



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY  
PAPERS LAID

09 MAY 2019

DAY: TUESDAY

TABLED BY: HON. BENJAMIN WAITHALI

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THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND SAKU CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2018



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
SAKU CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
SAKU CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU 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) thereafter 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 (CDF) 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act 2013.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 the cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution who is responsible for the general policy and strategic direction of the Fund.

#### Mandate

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

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

#### Vision

Equitable Socio-economic development countrywide

#### Mission

To provide leadership and policy direction for effective and efficient management of the Fund

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

**Reports and Financial Statements**

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

**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 Saku Constituency’s day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Japhet Ngui
3.	Sub-County Accountant	Benson Macharia
4.	Chairman NG-CDFC	Guyo Bonaya
5.	Member NG-CDFC	Boru A. Jattani

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF Saku Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government Constituency Development Fund Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

**(a) NG-CDF Saku Constituency Headquarters**

Saku CDF  
P.O. Box 184-60500,  
Marsabit Township, next to Public Works Offices  
**Marsabit, KENYA.**

**(b) Saku CDF Contacts**

E-mail: [sakucdf@cdf.go.ke](mailto:sakucdf@cdf.go.ke)  
[cdfsaku@gmail.com](mailto:cdfsaku@gmail.com)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(c) Saku CDF Bankers**

Kenya Commercial Bank  
Marsabit Branch,  
A/C No. 1102647977

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

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

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**(e) Independent Auditors**

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

**(f) Principal Legal Adviser**

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

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

**Reports and Financial Statements**

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

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**II. FORWARD BY THE CHAIRMAN-SAKU NATIONAL GOVERNMENT  
CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)**

NG-CDFC Saku Constituency has made tremendous achievements since its inception in 2003 towards poverty eradication in the constituency and more so in promotion of education standards in this marginalised part of the country. I really thank my CDFC for showing confidence in me to be their Chairman from December 2017.

During the financial year, the Saku NG-CDF had been allocated Sh. 98,189,655. Out of this, Ksh. 43,405,172.00 had been received by 30<sup>th</sup> June 20/18. This resulted to low uptake of the funds as they were received in May 2018 with only one month to go the end of the financial year.

Saku constituency is situated in Marsabit County and being a marginalised area with very high illiteracy levels, priority was given to education bursary which was allocated a budget of Ksh. 21.7 million translating to 26% of the total annual budget.


The huge education budget targeting infrastructural development in schools and bursary has/will lead to increased student enrolment in schools hence reducing illiteracy levels..

Saku CDF is also facilitating construction of the first technical institution in the constituency which will go a long way in developing middle level skills in youth.

One of the key challenges is poor infrastructural facilities in most educational institutions as majority were constructed many years back. However the CDFC has initiated programmes to refurbish them. The CDFC had also a big challenge in implementing/completing projects since only one half of the annual budget had been received from NG-CDF Board by close of the year.

I wish to urge the CDF Board/NASC to continually increase the CDF allocations to enable more projects uptake and also timely disbursement of funds to constituencies.

Yours in service,

  
.....  
Mr. Guyo Bonaya  
**CDFC Chairman**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
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, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. 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.

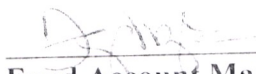
The Accounting Officer in charge of the NG-CDF- Saku Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year (period) ended on June 30, 2018. 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 NGCDF; (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 NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

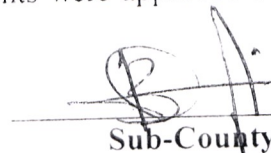
The Accounting Officer in charge of the NG-CDF- Saku Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards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

The Accounting Officer in charge of the NG-CDF Saku 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 NG-CDF- Saku Constituency financial statements were approved and signed by the Accounting Officer on 21/6 2018.

  
\_\_\_\_\_  
**Fund Account Manager**  
Name: Japhet N. Ngui

  
\_\_\_\_\_  
**Sub-County Accountant**  
Name: Benson Macharia

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Saku Constituency set out on pages 7 to 38, which comprise the statement of *assets* as at 30 June 2018, and the statement of *receipts and payments*, statement of cash flows and summary statement of appropriation – recurrent and development 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 - Saku 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1.0 Comparative Balances

Note 15.1 and Annex 4 to the financial statements for the year under review reflects comparative 2016/2017 balances of Kshs.20,066,721 and Kshs.10,615,180 in respect to pending accounts payable and fixed assets respectively. However, the audited financial statements for the year ended 30 June 2017 reflected balances of Kshs.16,973,590 and Kshs.10,609,600 for the two items resulting into a variance of Kshs.3,093,131 and Kshs.5,580 respectively.

In the circumstances, the accuracy of the comparative 2016/2017 balances reflected in the financial statements for the year ended 30 June 2018 could not be confirmed.

