

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

LEADER OF MAJORITY

BY
MEMBER OF
THE TABLE:

LEAH MWAIRA

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
EMGWEN CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018



OFFICE OF THE AUDITOR GENERAL
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND EMGWEN
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)

EMGWENN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMGWEN 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 EMGWEN 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	Wesley Maina
3.	Sub-County Accountant	Philemon Kitum
4.	Chairman NGCDFC	Shadrack Rotich
5.	Member NGCDFC	Julius Maiyo

(d) Fiduciary Oversight Arrangements

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

NGCDF Office Building
P.O BOX 1215
KAPSABET
KENYA

(f) NGCDF EMGWEN Constituency Contacts

Telephone: (254) 0721885464

E-mail: emgwengcdf.go.ke

Website: www.ngcdf.go.ke

(g) NGCDF EMGWEN Constituency Bankers

1. Equity Bank
A/C NO:0490297850306
Kapsabet Branch

(h) Independent Auditors

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

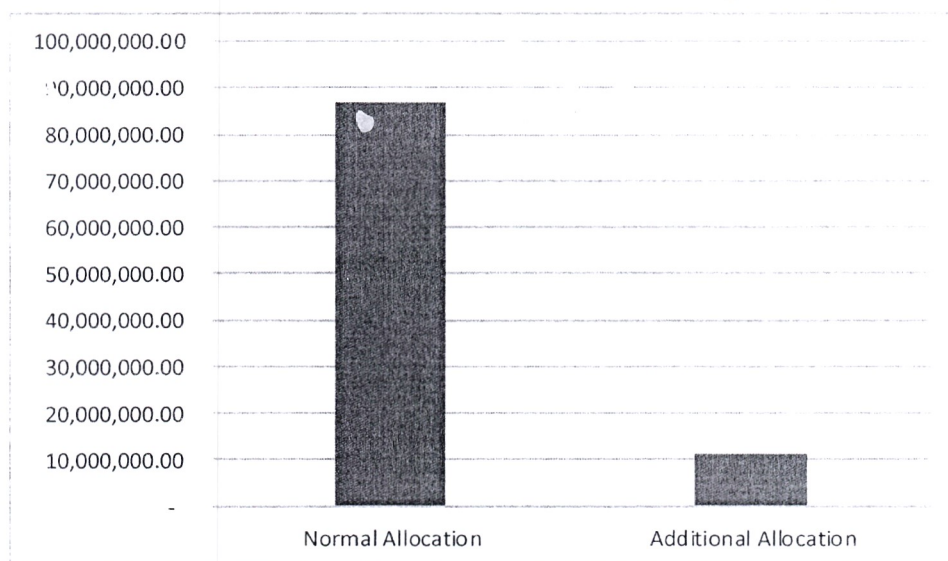
(i) Principal Legal Adviser

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

During the year ,the constituency was allocated a total of Kshs 98,189,655.16 consisting of Kshs 86,810,344.82 as a normal allocation and Kshs 11,379,310.34 as additional allocations .

On receipts of the above allocations Emgwen National Government Constituency Development Fund Committee (NGCDFC) pursuant to the provision of the National Government CDF Act 2015, As amended in 2016, had allocated funds to various projects with reference to the priorities of the public participation meeting held across the constituency. However, during the f/y we received 50% of the allocation equivalent to Kshs 43,405,172 plus Kshs 29,448,275.10 being the allocation for 2016/2017 and this funds were disbursed to their respective projects.

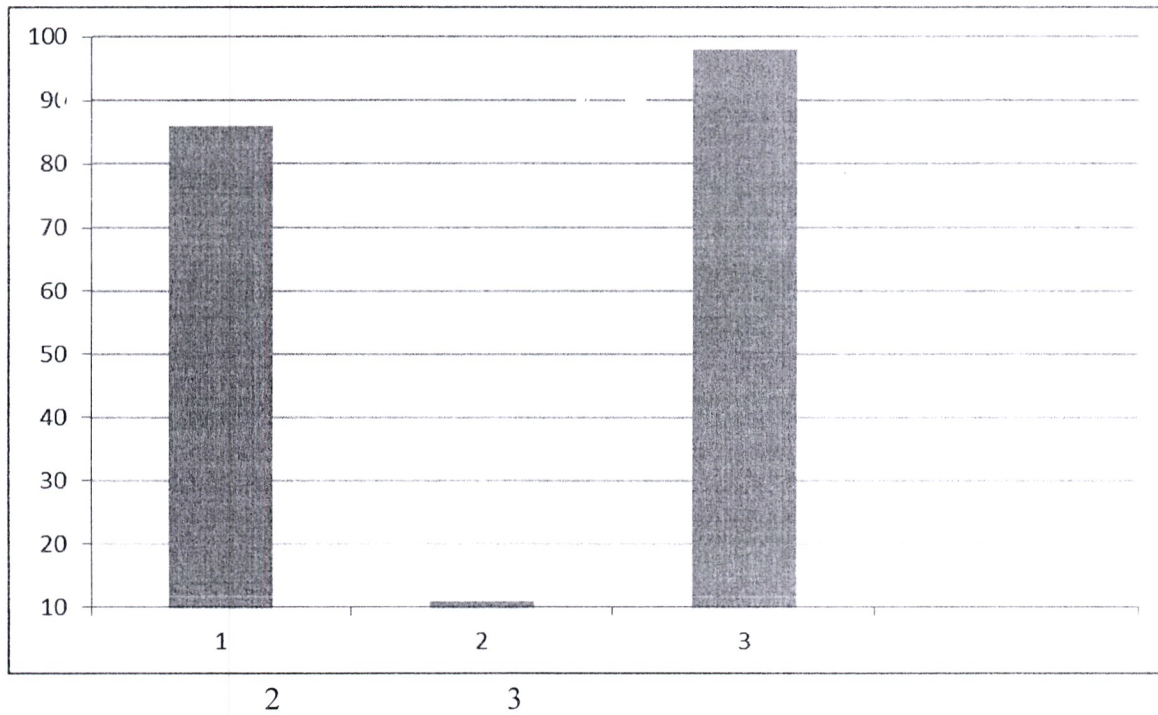


Sector Prioritization

Total allocation received during the f/y 2017/2018 is Kshs 72,853,448.10 of which Kshs 40,068,500 was allocated as transfer to other Government units which consist of transfer to primary school and secondary schools. However other grants and transfer is Kshs 33,253,842 which consists of Emergency ,Tertiary institution ,Environment, Bursary .other allocation consist of administration –committee expenses, goods and services, m& e –goods and services , committee expenses and compensation of employee

Summary of the budget of performance against actual amounts for current year based on economic classification and programmes.

