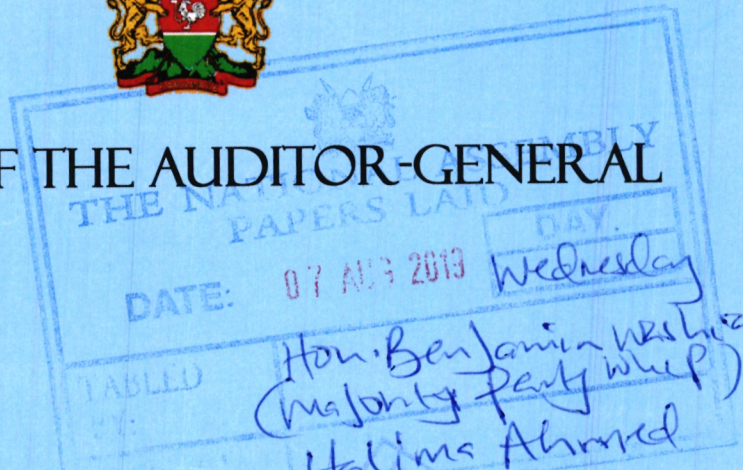


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
WUNDANYI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
WUNDANYI 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF)
WUNDANYI 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 Constituency Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituency Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituency 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

(b) Key Management

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

- i. National Government Constituency 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	Caroline Kiama
3.	Sub-County Accountant	Joseph Keli
4.	Chairman NGCDFC	Patrick Zighani
5.	Member NGCDFC	Waren keke

(d) Fiduciary Oversight Arrangements

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

P.O. Box 1122
Wundanyi NG-CDF Building
Wundanyi, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
WUNDANYI CONSTITUENCY
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(f) NGCDF WUNDANYI Constituency Contacts

Telephone: (254) 720923860
E-mail: ngcdfwundanyi@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF WUNDANYI Constituency Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O. Box 1067 - 80304
Wundanyi, Kenya

(h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
WUNDANYI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

IL.FORWARD BY THE CHAIRMAN NG-CDF COMMITTEE

Wundanyi Constituency is an electoral constituency in Kenya. It is one of four Constituency in Taita-Taveta County. The constituency has four wards i.e. Wundanyi /Mbale ward, Mghange/Mwanda ward, Werugha ward and Kishushe/Wumingu ward.

Budget performance in the Financial year 2017/2018

In the financial 2017/2018 the budget allocation was Ksh 86,810,345.00 later in May 2018 an additional budget allocation was released by the board of Ksh. 11,379,310.00 giving a total annual budget allocation of Ksh. 98,189,655.00.

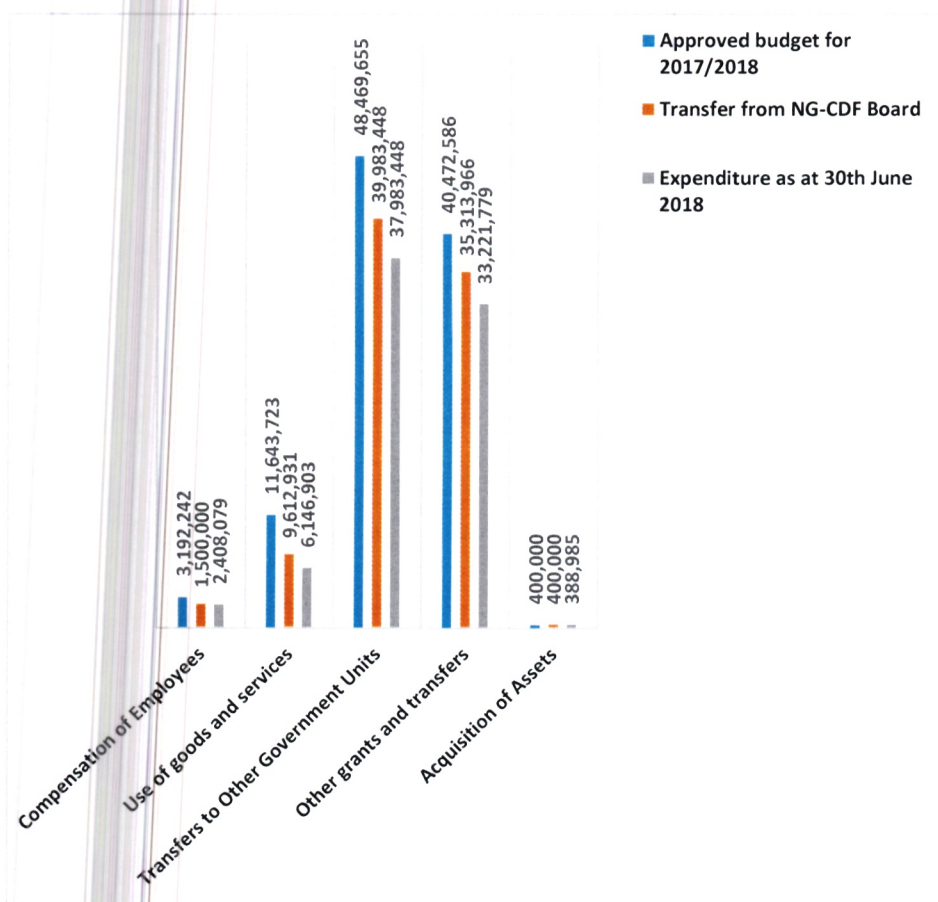
This section provides an overview of budget performance, setting out overall transfers from NG-CDF Board and expenditures and providing highlights of outlays to vote functions and expenditure items

Table 1 overview of expenditure (Kshs.)

