


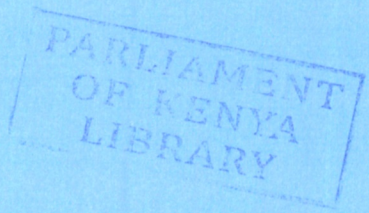
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



	
REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 31 JUL 2019	Day: Wednesday
TABLED BY: Hon Benjamin Wadhvani (Opposition Whip)	OF
BY: Halima Ahmed	



THE AUDITOR-GENERAL

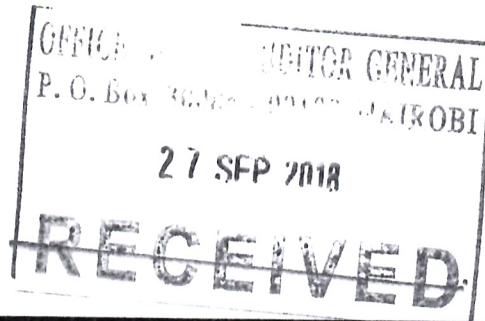
ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
LOIMA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**



Revised Template 30th June 2018



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
LOIMA 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 (IPSA)

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

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

Core Values

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

(b) Key Management

The NGCDF Loima Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Locheria Nyikal Basil
3.	Sub-County Accountant	James Mulli
4.	Chairman NGCDFC	Lopayo Lawrence Lomuria
5.	Chairperson NGCDFC	Irene Adekei Lomoro

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Turkana South 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 Loima Constituency Headquarters

P.O Box 193 – 30500,
NGCDF Office Located along the Lodwar – Uganda International Road, Lorugum Bus Stage,
Opposite KCB Bank, Lodwar

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

(f) NGCDF Loima Constituency Contacts

Telephone: (254) 0724 028813, 0770 072 945
E-mail: ngcdfloima@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Turkana South Constituency Bankers

1. Equity Bank,
Lodwar Branch,
Account No: 0990261717473

(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)
LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

This is a true reflection of Loima NGCDF budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures within the Constituency which is evident from the Transfers to Other Government entities and Other Grants and transfers.

During the 2017/2018 FY, Loima NGCDF was allocated KES 86,810,344.83. There was an addition allocation of KES 11,379,310.34 which was added after the end of the FY

The total funds received and spent during the 2017/2018 FY was KES 72,853,447.10.

The budget performance was as follows;

▪ Compensation of employees	-	KES	1,247,499
▪ Use of goods and services	-	KES	9,914,392
▪ Transfers to other government units	-	KES	22,000,000
▪ Other grants and transfers	-	KES	31,376,500
▪ Acquisition of Assets	-	KES	3,676,349

Key achievements for the NGCDF,

1. Timely absorption of the funds as we release the funds to the PMC immediately.
2. Completion of the projects on time.
3. Proper management of the projects by the PMCs
4. Good quality projects
5. Emergency projects that have a great impact on the population,

Challenges

1. Late or delayed release of funds from the treasury and the NGCDF
2. Delayed approval of the projects by the NGCDF BOARD for the case of projects that needed any other supporting documents from the constituency.
3. Late approval of projects and reallocations

Recommendations

- The NGCDF BOARD secretariat should speed up the approval of any other projects requiring documents from the constituency once the documents are availed.
- Timely release of funds from the NGCDF BOARD to the constituency to make sure that all the Constituency allocation is disbursed by the end of the Financial Year.


Lopayo Lawrence Lomuria
Loima NG-CDFC Chairperson

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

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

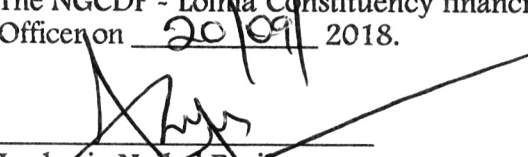
The Accounting Officer in charge of the NGCDF -Loima Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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


The Accounting Officer in charge of the NGCDF- Loima Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF - Loima Constituency financial statements were approved and signed by the Accounting Officer on 20/09 2018.