**Original Budget, Adjustments Against Actual
Utilization of Funds**

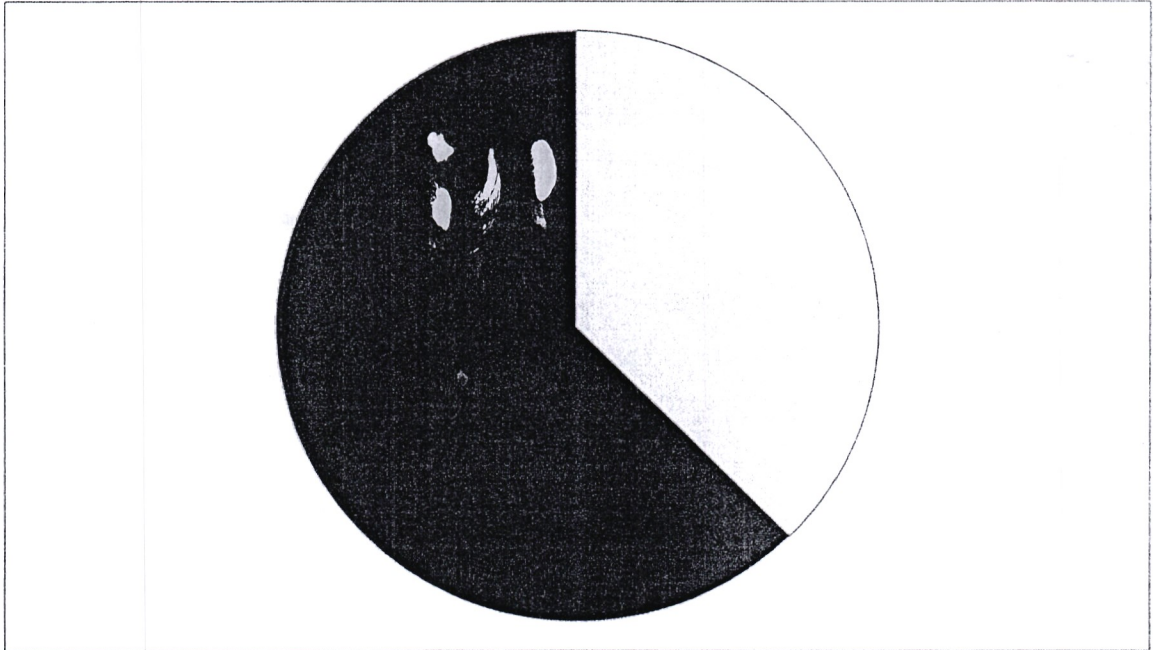


1 unit represent kshs 10,000,000

Key

1. Original Budget Allocation
2. Total Adjustment Allocation during the year 2017/2018
3. Total Actual on Comparable Basis i.e The Total Funds Allocated during the year was implemented at 86.9% comparatively before the year Additional Fund Allocation

FY 2017/2018 COMPARED TO FY 2016/2017
ALLOCATION



Key

- 1. FY 2017/2018 Showing greater improvement on allocation**
- 2. FY 2016/2017 Showing less allocation of funds than the current year**

KEY ACHIEVEMENTS IN THE FINANCIAL YEAR 2017/2018

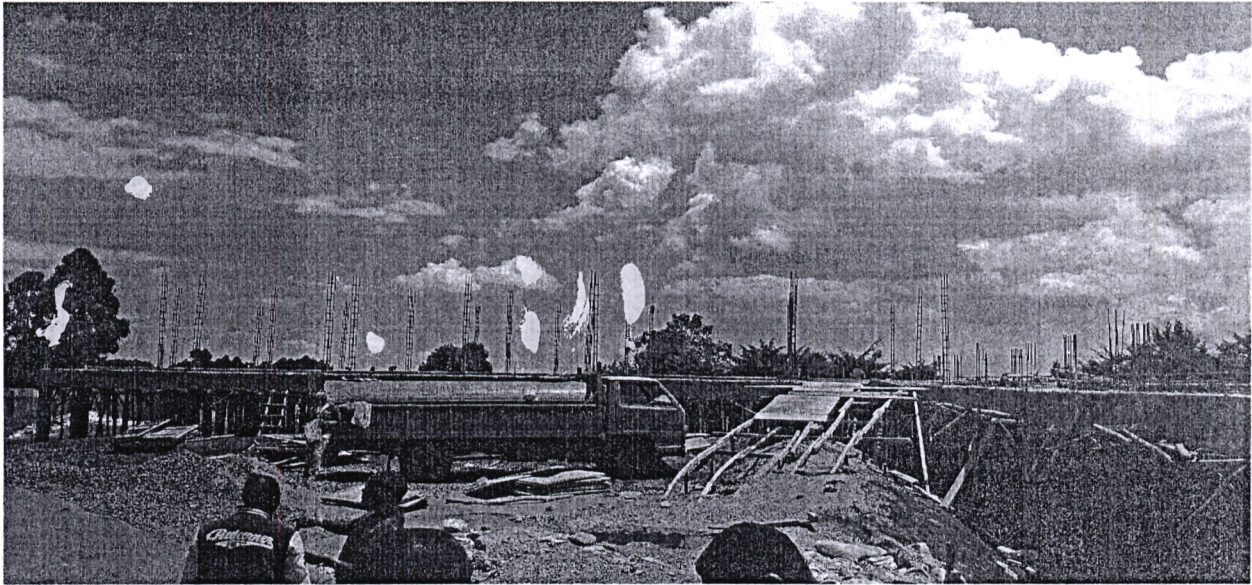


FIG 1.1 This is Proposed Kipkeibon Day Secondary School under construction of one storey building of 8no classrooms and administration block constructed by NGCDF Emgwen Constituency between FY 2014/15, 2016/17 and 2017/18.

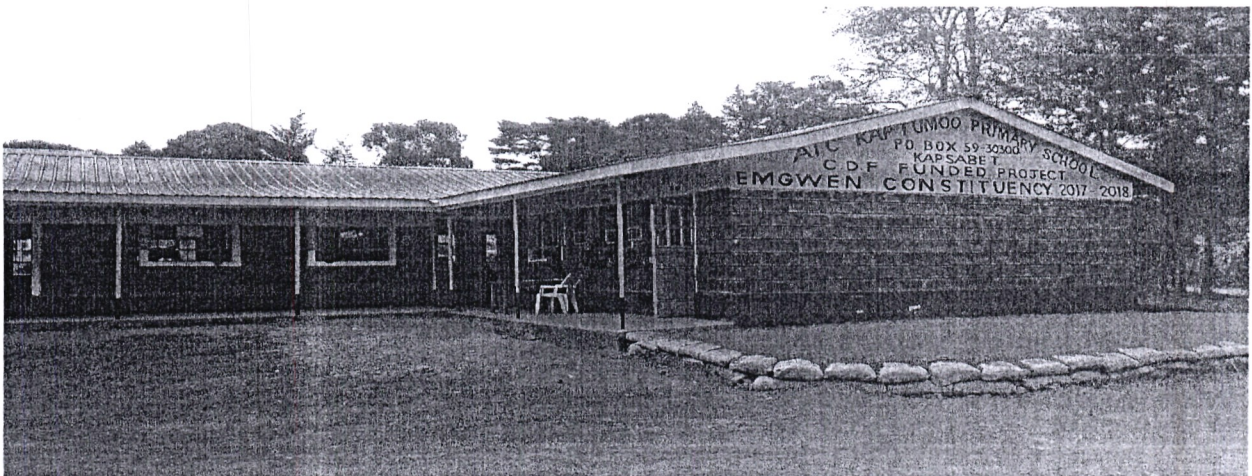


FIG 1.2: Aic Kaptumoo Primary School under expansion of 4no classrooms funded by NGCDF Emgwen Constituency FY 2017/2018 for better learning Environment.