	Approved budget for 2017/2018	Transfer from NG-CDF Board as at 30th June 2018	Expenditure as at 30th June 2018	% Budget Released	% Budget Spent	% Releases Spent
Compensation of Employees	3,192,242	1,500,000	2,408,079	47	75	161
Use of goods and services	11,643,723	9,612,931	6,146,903	83	53	64
Transfers to Other Government Units	48,469,655	39,983,448	37,983,448	82	78	95
Other grants and transfers	40,472,586	35,313,966	33,221,779	87	82	94
Acquisition of Assets	400,000	400,000	388,985	100	97	97
Total	104,178,206	86,810,345	80,149,194	83	77	92

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

Chart 1. Releases and expenditure by vote function (Kshs.)



Key Achievements

- Completion of most projects in the area
- Good implementation of the projects by the NG-CDFCs and PMCs
- Proper record keeping on the NG-CDF projects
- Team work as NG-CDFCs and the community at large

Emerging Issues

- Illiteracy level in some of the PMCs making the implementation of the project to take a little longer
- Politicizing in the projects
- Funds from the board take a long time to be released making some projects to stall for time
- Frequent trainings for the NG-CDFCs and PMC's on day to day changes in the management of the funds

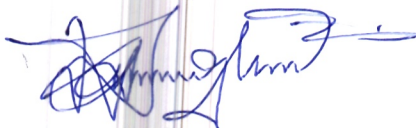
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
WUNDANYI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

Implementation challenges and way forward

- a. Funds should be released in good time to help in early completion of projects.
- b. The topographic orientation of Wundanyi constituency makes the cost of projects to escalate.

Budget against actual amounts for current year based on economic classification and programmes

- a. More funds should be increased for Monitoring and evaluation of projects and also administration kitty to help in thorough monitoring and evaluation and administration of projects effectively.



**PATRICK ZIGHANI
CHAIRMAN NG-CDFC
WUNDANYI CONSTITUENCY**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
WUNDANYI 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.

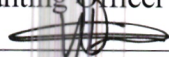
The Accounting Officer in charge of the NGCDF-WUNDANYI Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018.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

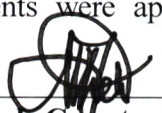
The Accounting Officer in charge of the NGCDF-WUNDANYI Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-WUNDANYI Constituency financial statements were approved and signed by the Accounting Officer on 4th April 2019.



Fund Account Manager
Name: Caroline Kiama



Sub-County Accountant
Name: (CPA) Joseph Keli
ICPAK Member Number: NAC/5511

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - WUNDANYI 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 - Wundanyi Constituency set out on pages 10 to 37, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation – recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Wundanyi 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 National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Presentation of Financial Statements

The financial statements for the year ended 30 June 2018 presented for audit contained the following presentation anomalies;

- 1.1 The table of contents indicates Notes to the Financial Statements as being on page 15, yet it is placed on page 18
- 1.2 The table contents of indicates progress on follow up of auditor recommendations as being on page 33, yet it is placed on page 34.
- 1.3 Note 6 to the financial statements refers to attached lists for transfers to other government entities yet no lists have been provided.

Consequently, the presentation of the financial statements do not comply with International Public Sector Accounting Standard No. 1 as prescribed by the Public Sector Accounting Standards Board.

2.0 Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June 2018 contained errors and other inaccuracies as detailed below:

- 2.1** The summary statement of appropriation: recurrent and development combined, indicates transfer from CDF Board actual on comparable basis total of Kshs.92,869,896 instead of Kshs.92,798,896 resulting to a variance of KShs.71,000 which has not been explained or reconciled.
- 2.2** Projects Management Committee bank balances as at 30 June 2018 on Annex 5 on page 32 reflect Mlilo Primary School balance of Kshs.249,704 for 2016/2017 instead of Kshs.7,054 as per previous year's audited financial statements, resulting to a variance of Kshs.242,650 which has not been explained nor reconciled.

Consequently, the accuracy and completeness of the statement of appropriation and Annex 5 for the year ended 30 June 2018 could not be confirmed.

3.0 Committee Allowances

The statement of receipts and payments for the year ended 30 June 2018 reflects use of goods and services of Kshs.6,146,903 as disclosed in Note 5 to the financial statements. Included in this is committee allowance of Kshs.4,333,210 which includes Kshs.389,600 which was not supported or did not qualify as committee allowances as detailed below:

Date	Voucher No.	Amount (Kshs.)	Remarks
1/3/2018	063	80,000	These are allowances paid to four(4) persons at Kshs.5000 each for four(4) days for unspecified purpose.
22/2/2018	063	117,600	This is in respect of staff per-diem to attend training whose details (locations and details of training) have not been availed for audit review.
25/2/2018	063	179,200	This relates to staff per-diem for attending training whose details (locations and details of the training) have not been provided.
25/2/2018	063	12,800	This relates to interns per diem. However, the purpose of the payment was not provided
Total		389,600	

Consequently, the propriety, validity and completeness of committee allowances of Kshs.389,600 for the year ended 30 June 2018 could not be confirmed.

4.0 Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and transfers of Kshs.33,221,779 as disclosed under Note 7 to the financial statements. The following observations were made;

4.1 Bursary – Secondary Schools

Note 7 to the financial statements for the year ended 30 June 2018 reflects bursary – secondary schools of Kshs.15,534,844 while the supporting schedule availed for audit verification reflects Kshs.14,995,210. This resulted to Kshs.539,634 variance which has not been explained nor reconciled.

Consequently, the accuracy, and completeness of bursary – secondary schools of Kshs.15,534,844 for the year ended 30 June 2018 could not be confirmed.

4.2 Bursary - Tertiary Institutions

Note 7 to the financial statements for the year ended 30 June 2018 reflects Kshs.6,407,174 in respect of bursary to tertiary institutions. Records availed for audit review indicated that out of Kshs.6,407,174 transferred to tertiary institutions, only Kshs.3,207,844 was supported by acknowledgement receipts from beneficiary institutions while the balance of Kshs.3,199,330 did not have evidence of acknowledgement. Further, included in the transfers figure is Kshs.1,868,034 issued to one hundred and fifteen (115) beneficiaries who were not in the list of applicants availed for audit review.