Locheria Nyikal Basil,
Fund Account Manager



James Mulli,
Sub-County Accountant

REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-LOIMA 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-Loima Constituency set out on pages 7 to 30, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter 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-Loima Constituency as at 30 June, 2018, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Presentation and Accuracy of Financial Statements

A review of the financial statements availed for audit review revealed the following anomalies:

- i) Part (d) of the key constituency and management indicate that the audit risk and risk management committee of National Government Development Fund Board provide overall fiduciary oversight activities of National Government Constituencies Development Fund - Turkana South Constituency instead of National Government Constituencies Development Fund -Turkana Loima Constituency
- ii) Part (g) of the key constituency and management reflects bankers of National Government Constituencies Development Fund-Turkana South Constituency instead of National Government Constituencies Development Fund -Turkana Loima Constituency

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

- iii) The statement of entity management responsibility indicates that Section 81(1) of the public Finance Management Act, 2013 require the accounting officer to prepare financial statements. However, the cited law does not exist. Further, the statement does not reflect the set of financial statement for which the accounting officer is responsible
- iv) Statement of receipts and payments reflects other payments figure of Kshs.1,247,500 which vary with the figure of Kshs.3,468,029 reflected in note 9 to the financial statements resulting to a variance of Kshs.2,220,529 which has not been explained or reconciled
- v) The statement of cash flows reflects net cash flow from operating activities figure of Kshs.8,448,946 which vary with the computed figure of Kshs.6,933,664 resulting to a variance of Kshs.1,515,282 which has not been explained or reconciled . The statement further reflects nil acquisition of assets figure instead of Kshs.3,676,349 reflected in note 9 to the financial statements
- vi) The summary statement of appropriation: recurrent and development combined reflects transfers from National Government Constituencies Development Fund Board actual comparable basis figure of Kshs.73,368,438 which vary with the figure of Kshs.72,853,447 reflected in the statement of receipts and payments. The resulting variance of Kshs.514,991 has not been explained or reconciled. The statement also reflect nil Other payments actual comparable basis instead of Kshs.1,247,500 reflected in the statement of receipts and payments.
- vii) Note 1 to the financial statement does not indicate the AIE numbers for the AIEs received during the year.
- viii) Note 5 to the financial statements reflects comparative committee expenses figure of Kshs.150,000 instead of nil balance reflected in the certified financial statements for the year ended 30 June 2017. Further, the note reflect nil utilities, supplies and services comparative figure instead of Kshs.150,000 reflected in the certified financial statements for the year ended 30 June 2017
- ix) Note 5 to the financial statements reflects committee expenses figure of Kshs.9,101. However, a review of supporting documents revealed that the expenditure relates to bank charges. No explanation has been provided for charging bank charges to committee expenses
- x) The statement of receipts and payments reflects other payment comparative figure of Kshs.1,820,980 while the prior year audited financial statements reflects nil balance resulting to unexplained variance of Kshs,1,820,980
- xi) Note 15.3 to the financial statements reflects nil unutilized funds which vary with the figure of Kshs.63,614,530 reflected in annex 3 of the financial statements

- xii) Note 15.4 to the financial statements reflects nil PMC bank account balances which vary with the figure of Kshs.4,800,000 reflected in annex 4 of the financial statements
- xiii) Annex 4 of the financial statements reflects nil additions of fixed assets which vary with the acquisition of assets figure of Kshs.4,676,349 reflected in note 8 to the financial statements.
- xiv) The Fund received a disclaimer Opinion in 2016/2017 but none of the issues leading to the disclaimer of opinion have been resolved as reflected on page 30 on progress follow of auditor recommendations.

Under the circumstances, the accuracy, validity and completeness of the financial statements for the year ended 30 June 2018 could be confirmed.

2.0 Compensation of Employees

2.1 Basic Wages of Contractual Employees

Included in the compensation of employees figure of Kshs.1,247,500 reflected in note 4 to the financial statement is basic wages of contractual employees expenditure Kshs.1,112,500 which is at variance with the supporting documents figure of Kshs.1,053,103 resulting to a variance of Kshs.59,397 which has not been explained or reconciled.

As a result, the accuracy and completeness of basic wages of contractual employees expenditure of Kshs.1,112,500 for the year ended 30 June 2018 could not be confirmed.

