

REPUBLIC OF KENYA



NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 07 AUG 2019

Day: Wednesday

TABLED  
BY:

Hon. Benjamin Wanjiku  
(Majority Party Whip)

CLERK OF  
THE TABLE:

Halima Ahmed

OFFICE OF THE AUDITOR-GENERAL



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OF KENYA  
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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2018**



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*Revised Template 30<sup>th</sup> June 2018*



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LUNGALUNGA  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**

**LUNGALUNGA CONSTITUENCY**

**Reports and Financial Statements**

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
LUNGALUNGA 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 (NG-CDF)

## LUNGALUNGA 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 NG-CDF Lungalunga day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

#### (c) Fiduciary Management

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

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	George Juma
3.	Sub-County Accountant	Sabina Wambui
4.	Chairman NGCDFC	Abubakar Juma
5.	Member NGCDFC	Lucy Mwero

#### (d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of NG-CDF –Lungalunga Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF 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) NG-CDF Lungalunga Constituency Headquarters

P.O. Box 63 Lungalunga  
NG-CDF Building-Kanana  
Ukunda/Lungalunga Highway

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**  
**LUNGALUNGA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**(f) NGCDF Lungalunga Constituency Contacts**

Telephone: (254) 721-355958  
E-mail: cdflungalunga.go.ke  
Website: www.cdflungalunga.go.ke

**(g) NGCDF Lungalunga Constituency Bankers**

1. Co-operative Bank  
P.O. Box 568  
Ukunda, Kenya
2. Co-operative Bank-Ukunda  
Lungalunga NG-CDF  
A/C No. 01141195733400

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
LUNGALUNGA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

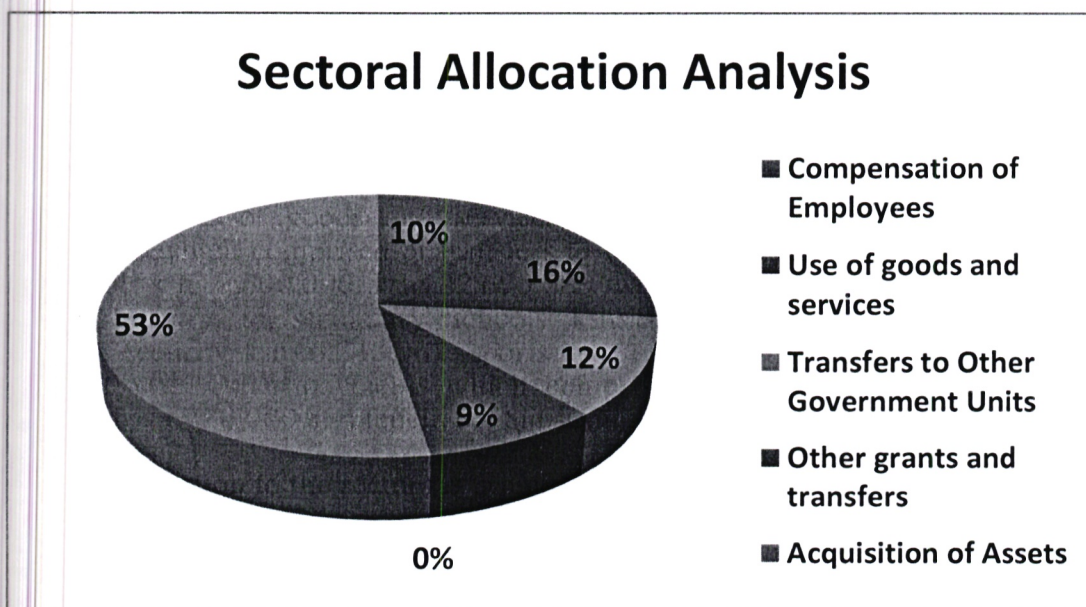
**II.FORWARD BY THE CHAIRMAN NG-CDF COMMITTEE**

During the financial year ended 30<sup>th</sup> June 2018, Lungalunga NG-CDF was allocated a total of kshs.98,189,655.16 consisting of Kshs 86,810,344.82 as normal allocation and Kshs 11,379,310.34 as additional allocations. In the course of the financial year, Lungalunga NG-CDF received 86% of its total allocation equivalent to kshs.84,353,447.10 and the fund was allocated to different sectors of the projects as follows:

