



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 JUN 2019	DAY: TUESDAY
TABLED BY:	MAJORITY LEADER OF
CLERK-AT THE TABLE:	

PARLIAMENT OF KENYA LIBRARY

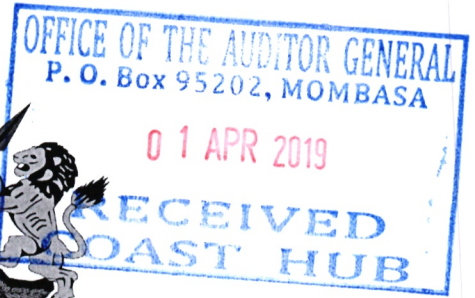
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – KILIFI NORTH
CONSTITUENCY**

**FOR THE YEAR
ENDED 30 JUNE 2018**





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KILIFI
NORTH CONSTITUENCY**

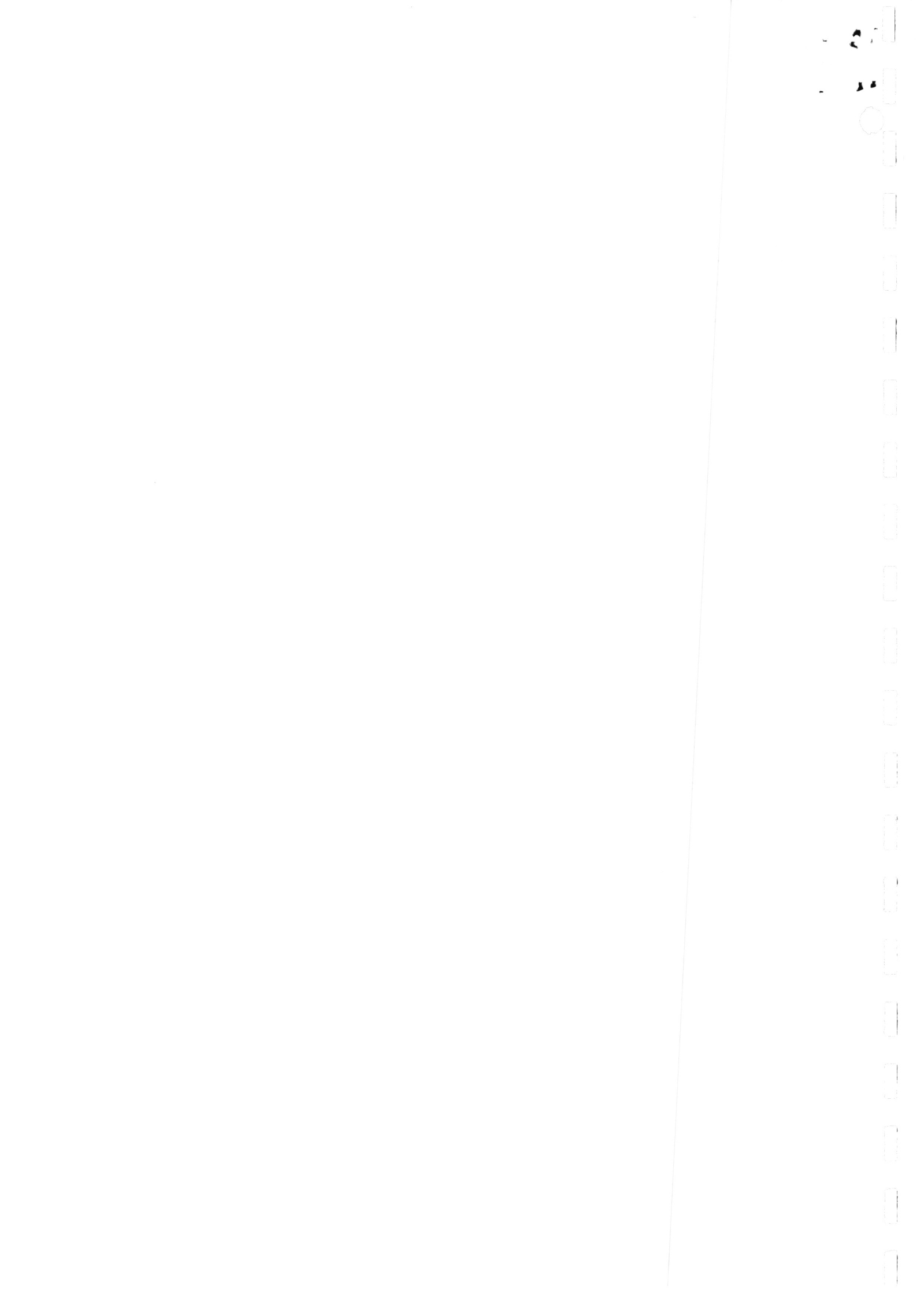
Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Table of Content	Page
------------------	------

Table of Content	Page
------------------	------

I	KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II	FORWARD BY THE NGCDFC COMMITTEE CHAIRMAN.....	4
III	STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES.....	12
IV.	STATEMENT OF RECEIPTS AND PAYMENTS.....	13
V.	STATEMENTS OF ASSETS AND LIABILITIES.....	14
VI.	STATEMENT OF CASHFLOW.....	15
VII	SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	16
VIII.	SIGNIFICANT ACCOUNTING POLICIES.....	18
IX.	NOTES TO THE FINANCIAL STATEMENTS.....	22



I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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



Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF KILIFI NORTH 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	Yaye Shosi
3.	Sub County Accountant	Aisha Muchile Mohammed
4.	Chairman NGCDFC	Jacob Saleri
5.	Member NGCDFC	Jenta Kahindi

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF KILIFI NORTH Constituency Headquarters

P.O. Box 1852 – 80108,
Kilifi Malindi highway,
Off Gede Road
Opposite Watamu Primary School,
Kilifi, KENYA.



(f) NGCDF KILIFI NORTH Constituency Contacts

Telephone: (254) 796824190
E-mail: cdfkilifinorth@outlook.com
Website: www.ngcdf.go.ke

(g) NGCDF KILIFI NORTH Constituency Bankers

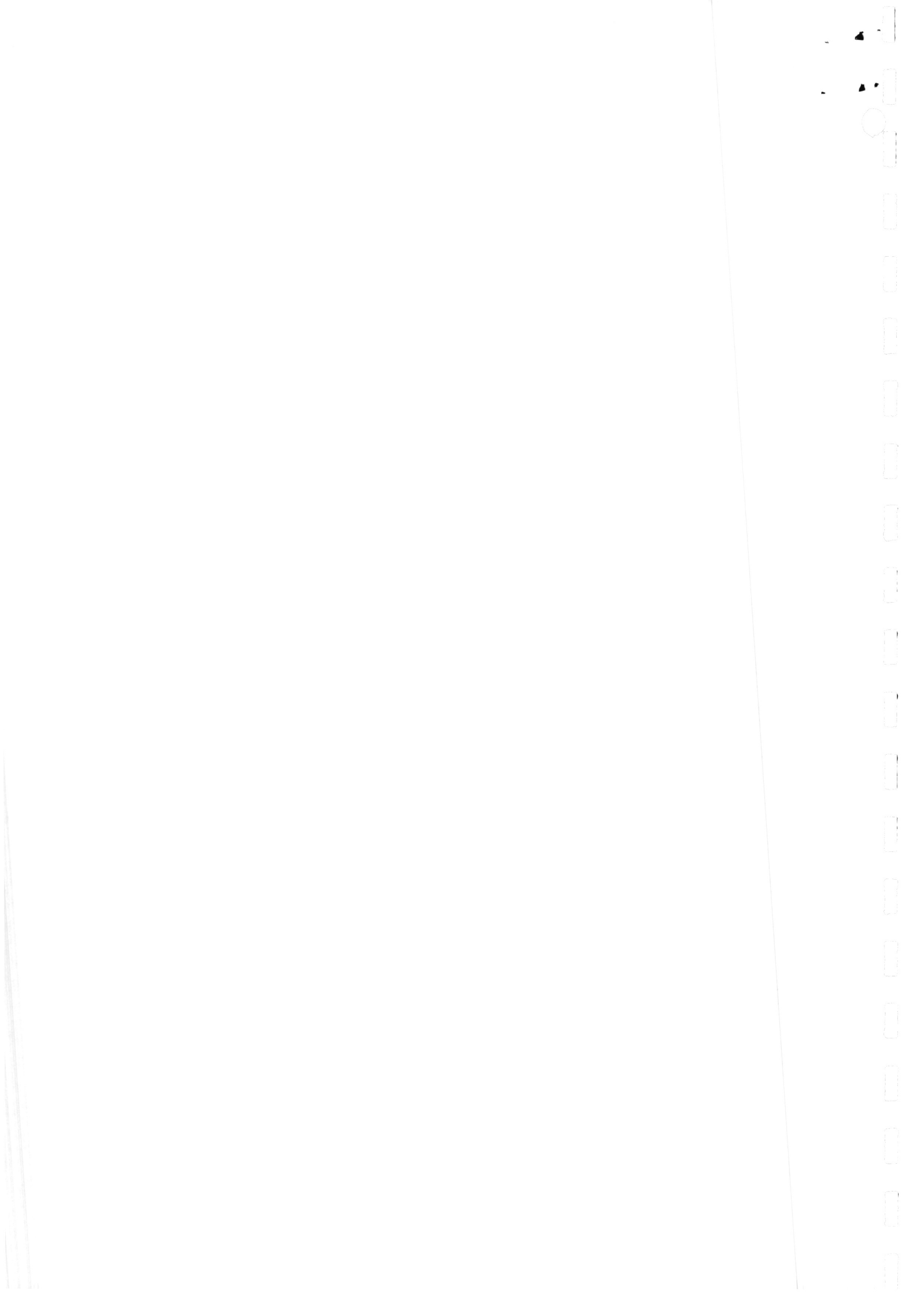
Cooperative Bank
Kilifi Branch
Account Number 01141466629200
P.O. Box 96 – 80108
Kilifi, Kenya.