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

## **2.0 Other Grants and Other Payments**

### **2.1 Construction of Karare Chief's Office**

Note 7 to the financial statements reflects other grants and other payments balance of Kshs.30,562,588 which includes Kshs.6,896,310 in respect to security which further includes Kshs.1,998,900 paid out for the construction of Karare Chief's office during the year under review but whose contract had been awarded in the previous year - 2016/2017. A physical verification carried out in the month of January 2019 and a review of the bill of quantities revealed that even though the office was complete and in use, electrical installation works worth Kshs.158,150 and roof gutters worth Kshs.63,600 all totaling to Kshs.221,750 had not been done. Further, no handover report, bank statements and project file were availed for audit review.

In the circumstances, the accuracy and value for money for the Kshs.1,998,900 expenditure for the year ended 30 June 2018 could not be confirmed.

### **2.2 Refurbishment of Gadamoji Division Headquarters Office Block and Residence**

Note 7 to the financial statements reflects other grants and other payments of Kshs.30,562,588 which includes Kshs.6,896,310 for security which further includes Kshs.1,998,900 paid out for the construction of Gadamoji Assistant County Commissioner's office and official residence during the year under review. Records made available shows that the contract was awarded through quotation. However, it was noted that the procurement method for works of Kshs.1,998,500 was above the set limit of Kshs.500,000 for class C entities for using quotations contrary to the first schedule threshold matrix annexed to the Public Procurement and Disposal (Amendment) Regulations, 2013. A physical verification of the project carried out in the month of January 2019 revealed that although the office is complete, it is yet to be utilized for the intended purposes as it is being used as an office, classroom, store and for residential purposes by Kubiqallo primary school which is a neighboring school. In addition, no handing over report has been availed for audit review.

In the circumstances, the accuracy and value for money for the Kshs.1,998,900 expenditure for the year ended 30 June 2018 could not be confirmed.

### **2.3 Construction of Sagante Chief's Office**

Note 7 to the financial statements reflects other grants and other payments of Kshs.30,562,588 which includes Kshs.6,896,310 for security which further includes Kshs.1,999,510 paid out for the construction of Sagante Chief's office during the year under review. A physical inspection of the project carried out in the month of January 2019 revealed that the office was in use. However, the Bill of Quantities revealed that works totaling to Kshs.223,500 which were to be undertaken had not been done as at the time of the project verification despite certificate of completion having been issued by the Sub County works officer in February, 2018.

Further, the works contract was procured through request for quotation method which was however above the set limit of Kshs.500,000 for class C entities for using quotations contrary to the first schedule threshold matrix annexed to the Public Procurement and Disposal (Amendment) Regulations, 2013. In addition, there was no handover report of the project on completion.

In the circumstances, the accuracy and value for money for the Kshs.1,999,510 expenditure for the year ended 30 June 2018 could not be confirmed.

#### **2.4 Un-Supported Bursaries to Secondary and Tertiary Institutions**

Note 7 to the financial statements reflects other grants and other payments of Kshs.30,562,588 which includes Kshs.13,076,474 and Kshs.7,278,000 for bursaries to Secondary schools and Tertiary institutions respectively both totalling to Kshs.20,354,474. However, no acknowledgment receipts from the institutions, names of the institutions and list of applicants were availed for audit review.

In the circumstances, the accuracy, propriety and value for money for the Kshs.20,354,474 expenditure for the year ended 30 June 2018 could not be confirmed.

#### **3.0 Poor Workmanship at Goro Rukesa Secondary School**

Note 6 to the financial statements reflects transfers to other government entities of Kshs.28,446,090 which includes Kshs.13,279,045 for transfer to secondary schools which further includes Kshs.1,196,385 incurred for the construction of an administration block at Goro Rukesa secondary school during the year under review. The project commenced in the financial year 2016/2017 with an initial funding of Kshs.3,000,000 which together with Kshs.1,196,385 funding during the year under review, translated to a total funding of Kshs.4,196,385. However, the respective project returns, completion certificates and evidence that the Fund is holding 10% retention fee were not made available for audit review. In addition, although the project is said to be complete, physical inspection carried out in the month of January 2019 revealed that the block had cracks on the floor and on the walls which is an indication of poor workmanship.

In the circumstances, the accuracy and value for money for the Kshs.4,196,385 expenditure 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 Saku NG-CDF 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 Income Analysis

The combined summary statement of appropriation: recurrent and development reflects budgeted receipts of Kshs.144,848,534 and actual receipts of Kshs.90,064,051 resulting to under receipts of Kshs.54,784,483.

Overall, the fund failed to actualize its budget by Kshs.54,784,483 or 38% an indication that most of the programmes and activities that had been planned were not implemented. There is need therefore for Constituency Development Fund 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 Saku Constituency.