In addition, Kshs.1,032,174 was paid to Coast Institute of Technology – Voi, being bursary for twelve (12) students under full scholarship. However, the criteria used to identify, evaluate and award full scholarship to the students were not availed for audit review.

Consequently, the accuracy, propriety and completeness of Kshs.6,407,174 in respect of bursary – tertiary institutions for the year ended 30 June 2018 could not be confirmed

4.3 Bursary – Special Schools

Note 7 to the financial statements for the year ended 30 June 2018 reflects bursary – Special Schools of Kshs.300,000 while the supporting schedule availed for audit verification reflects Kshs.285,000. This resulted to Kshs.15,000 variance which has not been explained nor reconciled.

Consequently, the accuracy and completeness of bursary to special schools of Kshs.300,000 for the year ended 30 June 2018 could not be confirmed.

4.4 Emergency Projects

Note 7 to the financial statements for the year ended 30 June 2018 reflects emergency projects of Kshs.2,500,000. Records availed for audit review indicated that these funds were spent on refurbishment of the constituency office. However, no explanation nor

justification was provided to finance the project from the emergency fund kitty since it did not meet the requirement of Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which states that, "Emergency" shall be construed to mean 'an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents'. Further, the management did not avail for audit review the bill of quantities indicating the works to be executed nor details of how the contractor was identified, evaluated and contract sum determined.

Consequently, the propriety, validity and lawfulness of emergency projects expenditure of Kshs.2,500,000 for the year ended 30 June could not be confirmed.

5. Cash and Cash Equivalents

The statement of assets as at 30 June 2018 reflects cash and cash equivalents balance of Kshs.12,720,702. The bank reconciliation statement as at 30 June 2018 availed in support of the balance reflected payments in bank statement not yet recorded in cash book of Kshs.153,681, out of which Kshs.73,616 relates to the year 2014/2015 and earlier years while the dates of cheques amounting to Kshs.74,000 were not indicated. Further, the reconciliation reflects bank charges of Kshs.1,065 which have not been expensed in the statement of receipts and payments for the year under review and receipts in bank statement not recorded in cash book of Kshs.26,701. In addition, the reconciliation reflects receipts in cashbook not yet recorded in bank statement of Kshs.14,861 and which no explanation has been provided as to why the same have not been banked intact. The bank reconciliation statement further reflects un-presented cheques amounting to Kshs.1,145,661, out of which Kshs.30,149 is in respect of stale cheques which had not been reversed in the cashbook. Bank statements to confirm when these un-presented cheques were subsequently cleared by the bank were not availed for audit review. Consequently, the accuracy, validity completeness of cash and cash equivalents balance of Kshs.12,720,702 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 – Wundanyi Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and other matter sections, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Revenue Budget Analysis

During the year under review, National Government Constituencies Development Fund – Wundanyi Constituency had a receipts budget of Kshs.104,178,206 against actual receipts of Kshs.92,798,896 or 89%, resulting to shortfall in receipts of Kshs.11,379,310 or 11%. Failure by the Board to disburse funds as per the budget may adversely affect delivery of goods and services to the residents of Wundanyi Constituency, contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

1.2 Expenditure Budget Analysis

During the year under review, National Government Constituencies Development Fund – Wundanyi Constituency had an expenditure budget of Kshs.104,178,206 and actual expenditure of Kshs.80,149,194 or 77%, resulting to net under expenditure of Kshs.24,029,012 or 23% as summarized below:

Details	Amount of Allocation (Kshs)	Actual Expenditure (Kshs)	Under Expenditure (Kshs)	%
Compensation of employees	3,192,242	2,408,079	784,163	25
Use of goods and services	11,643,723	6,146,903	5,496,820	47
Transfer to Other Government Units	48,469,655	37,983,448	10,486,207	22
Other grants and transfers	40,472,586	33,221,779	7,250,807	18
Acquisition of Assets	400,000	388,985	11,015	3
	104,178,206	80,149,194	24,029,012	23

The under expenditure of 24,029,012 or 23% is an indication that the Fund may have failed to implement development activities planned for the year under review, thereby denying the residents of Wundanyi Constituency delivery of goods and services that are meant to improve their living standards. This goes contrary to Article 232 (1 - c) of the Constitution of Kenya on values and principles of public service which provides for responsive, prompt, effective, impartial and equitable provision of services.

1.3 Non-implementation of Projects

Records availed for audit review indicated that the Fund budgeted and received funding of Kshs.4,700,000 for three (3) projects, being constituency website, strategic plan and construction of Lushanghonyi Administration Police post. However, although the funds were disbursed by the Constituency Development Fund Board, these projects were not implemented. The projects were funded as detailed below:

Project/Activity	Amount(Kshs)
Lushangonyi Administration Police	1,000,000
Constituency strategic plan	3,500,000
Constituency Website	200,000
Total	4,700,000

The projects were meant to uplift the living standards of the residents of Wundanyi Constituency and their non-implementation is likely to adversely affect the same.

1.4 Projects Verification

During the audit of the Fund's financial statements for the year ended 30 June 2018, six (6) projects which received a total of Kshs.31,700,000 were verified in the month of March 2019 and the following observations were made;

S/No	Project Details	Contract Sum (Kshs)	Amount Disbursed during the year (Kshs)	Amount Disbursed to date (Kshs)	Remark on project status/Observations
1.	Mghalu High school Extra works (variation)	22,086,401	6,000,000	11,589,594	The contract was terminated due to the contractor's delay in execution. However, there is no evidence of demand for liquidated damages for non-performance as provided in the contract. Further, contract period utilized 69% works certified as at 30 June 2018 is 45%. One (1) floor of dormitory done. Outstanding works not determined in absence of Bill of Quantities.
2.	Hon. Mwadegu Secondary School Extra works Mechanical works Electrical works	36,970,423	8,250,000		The details of total amount disbursed were not availed for audit review. The project is complete, in use and within defects liability period. However, gutters showed signs of leakage. It was also observed that the floor slab leaks whenever water is pumped into the overhead water tanks.