(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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KILIFI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)

Budget performance

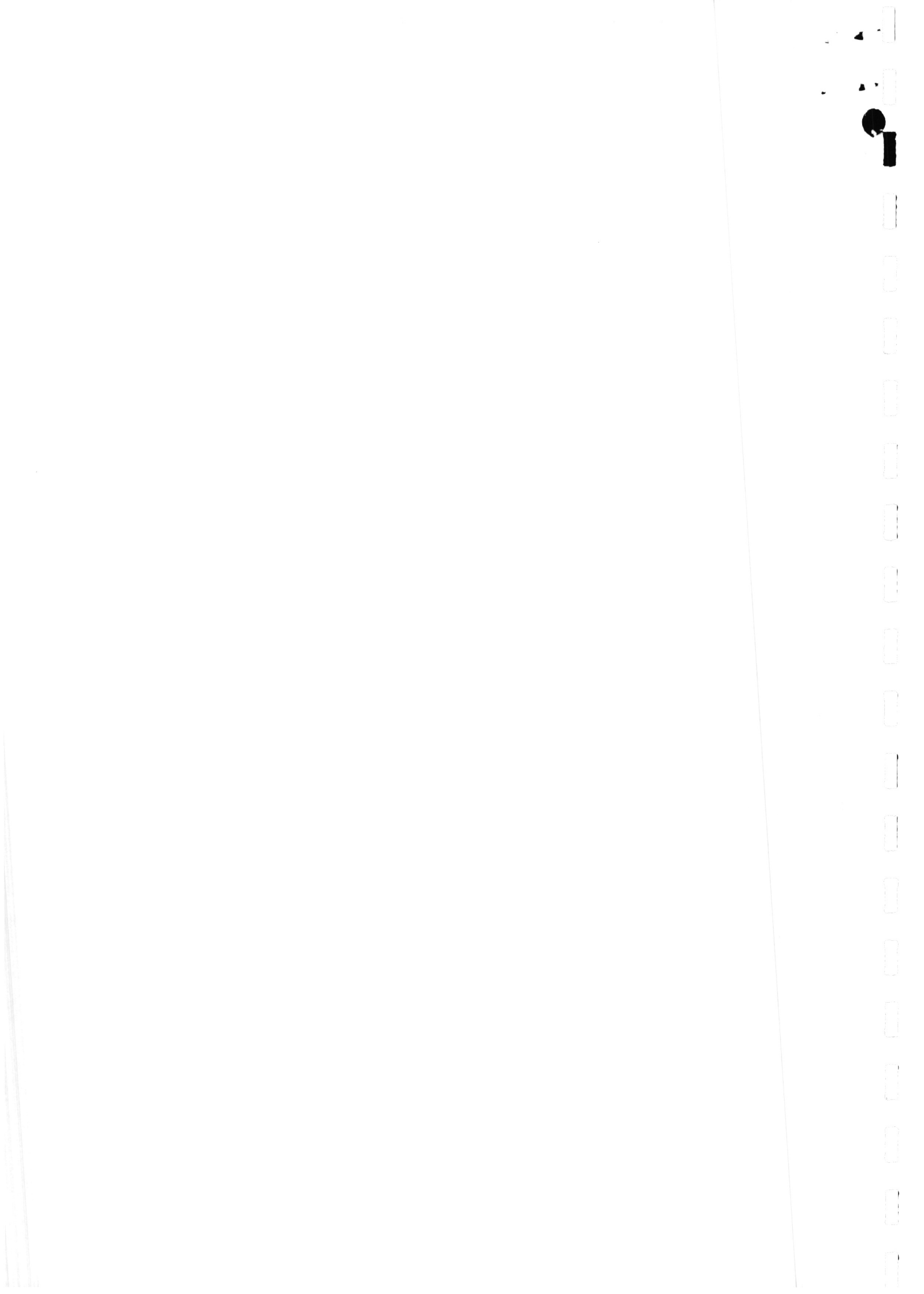
Kilifi North NG-CDF's budget for 2017/2018 financial year was Kshs 98,189,655.82 approved by the NGCDF Board in two different proposals as follows:

Proposal no	Budget
1	86,810,344.82
2	11,379,311.00
Total	98,189,655.82

This was allocated to various projects in different sectors as follows:

- First allocation

Serial	Name of Project	Amount Allocated
011/ AP1	Administration/Recurrent	5,208,620.69
011/AP2	Monitoring and Evaluation/Capacity building	2,604,310.34
011/2640200	Emergency (5% of the Fund)	4,568,965.52
011/2640510	Environmental activities	1,185,575.00
011/2640509	Sports activities	1,000,000.00
011/2640100	Bursary	21,702,586.20
011/2630204	Primary school projects	29,336,000.00
011/2630205	Secondary school projects	11,440,000.00
011/2630206	Security projects	587,259.87
011/2211311	Kilifi North Constituency Innovation Hub	4,677,027.20
011/2211310	Kilifi North NG-CDF strategic plan	4,000,000.00
011/2640507	Mkenge Social Hall	500,000.00
Total for the Financial Year		86,810,344.82



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

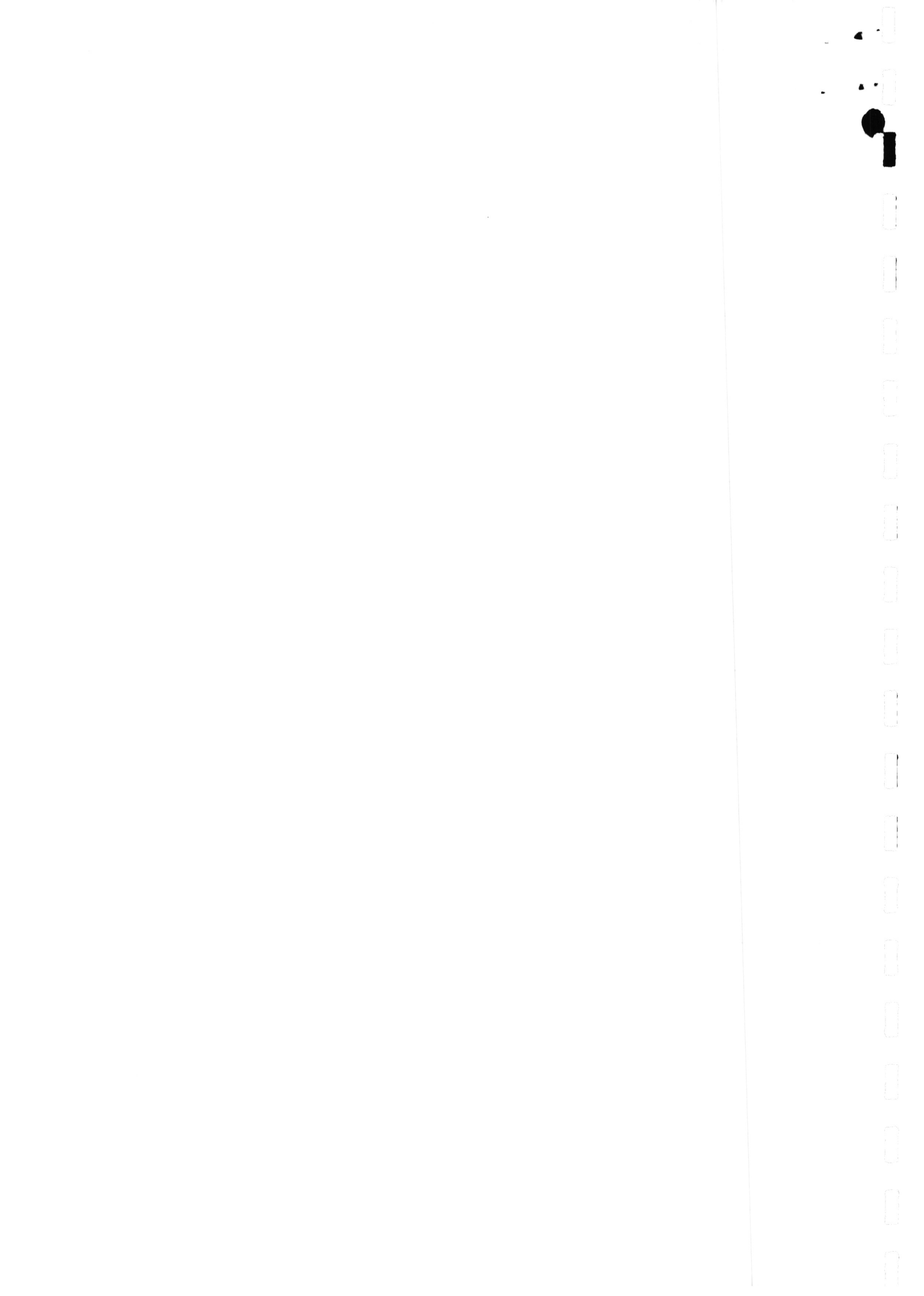
- Second allocation

Serial	Name of Project	Amount Allocated
011/ AP1	Administration/Recurrent	682,758.62
011/AP2	Monitoring and Evaluation/Capacity building	341,379.32
011/2640200	Emergency (5% of the Fund)	568,965.51
011/2630204	Primary school projects	5,386,207.55
011/2630205	Secondary school projects	4,400,000.00
Total for the Financial Year		11,379,311.00

This gives the total allocation summary in different sectors as follows:

Serial	Name of Project	Amount Allocated
011/ AP1	Administration/Recurrent	5,891,379.31
011/AP2	Monitoring and Evaluation/Capacity building	2,945,689.66
011/2640200	Emergency (5% of the Fund)	5,137,931.03
011/2640510	Environmental activities	1,185,575.00
011/2640509	Sports activities	1,000,000.00
011/2640100	Bursary	21,702,586.20
011/2630204	Primary school projects	34,722,207.55
011/2630205	Secondary school projects	15,840,000.00
011/2630206	Security projects	587,259.87
011/2211311	Kilifi North Constituency Innovation Hub	4,677,027.20
011/2211310	Kilifi North NG-CDF strategic plan	4,000,000.00
011/2640507	Mkenge Social Hall	500,000.00
Total for the Financial Year		98,189,655.82

As at 30th June 2018, Kshs **86,810,344.82** which is 88% of the total allocation for financial year 2017/2018 had been received from the NG-CDF Board as follows:



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

Date	AIE Number	Amount (Kshs)
30/01/18	A855863	5,500,000.00
21/02/18	A892770	37,905,172.00
06/06/18	A896885	43,405,172.80
TOTAL		86,810,344.82

Despite the late disbursement of funds from the NGCDF Board, more than 50% of the targeted projects for the year had been implemented as at 30th June 2017. An outstanding balance of Kshs 7,000,000.00 (Seven million) was still due from the NGCDF Board as at 30th June 2018 for two previous financial years as follows:

FINANCIAL YEAR	AMOUNT
2015/2016	4,500,000.00
2016/2017	2,500,000.00
TOTAL	7,000,000.00

Key Achievements in 2017/2018 financial year.