2.2 Remittance of Statutory Deductions

Included in the basic wages of contractual employees figure of Kshs.1,112,500 reflected in note 4 to the financial statements is statutory deductions of Kshs.194,397 as shown below:

Payroll Month	NSSF Deductions (Kshs)	NHIF Deductions (Kshs)	PAYE Deductions (Kshs)	Total (Kshs)
Jan-18	27,000	8,500	3,379	38,879
Feb-18	27,000	8,500	3,379	38,879
Mar-18	27,000	8,500	3,379	38,879
Apr-18	27,000	8,500	3,379	38,879
May-18	27,000	8,500	3,379	38,879
Total	135,000	42,500	16,897	194,397

However, no explanation has been provided for expensing the deductions and no documentary evidence was availed to confirm that the statutory deductions were remitted to the relevant government entities.

In consequence, it has not been possible to confirm the accuracy of basic wages of contractual employees expenditure of Kshs.1,112,500 for the year ended 30 June 2018.

3.0 Transfers to Other Government Units

3.1 Expenditure Returns

Included in transfer to other government entities figure of Kshs.22,000,000 is transfers to primary schools amount of Kshs.18,500,000 and transfers to Secondary schools amount of Kshs.3,500,000. However, actual expenditure returns and acknowledgement letters from the institutions were not availed for audit review.

Under the circumstances, the accuracy and propriety of transfer to other government entities of Kshs.22,000,000 for the year ended 30 June 2018 could not be confirmed.

3.2 Transfer to Secondary Schools

Included in the transfers to secondary schools figure of Kshs.3,500,000 reflected in note 6 to the financial statements an expenditure of Kshs.1,000,000 incurred on supply of Laboratory equipment. However, the inspection and acceptance report, and the list of users and counter receipt vouchers were not availed for audit verification.

Consequently, the validity and propriety Kshs.1,000,000 expenditure on the supply of Laboratory equipment for the year ended 30 June 2018 could not be confirmed.

4.0 Other Grants and Transfers

4.1 Environment Projects

Included in other grants and other payment figure of Kshs.31,376,500 reflected in note 7 to the financial statements is environment projects expenditure of Kshs.1,500,000 which vary with the supporting documents figure of Kshs.750,000 resulting in unexplained difference of Kshs.750,000. Further, the expenditure include allowances paid of Kshs.450,000 which was not supported by a list of beneficiaries.

Under the circumstance, the accuracy and propriety of environment expenditure of Kshs.1,500,000 for the year ended 30 June 2018 could not be confirmed.

5.0 Cash and Cash Equivalents

5.1 Bank Balances

The statement of assets reflects bank balances figure of Kshs.5,153,697. However, a review of the bank reconciliation statement for the month of June 2018 revealed stale Cheques totaling to Kshs.308,582 which had not been reversed in the cash book.

As a result, the accuracy and completeness of bank balances of Kshs.5,153,697 as at 30 June 2018 could not be confirmed.

6.0 Project Management Committee Bank Balances

Annex 4 to the financial statements reflects Project committee bank balances totaling to Kshs.4,800,000 as at 30 June 2018. However, cash books, closing bank balance certificates, bank statements and bank reconciliation statements were not provided for audit review. Under the circumstance, the accuracy, validity, existence and completeness of the project Management committee bank balances of Kshs.4,800,000 as at 30 June 2018 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budget Absorption and Performance

1.1 Budget Absorption

During the year under review, the National Government Constituencies Development Fund-Loima Constituency had an approved budget Kshs.128,152,921 against actual expenditure of Kshs.68,214,741 or approximately 53% of the budget resulting to under expenditure of Kshs.59,938,180 or 47% of the budget as shown below:

Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under Absorption (Kshs)	% Under Absorption
Compensation of Employees	3,746,991	1,247,500	2,499,491	67
Use of Goods and Services	9,914,392	9,914,392	0	0
Transfer to Other Government Entities	78,924,295	22,000,000	56,924,295	78
Other Grants and Transfers	35,567,243	31,376,500	4,190,743	12
Acquisition of Assets	0	3,676,349	(3,676,349)	-
Other Payments	0	-	0	
Total	128,152,921	68,214,741	59,938,180	57

Non-utilization of all the funds budgeted for is an indication that services and approved projects/programmes were not delivered and therefore the budget did not meet the intended

objectives of improving the service delivery to the residents of Loima Constituency or the management may have over budgeted on its activities.