S/No	Project Details	Contract Sum (Kshs)	Amount Disbursed during the year (Kshs)	Amount Disbursed to date (Kshs)	Remark on project status/Observations
3.	Mwakashimba Secondary School Mechanical works Electrical works	39,510,277	8,250,000	28,600,000	The project is complete and in use. However details of work done and for outstanding works were not availed for audit verification.
4.	Dalmas Moka Secondary School construction of laboratory. Extra – electrical works Mechanical works	5,155,075	5,000,000	-	The details of total amount disbursed were not availed for audit review. The project is complete and in the defects liability period. However, door locks had not been fitted, window grilles appeared weak while glasses were falling off. Further, finishes on the drawers had not been finalized while the floor had cracks.
5.	Dr. Aggrey High School Construction of 20 pit latrine	3,998,044	2,000,000	-	The details of total amount disbursed were not availed for audit review. During the project audit inspection, backfilling and plumbing works had not been done
6.	Mghange complex center		2,200,000		The details of total amount disbursed were not availed for audit review. At the time of project visit, extra works indicated as new grilles installed, painting, stairs and the double walls could not be identified.
Total		107,720,220	31,700,000	40,189,594	

Consequently, value for money of Kshs.31,700,000 spent on the projects during the year ended 30 June 2018 could not be confirmed.

1.5 Projects Implementation Status

The Fund's projects implementation status report as at 30 June 2018 availed for audit review showed cumulative disbursements of Kshs.81,219,655 to twenty (20) projects, out of which cumulative expenditure totaled Kshs.80,219,655 or 98.8%, leaving unspent

disbursements of Kshs.1,000,000. However, the report indicates unspent disbursements of Kshs.33,948,144, resulting to a variance of Kshs.32,948,144 which has not been explained nor reconciled as detailed below:

	Name of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2017/2018 (Kshs)	Cumulative Expenditure as at 30 June 2018(Kshs)	Unspent Disbursements (Kshs)	Amount Certified as at 30.06.2018	% Certified
1.	Funju Secondary School	Final Completion of Electrical works and gas piping works at the proposed laboratory block	650,000	2,850,000	2,850,000	12,195	2,850,000	100
2.	Ndumbinyi Primary School	Finishes at the 3 Classrooms	350,000	350,000	350,000	443,764	350,000	100
3.	Ng'onda Primary School	Final completion of painting works, floor works and window fixing	250,000	250,000	250,000	277,196	250,000	100
4.	Ngolia primary School	Rehabilitati on of 8 classrooms (Roofing – 950,000, flooring – 450,000 wall finishes-100,000)	4,700,000	4,700,000	4,700,000	1,375,873	4,700,000	100
5.	Vuria Primary School	Rehabilitati on of Four classrooms ,administrat ion offices and staffrooms	600,000	600,000	600,000	622,899	600,000	100
6.	Mghambonyi Secondary School	Completion of 3 classrooms on the first floor including fixing of guard rails and electrical works	300,000	3,300,000	3,300,000	440,546	3,300,000	100
7.	Kidule primary school	Completion of electrical works and fixing of ceiling boards at the administrati on block	800,000	800,000	800,000	15,942	800,000	100

	Name of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2017/2018 (Kshs)	Cumulative Expenditure as at 30 June 2018(Kshs)	Unspent Disbursements (Kshs)	Amount Certified as at 30.06.2018	% Certified
8.	Mkanyatta Primary School	Construction of two classrooms	2,700,000	2,700,000	2,700,000	0	2,700,000	100
9.	Mbauro Primary School	Construction of a four(4) door toilet	800,000	800,000	800,000	498,726	800,000	100
10.	Maynard Primary School	Electrical works in the boys dormitory	300,000	300,000	300,000	150,537	300,000	100
11.	Dr Aggrey High School	Construction of twenty (20) door boys toilet	3,669,655	3,669,655	3,669,655	2,005,530	3,669,655	100
12.	Mghalu High School	Completion of Ground floor of Dormitory block	6,000,000	6,000,000	6,000,000	5,366,850	6,000,000	100
13.	Mwakishimba Secondary School	Completion of second floor of Tuition block.	8,600,000	18,600,000	18,600,000	5,095,447	18,600,000	100
14.	Kanjungunyi Secondary School	Completion of second floor of Tuition block (Roofing, column and beams, walling, doors and windows, plumbing installation, soak pit and septic tank).	8,600,000	18,600,000	18,600,000	5,238,792	18,600,000	100
15.	Mghange Complex Center	Completion of Retaining wall in progress. Completion of staircase and fixing of grilles to the balustrades	2,200,000	3,500,000	3,500,000	2,394,243	3,500,000	100
16.	Mbela Secondary School	Final completion of the laboratory Plumbing and gas piping, fixtures and fittings, electrical.	1,500,000	3,500,000	3,500,000	1,697,723	3,500,000	100

	Name of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2017/2018 (Kshs)	Cumulative Expenditure as at 30 June 2018(Kshs)	Unspent Disbursements (Kshs)	Amount Certified as at 30.06.2018	% Certified
17.	Dalmas Moka Secondary School	Construction of modern Science Laboratory	5,000,000	5,000,000	5,000,000	4,999,568	5,000,000	100
18.	Mwakuro Hall	Final completion of the hall in the floors	200,000	200,000	200,000	207,494	200,000	100
19.	Sungululu Hall	Final completion of the retaining wall and finishes to the floors and plumbing works in progress.	2,500,000	4,500,000	4,500,000	2,104,819	5,500,000	100
20.	Lushangoni Administration Police Camp	Construction of Administration Police Camp	1,000,000	1,000,000	-	1,000,000	-	0
		Total	50,719,655	81,219,655	80,219,655	33,948,144	81,219,655	

The above table indicates that the Project Management Committees were holding unspent disbursements amounting to Kshs.33,948,144 as at 30 June 2018. Further, the previous paid and certified works were not availed for audit review.