After implementation of projects funded in 2017/2018 financial year, the following was achieved by 30th August 2018:

Primary School projects

Project Name	Project Number	Activity	Status
Mkwajuni Primary School	4-003-011-2640510-110-2017/18-001	Construction of a greenhouse (885,575.01) and drilling of borehole (300,000.00) for Mkwajuni primary school	Ongoing
Nzombere primary school	4-003-011-2630204-104-2017/18-001	Supply of 100 desks	Complete
Majajani primary school	4-003-011-2630204-104-2017/18-002	Supply of 175 desks	New
Madevu primary school	4-003-011-2630204-104-2017/18-003	Supply of 50 desks	Complete
Kiriba primary school	4-003-011-2630204-104-2017/18-004	Supply of 37 desks	New



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

Mkwajuni primary school	4-003-011-2630204-104-2017/18-005	Supply of 50 desks	New
Takaungu primary school	4-003-011-2630204-104-2017/18-006	Supply of 176 desks	Ongoing. 100 desks delivered
Vuma primary school	4-003-011-2630204-104-2017/18-007	Supply of 80 desks	New
Timboni primary school	4-003-011-2630204-104-2017/18-008	Supply of 176 desks	Ongoing. 121 pcs delivered
Mkomani primary school	4-003-011-2630204-104-2017/18-009	Supply of 100 desks	New
Makonde primary school	4-003-011-2630204-104-2017/18-010	Supply of 40 desks	New
Mwakuhenga primary school	4-003-011-2630204-104-2017/18-011	Supply of 80 desks	Complete
Mavueni primary school	4-003-011-2630204-104-2017/18-012	Supply of 200 desks	Complete
Shaurimoyo primary school	4-003-011-2630204-104-2017/18-013	Supply of 45 desks	New
Arabuko primary school	4-003-011-2630204-104-2017/18-014	Construction of two (2) classrooms	Complete
Makonde primary school	4-003-011-2630204-104-2017/18-015	Construction of two (2) classrooms	Complete
Nzombere primary school	4-003-011-2630204-104-2017/18-016	Construction of two (2) classrooms	Complete
Mwakuhenga primary school	4-003-011-2630204-104-2017/18-017	Construction of two (2) classrooms	Complete
Timboni primary school	4-003-011-2630204-104-2017/18-018	Construction of two (2) classrooms	Complete
Sita primary school	4-003-011-2630204-104-2017/18-019	Purchase of three (3) hacles of land To provide land valuation report	Ongoing



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

Sita primary school	4-003-011-2630204-104-2017/18-020	Construction of four (2) classrooms	Complete
Sita primary school	4-003-011-2630204-104-2017/18-021	Construction of a four door (4) toilet block	Ongoing
Dongokundu primary school	4-003-011-2630204-104-2017/18-022	Construction of a foot bridge	Not started
Uyombo Maweni primary school	4-003-011-2630204-104-2017/18-023	Roofing of two (2) classrooms(Activity changed to construction of a 2 door toilet block)	Ongoing
Shaurimoyo primary school	4-003-011-2630204-104-2017/18-024	Roofing of four (4) classrooms	Complete
Mwakuhenga primary school	4-003-011-2630204-104-2017/18-025	Complete construction of two (2) classrooms (Plastering, floor work, painting and doors)	Complete
Mkombe primary school	4-003-011-2630204-104-2017/18-026	Complete construction of two (2) classrooms (Plastering, Floor work, painting, windows & doors)	Complete
Mijomboni primary school	4-003-011-2630204-104-2017/18-027	Complete renovation of an administration block (Foundation walling, super structure, plaster, floor work, windows, doors and extension of verandah)	Complete
Kararacha primary school	4-003-011-2630204-104-2017/18-028	Construction of 2 No. classrooms	Not started
Watamu primary school	4-003-011-2630204-104-2017/18-029	Construction of 1 No. classroom	Not started
Watamu primary school	4-003-011-2630204-104-2017/18-030	Construction of a 3 door toilet block	Not started
Watamu primary school	4-003-011-2630204-104-2017/18-031	Supply of 100 desks	Not started



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

Mkwajuni primary school	4-003-011-2630204-104-2017/18-032	Renovation of 1 classroom to convert it into a computer lab including electrical works, ceiling, MDF partitioning and installation of data points	Complete
-------------------------	-----------------------------------	---	----------

Secondary School Projects

Project Name	Project Number	Activity	Status
Kiwandani secondary school	4-003-011-2630205-104-2017/18-001	Construction of four (2) classrooms	Complete
Kiwandani secondary school	4-003-011-2630205-104-2017/18-002	Construction of six door (6) toilet block	Ongoing
Kiwandani secondary school	4-003-011-2630205-104-2017/18-003	Construction of an administration block	Ongoing
ACK Canon Mweri secondary	4-003-011-2630205-104-2017/18-004	Construction of a multi-purpose hall	Ongoing
St. Thomas Girls Secondary School	4-003-011-2630205-104-2017/18-005	Construction of a new Dormitory	Ongoing
Mdzongoloni Secondary School	4-003-011-2630205-104-2017/18-006	Renovation of 2 classrooms (Roofing)	Complete
Kiwandani secondary school	4-003-011-2630205-104-2017/18-007	Construction of 2 No. classrooms	Not started
Kiwandani secondary school	4-003-011-2630205-104-2017/18-008	Construction of a classroom with a store, kitchen and toilet	Complete

Security projects

Mnarani Assistant Chief's office	4-003-011-2640507-113-2017/18-001	Construction of a two door (2) toilet block	Complete
----------------------------------	-----------------------------------	---	----------



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KILIFI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Other projects

Kilifi North Constituency Innovation Hub	4-003-011-2211311-108-2017/18-001	Establishment of 4 Constituency Innovation Hub sites in partnership with the Ministry of ICT through Telkom Kenya in the following locations: Kilifi North Constituency Office, Watamu NGCDF office, Matsangoni Social Hall and Mnarani where talent lives	Not started
Kilifi North NG-CDF strategic plan	4-003-011-2211310-108-2017/18-001	Preparation of a five year (5) strategic plan for the Constituency	Ongoing

Emerging issues

Disbursement of funds from the NGCDF Board was delayed during this financial year with the first AIE of Kshs 5,500,000.00 credited into the Constituency account on 30/01/18 and the third AIE credited into the Constituency account towards the end of the financial year on 06/06/18. The 4th and last AIE of Kshs 11,379,310.35 (additional funds) was received after the close of the financial year on 12/07/2018. This has directly affected the rate of project implementation in the Constituency during the financial year.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KILIFI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Implementation challenges and recommendations

No	Challenges	Recommendations
1	Funds allocated to Constituencies are insufficient posing a challenge to project implementation. This includes funds allocated to bursary.	The CDF Board should consider disbursing more funds to Constituencies.
2	Most PMCs do not have capacity to conduct procurement procedures as required and still insist on procuring for the projects.	CDFCs should be allowed to conduct 100% procurement procedures in liaison with the County procurement officers and only allow PMCs to implement the projects as stipulated in the NG-CDF Act.
4	PMCs change project activities that require NGCDFCs to request for reallocation too often.	PMCs should be trained on project planning and implementation.
5	Most projects completed by NG-CDFCs and PMCs remain un utilised because other government agencies do not come in to hire staff or put medical facilities	There is need to ensure proper consultation with the relevant government department to encourage them put the necessary staff and facilities

KILIFI NORTH NG-CDF
P.O. Box 1857 - 80103
Date:

Chairman NG-CDF Committee

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 - KILIFI NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kilifi North Constituency set out on pages 13 to 46 which comprise the statement of financial assets and liabilities as at 30 June 2018, and statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Kilifi 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 and comply with the National Government Constituencies Development Fund Act No. 30 of 2015.

Basis for Qualified Opinion

1.0. Bank Reconciliation Statements

The statement of financial assets as at 30 June 2018 reflects bank balances of Kshs.35,202,776. However, the following anomalies were noted:

1.1 Stale Cheques

Excluded from the cash and bank balances of Kshs.35,202,776 as at 30 June are stales cheques amounting to Kshs.38,000 as detailed below:

Date	Payee	Cheque No.	Amount Kshs
16/01/2018	St. Mary's Mumias School	3732	5,000
16/01/2018	Tawheed Girls	3733	5,000
16/01/2018	Lutsangani Sec school	3745	5,000
16/01/2018	Ngomeni Secondary school	3770	5,000
26/02/2018	Moi Girls Secondary School	3914	13,000
08/03/2018	Asumbi Girls secondary school	4027	5,000
	Total		38,000

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

These stale cheques had not been reversed into the cash book as at the time of this audit. The management has not provided an explanation why the same had not been reversed in the cash book.

As a result, the validity, accuracy and completeness of bank balance of Kshs.35,202,776 at 30 June 2018 could not be confirmed.

1.2 Bank Charges

Note 10A to the financial statements for the year ended 30 June 2018 reflects bank balances of Kshs.35,202,776. However, reconciliation statements availed for audit revealed bank charges of Kshs.40,090.35 that were indicated as reconciling item (payments in bank statement not credited to cashbook) resulting to understatement of the cashbook balance as at 30 June 2018.

Consequently, the validity, accuracy and completeness of the bank balances of Kshs.35,202,776 as at 30 June 2018 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Kilifi North 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 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 matter described in the Basis for Qualified Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0. Budgetary Controls and Performance

1.1 Revenue Budget

During the year under review, the National Government Constituencies Development Fund – Kilifi North Constituency had a final budget of Kshs.115,715,565 against actual receipts of Kshs.97,455,254 (Comprised of opening cash balances - Kshs.10,525,909; transfers from Board - Kshs.86,810,344; other receipts-Kshs.119,000) resulting to a shortfall of Kshs.18,260,311 representing 16% of total budgeted amounts as detailed below:

Vote Item	Final Budget (Kshs)	Actual Receipt (Kshs)	Over Absorption (Kshs)	Under Absorption (Kshs)	% Over/Under Absorption
Transfers from NG-CDF Board	115,715,565	97,336,254		18,379,311	(16%)
Other receipts		119,000	119,000		100%
Total	115,715,565	97,455,254	119,000	18,379,311	16%

Scrutiny of the budget also revealed that the entity did not budget on receipts from sale of tender. No explanation or justification was obtained for failure to budget for this receipts.

1.2 Expenditure Budget

During the year under review, the National Government Constituencies Development Fund – Kilifi North Constituency had a final budget of Kshs.115,715,565 against actual expenditure of Kshs.62,252,477, resulting to an under absorption of Kshs.53,463,088 or 46 % as summarized below:

Receipt/ Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Under Absorption in Kshs.	% of Utilization	Under Absorption - %
Compensation of Employees	4,241,820.69	2,804,927.00	1,436,893.69	66	34
Use of goods and services	7,885,417.83	7,274,209.35	611,208.48	92	8
Transfers to Other Government Units	55,062,207.56	36,345,000.00	18,717,207.56	66	34
Other grants and transfers	38,986,794.07	15,828,341.00	23,158,453.07	41	59
Acquisition of Assets	362,297.45	-	362,297.45	0	100
Other Payments	9,177,027.20	-	9,177,027.20	0	100
Total	115,715,564.80	62,252,477.35	53,463,087.45	54	46

The management attributed the under absorption to delay in fund disbursements from the Board. There is need therefore, for the Fund management and the Board to ensure quick disbursement of the funds so that all planned and budgeted for projects and activities can be implemented in time for the benefit of the residents of Kilifi North Constituency.