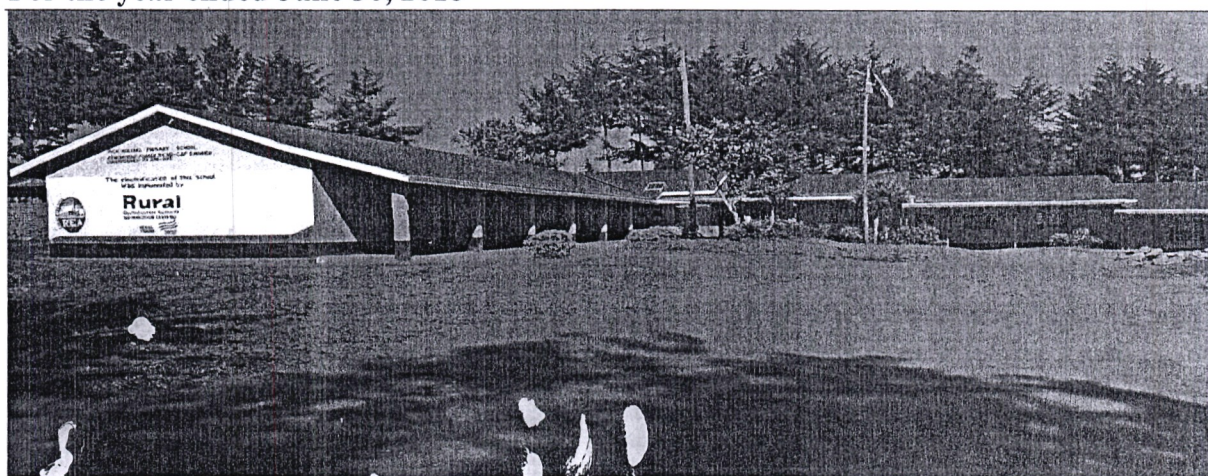


FIG 1.3: Ack Kolong Primary School Renovation was funded by NGCDF Emgwen Constituency for better learning Environment.

Sectoral Analysis of Funding

Over the past 5 years, the Constituency has received a total of Kshs 253,554,968 which were subsequently been disbursed to various projects in such sectors as education, water, health, roads and bridges, energy, agriculture, security etc in addition to the statutory bursary, emergency, sports, environment, administration and monitoring and evaluation votes. The funding has benefitted over 500 projects and the breakdown in terms of the number of projects funded in these leading sectors over the last five years is as hereunder provided;

Number of Projects Per Sectors FY2012/13-2017/18 (In Key Sectors)

Sector	2017/18	2016/17	2015/16	2014/15	2013/2014	Total
	Primary Schools	24	24	37	45	34
Secondary Schools	13	1	21	9	16	60
ECD Centres	-	-	-	-	-	-
Tertiary Institutions	-	1	1	1	-	3
Health	-	-	-	-	-	-
Roads	-	-	-	-	9	9
Water	-	-	-	-	-	-
Agriculture	-	-	-	-	3	3
Security	-	1	-	-	1	2
Total No Funded	37	27	59	55	63	241

Source: EMGWEN NGCDF Records (2018)

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

Achievements and Major Undertakings

During the year, the Committee disbursed all the bursary to needy students in secondary, tertiary institutions and this benefitted the constituency. Major physical facilities funded are infrastructure such as classrooms, administration blocks, laboratories, dormitories, toilets, lockers and chairs, desks and libraries. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in secondary and tertiary institutions whilst increasing retention and transition rates while equally reducing the burden of education for low income families. The first phase of the project is 98 percent complete whereas the second phase of the project is currently ongoing and at 90 percent completion. It is expected that the project will be completed in the FY 2018/2019.

Statement of Receipts & Payments 2017/2018 against 2016/2017

(5,000,000)		
(10,000,000)		
(15,000,000)	1	2
(20,000,000)		
(25,000,000)		
(30,000,000)		
(35,000,000)		
(40,000,000)		
	2017/2018	2016/2017

Key

- 1. (Deficient of FY 2017/2018)**
- 2. (Deficient of FY 2016/2017)**

This is an indicator of a better performed year 2017/2018 compared to 2016/2017

Sign

CHAIRMAN NGCDF COMMITTEE



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMGWEN 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-EMGWEN Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Emgwen; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

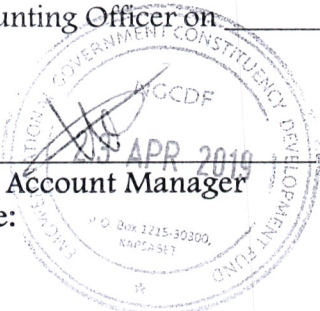
The Accounting Officer in charge of the NGCDF-EMGWEN Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *Emgwen constituency* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the Emgwen financial position as at that date. The Accounting Officer charge of the NGCDF-EMGWEN Constituency further confirms the completeness of the accounting records maintained for the *Emgwen*, 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-EMGWEN Constituency confirms that the Emgwen 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 Emgwen 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-EMGWEN Constituency financial statements were approved and signed by the Accounting Officer on _____ 2018.

Fund Account Manager
Name: _____



Sub-County Accountant
Name: _____
ICPAK Member Number: _____



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

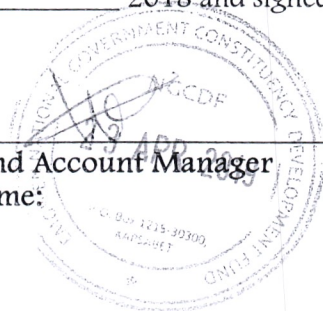
**Reports and Financial Statements
For the year ended June 30, 2018**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

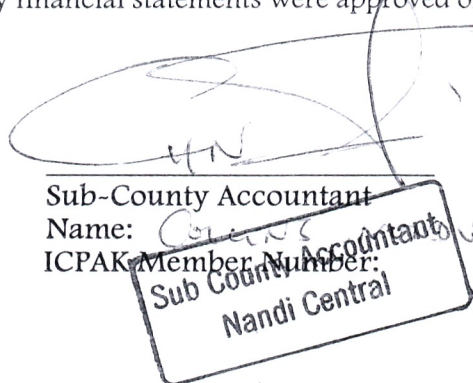
	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	72,853,447	94,751,662.
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		72,853,447	94,751,662
PAYMENTS			
Compensation of employees	4	1,899,024	3,639,389
Use of goods and services	5	7,584,486	14,068,962
Transfers to Other Government Units	6	40,068,500	53,000,000
Other grants and transfers	7	33,253,842	37,003,141
Acquisition of Assets	8	67,990	327,590
Other Payments	9	-	-
TOTAL PAYMENTS		82,873,842	107,711,492
SURPLUS/DEFICIT		(10,020,395)	(12,959,830)

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

Fund Account Manager
Name:



Sub-County Accountant
Name: *C. O. O. O.*
ICPAK Member Number:
Sub County Number:
Nandi Central



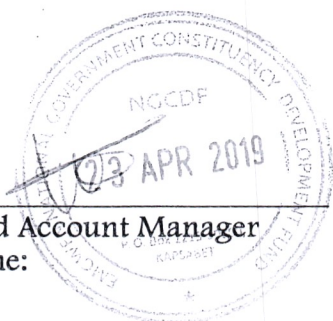


V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	709,010	11,287,924
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalent		709,010	11,287,924
Current receivables -Outstanding Imprests	11	558,519	1,379,400
TOTAL FINANCIAL ASSETS		1,267,529	12,667,324
FINANCIAL LIABILITIES			
Accounts Payables -Retention	12	-	-
NET FINANCIAL ASSETS		1,267,529	12,667,324
Fund balance b/fwd 1st July...	13	11,287,924	24,247,754
Surplus/Deficit for the year		(10,020,395)	(12,959,830)
Prior year adjustments	14	-	-
NET LIABILITIES		1,267,529	11,287,924