In addition, two (2) projects, namely Mkanyatta Primary School (construction of two classrooms) and Construction of Lushangonyi Administration Police Post which received Kshs.2,700,000 and Kshs.1,000,000, during the year under review respectively are omitted from Annex 5 to the financial statements. Also, the number of projects as per projects implementation status report of twenty (20) varies with thirty-two (32) projects shown in the Annex 5 to the financial statements by twelve (12) which has not been explained nor reconciled. Failure to implement projects as planned may have negatively impacted on delivery of goods and services to the residents of Wundanyi Constituency. Further, the accuracy and completeness of the projects implementation status report as at 30 June 2018 could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Transfers to Other Government Entities

The statement of receipts and payments for the year ended 30 June 2018 reflects transfers to other government entities of Kshs.37,983,448 as disclosed under Note 6 to the financial statements. The following observations were made:

1.1 Transfers to Primary Schools

Note 6 to the financial statements for the year ended 30 June 2018 reflects transfers to primary schools of Kshs.6,033,448. Included in this amount is Kshs.2,043,978 for construction of administration block at Kindule Primary School. Records availed for audit review indicated that the contract was awarded on 18 November 2016 at a contract price of Kshs.2,043,978. However, although the records availed for audit review indicated that five(5) tender documents were opened and evaluated, there was no signed professional opinion by the Procurement Officer to the accounting officer recommending award, contrary to Section 84(1) of the Public Procurement and Asset Disposal Act, 2015 which states that, 'The head of procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the accounting officer on the procurement or asset disposal proceedings'. Further, a variation of Kshs.1,436,324 or 70% was done on February 2017, about three(3) months after the contract was awarded, contrary to Section 139 (4) of Public Procurement and Asset Disposal Act, 2015 which requires variations to be done twelve (12) months after the signing of the contract and Section 139(4)(e) of the same Act, which states that, 'the cumulative value of all contract variations do not result in an increment of the total contract price by more than twenty five per cent of the original contract price'. Therefore, the variation is illegal.

Consequently, the propriety, legality and validity of transfers to primary schools of Kshs.2,043,978 for the year ended 30 June 2018 could not be confirmed.

1.2 Transfers to Secondary Schools

Note 6 to the financial statements for the year ended 30 June 2018 reflects transfers to secondary schools of Kshs.31,950,000 of which the following observations were made:

1.2.1 Transfer to Mghalu High School

Included in the transfers to secondary schools is Kshs.6,000,000 paid in respect of construction of a dormitory block at Mghalu High School. The contract sum of the project was Kshs.15,858,743, out of which Kshs.7,135,262(45%) had been certified and paid as at 30 June 2018. The following observations were made:

- i. The project was awarded to a contractor with a contract period of twenty-eight (28) weeks commencing on 18 April 2017 and ending 31 October 2017 which was revised to fifty-two (52) weeks ending 30 April 2018. The same was later extended to eighty-eight (88) weeks ending 31 July 2018. Therefore, total period elapsed as at 30 June

2018 was sixty-one (61) weeks, being 69% of the contract period of eighty-eight (88) weeks, while the total amount of works certified as at the same date was Kshs.7,135,262 or 45% of the contract price. The Fund management did not explain why the contract period was varied three times.

- ii. Records availed for audit indicated that the contract sum of Kshs.15,858,743 was varied by Kshs.6,227,658.38 (39.3%) to Kshs.22,086,401, contrary to Section 139(4)(e) of the Public Procurement and Asset Disposal Act, 2015 which states that, 'the cumulative value of all contract variations do not result in an increment of the total contract price by more than twenty five per cent of the original contract price'.
- iii. The Fund terminated the contract on non-performance grounds by the contractor but went on to pay retention money amounting to Kshs.1,047,865 against actual amount retained of Kshs.907,394. This resulted to an overpayment by Kshs.140,471 which had not been refunded as at 30th June 2018. Further, evidence to confirm that the Fund demanded liquidated damages from the contractor for non-performance was not availed for audit review.

Consequently, the propriety, value for money and validity of transfers to secondary schools of Kshs.6,000,000 for the year ended 30 June 2018 could not be confirmed.

1.2.2 Transfer to Hon. Mwadeghu High School

Included in the transfers to secondary schools of Kshs.31,950,000 is Kshs.8,250,000 paid in respect of construction of Hon. Mwadeghu High School whose contract price was Kshs.36,970,424. However, the management did not provide bills of quantities for the works to be done using the funds transferred. Further, records availed for audit indicated that the contract sum was varied by Kshs.6,798,811 or 18.4% to Kshs.43,769,235. However, details of additional work and justification for the variation were not provided for audit review.

Consequently, the propriety, value for money and validity of transfers to secondary schools of Kshs.8,250,000 for the year ended 30 June 2018 could not be confirmed.

1.2.3 Transfer to Mwakishimba High School

Included in the transfers to secondary schools of Kshs.31,950,000 is Kshs.8,250,000 paid in respect of construction of Mwakishimba High School awarded at a contract price of Kshs.35,610,225. However, the management did not provide bills of quantities for the works to be done using the funds transferred. Further, records availed for audit indicated that the contract sum was varied by Kshs.3,900,052 or 11% to Kshs.39,510,277. However, details of additional works and justification of the variation were not provided for audit review. It was therefore not possible to confirm if the amount was utilized for the intended purpose.

Consequently, the propriety, value for money and validity of transfers to secondary schools of Kshs.8,250,000 for the year ended 30 June 2018 could not be confirmed.

2.0 Mghange Community Social Hall

Note 7 to the financial statements for the year ended 30 June 2018 reflects social hall project of Kshs.5,689,655. Included in this amount is Kshs.2,200,000 being construction

of Mghange Community Social Hall. Records availed for audit review indicated that the contract for the project was awarded on 5 April 2016 at a contract sum of Kshs.7,153,558. However, a variation was sought by the contractor and granted in August 2017 for Kshs.2,042,656 or 28.55% of the contract price, contrary to Section 139(4e) of the public procurement and asset disposal Act, 2015 which requires any variation exceeding 25% be tendered separately.