2 Project Implementation Status

The project status report availed for audit review indicated that a total of Kshs.61,512,070 was allocated for forty-six (46) projects. Further, out of forty-six (46) projects, ten (10) projects with total allocation of Kshs.5,782,989 were on-going while one (1) project with allocation of Kshs.1,500,000 had not started as detailed below:

Item No.	Project Name	Project Description/Activities	Allocation Kshs.	Current Status
1.	Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	896,482.70	Ongoing
2.	Committee expenses	Payment of committee sitting allowances, transport and conference costs	854,000.00	Ongoing

3.	CDFC / PMC Capacity building	Training CDFCs / PMCs on CDF related issues	853,827.64	Ongoing
4.	Environmental Projects	Construction of a greenhouse (885,575.01) and drilling of borehole (300,000.00) for Mkwajuni primary school	1,185,575.00	Ongoing
5.	Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	300,000.00	Ongoing
6.	Committee expenses	Payment of committee sitting allowances, transport and conference costs	382,758.62	Ongoing
7.	Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	100,000.00	Ongoing
8.	Committee expenses	Payment of committee sitting allowances, transport and conference costs	241,379.32	Ongoing
9.	Emergency	Prepare for any unforeseen occurrence in the constituency during the financial year	568,965.51	Ongoing
10.	Watamu primary	Supply of 100 desks	400,000.00	Ongoing
	Sub Total On-going Projects		5,782,989.00	
11.	Dongo Kundu Primary	Construction of a foot bridge	1,500,000.00	Not started
	Sub Total Not Started		1,500,000.00	
	Grand Total		7,282,989.00	

From the above analysis, the budget was not fully implemented as envisaged. The slow and lack of completion of projects may impact negatively on delivery of goods and services to the residents of Kilifi North Constituency.

3 Project Inspection

During the year under review, six (6) projects with a total allocation of Kshs.6,985,575 were visited for verification in the month of February, 2019 and the following status of affairs of the specific projects were observed:-

Item No	Project	Allocation Kshs.	Status as per Project Status Report	Auditors Observations
1.	Sita Primary School – Construction of 2 Classrooms	2,400,000	Complete	Project was observed to have been completed. Red oxide left out when finishing floor. Project undertaken and completed on land whose ownership is yet to be transferred and whose payments are yet to be made to the seller of the land. School yet to be occupied by students. No teachers at the school.
2.	Sita Primary School- Construction of four (4) door Toilet Block	800,000	Complete	Project was observed to be complete. However, gutters amounting to Kshs.84,000 provided for in the Bill of Quantity were not fitted. Windows provided for in the bill of quantity worth Kshs.60,000 not fitted. Project undertaken on land whose ownership is yet to be transferred to Sita Primary school and whose payment is yet to be made to the seller of the land.
3.	Uyombo Maweni Primary School – Construction of Toilet Block	500,000	Complete	UPVC Pipe and windows worth Kshs.125,000 not fixed although provided for in the Bill of Quantity. Red oxide left out when finishing floor
4.	Mkwajuni Primary School – Construction of Greenhouse and drilling of borehole	1,185,575	Ongoing	Project observed to be substantially complete though it has delayed in completion.
5.	Kiwandani Secondary School- Administration block	2,100,000	Complete	Completed and in use - however 5 ceiling fans and wiring not done
	Total	6,985,575		

Lack of proper supervision by the CDF Committee has led to poor workmanship to the detriment of the welfare of the Kilifi North constituents. There is need, therefore, to ensure that all projects are properly supervised to ensure satisfactory completion of the projects.

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. Transfers to Other Government Entities

1.1 Acquisition of Land

Note 6 to the financial statements for the year ended 30 June 2018 reflects transfers to primary schools of Kshs.24,905,000. Included in this amount is Kshs.4,000,000 transferred to Project Management Committee (PMC) for Sita Primary school for purchase of 3 acres of land. However, review of the PMC meeting minutes' file revealed that the seller of land acquired, and for which a sale agreement had been signed by all parties, was not identified and selected through a competitive procurement process contrary to regulation 115 (1) of the Public Finance Management (National Government) Regulations, 2015, that requires all purchases be procured in accordance with the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the Project Management Committee was in breach of the law.

1.2 Re-allocation Not Approved

Note 6 to the financial statements for the year ended 30 June 2018 reflects transfers to primary schools of Kshs.24,905,000. Included in this amount, is transfer to Uyombo Maweni Primary School of Kshs.500,000 for roofing of 2 classrooms. However, the Project Management Committee (PMC) changed/ re-allocated the project activity to construction of a toilet block. The change (re-allocation) of project activity was not approved by the National Government Constituencies Development Fund Board, contrary to Section 6 (2) of the National Government Constituencies Development Fund Act, 2015 which requires re-allocations be approved by the Board.

Consequently, the Project Management Committee was in breach of the law.

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

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis for [Conclusion on Effectiveness of Internal Controls, Risk Management and Governance/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 ability of the Fund to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to 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 Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the Fund's 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 Fund's 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 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:

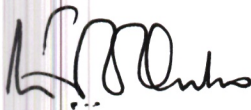
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituencies Development Fund – Kilifi North Constituency 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 National Government Constituencies Development Fund – Kilifi North 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

16 April 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KILIFI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')


IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	86,810,345	145,735,973
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	119,000	0
TOTAL RECEIPTS		86,929,345	145,735,973
PAYMENTS			
Compensation of employees	4	2,804,927	2,965,540
Use of goods and services	5	7,274,209	10,621,361
Transfers to Other Government Units	6	36,345,000	83,280,035
Other grants and transfers	7	15,828,341	57,153,414
Acquisition of Assets	8	0	0
Other Payments	9	0	0
TOTAL PAYMENTS		62,252,477	154,020,350
SURPLUS/DEFICIT		24,676,868	(8,284,377)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Kilifi North Constituency financial statements were approved on 8/2 2019 and signed by:


KILIFI NORTH NG - CDF
P.O. Box 1852 - 80108
KILIFI
Sign:.....

Fund Account Manager
Name: Yaye Shosi


Sub-County Accountant
Name: Dume Janji Mwalewa
ICPAK Member Number: 5329




V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2017-2018 Kshs	2016-2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	35,202,776	10,525,909
Cash Balances (cash at hand)	10B	0	0
Total Cash and Cash Equivalents		35,202,776	10,525,909
Accounts Receivables - Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		35,202,776	10,525,909
FINANCIAL LIABILITIES			
Accounts Payable - Retention	12	0	0
Net Financial Assets		35,202,776	10,525,909
REPRESENTED BY			
Fund balance b/fwd 1st July....	13	10,525,909	18,810,287
Surplus/Deficit for the year		24,676,867	(8,284,378)
Prior year adjustments	14	0	0
NET FINANCIAL POSITION		35,202,776	10,525,909

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Kilifi North Constituency financial statements were approved on 8/3/2019 and signed by:




Fund Account Manager
 Name: Yaye Shosi


 Sub-County Accountant
 Name: Dume Janji Mwalewa
 ICPAK Member Number: 5329



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KILIFI NORTH CONSTITUENCY

Reports and Financial Statements

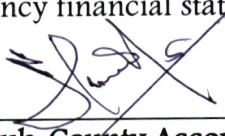
For the year ended June 30, 2018 (Kshs')

VI STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from CDF Board	1	86,810,345	145,735,973
Other Receipts	3	119,000	-
Total		<u>86,929,345</u>	<u>145,735,973</u>
Payments for operating expenses			
Compensation of Employees	4	2,804,927	2,965,540
Use of goods and services	5	7,274,209	10,621,361
Transfers to Other Government Units	6	36,345,000	83,280,036
Other grants and transfers	7	15,828,341	57,153,414
Other Payments	9	0	0
		<u>62,252,477</u>	<u>154,020,351</u>
Adjusted for:			
Adjustments during the year	14	0	0
Net cash flow from operating activities		24,676,867	(8,284,378)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	0	0
Net cash flows from Investing Activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		24,676,867	(8,284,378)
Cash and cash equivalent at BEGINNING of the year	13	10,525,909	18,810,287
Cash and cash equivalent at END of the year	10A	35,202,776	10,525,909

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Kilifi North Constituency financial statements were approved on 8/31 2019 and signed by:


Fund Account Manager
Name: Yaye Shosi


Sub-County Accountant
Name: Dume Janji Mwalewa
ICPAK Member Number: 5329



VII SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,345	28,905,220	115,715,565	97,336,254	18,379,311	84
Proceeds from Sale of Assets	0	0	0	0	0	0
Other Receipts		0	0	119,000	119,000	100
PAYMENTS						
Compensation of Employees	2,508,621	1,733,200	4,241,821	2,804,927	1,436,894	66
Use of goods and services	5,304,310	2,581,107	7,885,418	7,274,209	611,208	92
Transfers to Other Government Units	40,776,000	14,286,208	55,062,208	36,345,000	18,717,208	66
Other grants and transfers	29,044,387	9,942,408	38,986,794	15,828,341	23,158,453	41
Acquisition of Assets	0	362,297	362,297	0	362,297	0
Other payments	9,177,027	0	9,177,027	0	9,177,027	0
TOTALS	86,810,345	28,905,220	115,715,565	62,252,477	53,463,087	54



For the year ended June 30, 2018 (Kshs')

The Percentage of utilisation of 54% is attributed to the late receipt of AIEs for the financial year. The AIEs for the year were received in different dates as follows:

Date	AIE Number	Amount (Kshs)
30/01/18	A855863	5,500,000
21/02/18	A892770	37,905,172
06/06/18	A896885	43,405,173
12/07/18		11,379,310

The third AIE was received towards the end of the financial year while the fourth AIE had not been received by 30th June 2018. This has contributed to the overall underutilisation of funds by 30th June 2018.