**Sectorial analysis**

In the course of the financial year kshs.1,831,116.94 was compensation of employees, kshs. 5,142,675.76 was use of goods and services, kshs. 41,182,693 was transferred to Other Government Units which comprised of transfers to Primary School kshs.31,682,693, transfers to secondary schools kshs.9,500,000, kshs.22,693,089 was Other grants and Other payments which comprised of bursary to secondary schools kshs.8,036,000, bursary to primary schools kshs.4,800,000, security kshs.6,343,967, sports kshs.1,278,000 and emergency kshs.2,235,122, kshs. 7,420,000 was Other payments which comprised of purchase of land for Sub-County Headquarters kshs. 4,720,000 and fencing of Sub-County Headquarters kshs.4,700,000.

The percentage allocation to the sectors is presented graphically as hereunder provided;



**Major achievements**

Continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions. This has boosted retention and transition rates in schools. Major funded projects are such as classrooms, administration blocks, laboratories, libraries, dormitories, toilets, lockers and chairs, desks and equipping of laboratories. During the year, the Committee disbursed a total of Kshs 12,836,000 as bursary to needy students in secondary, tertiary institutions and this benefitted a total of 1,223 students.

Below indicated is the current status of classrooms in the Constituency.



**Mwalewa Primary School – 2No. Classrooms**



**Kanana Genesis Primary School-2 No. Classrooms**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
LUNGALUNGA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

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**Challenges**

During the financial year 2017/2018, Lungalunga NG-CDFC experienced various challenges in management of the fund which included failure to comply with Public procurement and disposal procedures and lack of proper records keeping by Project Management Committees. NGCDFC has during the financial year 2017/2018 organised training of both NGCDFC and Project Management Committees to capacity build as remedial measures hence improve performance.

I sincerely thank the NG-CDF Board, NG-CDFC, NG-CDFC staff, Project Management Committees, the relevant Government departments and other stakeholders for the support and co-operation that has made us achieve our goals.

Thank you indeed.

**Sign**



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**ABUBAKAR JUMA  
CHAIRMAN NG-CDF COMMITTEE**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
LUNGALUNGA 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.

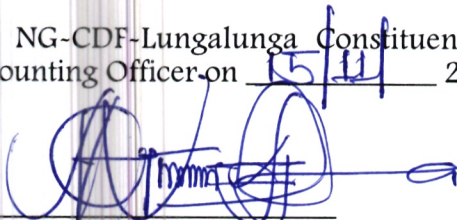
The Accounting Officer in charge of the NG-CDF-Lungalunga Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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 NG-CDF-Lungalunga 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 NG-CDF-Lungalunga 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.

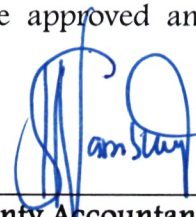
The Accounting Officer in charge of the NG-CDF-Lungalunga Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the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

**Approval of the financial statements**

The NG-CDF-Lungalunga Constituency financial statements were approved and signed by the Accounting Officer on 15/11 2018.



**Fund Account Manager  
George Juma Onesmus**




**Sub-County Accountant  
Sabina Wambui  
ICPAK Member Number:**


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
LUNGALUNGA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>RECEIPTS</b>			
Transfers from NG-CDF board	1	84,353,447	115,214,646
Proceeds from Sale of Assets	2	00	00
Other Receipts	3	00	00
<b>TOTAL RECEIPTS</b>		<b>84,353,447</b>	<b>115,214,646</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,831,117	2,944,416
Use of goods and services	5	5,142,676	9,603,193
Transfers to Other Government Units	6	41,182,693	84,158,070
Other grants and transfers	7	22,693,089	33,957,017
Acquisition of Assets	8	00	3,046,445
Other Payments	9	7,420,000	682,359
<b>TOTAL PAYMENTS</b>		<b>78,269,575</b>	<b>134,391,500</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>6,083,872</u></b>	<b><u>(19,176,854)</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-Lungalunga Constituency financial statements were approved on 15/11 2018 and signed by:

  
Fund Account Manager  
George Juma Onesmus

  
Sub-County Accountant  
Sabina Wambui  
ICPAK Member Number:

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Lungalunga Constituency set out on pages 8 to 32, 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 a 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 Lunga lunga Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act No. 30 of 2015.