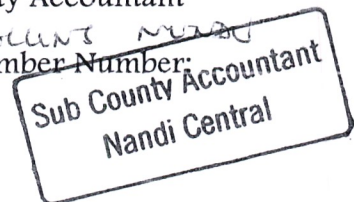
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMGWEN Constituency financial statements were approved on _____ 2018 and signed by:

Fund Account Manager
Name:



Sub-County Accountant

Name: *COLLINS MUSA*
ICPAK Member Number:





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

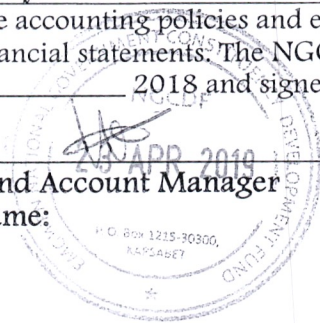
**Reports and Financial Statements
For the year ended June 30, 2018**

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from CDF Board	1	72,853,447	94,751,662
Other Receipts	3		
		72,853,447	94,751,662
Payments for operating expenses			
Compensation of Employees	4	1,899,024	3,639,389
Use of goods and services		7,652,476	14,068,962
Transfers to Other Government Units	6	40,068,500	53,000,000
Other grants and transfers	7	33,253,842	37,003,141
Other Payments	9	-	-
		82,873,842	107,711,492
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(10,020,395)	(12,959,830)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	67,990	327,590
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(10,020,395)	(12,959,830)
Cash and cash equivalent at BEGINNING of the year	13	11,287,924	24,247,754
Cash and cash equivalent at END of the year		1,267,529	11,287,924

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

Fund Account Manager
Name: _____



Sub-County Accountant

Name: _____
ICPAK Member Number: _____





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –EMGWEN CONSTITUENCY

Reports 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 CDF Board	86,810,344.80	22,667,234	109,477,579	95,164,951	14,312,628	86.9%
Proceeds from Sale of Assets						
Other Receipts	-	-	-	-	-	-
TOTAL RECEIPTS	86,810,344.80	22,667,234	109,477,579	95,164,951	14,312,628	86.9%
PAYMENTS						
Compensation of Employees	2,112,793	-	2,112,793	1,899,024	213,769	89.9%
Use of goods and services	5,700,138	1,024,137	6,724,275	7,584,486	(860,211)	112.8%
Transfers to Other Government Units	41,500,000	16,246,496	57,746,496	40,068,500	17,677,996	69.4%
Other grants and transfers	36,420,993	5,396,601	41,817,594	33,253,342	8,563,752	79.5%
Acquisition of Assets	1,076,421		1,076,421	67,990	1,008,431	6.3%
Other Payments	-	-	-	-	-	-
TOTAL	86,810,345	22,667,234	109,477,579	82,873,842	26,603,737	75.7%



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMGWEN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

TRIAL BALANCE AS AT 30TH JUNE 2018		
	DR	CR
Cash and Cash equivalents		
Bank Balances	709,010	
Cash Balances	-	
Outstanding Imprest	558,519	
Payments		
Compensation of Employees	1,899,024	
Use of goods and services	7,584,486	
Transfers to Other Government Units	40,068,500	
Other grants and transfers	33,253,842	
Acquisition of Assets	67,990	
Other Payments	-	
Receipts		
Transfers from the Board		72,853,447
Proceeds from sale of assets		-
Others receipts		
Prior Year Adjustment		-
Fund Balance b/f		11,287,924
TOTAL	84,141,371	84,141,371

9

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Emgwen National Government Constituency Development Fund set out on pages 11 to 37, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Presentation/Disclosure and Accuracy of Financial Statements

1.1 Non- Compliance with IPSAS Accrual

The Fund prepared its financial statements on cash basis instead of IPSAS accrual as prescribed by the Public Sector Accounting Standards Board. In consequence, the financial statements do not comply with PFM Act, 2012.

1.2 Use of Goods and Services-Opening Balance

The statement of receipts and payments for the year ended 30 June 2018 reflects an opening balance of Kshs.14,068,962 under use of goods and services component which is at variance with prior year certified financial statement figure of Kshs.13,741,372 resulting to unexplained difference of Kshs.327,590.

Consequently, the accuracy of the opening balance of Kshs.14,068,962 for use of goods and services could not be confirmed.

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

1.3 Variance on Actual Receipts on Comparable Basis.

The summary statement of appropriation: recurrent and development combined reflect actual receipts on comparable basis of Kshs.95,164,951 which is at variance with the transfers from CDF Board figure of Kshs.72,853,447 reflected under the statement of receipts and payments resulting to unexplained variance of Kshs.22,311,504. In the circumstances, the actual receipts on comparable basis could not be confirmed.

1.4 Variance on Other Grants and Transfers

Included in the statement of receipts and payments is a figure of Kshs.33,253,842 under other grants and transfers that is at variance with computed figure of Kshs.33,283,842 under note 7 of the financial statements. As a result, the accuracy of the other grants and transfers figure of Kshs.33,253,842 could not be confirmed.

1.5 Variance on the Use of Goods and Services

Included in the statement of receipts and payments is an amount of Kshs.7,584,486 under use of goods and services which is at variance with a figure of Kshs.7,652,476 reflected at note 5 of the financial statements. Consequently, the accuracy of the use of goods and services figure of Kshs.7,584,486 could not be confirmed.

2.0 Cash and Cash Equivalents

2.1 Unpresented Cheques

The statement of assets and liabilities as at 30 June 2018 reflects bank balance of Kshs.709,010. A review of the bank reconciliation statement for the month of June 2018 revealed unpresented cheques totaling to Kshs.2,801,087.20. At the time of audit, no evidence was provided to confirm that the unpresented cheques were reversed in the cashbook or paid. Further, casting of the unpresented cheques schedule provided for audit revealed a figure of Kshs.723,826.20 which was at variance with the provided figure of Kshs.2,801,087.20 hence resulting to unexplained variance of Kshs.2,077,261.

2.2 Bank Balance

The statement of bank balance certificate availed for audit reflects a bank balance of Kshs.2,052,220.15 while bank reconciliation statement reflected a balance of Kshs.2,437,380.15 hence resulting to unexplained variance of Kshs.385,160. Consequently, the bank reconciliation closing bank balance is doubtful.

In view of the foregoing, the accuracy and completeness of the cash and cash equivalents balance of Kshs.709,010 as at 30 June 2018 could not be ascertained.

3.0 Unsupported Expenditure

The statement of receipts and payments reflects transfers to other government units' balance of Kshs.40,068,500 as disclosed in note 6 to the financial statements relating to

funds disbursed to various project management committees. However, actual expenditure returns and acknowledgement letters from institutions that received the funds were not made available for audit verification. Consequently, the validity and propriety of transfers to other government units' balance of Kshs.40,068,500 for the year ended 30 June 2018 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Disclaimer of Opinion] section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1.0 Emergency Project

Included in the other grants and transfers figure of Kshs.40,322,342 is emergency projects figure of Kshs.2,000,000 out of which Kshs.400,000 was for the emergency construction of a toilet at Kiptenden Primary School. A site visit to the project on 25 March 2019 revealed that although the project was complete, it had developed cracks and had been closed by the school management because it posed danger to the students

In the circumstances, the propriety of the emergency expenditure of Kshs.400,000.00 could not be confirmed.