If we consider actual utilisation of the budget without regarding the additional funds (11,379,311.00) and the balance brought forward on 30/06/2017(10,525,909.00), the percentage of utilisation would be 70% as follows:

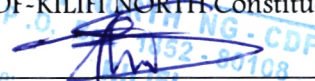
Description	Amount
Original Budget (a)	86,810,345
Adjustments (b)	0
Final budget(c) =a + b	86,810,345
Actual on Comparable Basis (d)	62,093,388
Budget Utilisation Difference (e) = c-d	24,716,957
% of Utilisation	70%

The changes between the original and final budget are as a result of adjustments tabulated in column b of the summary statement of appropriation table derived as follows:

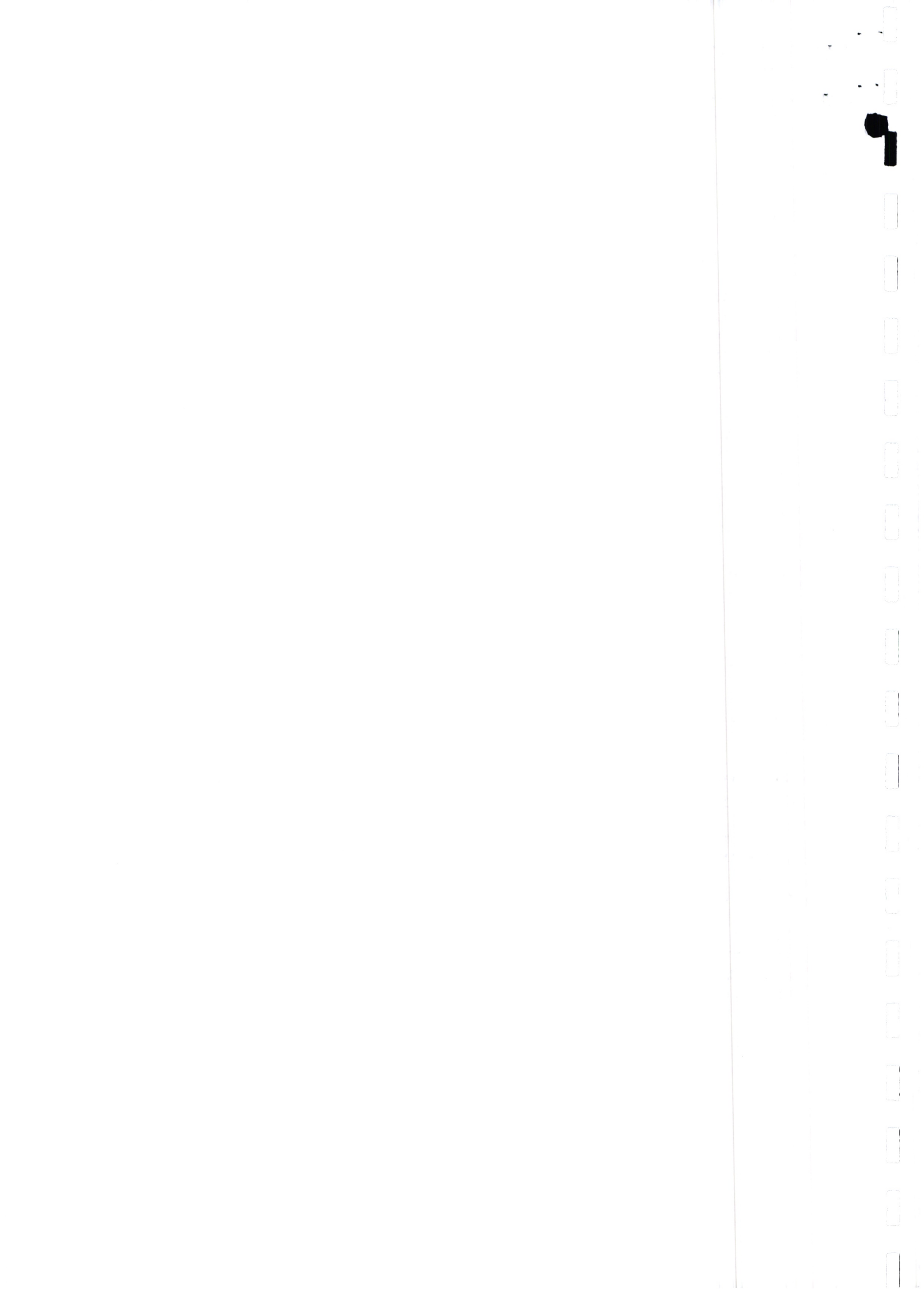
Element	Description	Amount (Kshs)
1	Additional budget for 2017/2018 financial year	11,379,311
2	Cash book balance as at 30/06/2017	10,525,909
3	Total amount owing to the Constituency from the NGCDF Board as at 30/6/18	7,000,000
	Total	28,905,220

The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined agrees to the amounts reported in the Statement of Receipts and Payments. (Kshs 62,252,477)

The NGCDF-KILIFI NORTH Constituency financial statements were approved on 8/3/ 2019 and signed by:


Fund Account Manager
 Name: Yaye Shosi


Sub-County Accountant
 Name: Dume Janji Mwalewa, ICPAK Member Number: 5329



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KILIFI
NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

VIII SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-KILIFI NORTH Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government.

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) –
KILIFI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)**

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) –
KILIFI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)**

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Funds

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



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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KILIFI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

IX NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	Description	AIE NO.	2017-2018	2016 - 2017
			Kshs	Kshs
1330407	NGCDF Board	A825932		59,339,421
		A829605		4,094,828
		A855122		36,853,450
		A839567		7,000,000
		A855674		38,448,275
		A855863	5,500,000	
		A892770	37,905,172	
		A896885	43,405,173	
1330408	Conditional grants	0	0	0
		0	0	0
1330409	Receipt from other Constituency	0	0	0
	TOTAL		86,810,345	145,735,974

3 OTHER RECEIPTS

	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
	Sale of tender documents	119,000	0
	Total	119,000	0



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 COMPENSATION OF EMPLOYEES

2110000	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,545,378	2,169,337
2110202	Basic wages of casual labour	254,950	0
	Personal allowances paid as part of salary		
2110301	House allowance	0	0
2110314	Transport allowance	0	0
2110320	Leave allowance	0	0
2110326	Other personnel payments	0	0
2710120	Gratuity	993,600	783,003
	Employee NSSF contribution	11,000	13,200
	Total	2,804,928	2,965,540

5 USE OF GOODS AND SERVICES

2200000	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2210802	Committee allowances	1,951,309	1,970,777
2210809	Other committee expenses	1,990,666	1,164,981
2210100	Utilities, supplies and services	138,648	5,822,603
2210104	Office rent	125,000	300,000
2210200	Communication, supplies and services	0	0
2210300	Domestic travel and subsistence	0	
2210500	Printing, advertising and information supplies & services	0	0
2210600	Rentals of produced assets	0	0



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

2210700	Training expenses	853,827	1,363,000
2210800	Hospitality supplies and services	52,450	0
2210900	Insurance costs	165,174	0
2211000	Specialised materials and services	0	0
2211100	Office and general supplies and services	47,000	0
2211200	Fuel ,oil & lubricants	186,565	0
2211300	Other operating expenses	1,558,144	0
2220100	Routine maintenance – vehicles and other transport equipment	63,600	0
2220200	Routine maintenance – other assets	141,826	0
	Total	7,274,209	10,621,361

6 TRANSFERS TO OTHER GOVERNMENT ENTITIES

2630200	Description	2017 - 2018	2016- 2017
		Kshs	Kshs
2630204	Transfers to primary schools	24,905,000	55,192,526
2630205	Transfers to secondary schools	11,440,000	25,087,510
2630206	Transfers to Tertiary institutions	0	0
2630207	Transfers to Health institutions	0	3,000,000
	TOTAL	36,345,000	83,280,036



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KILIFI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 OTHER GRANTS AND OTHER PAYMENTS

2640000	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2640101	Bursary -Secondary	6,433,542	12,635,245
2640102	Bursary -Tertiary	1,854,000	13,254,500
2640104	Bursary-Special schools	0	0
2640105	Mocks & CAT	0	0
2640504	Water	0	2,000,000
2640505	Agriculture (food security)	0	0
2640506	Electricity projects	0	0
2640507	Security	587,260	9,900,000
2640508	Roads	0	6,500,000
2640509	Sports	465,000	1,787,931
2640510	Environment	1,419,574	2,480,911
2640511	Resource centres and Social Halls	500,000	4,500,000
2640200	Emergency Projects (specify)	4,568,965	4,094,827
	Total	15,828,341	57,153,414



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 ACQUISITION OF ASSETS

	<u>Non Financial Assets</u>	2017- 2018	2018- 2019
		Kshs	Kshs
3110102	Purchase of Buildings	0	0
3110202	Construction of Buildings	0	0
3110302	Refurbishment of Buildings	0	0
3110701	Purchase of Vehicles	0	0
3110704	Purchase of Bicycles & Motorcycles	0	0
3110801	Overhaul of Vehicles	0	0
3111001	Purchase of Office furniture and fittings	0	0
3111009	Purchase of other office equipment	0	0
		0	0
	Total	0	0



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KILIFI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
TIVET	0	0
	0	0

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017 - 2018	2016 - 2017
	Kshs (30/6/2018)	Kshs (30/6/2017)
<i>Cooperative Bank, Kilifi Branch A/C no.01141466629200</i>	35,202,776	10,525,909
Total	35,202,776	10,525,909

13 BALANCES BROUGHT FORWARD

	2017 - 2018	2016 - 2017
	Kshs (1//7/2017)	Kshs (1//7/2016)
Bank accounts	10,525,909	18,810,287
Cash in hand	0	0
Imprest	0	0
Total	10,525,909	18,810,287