Consequently, the propriety, validity and lawfulness of the social hall project cost of Kshs.5,689,655 for the year ended 30 June 2018 could not be confirmed.

3.0 Projects Management Committee Bank Accounts

Annex 5 to the financial statements for the year ended 30 June 2018 reflects thirty-two (32) Project Management Committee (PMC) bank accounts holding total bank balance of Kshs.34,230,405 as at 30 June 2018. Records availed for audit review indicated that out of the thirty-two (32) project management committee bank balances disclosed under Annex 5 to the financial statements, thirty (30) projects with a total balance of Kshs.33,914,238 as at 30 June 2018 were indicated as complete as at 12 March 2019 but the accounts had not been closed despite the same holding bank balance of Kshs.33,914,238. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that, 'All unutilized funds of the Project Management Committee shall be returned to the constituency account'. Further, project expenditure returns and handover reports after completion of the same were not availed for audit verification. This is contrary to Section 15 (1) of National Government Constituencies Development Fund Regulations, 2016 which states that, 'There shall be appointed a project management committee for each project in a Constituency in accordance with Section 36 of the National Government Constituencies Development Fund Act, 2015 which shall - (b) maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented; (d) prepare returns and file them with a Constituency Committee on a timely basis; (e) account for funds to a Constituency Committee; and (f) undertake project closure, labelling and handover upon completion'. Section (2) further, states that 'A project management committee shall prepare and submit hand over reports to a Constituency Committee'. Under the circumstance, the Project Management Committees are in breach of the Law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT SYSTEMS AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing National Government Constituencies Development Fund - Wundanyi Constituency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management either intends to liquidate National Government Constituencies Development Fund – Wundanyi Constituency or to cease operations, or have no realistic alternative but to do so.

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

Auditor-General's Responsibilities for the Audit

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

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the National Government Constituencies Development Fund - Wundanyi Constituency's financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

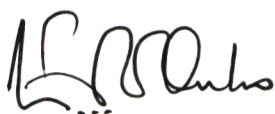
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of National Government Constituencies Development Fund - Wundanyi Constituency's 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-Wundanyi Constituency'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 entity 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 National Government Constituencies Development Fund-Wundanyi 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

06 May 2019

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


**V. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH
JUNE 2018**

	Note	2017-2018 Kshs	2016-2017 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	86,810,345	84,896,552
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	71,000	314,000
TOTAL RECEIPTS		86,881,345	85,210,552
PAYMENTS			
Compensation of employees	4	2,408,079	2,672,438
Use of goods and services	5	6,146,903	9,034,039
Transfers to Other Government Units	6	37,983,448	57,891,379
Other grants and transfers	7	33,221,779	62,599,293
Acquisition of Assets	8	388,985	1,700,000
Other Payments	9	-	-
TOTAL PAYMENTS		80,149,194	133,897,149
SURPLUS/DEFICIT		6,732,151	(48,686,597)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-WUNDANYI Constituency financial statements were approved on 4th April 2019 and signed by:



Fund Account Manager
Name: **Caroline Kiama**




Sub-County Accountant
Name: (CPA) **Joseph Keli**
ICPAK Member Number: **NAC/5511**


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

VI. STATEMENT OF ASSETS AS AT 30TH JUNE 2018

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	12,720,702	5,988,551
Cash Balances (cash at hand)	10B	-	-
		-	-
Total cash and cash Equivalent		12,720,702	5,988,551
Current receivables - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		12,720,702	5,988,551
FINANCIAL LIABILITIES			
Retention	12	-	-
NET FINANCIAL ASSETS		12,720,702	5,988,551
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	5,988,551	54,675,148
Surplus/Deficit for the year		6,732,151	(48,686,597)
Prior year adjustments	14		
NET LIABILITIES		12,720,702	5,988,551

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-WUNDANYI Constituency financial statements were approved on 4th April 2019 and signed by:


Fund Account Manager
Name: Caroline Kiama


Sub-County Accountant
Name: (CPA) Joseph Keli
ICPAK Member Number: NAC/5511


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

VII. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2018

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	86,810,345	84,896,552
Other Receipts	3	71,000	314,000
		86,881,345	85,210,552
Payments for operating expenses			
Compensation of Employees	4	(2,408,079)	(2,672,438)
Use of goods and services	5	(6,146,903)	(9,034,039)
Transfers to Other Government Units	6	(37,983,448)	(57,891,379)
Other grants and transfers	7	(33,221,779)	(62,599,293)
Other Payments	9	-	-
		(79,760,209)	(132,197,149)
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		7,121,136	(46,986,597)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(388,985)	(1,700,000)
Net cash flows from Investing Activities		(388,985)	(1,700,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		6,732,151	(48,686,597)
Cash and cash equivalent at BEGINNING of the year	13	5,988,551	54,675,148
Cash and cash equivalent at END of the year		12,720,702	5,988,551

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-WUNDANYI Constituency financial statements were approved on 4th April 2019 and signed by:


Fund Account Manager
Name: Caroline Kiama


Sub-County Accountant
Name: (CPA) Joseph Keli
ICPAK Member Number: NAC/5511

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – WUNDANYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

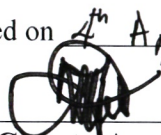
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS						
Transfers from CDF Board	86,810,345	17,367,861	104,178,206	92,798,896	11,379,310	89
Total	86,810,345	17,367,861	104,178,206	92,869,896	11,308,310	89
PAYMENTS						
Compensation of Employees	1,500,000	1,692,242	3,192,242	2,408,079	784,163	75
Use of goods and services	9,612,931	2,030,792	11,643,723	6,146,903	5,496,820	53
Transfers to Other Government Units	39,983,448	8,486,207	48,469,655	37,983,448	10,486,207	78
Other grants and transfers	35,313,966	5,158,620	40,472,586	33,221,779	7,250,807	82
Acquisition of Assets	400,000		400,000	388,985	11,015	97
Other Payments			-	-	-	
TOTALS	86,810,345	17,367,861	104,178,206	80,149,194	24,029,012	77

EXPLANATIONS ON ITEMS BELOW 90% UTILIZATION

- The underutilization of 89 % is due to an additional funding of Ksh. 11,379,310 which was communicated in May 2018
- Use of goods and services – By the closure of the financial year the strategic plan was at the procurement stage.