2.0 Long outstanding Imprests

The statement of assets and liabilities as at 30 June 2018 reflects outstanding imprests figure of Kshs.558,519 which was due for surrender on or before 30 June 2018. This is contrary to Section 93(5) of the Public Finance Management regulations 2015.

Consequently, the management was in breach of the law.

3.0 Project Verification Report

During the year under review, sixteen (16) projects costing Kshs.31,068,500.00 were verified in the month of March 2019. Out of the sixteen (16) projects verified, six (6) were complete and in use, one (1) project complete and not in use, eight (8) projects were ongoing and one (1) had not started. In the prevailing circumstances, the citizens of Emgwen constituency did not get the benefits from the project that had not been put into use after completion and that had not been started.

4.0 Project Implementation Status Report

During the financial year ended 30 June 2018, the Fund budgeted to disburse Kshs. 78,025,862.05 to finance 70 projects and out of which an amount of Kshs. 14,500,000 was disbursed for thirteen (13) projects that were complete and in use, thirty-seven (37) projects with an allocation of Kshs.51,000,000 were ongoing while twenty (20) projects with an allocation of Kshs.12,525,862.05 had not started as at 30 June 2018. Consequently, the public did not get value for money from the incomplete projects due to ineffective implementation of projects.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7(1)(a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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 Emgwen National Government Constituency Development Fund ability to continue with sustainability of services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Emgwen National Government Constituency Development Fund or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the Emgwen National Government Constituency Development Fund financial reporting process, reviewing the

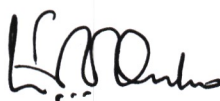
effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the Emgwen National Government Constituency Development Fund financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal control, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, and Internal Controls, Risk Management and Governance sections of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion.

I am independent of Emgwen National Government Constituency Development Fund 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.



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

Nairobi

05 August 2019

Appendix 1

Project Verification Report

S/No	Project Name	Project Activity	Amount Disbursed During the Year	Observation
			Kshs	
1	Emgwen Technical Training Institute	Purchase of Land	8,068,500.00	Ongoing. Land payment only 80% done
2	Tiryo Secondary School	Purchase of Land	1,000,000.00	Complete
3	Kipkeibon Secondary School	Completion of Administration block & 8 Classrooms	10,000,000.00	Ongoing
4	St.Pauls Arwos Primary School	Construction of Administration block	1,000,000.00	Ongoing
5	AIC Chesuwe Primary School	Construction of Administration block	1,000,000.00	Ongoing
6	Chebonge Primary School	Construction of 2 Classrooms	1,000,000.00	Complete and in use
7	Kilibwoni Primary School	Construction of Administration block	1,000,000.00	Ongoing
8	Kaplonyo Primary School	Completion of Administration Block	1,000,000.00	Ongoing
9	Kaptumoo Primary School	Construction of 2 Classrooms	1,000,000.00	Complete and in use
10	Tebesonik Primary School	Purchase of Land	1,000,000.00	Complete
11	SDA Tendwet Primary School	Purchase of Land	1,000,000.00	Complete
12	Kiborgok Mixed Secondary School	Completion of dining hall, plastering, flooring, doors and windows	1,000,000.00	Ongoing
13	Kapsabet Chief's Office	Construction of Office	1,000,000.00	Not yet Started
14	AIC Kapchemoiywo Secondary School	Construction of dormitory	1,000,000.00	Complete and in use
15	Kiborgok Mixed Secondary School	Construction of 8 pit latrines blocks	600,000.00	Ongoing
16	Kiptenden Primary School	Construction of pit latrines	400,000.00	Complete but not in use
		TOTAL	31,068,500.00	

Appendix 2
Unpresented Cheques

Date	Cheque No.	Payee	Amount (Kshs)
10/2/2012	1543	NSSF	2,800.00
6/6/2013	1719	NSSF	2,800.00
6/26/2013	1730	NSSF	2,800.00
2/4/2014	2093	PAYE	2,319.00
4/28/2014	2141	PAYE	2,052.40
4/29/2014	2146	PAYE	2,319.00
12/6/2014	2158	PAYE	2,319.20
6/30/2014	2172	NHIF	2,319.20
8/28/2014	2202	PAYE	2,319.20
8/28/2014	2203	NHIF	1,920.00
5/9/2014	2219	PAYE	2,319.20
5/9/2014	2221	NSSF	1,900.00
9/29/2014	2495	PAYE	2,319.20
9/29/2014	2496	NHIF	1,920.20
10/30/2014	2511	PAYE	2,319.20
10/30/2014	2513	NSSF	2,400.00
12/17/2014	2535	PAYE	2,319.20
12/17/2014	2542	PAYE	2,319.20
5/21/2015	2913	NHIF	1,920.00
2/19/2016	EFT	NSSF	3,200.00
10/24/2016	3754	VAT	3,971.00
12/14/2016	4171	VAT	2,645.00
12/16/2016	4193	VAT	2,586.00
1/31/2017	4196	VAT	7,062.00
3/21/2017	4469	Aberdeen College of Accountancy	10,000.00
3/21/2017	4603	AIC Itigo Sec School	10,000.00
3/21/2017	4696	Kenya Institute of Applied Sciences	10,000.00
3/21/2017	4717	KMTC Petreiz Campus	10,000.00
3/21/2017	4730	Kenyatta University	10,000.00
3/21/2017	4732	Kericho Teachers Training College	11,000.00
3/21/2017	4757	Nyangori Bible College	10,000.00
3/21/2017	4766	Pwani University	10,000.00
4/20/2017	4783	PAYE	13,374.00
5/2/2017	4806	PAYE	13,374.00
5/2/2017	4821	Benja Sec School	10,000.00
5/2/2017	4825	Alpha College	8,000.00
5/2/2017	4828	KMTC	10,000.00

Date	Cheque No.	Payee	Amount (Kshs)
5/2/2017	4857	Mundulwo Special School	10,000.00
5/2/2017	4862	St Mary's Girls Sec School	10,000.00
5/2/2017	4889	VAT	5,390.00
6/30/2017	4906	PAYE	13,374.00
7/7/2017	4957	Sochoi Girls Sec School	30,000.00
7/7/2017	4995	ACK St Thomas Kipchumba	10,000.00
7/7/2017	5000	Cheptonon Sec School	10,000.00
7/7/2017	5009	Bara School	10,000.00
7/7/2017	5025	Eldoret Polytechnic	10,000.00
7/7/2017	5045	Chesuwe High School	20,000.00
5/30/2018	6415	Laboret Boys High School	10,000.00
5/30/2018	6420	St Peters Mumias	20,000.00
5/30/2018	6431	Ollessos Technical Training Institute	10,000.00
6/30/2018	6433	Coop University	20,000.00
6/30/2018	6436	Kenya	10,000.00
6/30/2018	6442	Turbo Girls	20,000.00
6/30/2018	6443	University of Eldoret	10,000.00
6/30/2018	6446	Ronyalo G H School	15,000.00
6/30/2018	6449	St Joseph's High School	20,000.00
6/30/2018	6450	St Joseph's High School	20,000.00
6/30/2018	6451	Eldoret Polytechnic	20,000.00
6/30/2018	6470	Wesley Maina	24,326.00
6/30/2018	6474	VAT	4,040.00
6/30/2018	6476	VAT	4,055.00
6/30/2018	6479	Chepterit Girls	10,000.00
6/30/2018	6480	Bishop Linus Okoth Sec School	10,000.00
6/30/2018	6484	PAYE	72,125.00
6/30/2018	6489	NSSF	1,600.00
6/30/2018	6492	Bishop Linus Okoth Sec School	10,000.00
6/30/2018	6493	Ollessos Technical Training Institute	10,000.00
6/30/2018	6494	Namgoi Mixed Sec School	10,000.00
6/30/2018	6495	Tengecha Girls School	10,000.00
6/30/2018	6496	Ollessos Technical Training Institute	15,000.00
6/30/2018	6497	Holy Rosary Girls	20,000.00
6/30/2018	6498	Nyabondo MTC	10,000.00
6/30/2018	6499	Our Lady of Peace Sec School	10,000.00
Total			723,826.20