14 PRIOR YEAR ADJUSTMENTS

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

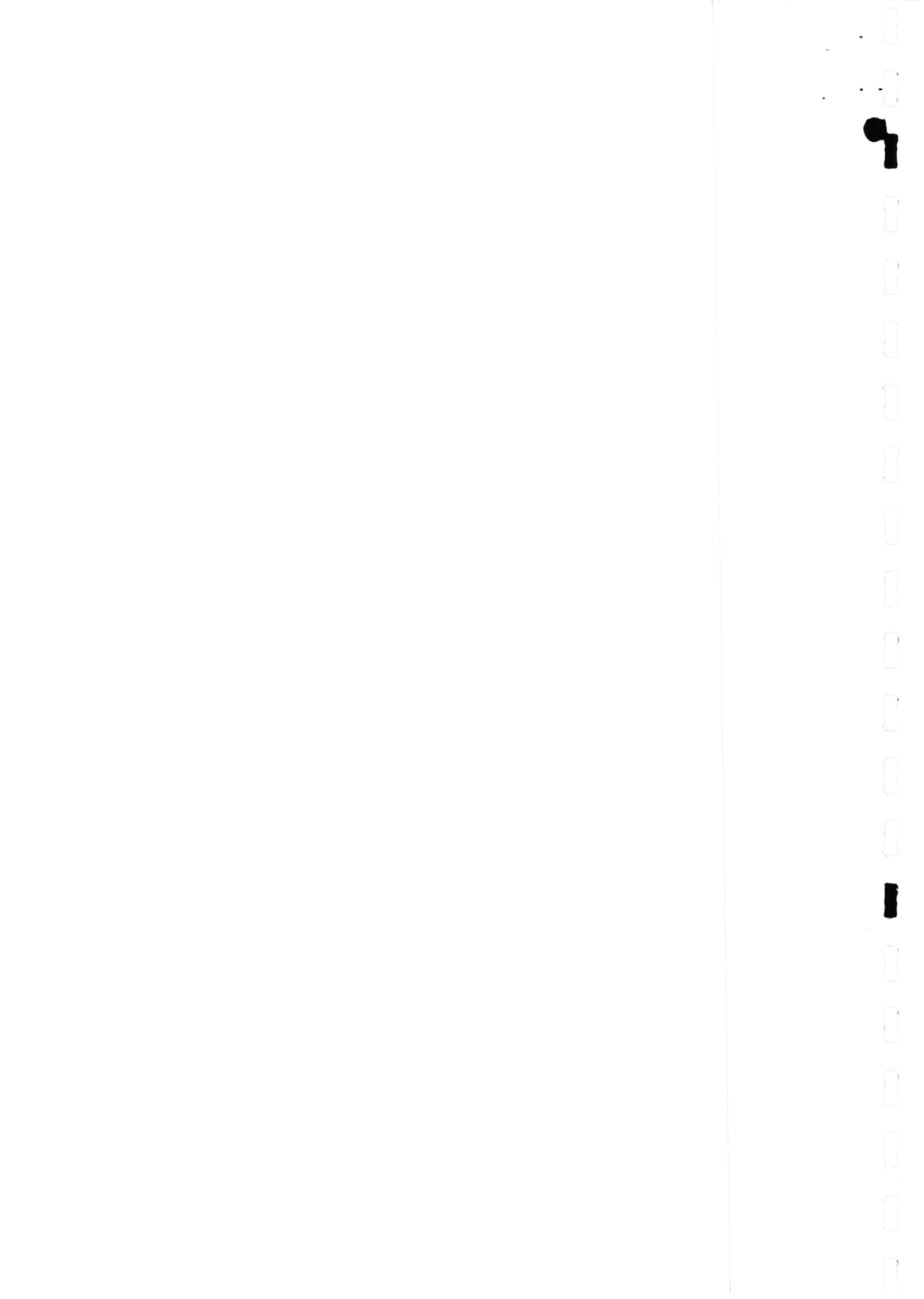


**Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')**

15. OTHER IMPORTANT DISCLOSURES

15.1: UNUTILIZED FUNDS (Annex 1)

	2017/18	2016/17
Compensation of employees	1,404,335	1,045,031
Use of goods and services	1,801,862	3,989,646
Amounts due to other Government entities (see attached list)	4,111,000	11,182,550
Amounts due to other grants and other transfers (see attached list)	17,737,586	1,308,683
Acquisition of assets	0	0
Others (<i>specify</i>)	10,147,993	0
	<u>35,202,776</u>	<u>17,525,910</u>



Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')

Annex 1 – UNUTILISED FUNDS

Name	Brief Transaction description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		1,404,335		Ongoing project
Use of goods & services		1,727,295	7,016	Ongoing project
Committee Expenses		67,552		Ongoing project
Sub-Total		3,199,182	7,016	
Amounts due to other Government entities				
Nzombere Primary School	Supply of 100 desks	198,000		Project was ongoing as at 30th June 2018
Majajani Primary School	Supply of 175 desks	700,000		Project was ongoing as at 30th June 2018
Kiriba Primary School	Supply of 37 desks	147,500		Project was ongoing as at 30th June 2018
Mkwajuni Primary School	Supply of 50 desks	197,500		Project was ongoing as at 30th June 2018
Takaungu Primary School	Supply of 176 desks	304,000		Project was ongoing as at 30th June 2018



**Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')**

				Project was ongoing as at 30th June 2018
Vuma Primary School	Supply of 80 desks	320,000		
				Project was ongoing as at 30th June 2018
Timboni Primary School	Supply of 176 desks	704,000		
				Project was ongoing as at 30th June 2018
Mkomani Primary School	Supply of 100 desks	400,000		
				Project was ongoing as at 30th June 2018
Makonde Primary School	Supply of 40 desks	160,000		
				Project was ongoing as at 30th June 2018
Mavueni Primary School	Supply of 200 desks	800,000		
				Project was ongoing as at 30th June 2018
Shaurimoyo Primary School	Supply of 45 desks	180,000		
Sub-Total		4,111,000		
Amounts due to other grants and other transfers				
	Organising Constituency Sports Tournament in football, roller- skating and athletics where winning teams in the Constituency shall be awarded with Trophies,			Project was ongoing as at 30th June 2018
Kilifi North Sports Tournament		535,000		



Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')

	Balls, Jerseys and sport kits.			
	Payment of bursary to needy students in secondary schools	10,702,586		
Bursary for Secondary Schools				
	Payment of bursary to needy students in Tertiary Institutions	6,500,000		
Bursary for Tertiary Institutions				
	Sub-Total	17,737,586		
Others (specify)				
	Establishment of 4 Constituency Innovation Hub sites in partnership with the Ministry of ICT through Telkom Kenya in the following locations: Kilifi North Constituency Office, Watamu NGCDF office, Matsangoni Social Hall and Mnarani where talent lives	4,647,993		Project had not started by 30th June 2018
Kilifi North Constituency Innovation Hub				
	Preparation of a five (5) year strategic plan for the Constituency	4,000,000		Project was ongoing as at 30th June 2018
Kilifi North NGCDF Strategic Plan				
			1,500,000	The project will be re-allocated
Kilifi North Mitihani Centre				
	Sub-Total	8,647,993	1,500,000	
	Grand Total	33,695,761	1,507,016	35,202,777



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	0	0	0	0
Buildings and structures	4,500,000	0	0	4,500,000
Transport equipment	6,500,000	0	0	6,500,000
Office equipment, furniture and fittings	4,480,957	0	0	4,480,957
ICT Equipment, Software and Other ICT Assets	178,200	0	0	178,200
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	15,659,157	0	0	15,659,157



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Arabuko Primary School	COOPERATIVE	01109779275000	1,399,506	
Makonde Primary School	COOPERATIVE	01109779266700	2,400,000	
Nzombere Primary School	COOPERATIVE	01109779267700	2,448,000	
Mwakuhenga Primary School	COOPERATIVE	01109779266300	6,400,500	
Timboni Primary School	COOPERATIVE	01109779268800	2,400,000	
Sita Primary School	COOPERATIVE	01109779271000	2,400,000	
Sita Primary School	COOPERATIVE	01109779271001	800,000	
Sita Primary School	COOPERATIVE	01109779271002	3,899,780	
Dongo Kundu Primary School	COOPERATIVE	01109779271002	1,499,863	
Uyombo Maweni Primary School	COOPERATIVE	01109779266600	499,863	
Shaurimoyo Primary School	COOPERATIVE	01109779268900	2,000,000	
Mwakuhenga Primary School	COOPERATIVE	01109691878500		801,600
Mkombe Primary School	COOPERATIVE	01109691659300		2,000,000
Mijomboni Primary School	COOPERATIVE	01109691508800		37,975
Kiwandani Secondary School	COOPERATIVE	01109779207100	779,505	



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Kiwandani Secondary School	COOPERATIVE	01109779207101	794,230	
Kiwandani Secondary School	COOPERATIVE	01109779207102	1,199,890	
Ack Canon Mweri Secondary School	COOPERATIVE	01109779265500	1,349,230	
St, Thomas Girls Secondary School	COOPERATIVE	01109779265300	49,423	
Mdzongoloni Secondary School	COOPERATIVE	01109779272900	30	
Mnarani Assistant Chief's Office	COOPERATIVE	01109691888000	2,460	
TOTAL			30,322,278	2,839,575

2

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p>Bank Balances</p> <p>The statement of financial assets as at 30 June 2017 reflects a bank balance of Kshs. 10,525,909.00. However, bank reconciliation statement presented for audit review reflected un-presented cheques amounting to Kshs. 6,794,341.00, out of which Kshs. 263,000 were stale and not reversed in cash book as at 30 June 2017. Further, bank charges of Kshs. 1,319.95 were included in the bank reconciliation statement instead of being expensed in these financial statements.</p>	<p>The stale cheques had been replaced or reversed as at the time of audit in May 2018. Kshs 343,000.00 appeared as un-presented stale cheques as at 30th March 2018 as reflected in the bank reconciliation statement for March 2018. However, in a minuted resolution dated 17/04/18 the NGCDFC members resolved to reverse and replace these cheques to benefit other needy students. The reversal and replacement was effected and has been captured in the bank reconciliation statement for April 2018 (Appendix 1). Copies of NGCDFC minutes dated 17/04/18 and the relevant cash book extract have been attached herein. (Appendix 2 and 3). The NGCDFC will ensure that stale cheques are reversed or replaced as soon as they become</p>	Fund Account Manager	Resolved	



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																											
		stale in future.																														
	Other Key Audit Matters																															
1.0	Budgetary Controls and Performance																															
	<p>During the year under review, the Fund had budgeted to spend Kshs 171,546,260 on its various activities but actually spent Kshs 154,020,351, resulting in an under absorption of Kshs 17,525,910 or approximately 10% as summarized below:</p> <table border="1"> <thead> <tr> <th>Vote Item</th> <th>Final Budget (Kshs)</th> <th>Actual on Comparable Basis (Kshs)</th> <th>Budget Under Utilization (Kshs)</th> <th>Budget Over Utilization (Kshs)</th> <th>Under Absorption %</th> </tr> </thead> <tbody> <tr> <td>Compensation of Employees</td> <td>4,010,570</td> <td>2,965,539</td> <td>1,045,030.50</td> <td></td> <td>26%</td> </tr> </tbody> </table>	Vote Item	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Under Utilization (Kshs)	Budget Over Utilization (Kshs)	Under Absorption %	Compensation of Employees	4,010,570	2,965,539	1,045,030.50		26%	<p>The Fund had a revenue budget of Kshs 81,896,551.72 in 2016/2017 financial year. Total AIEs received during that financial year was Kshs 145,735,97 which also included a total of Kshs 66,339,421.00 for the previous financial year 2015/2016 as follows:</p> <table border="1"> <thead> <tr> <th>DATE</th> <th>AIE NO</th> <th>TOTAL FOR 2015/2016</th> <th>TOTAL FOR 2016/2017</th> </tr> </thead> <tbody> <tr> <td>19.09.16</td> <td>A825932</td> <td>59,339,421</td> <td></td> </tr> <tr> <td>04.10.16</td> <td>A829605</td> <td></td> <td>4,094,827.60</td> </tr> <tr> <td>14.12.16</td> <td>A855122</td> <td></td> <td>36,853,449.00</td> </tr> </tbody> </table>	DATE	AIE NO	TOTAL FOR 2015/2016	TOTAL FOR 2016/2017	19.09.16	A825932	59,339,421		04.10.16	A829605		4,094,827.60	14.12.16	A855122		36,853,449.00	Fund Account Manager	
Vote Item	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Under Utilization (Kshs)	Budget Over Utilization (Kshs)	Under Absorption %																											
Compensation of Employees	4,010,570	2,965,539	1,045,030.50		26%																											
DATE	AIE NO	TOTAL FOR 2015/2016	TOTAL FOR 2016/2017																													
19.09.16	A825932	59,339,421																														
04.10.16	A829605		4,094,827.60																													
14.12.16	A855122		36,853,449.00																													