1.2 Failure to avail Project status Report

The management of the Fund did not avail the project implementation status report for the year ended 30 June 2018 for audit review as stipulated in Section 11(1) (t) of the National Government Constituencies Development Fund Regulations, 2016 which require the constituency development committee shall submit to the National Government Constituencies Development Fund Board a report that must contain:

- i) A list of all the new projects commenced during the year and their completion status
- ii) A list of all projects approved, funded and commenced during previous years and their completion status.

Consequently, it was not possible to confirm the number of projects, their status and amount expended on the projects implemented for the year ended June 2018.

1.3 Project Verification

During the year under review, eight (8) projects costing Kshs.24,900,000 were verified during audit in March 2019, four (4) projects costing Kshs.17,900,000 were complete and in use, two (2) projects costing Kshs.4,700,000 were complete but awaiting hand over and one(1) project costing Kshs.2,300,000 was on going as shown below:

No.	Project Name	Beneficiary/Payee	Name of contractors	Contract sum Kshs.		Comment
1	Construction of two classrooms	Mala Primary School	Apuko Holdings Group Limited	2,200,000	100%	Complete and in use
2	Construction of two classrooms	Tiya Primary School	Naese construction Company Limited	2,300,000	80%	Ongoing
3	Completion and repairs of Loima CDF office	NGCDF Loima	Jenalo Enterprise Ltd	11,000,000	100%	Complete and in use
4	Construction of two classrooms	Konyipad Primary School	Jeslomu Contractors Company Limited	2,200,000	100%	Complete and in use
5	Construction of two staff houses	Lorengippi Secondary School	Koseir General Contractors	2,500,000	100%	Complete and in use
6	Construction of two classrooms	Nameyana primary school	Tamapei Construction and Supply Company Limited	2,200,000	100%	Complete and awaiting handing over
7	Construction of NPR houses at Lokupe	Lopuke National Police Reservists	Ulukupe Investment Company Limited	2,500,000	100%	Complete and awaiting handing over
			Total	24,900,000		

1.4 Stalled Project-Tiya Primary school

Included in the transfers to primary schools figure of Kshs.18,500,000 reflected in note 6 to the financial statements is an expenditure of Kshs.2,300,000 incurred on the construction of two classrooms in completion in Tiya primary school . However, a physical verification of the project revealed that the project has been abandoned although a payment of Kshs.850,000 had been made to Tiya primary school Project Management Committee Account on 18 November 2014 and a further payment of Kshs.850,000 made during the year under review to complete one classroom which the contractor has not completed to date. Management did not give an explanation as to why the project is still not complete to date. Consequently, the objectives of these project have not been achieved.

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 matter(s) described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Qualified Opinion] section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Use of Goods and Services

1.1 Strategic Plan

Included in the specialized materials and services figure of Kshs.4,197,840 reflected in note 5 to the financial statements is an expenditure of Kshs.3,468,029 incurred on the preparation of strategic plan for the year 2018-2022 by Ms Mansurmoe Development Consultant. However, procurement records such as newspaper advertisements, printouts of the advertisements in a dedicated Government tenders' portals or in its own website to show that the entity used the right procurement method as per the threshold matrix were not availed for audit verification. Further, a signed contract for the supply of the services and inspection and acceptance report were not availed for audit verification. Under the circumstance, the accuracy and propriety of expenditure of Kshs.3,468,029 incurred paid for preparation of strategic plan for the year ended 30 June 2018.

2.0 Other Grants and Transfers

2.1 Bursary

Included in other grants and other payments of Kshs.31,376,500 reflected in note 7 to the financial statement is bursary –secondary schools and bursary tertiary institutions figures of Kshs.10,254,000 and Kshs.11,422,000 respectively all totaling to Kshs.21,676,500 . However, the criteria of identifying the beneficiaries was not documented and availed for audit verification. Further, the management did not avail documents to show that the beneficiaries were residents of the constituency and also evidence of admission in the

institutions as required by the law. In addition, payment vouchers for disbursements amounting to Kshs.5,503,500 as shown below were not availed for audit verification.