#### Basis for Qualified Opinion

##### 1.0 Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2018 reflects payments for use of goods and services amounting to Kshs.5,142,676 as detailed in note 5 to the financial statement. This amount includes Kshs.663,000 reflected as training expenses for the constituency development committee members. Records available indicated that total training expenses amounted to Kshs.874,000 resulting to unreconciled or explained variance of Kshs.211,000.

Consequently, it has not been possible to confirm the accuracy and propriety of Kshs.663,000 spent on training for the year ended 30 June 2018.

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund Lunga Lunga Constituency For the Year ended 30 June 2018*

## **2.0 Other Grants and Other payments**

### **2.1 Unsupported Bursary**

The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and other payments balance of Kshs.22,693,089 out of which Kshs.12,836,000 is bursary to secondary schools and tertiary institutions as detailed in note 7 to the financial statements. Vouchers availed audit for amounted to Kshs.10,683,000 resulting to a difference of Kshs.2,153,000 being unsupported bursary issued during the year under review.

Consequently, the accuracy and validity of bursary payment of Kshs.12,836,000 disbursed during the year ended 30 June 2018 could not be confirmed.

### **2.2 Security**

The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and other payments balance of Kshs.22,693,089 out of which Kshs.6,343,967 is security projects as detailed in note 7 to the financial statements. This amount includes Kshs.1,200,000 spent on renovation of Mpakani police post. Physical verification revealed that the project is still idle. no security officers have ever been posted to the place.

The management failed to provide any explanation and strategy intended to be put in place to ensure the project is put into use.

Consequently, the Propriety of Kshs.1,200,000 spent on renovation of Mpakani police post during the year ended 30 June 2018 could not be confirmed.

## **3.0 Cash and Cash Equivalent**

### **3.1 Stale cheques**

The statement of assets and liabilities as at 30 June 2018 reflect a bank balance of Kshs.11,401,238. The bank reconciliation statement included stale cheques of kshs.481,636 which had not been reversed. At the time of the Audit, these cheques were still outstanding in the list of unrepresented cheques.

Consequently, the accuracy and validity of the bank balances of Kshs.11,401,238 as at 30 June 2018 could not be confirmed.

### **3.2 Payment in Bank not in Cashbook**

The statement of assets as at 30 June 2018 reflect a bank balance of Kshs.11,401,238. The bank reconciliation statement availed for audit included payments in bank statement not in cash book of Kshs.44,613, out of this balance was Kshs.30,000 in two cheques which were withdrawn but not posted in the cash book. Further, bank charges amounting to Kshs.14,613 have remained unposted in the cash book as 30 June 2018.

Consequently, the accuracy and validity of the bank balances of Kshs.11,401,238 as at 30 June 2018 could not be confirmed.

### **3.3 Receipt in Bank Not in Cashbook**

The bank reconciliation statement included receipt in bank statement not in cash book of Kshs.10,000 but not posted in the cash book. There was no explanation as to the origin of the banking.

Consequently, the accuracy and validity of the bank balances of Kshs.11,401,238 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 – Lungalunga Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **1.0 Budgetary Control and Performance**

##### **1.1 Revenue Budget Analysis**

During the year under review, National Government Constituencies Development Fund – Lungalunga Constituency had a revenue budget of Kshs.144,455,297 against actual receipts of Kshs.89,670,813 or 62%, resulting to an under disbursement of budget of Kshs.54,784,484 or 38% from the Constituency Development Fund Board. The management explained the shortfall as a result of CDF Board’s failure of disburse funds as per the budget. Failure by the Board to disburse funds as per the budget, may adversely affect delivery of goods and services to the residents of Lungalunga 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 – Lungalunga Constituency had a budget of Kshs.144,455,297 and actual expenditure of

Kshs.78,269,575, resulting to net under expenditure of Kshs.66,185,722 as summarized below:

<b>Expenditure</b>	<b>Budgeted Amount Kshs.</b>	<b>Actual Expenditure Kshs.</b>	<b>Under Utilization Kshs.</b>	<b>Over utilization Kshs.</b>	<b>% under utilization</b>
Compensation of Employees	3,404,207	1,831,117	1,573,090		46%
Use of goods and services	6,060,569	5,142,676	917,893		15%
Transfers to other government units	65,844,968	41,182,693	24,662,275		37%
Other grants and	48,496,985	22,693,089	25,803,896		53%
Acquisition of Assets	6,569,257	0	6,569,257		100%
Other Payments	2,700,000	7,420,000		4,720,000	(275%)
Allocation Awaiting Approval	11,379,311	0	11,379,311		100%
<b>Total</b>	<b>144,455,297</b>	<b>78,269,575</b>	<b>70,905,722</b>	<b>4,720,000</b>	<b>49%</b>