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Referen ce No. on the externa l audit Report	Issue / Observations from Auditor						Management comments				Focal Point person to resolve the issue (Name and designatio n)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)			
	Use of goods and services	14,611,007.15	10,621,361.45	3,989,645.70		27%	09.11.16	A839567	7,000,000							
	Transfers to Other Government Units	94,462,585.48	83,280,035.48	11,182,550		12%	08.03.17	A855674		38,448,275.10						
	Other grants and transfers	58,462,097.61	57,153,414.36	1,308,683.25		2%	TOTAL		66,339,421	79,396,551.70	145,735,972					
	TOTALS	171,546,258	154,020,350	17,525,909		10%	<p>Hence the percentage of budget realization for a specific financial year will be as shown in table 1 (Attached)</p> <p>The budget for 15/16 financial year was Kshs 140,839,421.43 and the AIEs received within that financial year by 30th June 2016 amounted to only Kshs 70,000,000.00. A balance of Kshs 66,339,421.00 was received within the financial year 2016/2017 and the remaining balance of Kshs 4,500,000.00 is yet to be disbursed by the NGCDF Board at the time of audit. A summary of the revenue budget and AIEs received for 2015/2016 financial year is shown in table 2 (Attached)</p>									
	<p>From the above analysis, there was an under absorption of Kshs. 17,525,909 (10%). The underutilization of the budget implies development projects earmarked for implementation were not undertaken which affects delivery of goods and services to the citizens of the Constituency.</p>															



**Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>The expenditure budget for 2016/2017 financial year was Kshs 81,896,551.72. To get the actual budget utilization percentage within the financial year, it is necessary to consider not only the budget for 2016/2017, but also the budgets indicated in table 3 (Attached)</p> <p>Hence the total expenditure of Kshs 154,020,350 in 2016/2017 financial year is an expenditure utilised from the final budget of Kshs 171,546,259.00 and not from the Kshs 81,896,551.72 alone. The % of budget utilization therefore is $(154,020,350 / 171,546,259) \times 100$ which equals to 90% as summarized in table 4 (Attached)</p>			
2.0	<p>Project Implementation</p> <p>The project status report availed for audit review indicated that a total of Kshs. 81,896,552 was allocated for forty-eight (48) projects. Further, out of the forty-eight (48) projects, eight (8) projects</p>	<p>The status for all statutory allocations including administration and recurrent expenditure, monitoring, evaluation and capacity building (Number 1 to 8 above) is presented as “ongoing” due to the nature of the votes. Implementation</p>	Fund Account Manager		



**Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																
	<p>with total allocation of Kshs. 7,371,690 were ongoing while two (2) projects with an allocation of Kshs 8,000,000 had not started as detailed below:</p> <table border="1" data-bbox="338 730 1003 1369"> <thead> <tr> <th>Project Name</th> <th>Projects Description /Activities</th> <th>Allocation Kshs</th> <th>Current Status</th> </tr> </thead> <tbody> <tr> <td>Employee salary</td> <td>Payment of staff salaries and gratuity</td> <td>2,200,000.00</td> <td>Ongoing</td> </tr> <tr> <td>Goods and services</td> <td>Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence</td> <td>1,202,793.10</td> <td>Ongoing</td> </tr> <tr> <td>Purchase of furniture /</td> <td>Purchase of office furniture and equipment (8 No. file cabinets @</td> <td>500,000.00</td> <td>Ongoing</td> </tr> </tbody> </table>	Project Name	Projects Description /Activities	Allocation Kshs	Current Status	Employee salary	Payment of staff salaries and gratuity	2,200,000.00	Ongoing	Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	1,202,793.10	Ongoing	Purchase of furniture /	Purchase of office furniture and equipment (8 No. file cabinets @	500,000.00	Ongoing	<p>of these allocations and/or votes is continuous.</p> <ul style="list-style-type: none"> Gede Primary Kshs 6,500,000.00 <p>Kshs 6,500,000.00 was approved by the NGCDF Board for purchase of a 32-seater bus Gede primary school in 2016/2017 financial year through project code number 4-003-011-2630204-104-2016/17-021. When the new NGCDF Committee took over from the previous committee, they received a number of new project proposals during the ward forums across the 7 wards conducted in January 2018. As a result, they felt that it was more urgent to implement construction projects in schools with poor infrastructure than purchase a school bus for a primary school.</p> <p>In a minuted resolution dated 17/04/2018, the NGCDFC resolved to request the NGCDF Board to reallocate</p>			
Project Name	Projects Description /Activities	Allocation Kshs	Current Status																		
Employee salary	Payment of staff salaries and gratuity	2,200,000.00	Ongoing																		
Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	1,202,793.10	Ongoing																		
Purchase of furniture /	Purchase of office furniture and equipment (8 No. file cabinets @	500,000.00	Ongoing																		



**Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')**

Reference No. on the external audit Report	Issue / Observations from Auditor				Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	equipment	43,750.00 & 1 No. Kyocera Task Alfa 2200 photocopier @ 150,000.00)			<p>Kshs 6,5000,000.00 from purchase of a school bus in Gede primary school to other projects as shown in table 4 (Attached):</p> <p>This request for re-allocation was forwarded to the NGCDF Board but had not been approved as at the time of audit. Further, as at the time of audit, the bus had not been purchased and the funds were still in the project account. Funds cannot be paid out of a PMC account without authority of the Fund Manager through a PMC cheque confirmation schedule.</p> <p>Copies of NGCDFC minutes dated 17/04/2018 and re-allocation schedules have been attached herein.(Appendix 7 and 8)</p> <ul style="list-style-type: none"> Kilifi North Mitihani Centre Kshs 1,500,000.00 <p>Kshs 1,500,000.00 was approved by the NGCDF Board for construction of Kilifi North Mitihani Centre in</p>			
	Committee expenses	Payment of committee sitting allowances, transport and conference costs	1,000,000.00	Ongoing				
	NSSF	Payment of NSSF Deductions	12,000.00	Ongoing				
	Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	1,000,000.00	Ongoing				
	Committee expenses	Payment of committee sitting allowances, transport and conference costs	756,896.55	Ongoing				
	CDFC / PMC	Training CDFCs / PMCs on CDF	700,000.00	Ongoing				



Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																								
	<table border="1" data-bbox="338 480 1005 1118"> <tr> <td>Capacity building related issues</td> <td></td> <td></td> <td></td> </tr> <tr> <td>SUB-TOTAL</td> <td></td> <td>7,371,690.00</td> <td></td> </tr> <tr> <td>Gede Primary School</td> <td>Purchase of a 32 seater school bus</td> <td>6,500,000.00</td> <td>Not started</td> </tr> <tr> <td>Kilifi North Mitihani Centre</td> <td>Complete construction of an examination centre (Doors, windows, painting & decoration)</td> <td>1,500,000.00</td> <td>Not started</td> </tr> <tr> <td>SUB-TOTAL</td> <td></td> <td>8,000,000.00</td> <td></td> </tr> <tr> <td>GRAND-TOTAL</td> <td></td> <td>15,371,690</td> <td></td> </tr> </table> <p data-bbox="331 1153 965 1329">From the above, the budget was not fully implemented as envisaged. The slow and lack of completion of projects may impact negatively on delivery of goods and services to the residents of Kilifi North Constituency.</p>	Capacity building related issues				SUB-TOTAL		7,371,690.00		Gede Primary School	Purchase of a 32 seater school bus	6,500,000.00	Not started	Kilifi North Mitihani Centre	Complete construction of an examination centre (Doors, windows, painting & decoration)	1,500,000.00	Not started	SUB-TOTAL		8,000,000.00		GRAND-TOTAL		15,371,690		<p data-bbox="1028 475 1559 1010">2016/2017 Financial year through project code number 4-003-011-2630206-104-2016/17-00. However, due to issues of land ownership, project management and sustainability, the new NGCDFC in a minuted resolution dated 17/04/2018 resolved to reallocate the amount to other projects as indicated in table 6 (Attached). This request for re-allocation was forwarded to the NGCDF Board but had not been approved as at the time of audit. Copies of NGCDFC minutes dated 17/04/2018 and re-allocation schedules have been attached herein.(Appendix 2 and 9)</p>			
Capacity building related issues																													
SUB-TOTAL		7,371,690.00																											
Gede Primary School	Purchase of a 32 seater school bus	6,500,000.00	Not started																										
Kilifi North Mitihani Centre	Complete construction of an examination centre (Doors, windows, painting & decoration)	1,500,000.00	Not started																										
SUB-TOTAL		8,000,000.00																											
GRAND-TOTAL		15,371,690																											



Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)								
3.0	<p>Project Inspections</p> <p>During the year under review, four (4) projects with a total allocation of Kshs. 10,857,509 were visited for verification on 9th May 2018 and the following state of affairs of the specific projects were observed: -</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Cost (Kshs.)</th> <th>Project</th> <th>Observations</th> </tr> </thead> <tbody> <tr> <td>Watamu Primary School PMC</td> <td>1,000,000</td> <td>Renovation of classrooms</td> <td>Verification confirmed that 4 classrooms were renovated. It was however observed that there were evidence of cracks in the veranda and floors of the</td> </tr> </tbody> </table>	Name	Cost (Kshs.)	Project	Observations	Watamu Primary School PMC	1,000,000	Renovation of classrooms	Verification confirmed that 4 classrooms were renovated. It was however observed that there were evidence of cracks in the veranda and floors of the	<ul style="list-style-type: none"> Watamu Primary <p>Kshs 1,000,000 was disbursed for renovation of 4 classrooms in Watamu primary during the 2015/2016 financial year. The project met the required specifications and was completed on 26/10/16 as indicated in the project implementation status report as at 30th June 2017. Subsequently the project was handed over and has been in use since October 2016.</p> <p>Eighteen months (One and a half years) had elapsed from the project completion date to the time of audit, while the defect liability period within which the contractor is expected to correct any defects is only six months. The CDfC did not receive any claim for defects within the 6 months. It is</p>	Fund Account Manager		
Name	Cost (Kshs.)	Project	Observations										
Watamu Primary School PMC	1,000,000	Renovation of classrooms	Verification confirmed that 4 classrooms were renovated. It was however observed that there were evidence of cracks in the veranda and floors of the										



