

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

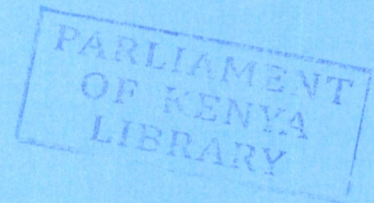
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 31 JUL 2019

Wednesday

Hon. Benjamin Wadhwani
(Majority Whip)

Hakims Ahmed



REPORT

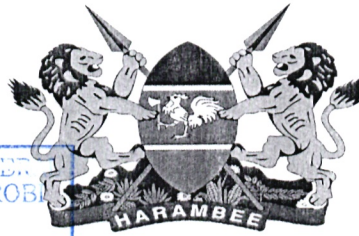
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
RONGO CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

- 6 MAY 2019

RECEIVED

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND RONGO
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

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

Reports and Financial Statements

For the year ended June 30, 2018

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 RONGO 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	Enock Nyasende
3.	Sub-County Accountant	Jared Orinda
4.	Chairman NGCDFC	Auma Moureen
5.	Member NGCDFC	Kennedy Oyieko

(d) Fiduciary Oversight Arrangements

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

P.O. Box 542-40404
NG-CDF Building
Rongo Sub-County Headquarters,
Rongo.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

RONGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF RONGO Constituency Contacts

Telephone: (254) 723362923
E-mail: cdfrongo@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF RONGO Constituency Bankers

1. Kenya Commercial Bank of Kenya
1121172210
P.o Box 266-40404
Rongo, 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

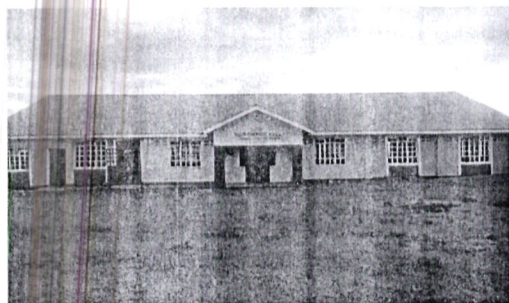
It gives me great pleasure to present to you the Financial Statements for Rongo National Government Constituency Development Fund (NG-CDF) for the financial year 2017/2018. The financial year ended on 30th June 2018 saw the Constituency make great strides in achieving its performance targets. The Constituency was allocated Ksh.86,810,345. The financial year 2017/18 was particularly challenging since general elections were being held and this delayed the formation of a new committee which was eventually gazetted in December of the same year.

In spite of the foregoing challenges the committee started work immediately even though they had not been formally trained to discharge their duties and they successfully oversaw a number of projects initiated and completed. The absorption rate was 73.36% and the difference can be explained as the amount being held in our account pending finalization of procedures and signing of agreements.

We have sampled a few projects which have been done and their photographs are hereby attached.



St. Marys Nyangao Mixed Secondary School-
Admin Block and Library



Kangeso High School- Multipurpose Hall

Sign

CHAIRMAN NGCDF COMMITTEE



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

RONGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

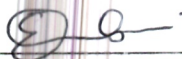
The Accounting Officer in charge of the NGCDF-RONGO Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30th, 2018. 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-RONGO Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30th, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-RONGO Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-RONGO 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

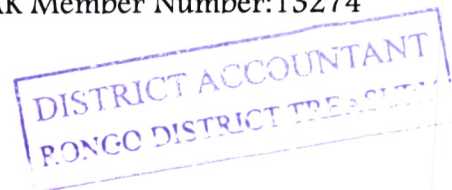
The NGCDF-RONGO Constituency financial statements were approved and signed by the Accounting Officer on 1st August 2018.



Fund Account Manager
Name: Enock Nyasende



Sub-County Accountant
Name: Jared Orinda
ICPAK Member Number: 13274



REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - RONGO 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 - Rongo Constituency set out on pages 6 to 32, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 - Rongo 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 the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Compensation of Employees

The compensation of employees' expenditure of Kshs.1,988,744 reflected in the financial statements differs with the ledger balance of Kshs.1,520,124 leading to unreconciled and unexplained difference of Kshs.468,620. Consequently, the accuracy and completeness of the compensation of employees' expenditure of Kshs.1,988,744 could not be confirmed.