Appendix 3

Project Implementation

Financial Year	Project Name	Activity	Project Cost (Kshs)	Status
2017/2018	Chebonge Primary School	Construction of Two complete classrooms	1,000,000.00	complete
2017/2018	Kaptumoo Primary School	Construction of 2 complete classrooms	1,000,000.00	complete
2017/2018	Kimnyoasis Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	complete
2017/2018	Aic Pr.Misoi Kapsirichoi Primary School	Completion of 2 classrooms; Plastering, walling, floors, doors and window.	500,000.00	complete
2017/2018	Ipa Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	complete
2017/2018	Aic Kiborgok Girls Secondary School	Completion of dormitory; walling and roofing.	1,000,000.00	complete
2017/2018	Tiryo Secondary School	Purchase of 2 acres of land	1,000,000.00	complete
2017/2018	Kaboen Primary School	Purchase of one acre of land	1,000,000.00	complete
2017/2018	Kiplolok Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	complete
2017/2018	Chebonge Primary School	Construction of 2 complete classrooms	1,000,000.00	complete
2017/2018	Aic Kaptumoo Primary School	Purchase of two acres of land	3,000,000.00	complete
2017/2018	Kamatargui Primary School	Purchase of one acre of land	1,000,000.00	complete
2016/2017	Sda Tendwet Primary School	Purchase of 1.5 acres of land	1,000,000.00	complete
			14,500,000.00	

Financial Year	Project Name	Activity	Project Cost (Kshs)	Status
Ongoing Projects				
2017/2018	Kiptilalon Primary School	Construction of Two complete classrooms.	1,000,000.00	Ongoing
2017/2018	Arwos Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	Ongoing
2017/2018	Burende Hill Primary School	Purchase of 2 acres of land	1,000,000.00	Ongoing
2017/2018	Burende Hill Primary School	construction of two complete classrooms	1,000,000.00	Ongoing
2017/2018	Kabaskei Primary School	Purchase of 2 acres of land	1,000,000.00	ongoing
2017/2018	Kapkangani Primary School	Completion of dormitory; Plaster, floors, windows, doors and wiring.	1,000,000.00	ongoing
2017/2018	Ac Togat Primary School	Construction of complete Administration block	2,000,000.00	ongoing
2017/2018	Kilibwoni Primary School	Construction of complete Administration block	2,000,000.00	ongoing
2017/2018	Kiminda Primary School	Construction of complete Administration block	1,000,000.00	ongoing
2017/2018	Kiptamuk Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	ongoing
2017/2018	Aic Pr.Misoi Kapsirichoi Primary School	Construction of 1 complete classroom.	500,000.00	ongoing
2017/2018	Kipture Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	ongoing
2017/2018	Mogoiywo Hill Primary School	Construction of 2 complete classrooms	1,000,000.00	ongoing
2017/2018	Kaplonyo Primary School	Completion of administration block;	1,000,000.00	ongoing

Financial Year	Project Name	Activity	Project Cost (Kshs)	Status
		Roofing, Plaster, doors, windows.		
2017/2018	Sasimon Primary School	Construction of 2 complete classrooms	1,000,000.00	ongoing
2017/2018	Kiborgok Hill Primary School	Construction of complete administration block.	1,000,000.00	ongoing
2017/2018	Muslim Primary School	Construction of complete administration block.	1,000,000.00	ongoing
2017/2018	Township Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	ongoing
2017/2018	Tebesonik Primary School	Construction of 2 complete classrooms.	1,000,000.00	ongoing
2017/2018	Kipkeibon Secondary School	Completion of one storey Building of Administration Block and 8 classrooms; plastering, painting, windows and doors	4,500,000.00	ongoing
2017/2018	Kiborgok Mixed Secondary School	Completion of dining hall; Plastering, flooring, doors and windows.	1,000,000.00	ongoing
2017/2018	Kimnyoasis Secondary School	Completion of science laboratory; Walling, roofing, windows and doors.	1,000,000.00	ongoing
2017/2018	Mosobecho Secondary School	Construction of laboratory to roofing level.	1,000,000.00	ongoing
2017/2018	Ndubeneti Secondary School	Construction of 2 complete classrooms	1,000,000.00	ongoing
2017/2018	St.Marys Kapchorwa Secondary School	Construction of 2 complete classrooms	1,000,000.00	ongoing
2017/2018	St.Barnabas Tegat Secondary School	Completion of dining hall; Plastering, windows, doors and flooring.	1,000,000.00	ongoing

Financial Year	Project Name	Activity	Project Cost (Kshs)	Status
2017/2018	Aic Kapchemoywo Secondary School	Completion of dining hall; Walling, windows, doors and flooring.	1,000,000.00	ongoing
2017/2018	Kapkagaon Secondary School	Completion of dormitory; Walling, windows, doors and flooring.	1,000,000.00	ongoing
2017/2018	Holy Rosary Girls Koibem	Completion of science laboratory; Plastering, painting, windows and doors.	1,000,000.00	ongoing
2017/2018	ACK Kipsugur Secondary School	Construction of science laboratory to roofing level.	1,000,000.00	ongoing
2017/2018	Emdin Primary School	Plaster of walls, repair of floors, painting and replacing doors of 8 classrooms.	1,000,000.00	ongoing
2017/2018	Kabikwen Secondary School	Construction of Girls Dormitory to roofing level.	1,000,000.00	ongoing
2016/2017	Emgwen Technical Training Institute	Purchase of 5 Acres land	10,000,000.00	ongoing
2016/2017	AIC Chesuwe Primary School	Construction of Administration Block	1,000,000.00	ongoing
2016/2017	St.Paul's Arwos Primary School	Construction of Administration Block	1,000,000.00	ongoing
2016/2017	Kaplonyo Primary School	Completion of Administration Block; roofing, plastering, doors, window vanes and painting	1,000,000.00	ongoing
2016/2017	AIC Chesuwe Primary School	Construction of Administration Block	1,000,000.00	ongoing
			51,000,000.00	
Not Started			Project Cost(Kshs)	Status
Financial Year	Project Name	Activity		
2017/2018	Burende Football And Volleyball Teams	Purchase of Balls, Nets and uniforms	347,241.00	not started