In the circumstances, the residents of the Constituency may not have received the expected services equivalent to the Kshs.54,784,483 for the year ended 30 June 2018.

#### 1.2 Expenditure Analysis

The combined summary statement of appropriation: recurrent and development reflects budgeted expenditure of Kshs.144,848,533 and actual expenditure of Kshs.66,734,524 resulting to an under expenditure of Kshs.78,114,009 as follows;

Item	Final Budget (Kshs)	Actual Expenditure (Kshs)	Under Absorption (Kshs)	Under Absorption (%)
Compensation of employees	3,615,008	1,602,443	2,012,565	56
Use of Goods and Services	8,242,244	6,123,403	2,118,841	26
Transfer to other Government units	67,985,132	28,446,090	39,539,042	58
Other Grants and Transfers	64,906,149	30,562,588	34,343,561	53
Allocation awaiting approval by NG-CDF'S Board	100,000	-	100,000	100
<b>Totals</b>	<b>144,848,533</b>	<b>66,734,524</b>	<b>78,114,009</b>	<b>54</b>

In overall, the Fund under spent its budget by Kshs.78,114,009 of the total budget allocation. The funds could have been allocated to other deserving areas that would have improved delivery of goods and services to the residents of Saku 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 Saku Constituency

In the circumstances, the residents of the Constituency did not get expected services equivalent to the Kshs.78,114,009 under expenditure for the year ended 30 June 2018.

## 2.0 Project Implementation Status

The Fund had planned to implement 41 projects during the year under review at a total cost of Kshs.81,185,559. However, 29 projects worth Kshs.27,675,000 had not started while 7 projects worth Kshs.45,320,559 were on going and only 5 projects worth Kshs8,190,000 had been completed as at 30 June 2018 as follows;

Project Status	Sector	Amount allocated (Kshs)	Amount Disbursed (Kshs)	No of Projects
<b>Completed</b>	<b>Education</b>	<b>8,190,000</b>	<b>4,535,475</b>	<b>5</b>
<b>On going</b>	Education	15,281,207	4,188,888	4
	Emergency Reserve	5,137,931	1,791,874	1
	Bursary	24,901,421	20,354,474	2
	<b>Sub Total</b>	<b>45,320,559</b>	<b>26,335,236</b>	<b>7</b>
<b>Not Started</b>	Education	21,225,000	0	23
	Security	2,450,000	0	3
	Others	2,000,000	0	1
	Constituency Sports Tournaments	1,000,000	0	1
	Environmental Activities	1,000,000	0	1
	<b>Sub Total</b>	<b>27,675,000</b>	<b>0</b>	<b>29</b>
	<b>Grand Total</b>		<b>81,185,559</b>	<b>30,870,711</b>

In view of the foregoing, the constituents did not get the expected services equivalent to Kshs.27,675,000 and Kshs.45,320,559 both totaling to Kshs.72,995,559 being the budgeted for but unimplemented and ongoing projects respectively for the year ended 30 June 2018. This is an indication of inappropriate project implementation mechanism. Therefore, there is need for the Constituency Development Fund Management 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 citizens of Saku Constituency.

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1.0 Presentation and Disclosure of Financial Statements**

The Public Sector Accounting Standards Board (PSASB) requires that a report on follow up of previous year's audit recommendations be included as part of the annexures to the financial statements. However, the report on follow up of previous year's audit recommendations annexed at pages 25 to 38 of the financial statements indicates that all previous audit issues have been resolved but management has not indicated how the issues have been resolved. In addition, the board requires the Head of Treasury to indicate his/her Institute of Certified Public Accountants of Kenya (ICPAK) membership number in the financial statements but Head of Treasury has not indicated his membership number in the financial statements for the year under review.

In the circumstances, the presentation and disclosure of the financial statements for the year ended 30 June 2018 did not comply with the prescribed PSASB format.

### **2.0 Use of Non-Prequalified Suppliers**

Note 5 to the financial statements reflects a balance of Kshs.6,123,403 in respect to use of goods and services which included a total payment of Kshs.362,426 paid to three suppliers who were not in the list of prequalified suppliers. This is contrary to Section 95 (3) of the Public Procurement and Assets Disposal Act, 2015 which requires that a procuring entity shall invite tenders from only the approved persons who have been prequalified.

In the circumstances, 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 to 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.