2. Net Financial Position

The statement of assets and liabilities as at 30 June 2018 reflects net financial assets balance of Kshs.14,943,650. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement assets and liabilities shows net liabilities instead of the net financial position of Kshs.14,943,650.

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Construction of Dining Hall at Siala Technical Training Institute

A contract for the proposed construction of a dining hall at Siala Technical Training Institute was awarded to a local contractor at a contract sum of Kshs.7,990,620 being the lowest evaluated bidder. The contract period was ninety days effective from the date of signing the contract on 3 March 2017.

Physical verification of the project which was conducted on 11 March 2019 indicated that substructure, superstructure and roofing had been done while finishes, doors, windows and painting had not been done. The construction was incomplete despite the contract period having long expired. The contractor had been paid a total of Kshs.5,924,121 as of the above date.

The works were subcontracted to another contractor by the main contractor after having failed to complete the works despite the fact that there was no provision for sub-contracting under the contract terms. However, quantification of the outstanding works was not done before sub-contracting.

The Project Management Committee minutes of 27 June 2018 indicated that the slab was to be demolished due to poor workmanship. It is not clear why the works were certified and the contractor paid if he had performed substandard works. The demolition of the slab may translate into variation of contract sum and further additional costs which have not been budgeted for.

In the circumstances, the constituents have not realized for value for money for the amount of Kshs.5,924,121 paid so far to the contractor for construction of the proposed dining hall.

2. Construction of Rongo Administration Police Post

A contract for the construction of Rongo Administration Police Post was awarded to the highest bidder at a contract sum of Kshs.4,275,710 against the lowest evaluated bid of Kshs.3,151,103. No satisfactory explanation was provided for this anomaly.

Further, the project was approved under tertiary institutions despite being a security project thereby overstating the amount of transfer to other government entities expenditure of Kshs.28,376,421 by Kshs.4,000,000. Physical verification conducted on 7 March 2019 indicated that substructure, superstructure, roofing and plastering were done, and painting was ongoing.

3. Irregular Reallocation of Funds

Included in the emergency projects expenditure of Kshs.4,812,567 under other grants and transfers in Note 7 to the financial statements is an amount of Kshs.2,537,067 that relates monitoring and evaluation hence a reallocation of funds without the approval of the board. Consequently, the regularity of the expenditure of Kshs.2,537,067 could not be ascertained.

4. Maintenance of Roads

Included in the emergency projects expenditure of Kshs.4,812,567 is expenditure amounting to Kshs.1,975,500 incurred on maintenance of three roads namely; Oyugi Ogango road - Kshs.665,800, Sigiria road - Kshs.668,800 and Miyare school road - Kshs.641,700. Physical verification of the roads which was conducted on 12 March 2019 revealed no sign posts to confirm that the maintenance works were financed by Rongo NG-CDF.

Further, it was not clearly clarified why the roads which falls under the functions of the County Government were financed by the Rongo NG-CDF. Consequently, the CDF management was in breach of the law.

5. Project Implementation

5.1. Construction of Administration Block at Kodero Bara Primary School

Included in the transfer to other Government Units expenditure of Kshs.28,379,421 is an amount of Kshs.2,500,000 which was paid in respect of construction of an administration block at Kodero Bara Primary School. Physical verification of the project which was conducted on 11 March 2019 revealed that the substructure, walling, roofing, doors and windows, painting and branding were done. However, the following anomalies were noted:

- i. The contract was awarded to a contractor at the bill of quantity sum of Kshs.2,323,030 on 13 June 2018. However, a review of the contract agreement document revealed that the contract period and contract sum were not

indicated, making it difficult to ascertain the expected date of completion and the actual contract sum.

- ii. On 11 November 2018, the Ministry of Public Works, Roads and Transport wrote to the contractor terminating the contract due to delaying and abandoning site without communication.
- iii. The remaining works were contracted to another contractor at a total cost sum of Kshs.2,323,030, under unclear circumstances, which was the same total sum awarded to the first contractor.
- iv. There was no project assessment report showing the works done and works outstanding after the termination of the first contract before awarding the contract to the second contractor.
- v. During the verification, it was noted that the ceiling board work was still outstanding while a certificate of completion was issued on 3 January 2019 certifying the works as done.

