AP camp		150,000		
Laare police station		300,000		
Atuamuo chief's camp		150,000		
NG-CDF OFFICE Re-designing and Renovation		1,800,000		
Sub-Total		**11,379,310**		
Grand Total		**76,359,259**		

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	0	0	0	0
Buildings and structures	16,665,384	0	0	16,665,384
Transport equipment	4,394,264	0	0	4,394,264
Office equipment, furniture and fittings	4,627,920	4,000,000	0	8,627,920
ICT Equipment, Software and Other ICT Assets	220,000	0	0	220,000
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	25,907,568	4,000,000	0	29,907,568

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
NKANDA DAY SEC. SCHOOL	CONSOLIDATED		400,000	0
NKANDONE AP CAMP	EQUITY		187,515	0
LINJOKA PRIMARY SCHOOL	EQUITY		448,092	0
LINJOKA DISPENSARY	EQUITY		288,405	0
KABACHI AP CAMP	EQUITY		100,000	0
A/KIONGO CHIEF CAMP –LATRINES	EQUITY		150,706	0
NTUNENE SEC. SCHOOL	CONSOLIDATED		315,000	0
Total			**1,889,718**	**0**

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 expec the issue to be resolved)*
4.1	Late Submission of Financial Statements: the fund submitted accounts to the auditor general on 9th November 2017, which was over one month after the constitutional deadline.	The fund will in future submit accounts to the auditor general within 3 (three) months after every financial year.	Nelson Alfayo: fund Account Manager	Resolved	
4.2	Inaccuracies of Financial Statements: Statement of appropriation a final budget of kshs. 142,467,477 for receipts and payments of kshs. 136,723,489 the budget having a surplus of kshs. 5,743,988. The approved budget availed to the audit had a budget of kshs. 138,657,210 for receipts and payments creating unexplained difference of kshs. 3,810,267 and kshs. 1,933,721 respectively between financial statement balanced and the approved budget.	The anomaly was realized and the necessary amendments were made to reflect the correct balanced in the financial statements.	Nelson Alfayo: fund Account Manager	Resolved	
4.3	Budget and budgetary control: an actual expenditure budget of kshs. 138,858,635 as at 30th June 2017 whereas the actual expenditure as per the actual expenditure as per the cashbook and ledgers was totalling to kshs. 135,884,375 creating unexplained	The Ng-Cdf Board secretariat should release funds in time so that the projects can be implemented on timely basis. We will ensure that the funds budgeted for and approved are utilized on timely on timely basis as budgeted.	Nelson Alfayo: fund Account Manager	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 expec the issue to be resolved)*
	difference of kshs. 2,974,260				
4.4 (i)	**Unaccounted for funds** Murungene primary school - construction roofing catchment storage tank – kshs. 1,000,000	During the time audit, there was no government officer in the office to provide the documents needed by the auditors and also to take them to verify the existence of the project. However, a follow up was made and documents were subsequently provided and attached to the audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(ii)	Linjoka secondary school – construction of a laboratory – kshs. 1,000,000	The project needs additional funding to complete it and the new Ng-Cdfc have been advised to give priority to on-going projects in order to complete them before funding new projects. During the time audit, there was no government officer in the office to provide the documents needed by the auditors.	Nelson Alfayo: fund Account Manager	Resolved	
(iii)	Linjoka dispensary – completion of a laboratory – kshs. 1,500,000	The project implementation started way back before health sector was devolved and it was the advice of Ng Cdf board secretariat to complete all the ongoing projects whether devolved or not to avoid wastage of public resources. The project was approved by the Ng Cdf board for funding.The accountability documents	Nelson Alfayo: fund Account Manager	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 expec the issue to be resolved)*
		were thereby approved.			
(iv)	Kaelo dispensary – kshs. 300,000 for completion of the dispensary	The project implementation started way back before health sector was devolved and it was the advice of Ng Cdf board secretariat to complete all the ongoing projects whether devolved or not to avoid wastage of public resources. The project was approved by the Ng Cdf board for funding.	Nelson Alfayo: fund Account Manager	Resolved	
(v)	Murweti dispensary – kshs. 500,000 for completion of the dispensary	The project implementation started way back before health sector was devolved and it was the advice of Ng Cdf board secretariat to complete all the ongoing projects whether devolved or not to avoid wastage of public resources. The project was approved by the Ng Cdf board for funding.	Nelson Alfayo: fund Account Manager	Resolved	
(vi)	Installation of community transformers – kshs. 7,500,000	During the financial year under review, Ng Cdf funded several community transformers through the REA shilling for a shillinh program. All the procedures were followed and transformers installed by the REA in conjuction with the Ng-Cdfc. Accountable documents were attached to the audit response.	Nelson Alfayo: fund Account Manager	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 expec the issue to be resolved)*
(vii)	Laare police statetion – kshs. 3,500,000 for construction of an administration block at the police station.	The project has been up to lintel level. The structure for concrete shutter slab has however not been done. The project needs additional funds to complete it and the new Ng cdfc has been advised to give priority to ongoing projects in order to complete them before funding new projects. Accountable documents were attached to the audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(viii)	Kalerene AP Camp – kshs. 1,500,000 for construction of 5 semi-permanent units for the police officers.	The project had been implemented to completion and in use by the officers. Accountable documents were attached to the audit response	Nelson Alfayo: fund Account Manager	Resolved	
(ix)	Kinisa GSU camp – kshs. 2,000,000 for construction of staff houses.	The project is ongoing band needs further funding to complete it. Accountable documents were attached to the audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(x)	Antuambui Chief's Camp – kshs. 1,000,000 for construction of the camp.	The project was funded with kshs. 1,500,000 for construction of a chief's camp. The project has been done to completion as verified by the auditors who visited the project site. Accountable documents and project photos were attached to the audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(xi)	Kalerene water tank- kshs. 1,000,000 for construction of a water reservoir at kalerene ap	The project was done to completion but the water could not be used since it	Nelson Alfayo: fund Account Manager	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 expec the issue to be resolved)*