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 Saku NG-CDF's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the National Government either intends to liquidate the Saku NG-CDF 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 Saku NG-CDF'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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Saku NG-CDF'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:

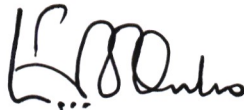
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 Saku NG-CDF's ability 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 Saku NG-CDF 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 Saku NG-CDF 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**

**08 April 2019**


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

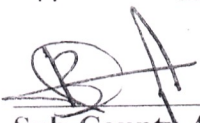
**Reports and Financial Statements  
For the year ended June 30, 2018**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

Description	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	84,353,447	<b>91,728,612</b>
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>84,353,447</b>	<b>91,728,612</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,602,443	2,163,440
Use of goods and services	5	6,123,403	9,527,659
Transfers to Other Government Units	6	28,446,090	60,192,708
Other grants and transfers	7	30,562,588	31,466,657
Acquisition of Assets	8	-	6,000,000
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>66,734,524</b>	<b>109,350,464</b>
<b>SURPLUS/DEFICIT</b>		<b>17,618,923</b>	<b>(17,621,852)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Saku NGCDF financial statements were approved on 30/6 2018 and signed by:

  
\_\_\_\_\_  
**Fund Account Manager**  
Name: Japhet N. Ngui

  
\_\_\_\_\_  
**Sub-County Accountant**  
Name: Benson Macharia


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

**V. STATEMENT OF ASSETS**

Description	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>FINANCIAL ASSETS:-</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10.A	23,329,527	5,710,604
Cash Balances (cash at hand)	10. B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>23,329,527</b>	<b>5,710,604</b>
<b>REPRESENTED BY:-</b>			
Fund balance b/fwd 1st July 2017.	13	5,710,604	23,332,456
Surplus/Deficit for the year		17,618,923	(17,621,852)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>23,329,527</b>	<b>5,710,604</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Saku Constituency financial statements were approved on 30/6 2018 and signed by:-

  
**Fund Account Manager**  
 Name: Japhet N. Ngui

  
**Sub-County Accountant**  
 Name: Benson Macharia

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
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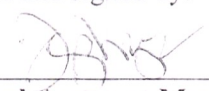
**Reports and Financial Statements**

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


**VI. STATEMENT OF CASHFLOW**

Description	Note	2017-2018	2016-2017
		Kshs	Kshs
Transfers from CDF Board	1	84,353,447	91,728,612
Other Receipts	3	-	-
		<b>84,353,447</b>	<b>91,728,612</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,602,443	2,163,440
Use of goods and services	5	6,123,403	9,527,659
Transfers to Other Government Units	6	28,446,090	60,192,708
Other grants and transfers	7	30,562,588	31,466,657
Acquisition of Assets	8	-	6,000,000
Other Payments	9	-	-
		<b>66,734,524</b>	<b>109,350,464</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>17,618,923</b>	<b>(17,621,852)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>17,618,923</b>	<b>(17,621,852)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>5,710,604</b>	<b>23,332,456</b>
<b>Cash and cash equivalent at END of the year</b>	<b>10.A</b>	<b>23,329,527</b>	<b>5,710,604</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Saku Constituency financial statements were approved on 20/6 2018 and signed by:

  
\_\_\_\_\_  
**Fund Account Manager**

Name: Japhet N. Ngui

  
\_\_\_\_\_  
**Sub-County Accountant**

Name: Benson Macharia

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
CONSTITUENCY

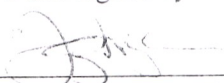
Reports and Financial Statements

For the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND  
DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	58,038,189	144,848,534	90,064,051	54,784,483	62
Proceeds from Sale of Assets	-	-	-	-	-	0
Other Receipts	-	-	-	-	-	0
<b>Total Receipts</b>	<b>86,810,345</b>	<b>58,038,189</b>	<b>144,848,534</b>	<b>90,064,051</b>	<b>54,784,483</b>	<b>62</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,722,000	893,008	3,615,008	1,602,443	2,012,565	44
Use of goods and services	5,080,931	3,161,313	8,242,244	6,123,403	2,118,841	74
Transfers to Other Government Units	38,110,000	29,875,132	67,985,132	28,446,090	39,539,042	42
Other grants and transfers	40,897,413	24,008,736	64,906,149	30,562,588	34,343,561	47
Acquisition of Assets	-	-	-	-	-	0
Other Payments	-	-	-	-	-	0
Allocation awaiting approval by NGCDF Board	-	100,000	100,000	-	100,000	0
<b>TOTALS</b>	<b>86,810,344</b>	<b>58,038,189</b>	<b>144,848,533</b>	<b>66,734,524</b>	<b>78,114,009</b>	<b>46</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Saku Constituency financial statements were approved on 30/6 2018 and signed by:

  
Fund Account Manager

Name: Japhet N. Ngui

  
Sub-County Accountant

Name: Benson Matharia

NOTES ON VARIANCES:-

- Transfers from CDF Board-
- Compensation of Employees
- Use of goods and services
- Transfers to Other Government Units
- Other grants and transfers

## **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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NGCDF.

### **2. Recognition of revenue and expenses**

The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

### **3. In-kind contributions**

In-kind contributions are donations that are made to the NGCDF 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 NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

### **4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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

**Reports and Financial Statements**

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

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. 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 NGCDF 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.