Although, a total of Kshs.2,500,000 was paid for the proposed construction of the administration block during the year under review, the initial contractor was awarded the contract at the bill of quantity sum of Kshs.2,323,030, leading to unexplained variance of Kshs.176,970. Consequently, the value for money and regularity of the expenditure could not be confirmed.

5.2. Construction of Chief's Camp and AP Residence at Kobado Chiefs Camp

Included in other grants and transfers of Kshs.31,381,787 is an expenditure of Kshs.1,200,000 for the construction of Kobado Chief's Camp and AP Residence. Physical verification of the project which was carried out on 12 March 2019 revealed that the contract was awarded to a contractor by the Project Management Committee at a cost of Kshs.3,401,090 for construction of a Chief's Camp, AP Residential units and pit latrines. However, the following anomalies were noted:

- i. The project was about 75% complete. Some works were still remaining for the residential units, pit latrines and the branding of the structures.
- ii. The contract period was not disclosed or stated in the contract documents provided for audit.
- iii. The approved budget was Kshs.1,200,000 while the PMC entered into contract of Kshs.3,401,090 leading to a variance of Kshs.2,201,090 whose source could not be ascertained in the absence of a supplementary budget.
- iv. More funding to the tune of Kshs.1,200,00 was disbursed during the 2018/2019 financial year for this ongoing project.

5.3. Construction of a Police Post at Opapo Trading Centre

Included in other grants and transfers of Kshs.31,381,787 is an amount of Kshs.1,900,000 which was paid for the construction of a police post at Opapo trading centre. Examination of the expenditure records revealed that the contract was

awarded to a contractor by the Project Management Committee at a revised contract sum of Kshs.4,294,235 for construction of an administration block, residential units, pit latrine and electrical works (installation and testing).

However, a physical verification of the project which was conducted in the month of March 2019 revealed the following anomalies:

- i. The project was around 90% complete. Painting of the pit latrine and branding of the structures were remaining.
- ii. More funding were disbursed during financial year 2018/2019 implying that the project was not completed on time.
- iii. The completion period was not clearly indicated in the contract documents making it difficult to confirm the completion date.
- iv. The approved budget for the project was Kshs.1,900,000 while the revised contract sum was Kshs.4,294,235 leading to an over expenditure of Kshs.2,394,235.

5.4. Construction of South Kamagambo Information Communication Technology (ICT) Hub

The Project Management Committee awarded a contract in June 2018 for construction of an ICT Hub office in South Kamagambo at a sum of Kshs.2,217,940. The works included construction of an office block with six rooms housing a library, computer room, store, two small offices and a secretary/reception's area.

Physical verification which was conducted on 11 March 2019 revealed that the project was incomplete with only the main structure, roof, doors, window and plastering of the interior complete. The windowpanes, floor, plastering of exterior and painting works were yet to be done despite the fact that the contractor had been paid up to 95% of contract price, which translates to a total of Kshs.2,200,000 inclusive of VAT.

Consequently, the regularity and value for money of the expenditure on the project could not be ascertained.

6. Budgetary Performance Analysis

The Rongo NG-CDF management budgeted for total receipts and expenditure Kshs.98,824,670, respectively. However, the actual receipts were Kshs.87,252,311 resulting in under-realization of Kshs.11,572,311 which is equivalent to 12% of the final approved budget. In addition, the management spent a total of Kshs.72,501,709 against a budget of Kshs.98,824,670 leading to under expenditure of Kshs.26,322,961 which is equivalent to 26% of the approved budget.

The underutilization of the approved budget hindered the achievements of some of the core objectives of the Fund, which in turn adversely affected the effectiveness and efficiency in the delivery of services to the constituents.

7. Project Management Committee Bank Balances

Included in annex 4 to the financial statements are the project management committees' unspent balances amounting to Kshs.29,016,016.40 as at 30 June 2018.

Adequate reasons were not provided for failure by the concerned Project Management Committees (PMC's) to spend the amounts allocated.

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 and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund - Rongo Constituency to sustain services, disclosing, as applicable, matters related sustainability of services and using the applicable basis of accounting unless the management either intends 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 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.