Payment Voucher Number	Cheque Number	Date	Payee	Amount (Kshs)
20	Various	2/3/2018	Various Secondary	312,000
40	2442-2474	8/5/2018	Various Secondary	206,000
48	Various	8/5/2018	Lomil Girls Secondary School	550,000
19	2369-2386	2/3/2018	Various Tertiary	2,500,000
20	16/3/2018	2/3/2018	Various Tertiary	323,000
40	2442-2474	8/5/2018	Various Tertiary	244,000
69	2496-2503	29/5/2018	Various Tertiary	1,368,500
			Total	5,503,500

Under the circumstance, the validity and propriety of Kshs.21,676,500 expenditure on bursary for the year ended 30 June 2018 could not be confirmed.

2.2 Sports Projects

Included in the other grants and other payments figure of Kshs.31,376,500 reflected in the statement of receipts and payments is sports projects expenditure of Kshs.1,500,000 incurred on supply of sports equipment . However, a review of the available records revealed the following:

- i) Three quotations were received from suppliers and the lowest responsive bidder was awarded the tender to supply the good at a price of Kshs.988,000 but Kshs.1,500,000 was paid vide payment voucher number. 001 of 21 February 2019 resulting to an overpayment of Kshs.512,000 which has not been explained
- ii) Inspection and acceptance report was not availed for audit verification
- iii) No documentary evidence was availed to confirm that the goods were received
- iv) The list of beneficiaries of the equipment was not availed

Under the circumstances, the accuracy and propriety of sports project expenditure of Kshs.1,500,000 for the year ended 30 June 2018 could not be confirmed.

2.3 Emergency Projects

Included in the other grants and other payments figure of Kshs.31,376,500 reflected in the statement of receipts and payments is emergency projects expenditure of Kshs.2,500,000 incurred on the supply of various items to residents in response to floods . However, no documentary evidence was availed to confirm whether or not the expenditure was of emergency in nature and the list of beneficiaries was not availed for audit verification. Further the management did not avail procurement records to show how the supplier was identified. Under the circumstances, the accuracy and propriety of the emergency projects expenditure of Kshs.2,500,000 for the year ended 30 June 2018 could not be confirmed.

3.0 Acquisition of Assets

3.1 Construction of Buildings

Included in the construction of buildings figure of Kshs.3,500,000 reflected in note 8 to the financial statements is Kshs.2,500,000 incurred on the completion and repair of CDF office which was not budgeted for. Information made available indicate that the contract was awarded to a contractor at a contract price of Kshs.11,000,000. However, no documentary evidence was availed to confirm that the tender was competitively awarded. The first phase payment amounting to Kshs.4,500,000 was transferred to the Loima CDF office account vide payment voucher dated 8 December 2014. A Further payment of Kshs.3,000,000 was made on 9 January 2015. The first certificate was then issued on 13 January 2015 amounting to Kshs.2,300,000. However subsequent certificates to show level of completion, Bill of quantities, contract agreement and the inspection and acceptance committee report were not availed for audit review. Under the circumstances, the validity, accuracy and propriety of construction of building expenditure of Kshs.2,500,000 for the year ended 30 June 2018 could not be confirmed.

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, 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 National Government Constituencies Development Fund-Loima Constituency ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the National Government Constituencies Development Fund-Loima Constituency or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected

within a timely period by employees in the normal course of performing their assigned functions.