**6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**7. Comparative figures**

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

**8. 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 June 30, 2017.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
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**Reports and Financial Statements**

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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017 - 2018		2016 - 2017
		Kshs		Kshs
	<b>AIE NO.S</b>		<b>AIE NO.S</b>	
Normal Allocation	A855997	5,500,000	A825943	50,180,335
	A892812	40,948,275	A829990	4,094,828
	A892987	37,905,172	A855216	36,853,449
			A855596	600,000
<b>TOTAL</b>		<b>84,353,447</b>		<b>91,728,612</b>

**2. PROCEEDS FROM SALE OF ASSETS**

3510000	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	-	-
	<b>Total</b>	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
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**Reports and Financial Statements**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. OTHER RECEIPTS**

<b>1400000</b>	<b>Description</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
1410107	Interest Received	-	-
1410405	Rents	-	-
1420601	Sale of tender documents	-	-
1450207	Other Receipts Not Classified Elsewhere (specify)	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

	<b>Description</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
2110201	Basic wages of contractual employees	1,286,746	1,339,127
2110202	Basic wages of casual labour	-	-
	Personal allowances paid as part of salary	-	-
2110301	House allowance	-	-
2110314	Transport allowance	-	-
2110320	Leave allowance	-	-
2110326	Other personnel payments	-	-
2120101	Employer contribution to NSSF	-	-
2710120	Gratuity	315,697	824,313
	<b>Total</b>	<b>1,602,443</b>	<b>2,163,440</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
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**Reports and Financial Statements**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5. USE OF GOODS AND SERVICES**

	<b>Description</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
2210100	Utilities, supplies and services	25,960	15,960
2210104	Office rent	675,000	225,000
2210200	Communication, supplies and services	-	-
2210300	Domestic travel and subsistence	440,000	1,048,200
2210500	Printing, advertising and information supplies & services	-	-
2210600	Rentals of produced assets	-	-
2210700	Training expenses	600,000	-
2210800	Hospitality supplies and services	-	-
2210802	Other committee expenses		80,000
2210809	Committee allowance	3,116,000	5,261,980
2210900	Insurance costs	-	-
2211000	Specialized materials and services	-	-
2211100	Office and general supplies and services	101,198	165,034
2211200	Fuel ,oil & lubricants	904,017	680,190
2211300	Other operating expenses		107,306
2220100	Routine maintenance – vehicles and other transport equipment	151,728	1,943,989
2220200	Routine maintenance – other assets	109,500	-
	<b>Total</b>	<b>6,123,403</b>	<b>9,527,659</b>

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

**Reports and Financial Statements**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

	<b>Description</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
2630204	Transfers to Primary schools	15,167,045	32,476,398
2630205	Transfers to Secondary schools	13,279,045	21,730,630
2630206	Transfers to Tertiary institutions	-	3,349,680
2630207	Transfers to Health institutions	-	2,636,000
	<b>TOTAL</b>	<b>28,446,090</b>	<b>60,192,708</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	<b>Description</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
2640101	Bursary -Secondary	13,076,474	14,067,650
2640102	Bursary -Tertiary	7,278,000	7,824,000
2640104	Bursary-Special schools	-	-
2640105	Mocks & CAT	-	-
2640504	Water	-	2,928,570
2640505	Agriculture (food security)	-	-
2640506	Electricity projects	-	-
2640507	Security	6,896,310	188,197
2640508	Roads	-	-
2640509	Sports	650,000	1,036,200
2640510	Other capital grants and transfer	869,930	1,000,000
2640200	Emergency Projects (specify)	1,791,874	4,422,040
	<b>Total</b>	<b>30,562,588</b>	<b>31,466,657</b>

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

**Reports and Financial Statements**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**8. ACQUISITION OF ASSETS**

	<b>Description</b>	<b>2017 - 2018</b>	<b>2016 – 2017</b>
	<b>Non Financial Assets</b>	<b>Kshs</b>	<b>Kshs</b>
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	-	-
3110302	Refurbishment of Buildings	-	-
3110701	Purchase of Vehicles	-	6,000,000
3110704	Purchase of Bicycles & Motorcycles	-	-
3110801	Overhaul of Vehicles	-	-
3111001	Purchase of Office furniture and fittings	-	-
3111002	Purchase of computers ,printers and other IT equipments	-	-
3111005	Purchase of photocopier	-	-
3111009	Purchase of other office equipments	-	-
3111112	Purchase of soft ware	-	-
3130101	Acquisition of Land	-	-
	<b>Total</b>	-	<b>6,000,000</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
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**Reports and Financial Statements**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**9. OTHER PAYMENTS**