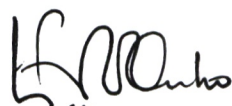
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 ability of the Fund 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 sustaining 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 National Government Constituencies Development Fund - Rongo Constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

30 May 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

RONGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

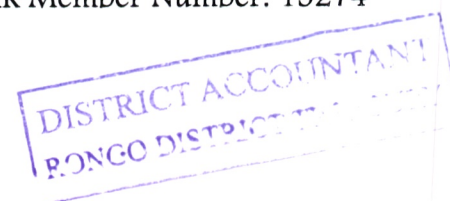
	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	86,810,345	82,396,552
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	105,000
TOTAL RECEIPTS		86,810,345	82,501,552
PAYMENTS			
Compensation of employees	4	1,988,744	3,154,514
Use of goods and services	5	5,654,757	10,798,698
Transfers to Other Government Units	6	28,376,421	46,331,033
Other grants and transfers	7	31,381,787	29,164,714
Acquisition of Assets	8	-	741,000
Other Payments	9	5,100,000	
TOTAL PAYMENTS		72,501,709	90,189,959
SURPLUS/DEFICIT		14,308,636	(7,688,407)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-RONGO Constituency financial statements were approved on 1st August 2018 and signed by:

Fund Account Manager
Name: Enoch Nyasende



Sub-County Accountant
Name: Jared Orinda
ICPAK Member Number: 13274



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

RONGO CONSTITUENCY

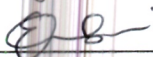
Reports and Financial Statements

For the year ended June 30, 2018

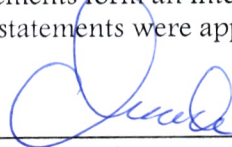
IV. STATEMENT OF ASSETS AND LIABILITIES

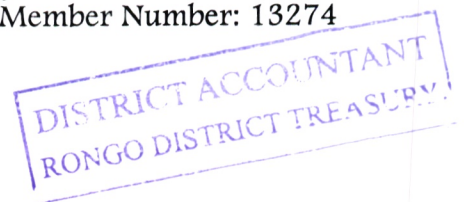
	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	14,943,650	635,014
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		14,943,650	635,014
REPRESENTED BY			
Accounts Payable-Retention	12		
Fund balance b/fwd 1st July...	13	635,014	8,323,421
Surplus/Deficit for the year		14,308,636	(7,688,407)
Prior year adjustments	14	-	-
NET LIABILITIES		14,943,650	635,014

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-RONGO Constituency financial statements were approved on 1st August 2018 and signed by:


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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**RONGO CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2018****V. STATEMENT OF CASHFLOW**

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from NGCDF Board	1	86,810,345	82,396,552
Other Receipts	3	-	105,000
		86,810,345	82,501,552
Payments for operating expenses			
Compensation of Employees	4	1,988,744	3,154,514
Use of goods and services	5	5,654,757	10,798,698
Transfers to Other Government Units	6	28,376,421	46,331,033
Other grants and transfers	7	31,381,787	29,164,714
Other Payments	9	5,100,000	
		72,501,709	89,448,959
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		14,308,636	(6,947,407)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(741,000)
Net cash flows from Investing Activities		-	(741,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		14,308,636	(7,688,407)
Cash and cash equivalent at BEGINNING of the year	13	635,014	8,323,421
Cash and cash equivalent at END of the year		14,943,650	635,014


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

RONGO CONSTITUENCY

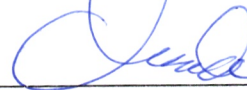
Reports and Financial Statements

For the year ended June 30, 2018

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-RONGO Constituency financial statements were approved on 1st August 2018 and signed by:



Fund Account Manager
Name: Enock Nyasende



Sub-County Accountant
Name: Jared Orinda
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – RONGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