The under expenditure of Kshs.70,905,722 or 49% may have curtailed delivery of goods and services to the residents of Lungalunga Constituency. This implies that public funds were lying idle at the expense of other deserving areas. This may affect delivery of goods and services to the residents of Lungalunga 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. There is need therefore for the management to relook at its budget making process with a view to focusing on the priority projects which will be implemented during the year for effective and efficient service delivery to the residents of Lungalunga Constituency.

## 2.0 Project implementation

The project implementation status report as at 30 June 2018, the fund budgeted for 17 projects with a total budget of Kshs.50,727,738.20 as detailed in the table below;

	<b>Financial Year</b>	<b>Project Name</b>	<b>Activity</b>	<b>Project Cost (Kshs.)</b>	<b>Status</b>
1	2017/18	Constituency Sports Tournament	Carry out Constituency Sports tournament and the winning teams/schools to be awarded with trophies, balls, and games kits.	1,400,711.00	already utilized
2	2017/18	Manda Primary school.	Construction of 4 units of two door pit latrine to completion.	1,600,000.00	Complete
3	2017/18	Mwalewa Primary School.	Construction of two new classrooms, Two door pit latrine, and Twenty desks.	3,650,000.00	Complete

	<b>Financial Year</b>	<b>Project Name</b>	<b>Activity</b>	<b>Project Cost (Kshs.)</b>	<b>Status</b>
4	2017/18	Mabambarani Primary School.	Construction of two new classrooms, Two door pit latrine, and Twenty desks.	3,650,000.00	Complete
5	2017/18	Mwabovo Primary School.	Completion of the two classrooms. (Plastering, fixing doors and windows, painting and branding of two classrooms.)	800,000.00	complete
6	2017/18	Maledi primary school.	Construction of two new classrooms, Two door pit latrine, and Twenty desks.	3,650,000.00	Complete
7	2017/18	Kichukwa primary school.	Construction of two new classrooms, Two door pit latrine, and Twenty desks.	3,300,000.00	Ongoing
8	2017/18	Bandu primary school.	Construction of two new classrooms, Two door pit latrine, and Twenty desks.	3,300,000.00	Complete
9	2017/18	Menza Mwenye Secondary school.	Construction of a new Administration block to completion.	6,000,000.00	Ongoing
10	2017/18	Lungalunga secondary school	Completion of school laboratory and administration block	2,500,000.00	Complete
11	2017/18	Mpakani Police station	Renovation of police post and purchase of 10,000ltrs of water tank.	1,200,000.00	Complete
12	2017/18	Lungalunga Sub-county Headquarters.	Fencing of 8acres piece of land using concrete poles and chain link	2,700,000.00	Complete
13	2017/18	Lungalunga Location chief and assistant Chiefs offices.	Construction of office to accommodate chief and assistant chief and purchase of office furniture.	4,500,000.00	Complete
14	2017/18	Shimoni Police station	Construction of two door pit latrine.	400,000.00	Complete
15	2017/18	Lungalunga sub county police posts and chiefs office furniture.	Purchase of furniture for the police posts and chiefs offices.	2,000,000.00	Supplied
16	2017/18	Constituency Innovation Hubs (CIH)Project	installation of satellite antenna, router, Digital ruggedized tablet, WI-	4,677,027.20	Not started.

	Financial Year	Project Name	Activity	Project Cost (Kshs.)	Status
			FI with outdoor wireless device complete with 12U cabinet with installation accessories by Telkom Kenya Ltd.		
17	2017/18	Lungalunga NG-CDFC Office.	Renovation of the NG-CDFC Office (Perimeter Walling, doors and windows plastering, painting and roofing.)	5,400,000.00	Not started.
<b>Total</b>				<b>50,727,738.20</b>	

- i) 13 projects of Kshs.31,350,711 were complete and in use
- ii) 2 projects with a total allocation of Kshs.9,300,000 were ongoing
- iii) 2 project allocated Kshs.10,077,027 had not been started despite funding.