The NGCDF-WUNDANYI Constituency financial statements were approved on 4th April 2019 and signed by:


Fund Account Manager
Name: Caroline Kiama


Sub-County Accountant
Name: (CPA) Joseph Keli
ICPAK Member Number: NAC/5511

IX. 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-WUNDANYI 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.

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.

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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X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
NGCDF Board		Kshs	Kshs
AIE NO	A839538		4,094,828
AIE NO	A855112		36,853,449
AIE NO	A855597		3,000,000
AIE NO	A855726		40,948,275
AIE NO	A892547	5,500,000	
AIE NO	A892861	37,905,172	
AIE NO	A896867	43,405,173	
TOTAL		86,810,345	84,896,552

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	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	-	-
Rents	-	260,000
Receipts from Sale of tender documents	71,000	54,000
Other Receipts Not Classified Elsewhere	-	-
Total	71,000	314,000

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,938,743	1,391,778
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	270,700	157,000
Transport allowance	107,000	-
Leave allowance	-	-
Gratuity	-	1,054,360
Other personnel payments	91,636	69,300
Total	2,408,079	2,672,438

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	83,143	436,000
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	662,000	638,090
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	460,218	1,506,627
Other operating expenses	246,952	-
Routine maintenance – vehicles and other transport equipment	111,380	880,174
Routine maintenance – other assets	-	-
Fuel, oil & lubricants	250,000	400,000
Committee allowance	4,333,210	5,173,148
Total	6,146,903	9,034,039

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6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	6,033,448	5,891,379
Transfers to secondary schools (see attached list)	31,950,000	52,000,000
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
TOTAL	37,983,448	57,891,379

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools	15,534,844	20,341,841
Bursary – tertiary institutions	6,407,174	16,529,111
Bursary – special schools	300,000	481,000
Mock & CAT	-	-
Security projects	1,170,000	3,000,000
Sports projects	500,000	3,458,900
Environment projects	1,120,106	2,278,441
Social Hall Project	5,689,655	12,210,000
Emergency projects	2,500,000	4,300,000
Total	33,221,779	62,599,293

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	1,700,000
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	388,985	-
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	388,985	1,700,000

9. OTHER PAYMENTS

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Strategic plan	-	-
Total	-	-

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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
KCB WUNDANYI BRANCH 1103860992	12,720,702	5,988,551
	-	-
	-	-
Total	12,720,702	5,988,551

10B: CASH IN HAND

Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	5,988,551	54,275,148
Cash in hand	-	-
Imprest	-	400,000
Total	5,988,551	54,675,148

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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	-	-
	-	-

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	784,163	1,078,507
Use of goods and services	2,031,772	133,558
Amounts due to other Government entities (see attached list)	10,486,207	-
Amounts due to other grants and other transfers (see attached list)	7,250,807	4,462,486
Acquisition of assets	11,015	-
Others (Strategic plan)	3,465,048	-
	24,029,012	5,674,551

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15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	33,264,310	23,605,411
	33,264,310	23,605,411

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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	Gratuity	784,163	-	Gratuity due for payment 18/19
Use of goods & services	Goods and services	2,031,772	-	Services and allowances of CDFC
Amounts due to other Government entities				
Ngolia Primary School	Construction of classrooms	3,316,552	-	Projects awaiting additional funding
Mkanyatta Primary School	Construction of classrooms	2,700,000	-	Projects awaiting additional funding
Maynard Primary School	Electrical works	150,000	-	Projects awaiting additional funding
Mbauro Primary School	Construction of toilet	300,000	-	Projects awaiting additional funding
Mwakishimba Secondary School	Purchase of furniture	350,000	-	Projects awaiting additional funding
Dr. Aggrey Secondary School	Construction of a toilet	1,669,655	-	Projects awaiting additional funding
Mchunguni Primary School	Construction of classrooms	2,000,000	-	Projects awaiting additional funding
Sub-Total		13,302,142		
Amounts due to other grants and other transfers				
Bursary	Bursary to students	2,844,828	-	Projects awaiting additional funding
Sports	Sports activities	1,727,586	-	Projects awaiting additional funding
Environment projects	Tree planting	827,586	-	
Emergency	Emergency	1,850,807	-	Emergency occurrence
Sub-Total		7,250,807		
Sub-Total				
Acquisition of assets	Purchase of furniture	11,015	-	
Others (specify)				
Strategic plan	Developing a strategic plan	3,465,048	-	At the procuring stage
Sub-Total		3,476,063		
Grand Total		24,029,012		

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-			-
Buildings and structures	34,700,000			34,700,000
Transport equipment	4,901,500			4,901,500
Office equipment, furniture and fittings	503,757	388,985		892,742
ICT Equipment, Software and Other ICT Assets	179,498			179,498
Other Machinery and Equipment	-			-
Heritage and cultural assets	-			-
Intangible assets	-			-
Total	40,284,755	388,985		40,673,740