VI. 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	12,014,325	98,824,670	87,252,359	11,572,311	88.29
Proceeds from Sale of Assets		-	-	-	-	
Other Receipts		-	-	-	-	
TOTAL	86,810,345	12,014,325	98,824,670	87,252,359	11,572,311	88.29
PAYMENTS						
Compensation of Employees	2,150,000	170,093	2,320,093	1,988,744	331,349	85.72
Use of goods and services	6,662,931	1,024,138	7,687,069	5,654,757	2,032,312	73.56
Transfers to Other Government Units	34,126,421	6,486,207	40,612,628	28,376,421	12,236,207	69.87
Other grants and transfers	34,093,966	4,140,887	38,234,853	31,381,787	6,853,066	82.08
Acquisition of Assets						
Other Payments	9,777,027	-	9,777,027	5,100,000	4,677,027	52.16
Unallocated		193,000				
TOTAL	86,810,345	12,014,325	98,824,670	72,501,709	26,322,961	73.36

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – RONGO CONSTITUENCY

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For the year ended June 30, 2018

N/B: the Unallocated of Kshs. 193,000 is AIA that were received in FY 2015/2016 and 2016/2017 that have not yet been approved.

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

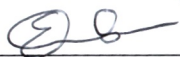
(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. Under compensation of employees, there was a three months’ salary*
- ii. Use of goods and services-Underutilization was occasioned by the fact that procurement procedures were underway for some items in that category and some funds yet to be disbursed from the Board.*
- iii. Transfers to other Government Units- Procurement procedures were yet to be completed and additional funds from the Board*
- iv. Other Grants and Transfers- Occasioned by a delay of funds expected from the Board*
- v. Other Payments- The projects had not commenced due to the fact that relevant agreements for implementation were yet to be signed.*

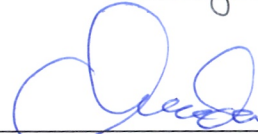
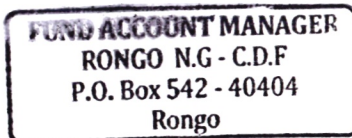
(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported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

The changes between the original and final budget were mainly occasioned by a supplementary allocation.

The NGCDF-RONGO Constituency financial statements were approved on 1st August 2018 and signed by:



Fund Account Manager
Name: Enock Nyasende



Sub-County Accountant
Name: Jared Orinda
ICPAK Member Number: 13274



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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
RONGO CONSTITUENCY
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SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or A/E 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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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

VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

I. NOTES TO THE FINANCIAL STATEMENTS					
GFS CODES					
1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES					
Description		2017 - 2018		2016 - 2017	
		Kshs		Kshs	
NGCDF Board					
AIE NO	A855990	5,500,000.00			
AIE NO	A892864	20,000,000.00			
AIE NO	A892926	17,905,172.00			
AIE NO	A896873	43,405,172.80			
AIE NO	A825897			500,000.00	
AIE NO	A829983			4,094,827.60	
AIE NO	A839627			36,853,449.00	
AIE NO	A855552			40,948,275.10	
TOTAL		86,810,345		82,396,552	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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Reports and Financial Statements
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2					
3510000	PROCEEDS FROM SALE OF NON- FINANCIAL ASSETS				
	Description		2017 - 2018	2016 - 2017	
			Kshs	Kshs	
3510202	Receipts from the Sale of Buildings		-		
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-	
3510801	Receipts from the Sale Plant Machinery and Equipment		-		
3510803	Receipts from the Sale of office and general equipment		-		
				-	
		Total			
1400000	3 OTHER RECEIPTS				
	Description		2017 - 2018	2016 - 2017	
			Kshs	Kshs	
1410107	Interest Received		-	-	
1410405	Rents		-	-	
1420601	Interest Received		-	-	
1450207	Receipts from the Sale of Tender Documents			105,000	
	Total			105,000	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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2110000 4 COMPENSATION OF EMPLOYEES				
Description			2017 - 2018	2016 - 2017
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,750,924	2,561,864
2110202	Basic wages of casual labour		-	-
	Personal allowances paid as part of salary		-	
2110301	House allowance		-	-
2110314	Transport allowance			-
2110320	Leave allowance		-	-
	Gratuity		-	-
	Other personnel payments		237,820	592,650
	Total		1,988,744	3,154,514
2200000 5 USE OF GOODS AND SERVICES				
Description			2017 - 2018	2016 - 2017
			Kshs	Kshs
	Committee Expenses		1,558,300	3,257,500