<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Retention money		-	-
<b>TOTAL</b>		-	-

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

<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>Kshs (30/6/2018)</b>	<b>Kshs (30/6/2017)</b>
Kenya Commercial Bank, Marsabit Branch	1102647977	23,329,527	5,710,604.00
<b>Total</b>		<b>23,329,527</b>	<b>5,710,604.00</b>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**10B: CASH IN HAND**

Description	2017 - 2018	2016 - 2017
	Kshs (30/6/2018)	Kshs (30/6/2017)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
<b>Total</b>	-	-

**11: OUTSTANDING IMPRESTS**

Name of Officer	Date imprest taken	Amount Taken	Amount Surrendered	Balance (30/6/2018)	Balance (30/6/2017)
		Kshs	Kshs	Kshs	Kshs
None		-	-	-	-
<b>Total</b>		-	-	-	-

**12. Retention**

Supplier/Contractor	PV no	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>Total</b>		-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAKU  
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**Reports and Financial Statements**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**13. BALANCES BROUGHT FORWARD**

<b>Description</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>Kshs (1//7/2017)</b>	<b>Kshs (1//7/2016)</b>
Bank accounts	5,710,604	7,782,552
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>5,710,604</b>	<b>7,782,552</b>

**14. PRIOR YEAR ADJUSTMENTS**

<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

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

**15. OTHER IMPORTANT DISCLOSURES**

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

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Construction of buildings	3,400,290	17,827,406
Construction of civil works	-	-
Supply of goods	1,224,420	1,939,845
Supply of services	275,300	299,470
<b>Total</b>	<b>4,900,010</b>	<b>20,066,721</b>

**15.2. PENDING STAFF PAYABLE (See Annex 2)**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Contractual employees	475,000	582,630
<b>Total</b>	<b>475,000</b>	<b>582,630</b>

**15.3. OTHER PENDING PAYABLES (See Annex 3)**

	2017 - 2018	2016 - 2017
	Ksh	Ksh
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15.4. PROJECT MANAGEMENT COMMITTEE ACCOUNT BALANCES**

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
N/A	N/A	N/A	Nil	Nil

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**15.5: TOTAL AMOUNT OWING TO THE CONSTITUENCY FROM THE CDF BOARD**

		<b>2017-2018</b> Kshs	<b>2016 - 2017</b> Kshs
<b>Total</b>		<b>43,405,172</b>	<b>40,948,275</b>

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2017 - 2018	2016 - 2017	
	A	b	c	d=a-c		
<b>Construction of buildings</b>						
Kubi Qallo Primary School	1,269,290	30.6.18	-	1,269,290	-	Construction of one classroom
Gadamoji High School	750,000	30.6.18	-	750,000	-	Supply of 50 double decker beds
Kiwanja Ndege Primary School	400,000	30.6.18	-	400,000	-	Supply of 50 meatl-frame pupils desks
Badassa Secondary School	231,000	30.6.18	-	231,000	-	Electrification of 4 classrooms
Lagdima Primary School	750,000	30.6.18	-	750,000	-	Rehabilitation of two classrooms
	<b>3,400,290</b>			<b>3,400,290</b>		
<b>Supply of goods</b>						
Mafaaz Energy Co. Ltd	876,000	30.6.18	-	876,000	-	Supply of Fuel
Modis and Bros	348,420	30.6.18	-	348,420	-	Supply of MV tyres/accessories,
<b>Sub-Total</b>	<b>1,224,420</b>			<b>1,224,420</b>		

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<b>Supply of services</b>						
Suada Ahmed Ali	90,000	30.6.18	-	90,000		office rent for the months of May & June 2018
Kenya Power and Lighting sh	5,000	30.6.18	-	5,000		Office electricity bill
Jupiter Computer Services	47,800	30.6.18	-	47,800		Office stationery
Robert Githieki	132,500	30.6.18		132,500		servicing of CDFC Motor Vehicle
<b>Sub-Total</b>	<b>275,300</b>			<b>275,300</b>		
<b>Grand Total</b>	<b>4,900,010</b>		-	<b>4,900,010</b>		

**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
					2018	2017	
		a	b	c	d=a-c		
<b>Contractual Employees</b>							
1. Ibrahim Guyo		186,000	30/6/2018	-	186,000	274,000	Per-diem
2. CDFC Staff Gratuity		289,000	30/6/2018	-	289,000	308,630	Gratuity
<b>Sub-Total</b>		<b>475,000</b>			<b>475,000</b>	<b>582,630</b>	

**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-	Outstanding Balance	Outstanding Balance	Comments

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	<b>ion</b>			<b>Date</b>		<b>ce</b>	
					<b>2018</b>	<b>2017</b>	
		a	b	c	d=a-c		
<b>None</b>							