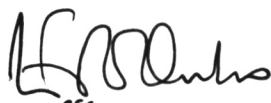
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the National Government Constituencies Development Fund-Loima Constituency 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 National Government Constituencies Development Fund - Loima Constituency Fund's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituencies Development Fund - Loima 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-Loima 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

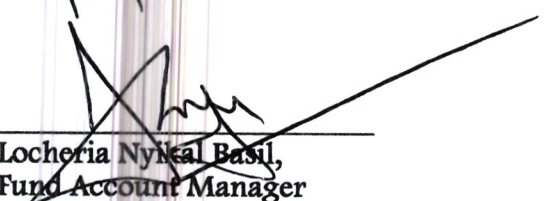
08 May 2019


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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	72,853,447	50,948,277
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		72,853,447	50,948,277
PAYMENTS			
Compensation of employees	4	1,247,500	1,820,980
Use of goods and services	5	9,914,392	5,115,472
Transfers to Other Government Units	6	22,000,000	24,493,720
Other grants and transfers	7	31,376,500	24,422,250
Acquisition of Assets	8	3,676,349	-
Other Payments	9	1,247,500	1,820,980
TOTAL PAYMENTS		68,214,741	55,852,422
SURPLUS/(DEFICIT)		4,638,706	(4,904,145)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Loima Constituency financial statements were approved on 20/09 2018 and signed by:


Locheria Nyikal Basil,
Fund Account Manager



James Mulli
Sub-County Accountant


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

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	5,153,697	381,100
Cash Balances (cash at hand)	10B	-	
TOTAL CASH AND CASH EQUIVALENTS		5,153,697	381,100
Current Receivables -Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		5,153,697	381,100
FINANCIAL LIABILITIES			
Accounts Payable - Retention	12	-	-
NET FINANCIAL ASSETS		5,153,697	381,100
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	381,100	5,285,245
Surplus/Deficit for the year		4,638,706	(4,904,145)
Prior year adjustments	14	133,891	-
NET FINANCIAL POSITION		5,153,697	381,100.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF - Loima Constituency financial statements were approved on 20/09/2018 and signed by:


 Locheria Nyikal Basil
 Fund Account Manager

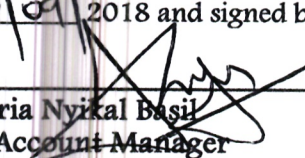

 James Mulli
 Sub-County Accountant


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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	72,853,447	50,948,277
Other Receipts	3	-	
		72,853,447	50,948,277
Payments for operating expenses			
Compensation of Employees	4	1,247,500	1,820,980
Use of goods and services	5	9,914,392	5,115,472
Transfers to Other Government Units	6	22,000,000	24,493,720
Other grants and transfers	7	31,376,500	24,422,250
Other Payments	9	1,247,500	1,820,980
		64,538,392	55,852,422
Adjusted for:			
Adjustments during the year	14	133,891	-
Net cash flow from operating activities		8,448,946	(4,904,145)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities		3,676,349	-
NET INCREASE IN CASH AND CASH EQUIVALENT		4,772,597	(4,904,145)
Cash and cash equivalent at BEGINNING of the year	13	381,100	5,285,245
Cash and cash equivalent at END of the year		5,153,697	381,100

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF - Loima Constituency financial statements were approved on 20/09 2018 and signed by:


 Locheria Nyikal Basil
 Fund Account Manager


 James Mulli
 Sub-County Accountant

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TURKANA SOUTH CONSTITUENCY

Receipts and Financial Statements

For the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	41,342,576	128,152,921	73,368,438	54,784,483	57
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
	86,810,345	41,342,576	128,152,921	73,368,438	54,784,483	88
PAYMENTS						
Compensation of Employees	2,832,000	914,991	3,746,991	1,247,500	2,499,491	33
Use of goods and services	4,980,930	4,933,462	9,914,392	9,914,392	-	100
Transfers to Other Government Units	44,456,034	34,468,260	78,924,295	22,000,000	56,924,295	28
Other grants and transfers	34,541,381	1,025,863	35,567,243	31,376,500	4,190,743	88
Acquisition of Assets	-	-	-	3,676,349	(3,676,349)	-
Other Payments	-	-	-	-	-	-
TOTALS	86,810,345	41,342,576	128,152,921	68,214,741	59,938,180	53

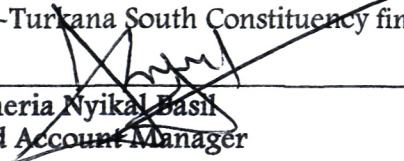
(a) *There was no any AIA within the FY*