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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2210100	Utilities, supplies and services		15,630	5,566	
2210200	Communication, supplies and services				
2210300	Domestic travel and subsistence		879,900		
2210500	Printing, advertising and information supplies & services			121,131	
2210600	Rentals of produced assets			-	-
2210700	Training expenses		998,890	998,285	
2210800	Hospitality supplies and services			-	-
2210900	Insurance costs			-	-
2211000	Specialised materials and services			-	-
2211100	Office and general supplies and services		1,495,423	4,811,541	
2211300	Other operating expenses		242,570	1,555,048	
2220100	Routine maintenance – vehicles and other transport equipment		464,067	49,628	
2220200	Routine maintenance – other assets			-	-
	Total		5,654,757	10,798,698	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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N/B The changes in the figure of Use of goods and services for FY 2016/17 is due to a reclassification of Strategic plan Item.

2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES				
	Description		2017 - 2018	2016 - 2017	
			Kshs	Kshs	
2630204	Transfers to primary schools		11,541,180	6,756,594	
2630205	Transfers to secondary schools		12,835,241	26,974,439	
2630206	Transfers to Tertiary institutions		4,000,000	8,100,000	
2630207	Transfers to Health institutions			2,600,000	
3111103	Agriculture (Food Security)			1,900,000	
	TOTAL		28,376,421	46,331,033	
2640000	7 OTHER GRANTS AND OTHER PAYMENTS				
	Description		2017 - 2018	2016 - 2017	
			Kshs	Kshs	
2640101	Bursary -Secondary		5,999,000	2,759,040	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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2640102	Bursary -Tertiary		15,689,250	17,716,500	
2640104	Bursary-Special schools		-	-	
2640507	Security Projects		3,100,000	500,000	
2640509	Sports Projects		1,734,140	1,633,454	
2640510	Environment Projects		46,830	2,575,720	
2640200	Emergency Projects		4,812,567	3,980,000	
	Total		31,381,787	29,164,714	
3100000	8 ACQUISITION OF ASSETS				
	Non Financial Assets		2017 - 2018	2016 - 2017	
			Kshs	Kshs	
3110102	Purchase of Buildings		-	-	
3110202	Construction of Buildings			461,000	
3110302	Refurbishment of Buildings		-	-	
3110701	Purchase of Vehicles & other Transport Equipment		-	-	
3110801	Overhaul of Vehicles & other Transport Equipment		-	-	
3111001	Purchase of Household Furniture and Institutional Equipment				

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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3111002	Purchase of Office Furniture and General Equipment			180,000	
3111005	Purchase of ICT Equipment, Software and Other ICT Assets		-	100,000	
3111009	Purchase of Specialised Plant, Equipment and Machinery			-	
3111112	Rehabilitation and Renovation of Plant, Machinery and Equip.		-	-	
3130101	Acquisition of Land		-	-	
	Acquisition of Intangible Assets				
	Total			741,000	
	9. OTHER PAYMENTS				
	ICT Hub		5,100,000	-	
	TOTAL		5,100,000		
	10A: Bank Balances (cash book bank balance)				
	Name of Bank, Account No. & currency		2017 - 2018	2016 - 2017	
		Account Number	Kshs	Kshs	
	KCB Rongo Branch	1121172210	14,943,650	635,014	

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			-	-	
Total			14,943,650	635,014	
10B: CASH IN HAND)					
			2017 - 2018	2016 - 2017	
			Kshs	Kshs	
Location 1			-	-	
Location 2			-	-	
Location 3			-	-	
Other Locations (specify)			-	-	
Total			-	-	
			<i>[Provide cash count certificates for each]</i>		
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>
			Kshs	Kshs	Kshs
				-	-
			-	-	-
			-	-	-