	Camp to supply water to the police officers.	needed a booster pump and an elevated water tank but the funds were not enough to complete the works. The project needs additional funds to complete it and the new Ng cdfc has been advised to give priority to ongoing projects in order to complete them before funding new projects.			
(xii)	Murungene district education officer – kshs. 1,200,000 for construction of a DEO's office.	The project has been done up to lintel level, and needs additional funds to complete it. The new Ng cdfc has been advised to give priority to ongoing projects in order to complete them before funding new projects. On the issue of ownership, the project is done on a public land since there are other government offices in the same compound. The public works officer's and the District Agriculture office are located in the same compound. Accountable documents were attached to the audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(xiii)	Anjalu storage water tank – kshs. 1,000,000 for construction of a roof catchment storage water tank at the institution.	The project is complete but the school management disconnected the gutters and redirected the water from the roof to another plastic tank for reasons unknown to the office. Accountable	Nelson Alfayo: fund Account Manager	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 expec the issue to be resolved)*
		documents were attached to the audit response.			
(xiv)	Luciuti dispensary borehole – kshs. 500,000 for completion of a water reservoir at luciuti primary school.	The tank was done to completion but was not in use due to lack of funds to buy a water booster pump ans an elevated water tank. The 3.6M was allocated for drilling of a borehole at the dispensary but the borehole did not yield any water.	Nelson Alfayo: fund Account Manager	Resolved	
(xv)	Road projects – kshs. 11,250,000	Igembe North Ng-cdf funded various roads under the financial year under review totaling to kshs. 11,250,000. All the roads were implemented and completed and in use. Accountable documents were attached to the audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(xvi)	Sports – kshs. 3,859,264	Igembe north funded various sports activities and events in the constituency in promotion of the youths' talents in the constituency. Some of the events were facilitation of football leagues for the younger generation by buying them uniforms and sports uniforms. The events were very successful and promoted youths' talents. Accountable documents were attached to the audit response	Nelson Alfayo: fund Account Manager	Resolved	
(xvii)	Linjoka primary school – kshs. 650,000 for construction of a class to completion	The project has been done up to lintel and stalled at that level. The office stopped the	Nelson Alfayo: fund Account Manager	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 expec the issue to be resolved)*
		implementation of the project because of the electioneering period. The works have however resumed. Bank statement was attached to audit response to prove that the funds were available to complete the classroom.			
(xviii)	Laare kilera primary school road – kshs. 1,000,000 for grading and murraming	The project was approved by the Ng cdf board for funding. The grading and murraming was done to completion and the road is in use.	Nelson Alfayo: fund Account Manager	Resolved	
(xiv)	AIPCA kiromwathi primary school – kshs. 700,000 for buying of land for the school and construction of a class.	The land for the school was purchased as per the attached ownership documents and sale of land agreements on audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(xix)	Boda Boda training kshs. 3,000,000	The project was allocated kshs. 1M for the training of the boda boda riders. However, when the advert was placed for people to apply for the training, many applications came forward and it was necessary to increase the initial number we intended to train due to high demand. The funds will however be paid back when the funds are received from the Ng cdf board.	Nelson Alfayo: fund Account Manager	Resolved	
(xx)	Bursaries – kshs. 15,819,009	The project was allocated kshs. 19,543,103 for the purpose of awarding bursaries to the needy	Nelson Alfayo: fund Account Manager	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 expec the issue to be resolved)*
		students in the constituency. The bursaries were successfully awarded and sampled application forms and bursary acknowledgment receipts were attached to the audit response.			
(xxi)	Mutuati social hall – kshs. 3,700,000 for construction of a social hall.	The project has been done up to lintel level but the works are in progress. The project needs additional funds to complete it and the new Ng-cdfc have been advised to give priority to ongoing projects in order to complete them before funding new projects. Accountable documents were attached to the audit response.	Nelson Alfayo: fund Account Manager	Resolved	
(xxii)	Environment – kshs. 2,483,213 for various environmental activities in the constituency.	The project was allocated kshs. 2,483,213 for various environmental activities in the constituency. Some of the activities included buying and supply of tree seedlings to various school, purchase of storage water tanks for the institutions and guttering of the roofs and connections to the tanks to collect rain water for watering the seedlings during dry spells. The projects have been done to completion and are in use. Accountable documents were attached to the audit response	Nelson Alfayo: fund Account Manager	Resolved	
(xxiii)	Emergency – kshs. 5,013,600	The emergency reserve is	Nelson Alfayo:	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 expec the issue to be resolv ed)*
		allocated to cater for unseen emergencies in the constituency. Various projects were implemented during the financial year. Accountable documents were attached to the audit response	fund Account Manager		
4.5	Project Implementation	The Ng-cdf igembe North did not avail the project implementation status for the projects. The reason for the failure for the above was because there was no officer in the office during the audit period due to FAM's transition issues.	Nelson Alfayo: fund Account Manager	Resolved	