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

- i. *Compensation of Employees – The staffs were only paid for 3 Months within the FY as per the AIEs received.*
- ii. *Transfers to Other Government Units – The priority was given to on-going projects from previous FY*
- iii. *Other grants and Transfers – Bursary payments was as per*

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

The NGCDF-Turkana South Constituency financial statements were approved on 20/09/ 2018 and signed by:


Locheria Nyikal Basil
Fund Account Manager


James Mulli
Sub-County Accountant

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD
LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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

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) –
LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

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) –
LOIMA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	14/10/2016	29,448,275	
AIE NO	14/10/2016	5,500,000	
AIE NO	9/2/2017	37,905,172	
AIE NO	A855159		36,853,449
AIE NO	A839682		10,000,000
AIE NO	A839520		4,094,828
TOTAL		72,853,447	50,948,277

2. PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,112,500	1,820,980
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Employee Contribution to NSSF	135,000	-
Total	1,247,500	1,820,980

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	9,101	150,000
Utilities, supplies and services	750,000	-
Communication, supplies and services	128,500	-
Domestic travel and subsistence	1,227,900	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	600,000
Training expenses	572,000	-
Hospitality supplies and services	-	-
Insurance costs	10,000	-
Specialized materials and services	4,197,840	-
Office and general supplies and services	422,080	450,000
Fuel, Oil and Lubricants	766,100	-
Other operating expenses	-	297,665
Routine maintenance – vehicles and other transport equipment	647,445	-
Routine maintenance – other assets	-	-
Other Committee Expenses	-	1,466,807
Committee Allowances	1,183,426	2,151,000
Total	9,914,392	5,115,472

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	18,500,000	8,800,000
Transfers to secondary schools (see attached list)	3,500,000	5,693,720
Transfers to tertiary institutions (see attached list)	-	10,000,000
Transfers to health institutions (see attached list)	-	-
TOTAL	22,000,000	24,493,720

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	10,254,000	18,328,000
Bursary – tertiary institutions (see attached list)	11,422,500	2,000,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	4,200,000	-
Sports projects (see attached list)	1,500,000	-
Environment projects (see attached list)	1,500,000	-
Emergency projects (see attached list)	2,500,000	4,094,250
Total	31,376,500	24,422,250

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non - Financial Assets</u>	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	3,500,000	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	176,349	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	3,676,349	-

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	3,468,029	-
ICT Hub	-	-
TIVET	-	-
	3,468,029	-

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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Loima Constituency, Equity Bank, Lodwar Branch, A/C no: 0990261717473</i>	5,153,697	381,100
Total	5,153,697	381,100
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	~	-	-	-
	~	-	-	-
	~	-	-	-
Total				-

12 RETENTION

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

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	381,100	5,285,245
Cash in hand	-	-
Imprest	-	-
Total	381,100	5,285,245

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14. PRIOR YEAR ADJUSTMENTS

	2017- 2018	2016-2017
	Kshs	Kshs
Bank accounts	133,891	-
Cash in hand	-	-
Imprest	-	-
Total	133,891	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	-	-

15.3: UNUTILIZED FUNDS (See Annex 3)

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

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15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	~	487,900
	~	487,900