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		-	-	-
		-	-	-
Total		-	-	-
				-
12 Retention				
		2017 - 2018	2016 - 2017	
Supplier 1				
Supplier 2				
Supplier 3				
Total				
13 BALANCES BROUGHT FORWARD				
		2017 - 2018	2016 - 2017	
		Kshs	Kshs	
Bank accounts		635,014	8,323,421	
Cash in hand		-	-	
Imprest				
Total		635,014	8,323,421	
	Provide short appropriate explanation s as necessary]			
14 PRIOR YEAR ADJUSTMENTS				
		2017 - 2018	2016 - 2017	
		Kshs	Kshs	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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Bank accounts		-		
Cash in hand		-	-	
Imprest		-	-	
Total		-	-	
15 OTHER IMPORTANT DISCLOSURES				
15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)				
		2017 - 2018	2016 - 2017	
		Kshs	Kshs	
Construction of buildings		-		
Construction of civil works		-	-	
Supply of goods		-	-	
Supply of services		-	54,715	
TOTAL		-	54,715	
15.2: PENDING STAFF PAYABLES (See Annex 2)				
		Kshs	Kshs	
Staff Salaries		345,126	-	
Staff Gratuity		570,624	-	
		-	-	

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		-	-	
		915,750		
15.3: UNUTILIZED FUNDS (See Annex 3)				
		Kshs	Kshs	
	Compensation of employees	331,349	170,094	
	Use of goods and services	2,032,312		
	Amounts due to other Government entities (see attached list)	12,236,207		
	Amounts due to other grants and other transfers (see attached list)	6,853,066	271,920	
	Acquisition of assets			
	Others Payments	4,677,027	-	
	Unallocated	193,000		
		26,322,961	442,014	

15.4: PMC account balances (See Annex 5)

		2017- 2018	2016-2017	
		Kshs	Kshs	
	PMC account Balances (see attached list)	29,016,016.40	5,541,611.10	

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Comments
				2017 - 2018	
	a	b	c	d=a-c	2016 - 2017
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	Outstanding Balance	Comments
					2017 - 2018	2016 - 2017	
		a	b	c	d=a-c		
Staff salaries							
1.Alphayo O Onda	G	80,486	30.6.2018	0	80,486	-	Annual increments not effected

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2. Tom Adimo	H	122,784	30.6.2018	0	122,784	Annual increments not effected
3. John P Odera	J	141,916	30.6.2018	0	141,916	Annual increments not effected
Sub-Total		345,126			345,126	
Staff Gratuity						
1. Alphayo O Odege	G	196,296	30.6.2018	0	196,296	Accrued gratuity
2. Tom Adimo	H	165,983	30.6.2018	0	165,983	Accrued gratuity
3. John P Odera	J	208,344	30.6.2018	0	208,344	Accrued gratuity
Sub-Total		570,624			570,624	
Middle Management						
4.						
5.						
6.						
Sub-Total						
Unionisable Employees						
7.						
8.						

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9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total		915,750			915,750		

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	Salary for three months	331,349	170,094	
Use of goods & services	Admin & Recurrent	684,360		
	Committee Expenses	346,842		
	Capacity Building	1,110		
	Other Operating expenses-Strategic Plan	1,000,000		
Sub-Total		2,032,312		
Amounts due to other Government entities				
Transfers to primary schools	Matagaro Primary School	1,250,000		
	Kadianga Primary School	1,250,000		
	Omware Primary School	1,250,000		
	Kitunja Primary School	1,800,000		

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	Koyar Primary School	2,500,000		
	Nyitienge Primary School	2,186,207		
Transfers to Tertiary institutions	Siala TTI	2,000,000		
Sub-Total		12,236,207		
Amounts due to other grants and other transfers				
	Emergency	597,284	271,920	
	Bursary-Tertiary	1,013,336		
	Bursary-Secondary	1,845,828		
	Sports	229,653		
	Environment	1,916,963		
	Security	1,250,000		
Sub-Total		6,853,064	271,920	
Acquisition of assets				
Others payments				
	Central Kamagambo ICT Hub-For Installation Of ICT Equipment by Telkom Kenya)	1,169,257		
	North Kamagambo ICT Hub-For Installation Of ICT Equipment by Telkom Kenya)	1,169,257		
	East Kamagambo ICT Hub-For Installation Of ICT Equipment by Telkom Kenya)	1,169,257		

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	South Kamagambo ICT Hub-For Installation Of ICT Equipment by Telkom Kenya)	1,169,257		
Sub-Total		4,677,027		
Unallocated	Appropriations in Aid	193,000		
Grand Total		26,322,961	442014	