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
NDUMBINYI PRIMARY	KENYA COMMERCIAL BANK	1103836420	443,764	94,859
HON THOMAS MWADEGHU SECONDARY SCHOOL	KENYA COMMERCIAL BANK	1154226182	5,238,792	16,608
MGHANGE COMPLEX CENTER	KENYA COMMERCIAL BANK	1170451705	2,394,243	2,645,436
NGO'NDA PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1148929347	277,196	27,226
MWAKISHIMBA SECONDARY SCHOOL	KENYA COMMERCIAL BANK	1149504447	5,095,447	120,332
DEPUTY COUNTY COMMISSIONER OFFICE	KENYA COMMERCIAL BANK	1178810569	316,169	3,057,690
MBELA HIGH SCHOOL	KENYA COMMERCIAL BANK	1117633365	1,697,723	3,274,031
MGHALU HIGH SCHOOL	KENYA COMMERCIAL BANK	1165395347	5,366,850	5,798,375
NGOLIA PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1135232261	1,375,873	1,405
VURIA PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1109750951	622,899	3,502,419
FUNJU SECONDARY SCHOOL	KENYA COMMERCIAL BANK	1103794752	12,195	1,242,364
KIDULE PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1111847932	15,942	22,988
MGAMBONYI HIGH SCHOOL	KENYA COMMERCIAL BANK	1169849970	440,546	2,368,299

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DALMAS MOKA SECONDARY SCHOOL	KENYA COMMERCIAL BANK	1110128932	4,999,568	3,013
MWAKURO HALL	KENYA COMMERCIAL BANK	1173682414	207,494	11,814
MAYNARD PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1129073130	150,537	9,067
MBAURO PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1111939519	498,726	5,256
DR. AGGREY HIGH SCHOOL	KENYA COMMERCIAL BANK	1121267866	2,005,530	5,760
SUNGULULU COMMUNITY HALL	KENYA COMMERCIAL BANK	1173815953	2,104,819	1,398,473
MLILO PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1110633378	0	249,704
ST PETERS IKUMINYI PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1179049934	313,316	496,818
MWANDA PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1111898995	37,871	166,366
MWAKIWIWI SECONDARY SCHOOL	KENYA COMMERCIAL BANK	1175837482	22,973	502,780
KITUMBI SECONDARY SCHOOL	KENYA COMMERCIAL BANK	1135115796	29,546	519,347
WUMINGU TECHNICAL TRAINING INST	KENYA COMMERCIAL BANK	1171050704	136,031	138,416
PARANGA PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1178389022	7,771	73,947
SHIGHARO PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1117658929	72,791	74,001

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KISHUSHE PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1130217345	2,633	1,650,451
MBALE HEALTH CENTRE	KENYA COMMERCIAL BANK	1170521231	64,618	437,178
MBALE COMMUNITY CENTRE	KENYA COMMERCIAL BANK	1114436534	181,601	22,639
CHOKE PRIMARY SCHOOL	KENYA COMMERCIAL BANK	1112075461	744	1,093,053
P.J MWANGOLA SECONDARY SCHOOL	KENYA COMMERCIAL BANK	1135488371	96,199	99,995
Total			34,230,405	29,130,108

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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)
	<p>December 2017, it was observed that the project had a red mark by National Construction Authority, an indication of poor workmanship or non-compliance with laws and regulations governing building construction.</p> <p>Consequently, the propriety and value for money for Kshs.3,800,000 on transfers to secondary schools for the year ended 30 June 2017 could not be confirmed.</p>	<p>At the execution of construction works of the dormitory at Mghalu High school a basement resulted due to additional excavations, slab, columns and beams which were valued at a cost of Kshs. 6,233,186 which was 40% above the contract sum. The extra works have been tendered and awarded. The contractor has requested extension of contract period and provided a revised work plan provided.</p>	FAM	Resolved	Resolved
Cash and Cash Equivalents	The bank reconciliation statement as at 30 June 2017 for the Fund reflected payments in cash book not yet recorded in bank statement of Kshs.2,361,997.70. However, included in this amount are stale	<ul style="list-style-type: none"> • Payments in cash book not yet recorded in bank statement of Kshs.2,361,997.70 have been cleared as seen in the • Bank charges of Kshs.5,529.75 have also been 	FAM	Resolved	Resolved

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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)
	<p>cheques amounting to Kshs.282,728 which have not been reversed in cash book. In addition, subsequent bank statements to confirm when un-presented cheques of Kshs.2,079,269.70 were subsequently cleared by the bank were not availed for audit verification. Further, the bank reconciliation statement reflects receipts in bank statements not yet recorded in cash book of Kshs.23,700 and payments in bank statement not yet recorded in cash book of Kshs.324,175.75, some of which relate to the period between March 2009 and August 2014. It is not clear and the management has not explained the non-recording of these receipts and payments in cash book. In addition, the reconciliation reflects bank charges of Kshs.5,529.75 which ought to have been expensed in the statement of receipts and payments for the year under review.</p> <p>Consequently, the accuracy,</p>	<p>cleared as evident in the bank reconciliation</p>			

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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)
	completeness and validity of bank balance of Kshs.5,998,551 as at 30 June 2017 could not be confirmed.				
	During the year under review, the Fund had a budget of Kshs.139,571,700 and spent Kshs.133,897,149 or 96%, resulting to under expenditure of Kshs.5,674,551 or 4%. The under expenditure of Kshs.5,674,551 or 4% indicates non-compliance with the provisions of Section 220(1) of the Constitution of Kenya which requires budgets of national government to contain estimates of revenue and expenditure, differentiating between recurrent and development and proposals for financing any budget deficit for the period to which they apply. Further, it is contrary to Section 35(1) of the Public Finance Management Act, 2012 which requires the budget process for the national Government to comprise among other things integrated long	<ul style="list-style-type: none"> Emergency reserve totaling to Kshs. 1,172,831 NHIF (Social Security Program) Kshs. 3,289,655 to provide Medical Insurance cover to vulnerable families within the constituency but by the time the financial year was ending no guidelines had been issued by the board therefore the committee requested for a reallocation to Vuria Primary and Mbale Community hall. The reallocation authority was received after the closure of the financial year 	FAM	Resolved	Resolved

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

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)
	term and medium-term planning, planning and determining financial and economic policies and priorities at the national level over the medium term and implementing the budget. As such, delivery of goods and services to residents of Wundanyi Constituency may have been curtailed.				