The projects not completed and those not started is an indication of goods and services not delivered to the citizens of Lunga Lunga Constituency, hence there is need for proper realistic budgeting for the projects which can be implemented within the financial year.

### 3.0 Projects Inspection.

During the audit (8) eight projects total cost of Kshs.21,050,000 were inspected in the month of February 2018 and various issues were noted as indicated below.

	Project Name	Details of Project	Cost of Project	Audit Verification Remarks
1	Mabambarani Primary School.	Construction of two new classrooms, Two door pit latrine, and Twenty desks.	3,650,000	Toilet doors not painted. The roof not treated
2	Mabovo Primary School.	Completion of the two classrooms. (Plastering, fixing doors and windows, painting and branding of two classrooms.)	800,000	The variation which was paid in 2017-2018 concerns the foundation of the structure, it could not be established why it took so long to pay the variation which was more than the recommended percent. The details given to the board for approval differ with the actual activities on the ground

	<b>Project Name</b>	<b>Details of Project</b>	<b>Cost of Project</b>	<b>Audit Verification Remarks</b>
3	Menza Mwenye Secondary school.	Construction of a new Administration block to completion.	6,000,000	Project near completion. However, no soak pit for flash toilets currently in the bill of quantities.
4	Lungalunga secondary school	Completion of school laboratory and administration block	2,500,000	New contractor sent to site to complete the science laboratory. No damages recovered from the contractor who abandoned the works. Project utilized more money than originally budgeted by the additional 2,500,000
5	Mpakani Police station	Renovation of police post and purchase of 10,000ltrs of water tank.	1,200,000	the renovations were done. The post not in use to date. No any plans are in place to post officers
6	Lungalunga Location chief and assistant Chiefs offices.	Construction of office to accommodate chief and assistant chief and purchase of office furniture.	4,500,000	Done and completed. In use
7	Shimoni Police station	Construction of two door pit latrine.	400,000	Toilets done but not in use. The project has not yet been handed over together with housing units of officers
8	Lungalunga sub county police posts and chiefs office furniture.	Purchase of furniture for the police posts and chiefs offices.	2,000,000	furniture delivered and in use
	<b>Total</b>		<b>21,050,000</b>	

Poor implementation of Projects greatly affects service delivery to the citizens of Lungalunga Constituency casting doubts on the effectiveness of the Project monitoring and evaluation carried by the constituencies Development Committee.

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

### Conclusion

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

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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

### **Conclusion**

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

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

### **Responsibilities of Management and Those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the National Government Constituency development Fund – Lungalunga constituency ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the National Government Constituency development Fund – Lungalunga constituency or to cease operations, or have no realistic alternative but to do so.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Government Constituency development Fund – Lungalunga constituency ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituency development Fund – Lungalunga constituency to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituency development Fund Lungalunga 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**

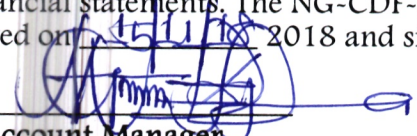
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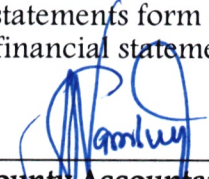
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
LUNGALUNGA CONSTITUENCY  
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For the year ended June 30, 2018**

**V. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	11,401,238	5,317,366
Cash Balances (cash at hand)	10B	00	00
Current Receivables-Outstanding Imprests	11	00	00
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>11,401,238</u></b>	<b><u>5,317,366</u></b>
<b>FINANCIAL LIABILITIES</b>			
Account payable-Retention	12	00	00
<b>NET FINANCIAL ASSETS</b>		<b><u>11,401,238</u></b>	<b><u>5,317,366</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	5,317,366	24,494,220
Surplus/Deficit for the year		6,083,872	(19,176,855)
Prior year adjustments	14	00	00
<b>NET FINANCIAL POSITION</b>		<b><u>11,401,238</u></b>	<b><u>5,317,366</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-Lungalunga Constituency financial statements were approved on 15/11/2018 and signed by:

  
Fund Account Manager  
George Juma Onesmus

  
Sub-County Accountant  
Sabina Wambui  
ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**