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Reference No. on the external audit Report	Issue / Observations from Auditor				Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
				classrooms, some door hinges had been removed and some window grills were loose an indication of poor workmanship.	<p>possible therefore that the observed defects / wear and tear occurred after the defect liability period as is expected in a busy primary school classroom project.</p> <p>The NGCDFC will ensure that projects implemented are completed and handed over with the best quality standards to ensure value for money.</p> <ul style="list-style-type: none"> Ngala Memorial Girls Secondary <p>Kshs 2,000,000.00 was disbursed to Ngala Memorial Girls Secondary school for renovation of a burnt dormitory in 2015/2016 financial year. Given the urgency of the project and the delay in disbursement of funds from the NGCDF Board to implement the same, PMC members sought alternative funding to renovate the burned dormitory and requested for re-allocation of the NGCDF allocation to renovation of five classrooms.</p>			
	Gede Dispensary PMC	3,000,000	Renovation of mortuary	Physical verification of the project revealed that the PMC reallocated the funds to fencing of staff quarters, re-roofing/ceiling and painting of the administration /outpatient block, fitting of solar water heater system				



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - MALINDI NORTH DISTRICT
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs')

Reference No. on the external audit Report	Issue / Observations from Auditor				Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Ngala Memorial Girls Secondary	2,787,509	Renovation of a burnt dormitory	<p>for the maternity block and purchase of water tank. There was no approval from the NG-CDF Board to reallocate the funds to other activities.</p> <p>Physical verification of the project revealed that the PMC reallocated the funds to renovation of five classrooms without approval from the Board, which included Kshs</p>	<p>On 3/10/2016 the NGCDFC members subsequently requested for re-allocation of funds from renovation of a burned dormitory to renovation of 5 classrooms. Kshs 2,787,509.00 was utilized for renovation of five classrooms which included Kshs 787,509.00 disbursed in 2016/2017 financial year to complete renovation of the administration block (Corridor, painting and electrical installation in 5 classrooms). The project is complete and in use.</p> <p>Copies of NGCDFC minutes dated 6/9/16 and re-allocation schedules requesting for re-allocation have been attached (Appendix 10 &12)</p> <ul style="list-style-type: none"> Deputy County Commissioner's office, Malindi Sub County PMC <p>Construction of a social hall in Watamu - plastering, paint work, doors & windows (1,800,000.00), Purchas of Furniture & fittings for the social hall</p>			



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Reference No. on the external audit Report	Issue / Observations from Auditor				Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
				787,509.00 disbursed for extra works. The project was complete and was being used.	(1,000,000.00) & Fencing of social hall - 38m x 28m (1,000,000.00) are now complete and the project is in use. A Management Committee is available and the list of members is attached herein.(Appendix 13)			
Deputy County Commissioner's office, Malindi Sub County PMC	3,800,000	Complete the construction of a social hall in Watamu - plastering, paint work, doors & windows (1,800,000.00), Purchase of Furniture & fittings for the	The project is complete and is in use though fencing not completed. The management should not have paid the whole amount since fencing work costing Kshs 1,000,000 had not completed					



Reports and Financial Statements

For the year ended June 30, 2018 (Kshs')

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)								
	<table border="1" data-bbox="331 475 1005 954"> <tr> <td data-bbox="331 475 497 842"></td> <td data-bbox="497 475 622 842"></td> <td data-bbox="622 475 786 842">social hall (1,000,000.00) & Fencing of social hall - 38m x 28m (1,000,000.00)</td> <td data-bbox="786 475 1005 842"></td> </tr> <tr> <td data-bbox="331 842 497 954">Total</td> <td data-bbox="497 842 622 954">10,587,509</td> <td data-bbox="622 842 786 954"></td> <td data-bbox="786 842 1005 954"></td> </tr> </table> <p data-bbox="331 1023 1005 1241">Lack of proper supervision by the CDF Committee has led to poor workmanship to the detriment of the welfare the Kilifi North constituents. There is need, therefore, to ensure that all projects are properly supervised to ensure satisfactory completion of the projects.</p>			social hall (1,000,000.00) & Fencing of social hall - 38m x 28m (1,000,000.00)		Total	10,587,509						
		social hall (1,000,000.00) & Fencing of social hall - 38m x 28m (1,000,000.00)											
Total	10,587,509												



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

TABLE 1

Item	Budget (Kshs.)	Actual	Realization variance	Realization variance	Remarks
		(Kshs.)	(Kshs.)	(%)	
Transfers from NG-CDF Board for 2016/2017	81,896,552	79,396,552	2,500,000	3%	This is the amount due from the NGCDF Board for 2016/2017 financial year as disclosed in annex V of the 2016/2017 financial statement
Transfers from NG-CDF Board for 2015/2016	140,839,421	66,339,421	74,500,000	53%	49% is the 2015/2016 budget received within the 2015/2016 year (Kshs 70,000,000) which was already realized in 2015/2016 4% is the 2015/2016 budget due from the NGCDF Board (Kshs 4,500,000)
Total		145,735,972			



11

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

Table 2

Date	AIE NO.	Amount received within the 2015/2016 financial year (Kshs)	Amount received within the 2016/2017 financial year (Kshs)	Amount due from the NGCDF Board	Total budget
	A796433	30,000,000			
	A820576	20,000,000			
	A820970	20,000,000			
19.09.16	A825932		59,339,421		
09.11.16	A839567		7,000,000		
Total		70,000,000	66,339,421	4,500,000	140,839,421

Table 3:

No	Budget	Amount (Kshs)	Amount (Kshs)	Amount (Kshs)	Total
1	Budget for 2016/2017 financial year				81,896,552
2	Cash brought forward from the previous financial year (Cash book balance as at 1st July, 2016		18,810,287		
3	AIE number A825932 related to 2015/2016 financial year	59,339,421			
4	AIE number A839567 related to 2015/2016 financial	7,000,000	66,339,421		
5	Amount due from the NGCDF Board as at 30th June 2017		4,500,000		89,649,708
	Final Budget				171,546,260



...



.

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

Table 4:

Item	Original Budget (Kshs.)	(Additional budget for 2015/16)	(Additional budget for 2015/16)	Amount due from the NGCDF Board as at 30/6/2016	Cash book balance as at 1/7/16	Final budget	Actual Expenditure (Kshs)	Budget utilisation difference (Kshs)	% of utilisation (Kshs)
	A	b	C	d	e	f=a+b+c+d+e	g	h=f-g	i=g/f %
Compensation of employees	2,212,000	2,000,000	500,000	0	1,500,000	6,212,000	2,965,539	3,246,461	48%
Utilities, supplies and services	2,902,793	1,597,342	500,000	0	1,850,000	6,850,135	6,122,603	727,532	89%
Committee expenses	1,756,896	566,205	500,000	0	1,234,050	4,057,151	4,498,758	-441,607	111%
Transfers to other Government units	38,280,035	38,000,000	5,000,000	0	7,350,000	88,630,035	83,280,035	5,350,000	94%
Other grants and transfers	36,244,827	17,175,873	500,000	4,500,000	6,876,237	65,296,937	57,153,414	8,143,523	88%
Acquisition of assets	500,000	0	0	0	0	500,000	0	500,000	0%
Total	81,896,551	59,339,420	7,000,000	4,500,000	18,810,287	171,546,258	154,020,349	17,525,909	90%

Table 5:

No	Project	Activity	Amount
1	Mawe ya Kati primary school	Construction of 2 classrooms	2,200,000
2	Madevu primary school	Construction of 2 classrooms	2,200,000
3	Old ferry primary school.	Construction of 1 classroom	1,200,000
4	Old ferry primary school	Construction of a 4 door toilet block	900,000
	Total		6,500,000

Table 6:

<i>Project Name</i>	<i>Activity</i>	<i>Amount allocated</i>
<i>Fumbini Secondary School</i>	<i>Construction of 1 new classroom</i>	<i>1,000,000</i>
<i>Gede Secondary School</i>	<i>Purchase of 55 lockers and 55 chairs</i>	<i>250,000</i>
<i>F.B Tuva Secondary School</i>	<i>Purchase of 55 lockers and 55 chairs</i>	<i>250,000</i>



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

ANNEX V AMOUNT DUE FROM THE NG-CDF BOARD

FINANCIAL YEAR	2016/2017	2015/2016	TOTAL
AMOUNT	2,500,000	4,500,000	7,000,000

ANNEX VI AIE RECEIVED AFTER 30TH JUNE 2018

Project Name	G.F.S Code	Original Cost Estimate/c ontract sum	Cumulative Allocation	Current Project Activity	Amount Allocated this financial year	Current Status
Administratio n / Recurrent		0	0			
Goods and services	4-003-011-2210000-100-2017/18-002	0	0	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	300,000	Complete
Committee expenses	4-003-011-2210802-100-2017/18-003	0	0	Payment of committee sitting allowances, transport and conference costs	382,759	Complete
Monitoring & Evaluation and capacity building		0	0	Monitoring and evaluation of NG-CDF projects and capacity building of NG-CDFCs and PMCs in the constituency		
Goods and services	4-003-011-2210000-111-2017/18-001	0	0	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	100,000	Complete
Committee expenses	4-003-011-2210802-111-2017/18-002	0	0	Payment of committee sitting allowances, transport and conference costs	241,379	Complete
Emergency	4-003-011-2640200-101-2017/18-001	0	0	Prepare for any unforeseen occurrence in the constituency during the financial year	568,966	Complete
Primary School Projects						
Kararacha primary	4-003-011-2630204-104-2017/18-028	2,400,000	0	Construction of 2 No. classrooms	2,400,000	Complete



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

Watamu primary	4-003-011-2630204-104-2017/18-029	1,200,000	0	Construction of 1 No. classroom	1,200,000	Complete
Watamu primary	4-003-011-2630204-104-2017/18-030	686,208	0	Construction of a 3 door toilet block	686,208	Complete
Watamu primary	4-003-011-2630204-104-2017/18-031	400,000	0	Supply of 100 desks	400,000	Ongoing
Mkwajuni primary school	4-003-011-2630204-104-2017/18-032	1,000,000		Renovation of 1 classroom to convert it into a computer lab including electrical works, ceiling, MDF partitioning and installation of data points	700,000	Complete
Secondary School Projects						
Kiwandani secondary school	4-003-011-2630205-104-2017/18-007	2,400,000	0	Construction of 2 No. classrooms	2,400,000	Complete
Kiwandani secondary school	4-003-011-2630205-104-2017/18-008	2,400,000	0	Construction of a classroom with a store, kitchen and toilet	2,000,000	Complete
TOTAL					11,379,312	