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	Staff Salaries and Gratuity	2,499,491		
Use of goods & services	NIL			Fully spent
Amounts due to other Government entities				
Marakalo Primary School	Drilling of Borehole and Installation of Hand-pump	2,000,000	NIL	Project grant
Nakwapua Primary School	Drilling of Borehole and Installation of Hand-pump	1,500,000	NIL	Project grant
Namoruarengan Primary School	Drilling OF Borehole and Installation of Hand-pump	1,000,000	NIL	Project grant
Koleuleui Primary School	Drilling OF Borehole and Installation of Hand-pump	1,500,000	NIL	Project grant
Kangataruk Primary School	Drilling OF Borehole and Installation of Hand-pump	1,500,000	NIL	Project grant
Lomokori Security Camp	Drilling OF Borehole and Installation of Hand-pump	1,000,000	NIL	Project grant
Lopuke/Kotaruk Security Camp	Drilling OF Borehole and Installation of Hand-pump	2,000,000	NIL	Project grant
Lomil Girls Secondary School	Construction of DORMITORY to completion	2,300,000	NIL	Project grant
Marakalo AP Houses	Construction of 2 Units of AP Houses	1,500,000	NIL	Project grant
Lomokori Security Camp	Construction of NPR Houses	1,000,000	NIL	Project grant
Lorengippi Secondary School	Construction of 2 Classrooms	3,000,000	NIL	Project grant
Lorengippi Secondary School	Construction of 4 Wash rooms Block	1,000,000	NIL	Project grant
Lorengippi Secondary School	Construction of Chain Link Perimeter	1,881,035	NIL	Project grant
Kangataruk Primary School	Construction of 1 Classroom to Completion	1,500,000	NIL	Project grant
Namoru Primary School	Construction of 2 Pit Latrines	500,000	NIL	Project grant
Nawoyawoi Primary School	Construction of 2 Classrooms	2,400,000	NIL	Project grant
Nachuro Primary School	Construction 2 Classrooms	2,197,973	NIL	Project grant
Atalokamusio Primary School	Construction of 2 Classrooms	2,500,000	NIL	Project grant
Namoruarengan Primary School	Construction of 1 Classroom	1,000,000	NIL	Project grant
Lochorelim Primary School	Construction of 2 door pit latrines	500,000	NIL	Project grant
Lopuke/Kotaruk Security Camp	Construction of NPR Houses	1,200,000	NIL	Project grant
Constituency ICT Hub	Installation of ICT Equipment in the ICT Hubs	4,677,027	NIL	Project grant
Namoruputh Primary School	Supply and delivery of 70 pupils double bench locker desks	282,758	NIL	Project grant
Kaloboi Primary School	Construction of 2 Classrooms	3,000,000	NIL	Project grant
Koleuleui Primary School	Completion of 1 Classroom	500,000	NIL	Project grant
Napeidukan Primary School	Construction of 2 Classrooms	3,000,000	NIL	Project grant
Napeidukan Primary School	Drilling and Installation of Hand pump	2,548,276	NIL	Project grant

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land				
Buildings and structures	6,000,000			0
Transport equipment	900,000			0
Office equipment, furniture and fittings	0			0
ICT Equipment, Software and Other ICT Assets	870,000			0
Other Machinery and Equipment	0			
Heritage and cultural assets	0			
Intangible assets	0			
Total	7,770,000			0

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Lomil Water Piping Project	Equity Bank Lodwar		1,000,000	NIL
Koleuleuwi Primary School	Equity Bank Lodwar		2,300,000	NIL
Nakwapua Primary School	Equity Bank Lodwar		1,500,000	NIL
Total			4,800,000	

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REF: 2017-2017-1-01-0126-09-12	Presentation and Accuracy of Financial Statements	Audit Response ready for submission	Fund Account Manager	Not -Resolved	December 2018
REF: 2017-2017-1-01-0126-09-12	Use of goods and services – Unsupported domestic travel and subsistence allowance, Unsupported Other Committee Expenses, Routine Maintenance	Audit Response ready for submission	Fund Account Manager	Not -Resolved	December 2018
REF: 2017-2017-1-01-0126-09-12	Transfers to other government entities – Unsupported transfers, Unsupported prime costs and provisional costs, abandoned project at Nadapal Girls Secondary School, Construction works at Lomil Girls Secondary and Loima Girls Secondary Schools	Audit Response ready for submission	Fund Account Manager	Not -Resolved	December 2018
REF: 2017-2017-1-01-0126-09-12	Other grants and transfers – Bursary, Environment projects, Emergency and Sports	Audit Response ready for submission	Fund Account Manager	Not -Resolved	December 2018
REF: 2017-2017-1-01-0126-09-12	Expenditure of Bursary, Emergency, Sports and Environment	Audit Response ready for submission	Fund Account Manager	Not -Resolved	December 2018
REF: 2017-2017-1-01-0126-09-12	Budgetary performance – Project status report, project verification	Audit Response ready for submission	Fund Account Manager	Not -Resolved	December 2018