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

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2017 - 2018	2016 - 2017
Land	-	-
Buildings and structures	-	-
Transport equipment	10,388,380	10,388,380
Office equipment, furniture and fittings	103,750	103,750
ICT Equipment, Software and Other ICT Assets	121,750	121,750
Other Machinery and Equipment	1,300	1,300
Heritage and cultural assets	-	-
<b>Total</b>	<b>10,615,180</b>	<b>10,615,180</b>

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor for Fy 2016/1. 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		Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p><b>Unaccounted for Bursaries</b></p> <p>During the financial year under review, the Fund awarded bursaries amounting to Kshs. 7,824,000 to Tertiary institutions and Kshs. 14,067,650 to Secondary Schools all totaling to Kshs. 21,891,650. Audit verification of bursaries disbursed revealed that tertiary institutions acknowledged Kshs. 610,000 out of Kshs.</p>	<p>As observed by your audit team, we have had a big challenge with institutions not acknowledging receipts of our bursary cheques despite our clear instruction to them through our letters dispatching the cheques to do so in writing. <b>(Annex 1)</b>. Despite the challenge, your Audit team confirmed all the Bursary cheques sent to the various institutions audited were received by them and entered in their ledgers and beneficiary students issued with receipts. However, my office will not relent in pursuing the beneficiary institutions to acknowledge receipt of the bursary cheques</p>	Japhet Ngui (FAM)/Benson Macharia (DA)	Resolved	

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	<p>7,824,000 disbursed leaving a balance of Kshs. 7,214,000 while secondary schools did not acknowledge their total disbursement of Kshs. 14,067,650 and therefore the total acknowledged bursaries were Kshs.21,281,650.</p> <p>In the circumstances, the propriety of the expenditure on bursaries to both Tertiary institutions and Secondary schools totaling to Kshs. 21,281,650 as at 30 June 2017 could not be confirmed.</p>				

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Reference No. on the external audit Report		Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.0	<p><b>Committee Expenses</b></p> <p>During the year under review, the financial statements reflected a committee expenses figure of Kshs. 5,261,980. However, records maintained by the office indicated that the committee held 72 meetings during the year under review exceeding the statutory limit of 24 meetings by 48 meetings.</p> <p>In the circumstances, the propriety of the</p>	<p>As earlier vividly explained to your Audit team, it had become extremely difficult to limit CDFC meetings to the ceiling of 24 given the many issues which the CDFCs deliberate on. Again, there are various CDFC Sub-committees like Monitoring and Evaluation, Tender, Environment, Complaints, bursary sub-committees to mention but a few, which had to hold meetings to fulfil their mandate not forgetting the main NG-CDFC meetings. However, the observation by your office was noted with concern and the same will also be taken up with the Saku CDFC and NG-CDF Board with an aim of reducing and reviewing the Act respectively, as the CDFC felt much limited to transact reasonable business with such few meetings.</p>	Japhet Ngui (FAM)/Benson Macharia (DA)	Resolved	

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	<p>expenditure of Kshs. 5,261,980 as at 30 June 2017 could not be confirmed</p>				
3.0	<p><b>Purchase of Sports Equipment and Apparel</b></p> <p>During the year under review, the financial statements reflected an expenditure of Kshs. 1,036,200 for sports activities. A review of the supporting documents however revealed that there was no project management committee in place to run the activities but</p>	<p>As earlier promised, I have been able to get the supporting documents viz attendance list and the training program from the Football Kenya Federation chairman, Marsabit branch. (Annex 2). The Federation had requested for support from the other constituencies without success,</p>	<p>Japhet Ngui (FAM)/Benson Macharia (DA)</p>	<p>Resolved</p>	

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	<p>instead the payments were being made to the Fund Account Manager while the NG-CDFC acted as the PMC. Further, included in the Kshs.1,036,200 was Kshs. 560,000 used to facilitate training of coaches from three constituencies namely; Saku, Laisamis and North Horr. However, the respective expenditure was not supported by an attendance list and the training program.</p>	<p>hence we felt obliged to assist the noble course.</p>			

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	In the circumstances, the propriety of the expenditure of Kshs. 1,036,200 as at 30 June 2017 could not be confirmed.				
4.0	Included in the emergency projects balance of Kshs. 4,422,040 was Kshs. 2,496,527 that was spent on projects which did not meet the threshold of an emergency as defined under Section 8(3) of the National Government Constituencies Development Fund	The CDF Act 2015 amended 2016 Section 8.(3) states that "Emergency" shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the NG-CDF committee that it cannot be delayed until the next financial year without harming the public interest of the constituents, it was thus on this backdrop that the CDFC felt that the expenses should be incurred as follows;-	Mr. Yusuf Mbuno (CEO-CDF Board)	Being acted upon	