Financial Year	Project Name	Activity	Project Cost (Kshs)	Status
2017/2018	Chepsonoi Football And Volleyball Teams	Purchase of Balls, Nets and uniforms	347,241.00	not started
2017/2018	Mosobecho Football And Volleyball Teams	Purchase of Balls, Nets and uniforms	347,241.00	not started
2017/2018	Kipture Football And Volleyball Teams	Purchase of Balls, Nets and uniforms	347,241.00	not started
2017/2018	Kapnyeberai Football And Volleyball Teams	Purchase of Balls, Nets and uniforms	347,242.90	not started
2017/2018	Kilibwoni Primary School	Purchase and Planting of tree seedlings	217,025.00	not started
2017/2018	Ngomwo Primary School	Purchase and Planting of tree seedlings	217,025.00	not started
2017/2018	Chesuwe Primary School	Purchase and Planting of tree seedlings	217,025.00	not started
2017/2018	Sasimon Adc Primary School	Purchase and Planting of tree seedlings	217,025.00	not started
2017/2018	Chepkumia Secondary School	Purchase and Planting of tree seedlings	217,025.00	not started
2017/2018	Mosobecho Primary School	Purchase and Planting of tree seedlings	217,025.00	not started
2017/2018	Aic Kiborgok Girls High School	Purchase and Planting of tree seedlings	217,025.00	not started
2017/2018	Kiminda Primary School	Purchase and Planting of tree seedlings	217,031.90	not started
2017/2018	Kapkangani Primary School	Procurement of Satellite Antenna, Router, Digital Access Kit and Digital ruggedized tables, wi-fi with outdoor wireless device complete with 12U	1,169,256.80	not started

Financial Year	Project Name	Activity	Project Cost (Kshs)	Status
		cabinet complete with installation accessories – implementation of 1 site @ 1,169,256.80		
2017/2018	Chepkumia Secondary School	Procurement of Satellite Antenna, Router, Digital Access Kit and Digital ruggedized tables, wi-fi with outdoor wireless device complete with 12U cabinet complete with installation accessories – implementation of 1 site @ 1,169,256.80	1,169,256.80	not started
2017/2018	Emgwen Youth Centre	Procurement of Satellite Antenna, Router, Digital Access Kit and Digital ruggedized tables, wi-fi with outdoor wireless device complete with 12U cabinet complete with installation accessories – implementation of 1 site @ 1,169,256.80	1,169,256.80	not started
2017/2018	Kilibwoni Primary School	Procurement of Satellite Antenna, Router, Digital Access Kit and Digital ruggedized tables, wi-fi with outdoor wireless device complete with 12U cabinet complete with installation accessories – implementation of 1 site @ 1,169,256.80	1,169,256.80	not started

Financial Year	Project Name	Activity	Project Cost (Kshs)	Status
2017/2018	Strategic Plan For 2017 – 2022.	Consultative & Validation forums, Consultancy fee, Facts sheet data collection, Printing and Launching of SP	2,000,000.00	not started
2017/2018	Purchase Of Office Furniture	Purchase of 20 chairs, 6 Tables, 4 Computers, 5 Cabinets and 6 Drawers.	1,076,421.05	not started
2016/2017	Kapsabet Township Chief's Office	Construction of chief's office to completion	1,300,000.00	not started
			12,525,862.05	
		Total	78,025,862.05	

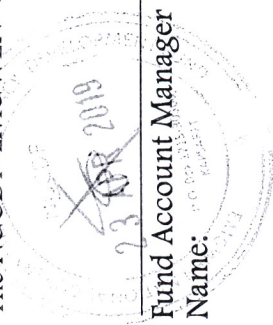
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMGWEN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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

(b) Explanation on all items Below 90% Utilization

- i. On Receipts, the total Receipts from the NGCDF Board is 86.9% which is due to an additional Fund which was planned in may 2018 for proposal submission of kshs 1,379,310.34.
- ii. Compensation of Employee is 89.9% due to high number of staff from the previous years and the constituency had anticipated to reduce the number of staff to 4
- iii. Use of goods and services 113.8% there was awaiting of funds from the board for the last allocation and may submission of the proposal.
- iv. Transfer to other government units 57.1%, there was additional adjustments for the original budget making the total budget to be high against the expenses.
- v. Other Grants and transfer 93.1%, due to additional funds

The NGCDF-EMGWEN Constituency financial statements were approved on _____ 2018 and signed by:



Fund Account Manager

Name: _____

Sub-County Accountant

Name: COLLINS NANDU

ICPAK Member Number: _____

Sub County Accountant
Nandi Central

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and 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.

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.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
1330-07	Normal Allocation	A855795	5,500,000.00	
		A892693	29,448,275.10	
		A892880	37,905,172.00	
		A825988		53,803,385
		A829540		4,094,828
		A85578		36,853,449
1330408	Conditional grants	AIE NO...		-
				-
1330409	Receipt from other Constituency			-
	TOTAL		72,853,447	94,751,662

2. PROCEEDS FROM SALE OF ASSETS

	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
3510202	Receipts from the Sale of Buildings		-	-
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-
3510801	Receipts from the Sale Plant Machinery and Equipment		-	-
3510803	Receipts from the Sale of Office and General Equipment		-	-
	TOTAL		-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
1410107	Interest Received		-	-
1410-05	Rents		-	-
1420601	Sale of Tender Documents		-	-
1450207	Other Receipts Not Classified Elsewhere (specify)		-	-
	TOTAL		-	-

4. COMPENSATION OF EMPLOYEES

	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,883,024	2,071,551
2110202	Basic wages of casual labour		-	-
	Personal allowances paid as part of salary			
2110301	House allowance		-	-
2110314	Transport allowance		-	-
2110320	Leave allowance		-	32,000
2110326	Other personnel payments		-	-
2120101	Employer contribution to NSSF		16,000	19,200
2710120	Gratuity-contractual employees		-	1,516,637
	TOTAL		1,899,024	3,639,388

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

2210100	Utilities, supplies and services	180,000	419,300
2210101	Electricity	-	-
2210102	Water & sewerage charges	-	-
2210104	Office rent	-	-
2210200	Communication, supplies and services	114,000	216,000
2210300	Domestic travel and subsistence	656,500	1,003,563
2210500	Printing, advertising and information supplies & services	29,790	337,852
2210600	Rentals of produced assets	-	-
2210700	Training expenses	864,000	3,415,500
2210800	Hospitality supplies and services	-	663,830
2210802	Other committee expenses	1,730,000	1,934,000
2210809	Committee allowance	1,311,000	2,148,000
2210900	Insurance costs	-	-
2211000	Specialised materials and services	-	-
2211100	Office and general supplies and services	445,990	810,685
2211200	Fuel , oil & lubricants	200,000	400,000
2211300	Other operating expenses	1,875,970	2,544,000
2211301	Bank service commission and charges	-	-
2211313	Security operations	-	-
2220100	Routine maintenance - vehicles and other transport equipment	199,726	176,232
2220200	Routine maintenance- other assets	45,500	-
	TOTAL	7,652,476	14,068,962

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2630204	Transfers to Primary schools	15,000,000	33,000,000
2630205	Transfers to Secondary schools	17,000,000	20,000,000
2630206	Transfers to Tertiary institutions	8,068,500	-
2630207	Transfers to Health institutions	-	-
	TOTAL	40,068,500	53,000,000

7. OTHER GRANTS AND OTHER PAYMENTS

	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2640101	Bursary -Secondary	12,781,300	17,505,291
2640102	Bursary -Tertiary	11,886,900	16,197,850
2640104	Bursary-Special schools	1,560,000	-
2640105	Mocks & CAT	-	-
2640504	Water	-	-
2640505	Food security	-	-
2640506	Electricity	-	-
2640507	Security	1,000,000	-
2640508	Roads and Bridges	-	-
2640509	Sports	-	-
2640510	Environment	4,055,642.00	-
2640512	Cultural Projects	-	-
2640513	Agriculture	-	-
2640200	Emergency Projects	2,000,000	3,300,000
	TOTAL	33,253,842	37,003,141