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	N/A	-	-	N/A
Buildings and structures	19,473,941.00	-	-	19,473,941.00
Transport equipment	11,098,843.00	-	-	19,473,941.00
Office equipment, furniture and fittings	2,230,000.00	-	-	2,230,000.00
ICT Equipment, Software and Other ICT Assets	566,000.00	-	-	566,000.00
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	33,368,784.00			33,368,784.00

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Kitunja Primary School	KCB Rongo	1205555285	372,150.00	1,000.00
Nyakwere Primary School	KCB Rongo	1148848665	951,390.00	-
Kodero Bara Primary School	KCB Rongo	1132176409	2,502,415.00	-
Opapo Primary School	KCB Rongo	1132150132	1,053.50	-
Rongo Primary School	KCB Rongo	1160505659	1,801,234.50	58,424.50
Kosodo Primary School	KCB Rongo	1172930198	533,180.50	-
Sigiria Primary School	KCB Rongo	1132227712	951,635.00	-
Ngere Primary School	KCB Rongo	1135067880	951,415.50	-
Nyarach Primary School	KCB Rongo	1148447342	950,578.00	-
Rare Primary School	KCB Rongo	1148325107	1,203,456.50	-
Kamondi Primary School	KCB Rongo	1143717082	420,925.00	-
Matagaro Primary School	KCB Rongo	1115916998	1,940.00	-
Kadianga Primary School	KCB Rongo	1183066198	1,380.00	-
Omware Primary School	KCB Rongo	1205553711	754.50	754.50
Oyugi Ogango Girls Secondary School	KCB Rongo	1203579896	424.50	424.50
St. Marys Nyangao Secondary School	KCB Rongo	1158013272	2,922,509.00	923,016.50
St. Jonathan Secondary School	KCB Rongo	1164883615	15,174.00	15,174.00
St. Joseph Tuk Jowi Girls Sec School	KCB Rongo	1146280742	5,113,851.00	-

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Kuna Secondary School	KCB Rongo	1232630241	1,798,856.50	-
Lango Arek Secondary	KCB Rongo	1130620808	401,293.10	-
Rongo University	KCB Rongo	1232502537	4,000,000.00	-
Siala Technical Training Institute	KCB Rongo	1203829221	3,074,529.00	3,074,529.00
Kobado Chief's Camp	KCB Rongo	1232381055	1,199,356.50	-
Opapo AP Post	KCB Rongo	1232383678	1,898,791.30	-
East Kamagambo Ward ICT Hub Centre	KCB Rongo	1234624699	1,700,000.00	-
North Kamagambo Ward ICT Hub Centre	KCB Rongo	1232331295	0.00	-
South Kamagambo Ward ICT Hub Centre	KCB Rongo	1232749982	1,700,000.00	-
Total			29,016,016.40	4,072,323.00

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: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
1.0	Accuracy of the Financial Statements	The Financial Statements were amended	Enock Nyasende-FAM Jared Orinda-DA	Resolved	

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		accordingly			
2.0	Cash and cash equivalents	Bank reconciliation availed to support bank balances	Jared Orinda- DA	Resolved	
3.0	Other Receipts	A receipt of Ksh.105,000 accounted for through bank statements	Enock Nyasende-FAM Jared Orinda -DA	Resolved	
4.0	Compensation of Employees	Calculation of gratuity done according to the contract terms	Enock Nyasende-FAM	Resolved	
5.0	Other Grants and Transfers- Chamgi wadu DO's Residence	Contractor Instructed to complete the works as per contract agreement.	Enock Nyasende-FAM	Not Resolved	To be determined
6.0	Transfer to other Government Units- 6.1 Construction of Dining Hall/Kitchen at Siala TTI	Management gives an undertaking to ensure that proper work is done according to the bill of quantities and as stipulated in the contract.	Enock Nyasende-FAM	Not Resolved	To be determined
	6.2- Construction of Admin Block at St. Marys Nyangao Secondary School	Project to completed except for a few final touches	Enock Nyasende-Fam	Not Resolved	To be determined
7.0	PMC Bank Balances	Bank statements for the respective PMCs provided	Enock Nyasende-FAM	Resolved	
8.0	Summary Statement of Appropriations	Code lists provided as requested	Enock Nyasende-FAM	Resolved	