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	<p>Act, 2015 as follows;</p> <p>a) Saku Investment-Payment for fuel supply to CDFC - Kshs. 71,347,</p>	<p>a) Payment to Saku Investment Ltd (National Oil petrol station ) Ksh. 71,347;-</p> <p>As witnessed in the Payment voucher and work tickets, the CDFC Motor vehicle makes extremely many movements including security patrols with Kenya Police Reservists - Saku constituency being a high risk zone; taking patients to referral hospitals in mainly Meru and Nairobi –with the CDF Vehicle being branded by locals as “CDF Ambulance” since the constituency had only two ambulances, culminated by the poor state of medical facilities in the county. Given the meagre and limited annual budget of Ksh. 1,950,000 for Administration and recurrent</p>			

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Reference No. on the external audit Report		Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>b). Karare Mixed Secondary school- - Kshs. 170,000</p>	<p>expenditure- Goods and Services for Fy 2016-17, and given the rental annual bill of Ksh. 540,000 excluding payment of other fuel and office expenses, it had become extremely difficult to operate without supplementing the budget from the emergency kitty.</p> <p>b) Karare Secondary School- electrification of administration block Ksh. 170,000,</p> <p>In this case, no funds had been provided during the financial year for electrical connection from the school main KPLC grid to administration block located 200meters away hence to make it usable, the Principal requested the CDFC to connect electricity to the block which had also been funded by CDF in the previous year.</p>			

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Reference No. on the external audit Report		Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>c) Karare Primary school Payment for electrification of the Administration block- Payment for furniture supplied-Kshs 299,000</p> <p>d) Falam Construction co. Limited- Supply of control panel for Jaldesa borehole water pump-Kshs.- 150,000</p>	<p>Backed by necessity for teachers to shift from the classroom cum staffroom and pave way for students to use the classroom, the CDFC felt it prudent enough not to wait for a whole year with un-usable project of over Kenya Sh. 6,000,000 yet it required only Sh. 170,000 to make usable.</p> <p>c) Karare Primary school- Payment for supply of furniture Ksh. 299,000;-</p> <p>During a visit by CDFC team after cries by the School and locals on the pathetic condition of the school, the CDFC felt it prudent enough to assist the dire situation.</p> <p>d) Falam Construction co. limited- Supply of control panel for Jaldesa borehole</p>			

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	<p>e) Tullus Senior Investment- Payment for supplied buildings materials-Kshs. 573,750</p>	<p>water pump Sh. 150,000.</p> <p>This had been a matter of life and death for both men and their livestock after the control panel of the only water source had been broken for the last four days without water in the very remote settlement and no help from the County government, it was only prudent for the CDFC to act.</p> <p>e) Tullus Senior Investment Payment for supplied buildings materials Ksh.573,75</p> <p>After the 2013 Kenyan elections, it was witnessed a lot of Post election violence in many parts of the country. Marsabit was one of the worst hit Counties with over 670 homesteads displaced due to tribal animosity and clashes. The National Government had also</p>			

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	<p>f) Kubi Qallo Primary school- Payment for construction materials supplied-Kshs. 160,230</p> <p>g) Japhet Ngui- Being surrender of imprest-Kshs190,000</p>	<p>been overwhelmed and CDFC chipped in to assist by buying some iron sheets to assist resettle the many Dadach Kambi IDPs. A list of beneficiaries is herein. <b>(Annex 3)</b></p> <p>f) Kubi Qallo Primary school Payment for construction of Semi-permanent kitchen Sh.160,230.</p> <p>The school had actually been started to cater for the Dadach Kambi IDPs .referred in (e) above. The school was receiving foodstuff donations from well wishers and had nowhere to keep it safe in an institution running up to Standard 6 and only two classrooms hence the need to help.</p> <p>g) The Sh. 190,000 was imprest secured by the</p>			

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	<p>h) Japhet Ngui-Being surrender of imprest-Kshs. 150,000</p>	<p>Fund Manager to facilitate the Deputy County Commissioner (DCC) as requested by himself on Mashujaa day celebration as all departmental heads had been requested to support this noble national events as a custom. (Annex 4).</p> <p>h) The sh.150,000 also was imprests secured by the Fund Manager to facilitate the DCC on Jamhuri day celebration as all departmental heads had also</p>			

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	<p>i) Nasmi Enterprise- Payment of supply of building materials-Kshs. 87,200</p>	<p>been requested to support this noble national events as a custom. <b>(Annex 5).</b></p> <p>i) Nasmi Enterprise Payment of supply of building materials Sh.87,200'-</p> <p>The building materials were incurred to construct visitors sheds at the former CDFC Officers where our customers could sit as they awaited being served since we normally receive a lot of them especially during issuance of bursary cheques and the Member of Parliament</p>			

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		is in the office serving the constituents.			