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets

<u>Non-Financial Assets</u>		2017 - 2018	2016 - 2017
		Kshs	Kshs
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	-	-
3110302	Refurbishment of Buildings	-	-
3110701	Purchase of Vehicles	-	-
3110704	Purchase of Bicycles & Motorcycles	-	-
3110801	Overhaul of Vehicles	-	-
3111001	Purchase of office furniture and fittings	-	327,590
3111002	Purchase of computers, printers and other IT equipments	-	-
3111005	Purchase of photocopier	-	-
3111009	Purchase of other office equipments	67,990	-
3111112	Purchase of soft ware	-	-
3130101	Acquisition of Land	-	-
	TOTAL	67,990	327,590

9. OTHER PAYMENTS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

	Name of Bank, Account No. & currency	Account Number	2017 - 2018	2016 - 2017
			Kshs (30/6/2018)	Kshs (30/6/2017)
	EQUITY BANK -KAPSABET BRANCH	A/C no.297850306	709,010.00	11,287,924
	10B: CASH IN HAND			
			2017 - 2018	2016- 2017
			Kshs (30/6/2018)	Kshs (30/6/2017)
	Location 1		-	-
	Location 2		-	-
	Location 3		-	-
	Other receipts (specify)		-	-
	TOTAL		-	-

11: OUTSTANDING IMPRESTS

	Name of Officer		Amount Taken	Amount Surrendered	Balance (30/6/2018)
		Date imprest taken	Kshs	Kshs	Kshs
	WESLEY MAINA	16.3.2018	150,519	-	408,000
	WESLEY MAINA	19.4.2018	408,000	-	150,519
	TOTAL		558,519	-	558,519

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

12.RETENTION

Supplier/Contractor	PV No.	2017 - 2018	2016 - 2017
		-	-

[Provide short appropriate explanations as necessary]

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13. BALANCES BROUGHT FORWARD

		2017 - 2018	2016 - 2017
		Kshs (1/7/2018)	Kshs (1/7/2017)
Bank accounts		709,010	11,287,924
Cash in hand		-	-
Imprest		558,519	1,379,400
TOTAL		1,267,529	12,667,324

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

		2017 - 2018	2016 - 2017
		Kshs	Kshs
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
TOTAL		-	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

		2017- 2018	2016 - 2017
		Kshs	Kshs
Cdf Staff		-	-
Unionisable employees		-	-
Others (specify)		-	-
		-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

UNUTILIZED FUNDS (See Annex 3)

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17
Compensation of employees		1,252,764	-
Use of goods & services		1,129,144	-
Committee Expenses /Capacity Building		1,295,131	-
Amount due to other Government Entities		36,500,000	-
Amount due to other grants and other transfers(Bursary ,Sports, NGCDF Office)		4,750,378	11,287,924
Acquisition of Assets		1,076,421	-
Hubs		4,677,027	-
Other (strategic plan)		2,000,000	-
		52,680,865.00	11,287,924

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	25,012,485	1,021,504
	25,012,485	1,021,504

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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 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2017/18	Historical Cost (Kshs) 2016/17
Land	-	-
Buildings and structures	5,457,448	5,457,448
Transport equipment	426,890	426,890
Office equipment, furniture and fittings	1,974,966	1,904,976
ICT Equipment, Software and Other ICT Assets	20,849	20,849
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	7,880,153	7,810,163

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18
Kaptendon primary school	kcb	1168485584	352,512
Holy rosary koibem secondary school	kcb	1133181236	8,674
Tiryo secondary school	Equity	0490268405445	926,157
Kipl eibon secondary school	quity	0490269556042	8,932,235
Sda Tendwet primary school	Equity	0490266539769	921,240
A.i.c Chesuwe Primary School	Equity	049027620951	1,000,100
Ipa Kaimosi Primary school	Equity	0490276871631	254,575
Kaptumoo primary school	Equity	0490299837028	961,000
A.i.c Kiborgok Girls Secondary School	Equity	0490262346563	1,000,191
Kiborgok mixed secondary school	Equity	0490291614358	1,600,396.45
St. pauls arwos primary school	National	01024056771900	999,925
Kamenon primary school	National	01224055921102	395,560
Muslim primary school	National	01224055921102	2,000,876
A.c.k Kolong primary school	National	01224055687402	4,204
Tulon primary school	National	01024055533101	959,299
Chebonge primary school	National	01024062651001	144,590
Kilibwoni primary school	National	01024067104600	1,000,943
Kaplonyo primary school	National	01024055585401	999,089
St.barnabas tegat secondary school	National	01025055982703	1,005,000
Ndubeneti secondary school	National	01025056841900	1,011,051.50
A.c.k Kipsugur Secondary School	Family	097000013650	6,424
Tebesonik primary school	coop	01139328814700	924,002.80
TOTALS			25,012,485

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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Prepared by:

~~WESLEY MAINA~~
WESLEY MAINA
Fund Account Manager
NG-CDF EMGWEN

Confirmed By:

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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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)
4.1:	Management to avail bank confirmation certificate to support the reported balance for audit verification.	Bank balances; The attached is a copy of the Bank confirmation certificate to support the reported balance.	FAM – Wesley Maina	Resolved on ML	5 days
4.1.2:	Management to comply with provisions of the laws and remit the statutory and pension deductions to the mandated entities.	Statutory and NSSF Deductions; The attached are the copy of evidences of the employers and individual provisions statements which were reconciled at the end of financial year where statutory and pension contribution cheques were reversed.	FAM – Wesley Maina	Resolved on ML	5 days
4.2 (i):	Management to prepare fixed assets register and avail it for audit verification.	Fixed Assets Register; The attached is the copy of the Fixed Asset Register for the year ended 30 June 2017.	FAM – Wesley Maina	Resolved on ML	5 days
4.2(ii):	Management to find the cause of the difference and pass a journal voucher to adjust the financial statements.	Fixed Assets Register; The attached is the copy of journal ledger to adjust the financial statements.	FAM – Wesley Maina	Resolved on ML	5 days
4.4:	Management to avail documentary evidence indicating that, the projects were evaluated and identified as being of emergency in nature.	Emergency Funds; The attached are the copy of evidences, letter of request from institution, public health reports, BOM minutes, bill of quantities, NG-CDFC minutes approving the same and payment voucher.	FAM – Wesley Maina	Resolved on ML	5 days

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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)
4.5:	Management to provide supporting tender documents for the purchase of land (A.I.C KAPTUMOO PRIMARY SCHOOL)	Transfer to primary school; The NG-CDFC approved the reallocations of school due to increasing of students' population with congestion and priority request was Construction of classrooms. In accordance with section 6(2) of NGCDF act 2015. Attached is the minute of 05/SEPTEMBER/2016 approving the reallocations.	FAM – Wesley Maina	Resolved on ML	5 days
4.6:	Management to amend the financial statements.	The attached is a corrected financial statement with the correct classification meant for other capitals grants and transfers.	FAM – Wesley Maina	Resolved on ML	5 days
4.7:	Management to prepare and avail the Trial balance sheet for audit verification.	The attached is the copy of trial balance.	FAM – Wesley Maina	Resolved on ML	5 days