**LUNGALUNGA CONSTITUENCY**

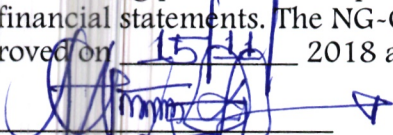
**Reports and Financial Statements**

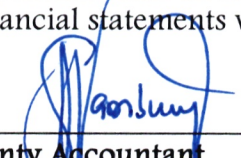
**For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

		<b>2017 - 2018</b>	<b>2016 - 2017</b>
<b>Receipts for operating income</b>			
Transfers from NG-CDF Board	<b>1</b>	84,353,447	115,214,646
Other Receipts	<b>3</b>	<u>00</u>	<u>00</u>
		<b>84,353,447</b>	<b>115,214,646</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	<b>4</b>	1,831,117	2,944,416
Use of goods and services	<b>5</b>	5,142,676	9,603,193
Transfers to Other Government Units	<b>6</b>	41,182,693	84,158,070
Other grants and transfers	<b>7</b>	22,693,089	33,957,017
Other Payments	<b>9</b>	7,420,000	682,359
		<b>78,269,575</b>	<b>131,345,055</b>
<b>Adjusted for:</b>			
Adjustments during the year	<b>14</b>	00	00
<b>Net cash flow from operating activities</b>		<b>00</b>	<b>00</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	<b>2</b>	00	00
Acquisition of Assets	<b>9</b>	00	3,046,445
<b>Net cash flows from Investing Activities</b>		<b>00</b>	<b>(3,046,445)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>6,083,872</b>	<b>(19,176,854)</b>
Cash and cash equivalent at BEGINNING of the year	<b>13</b>	5,317,366	24,494,220
Cash and cash equivalent at END of the year		<u>11,401,238</u>	<u>5,317,366</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-Lungalunga Constituency financial statements were approved on 15/11/2018 2018 and signed by:

  
Fund Account Manager  
George Juma Onesmus

  
Sub-County Accountant  
Sabina Wambui  
ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – LUNGALUNGA CONSTITUENCY**  
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**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
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>RECEIPTS</b>						
Transfers from NG-CDF Board	86,810,345	57,644,952	144,455,297	89,670,813	54,784,484	62
Proceeds from Sale of Assets	00	00	00	00	00	00
Other Receipts	00	00	00	00	00	00
<b>PAYMENTS</b>						
Compensation of Employees	1,686,841	1,717,366	3,404,207	1,831,117	1,573,090	54
Use of goods and services	5,126,089	934,480	6,060,569	5,142,676	917,893	85
Transfers to Other Government Units	41,019,968	24,825,000	65,844,968	41,182,693	24,662,275	63
Other grants and transfers	29,708,190	18,788,795	48,496,985	22,693,089	25,803,896	47
Acquisition of Assets	6,569,257	00	6,569,257	00	6,569,257	0
Other Payments	2,700,000	00	2,700,00	7,420,000	(4,720,000)	275
Allocation awaiting approval/Unallocated	00	11,379,311	11,379,311	00	11,379,311	0
<b>TOTALS</b>	<b>86,810,345</b>	<b>57,644,952</b>	<b>144,455,297</b>	<b>78,269,575</b>	<b>66,185,722</b>	<b>54</b>

(a) The revenue item only include receipts from NG-CDF Board

(b) The underutilization and over utilization of funds was due to the following:

- i. Compensation of Employees 54% was as a result of excess budgeting.
- ii. Other Grants and transfers 47% was attributed to slow spending by PMC.
- iii. Other payments 275% was attributed to spending a balance of funds for the financial year 2016/2017 in the financial year 2017/2018

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – LUNGALUNGA CONSTITUENCY**

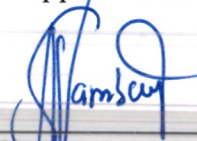
**Reports and Financial Statements**

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

The NG-CDF-Lungalunga Constituency financial statements were approved on 15/11 2018 and signed by:



**Fund Account Manager  
George Juma Onesmus**



**Sub-County Accountant  
Sabina Wambui  
ICPAK Member Number:**

## **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 NG-CDF-Lungalunga Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

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

#### **Tax Receipts**

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

#### **Transfers from the Exchequer**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –  
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**For the year ended June 30, 2018**

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**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 30<sup>th</sup> June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**Other receipts**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –  
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**For the year ended June 30, 2018**

**SIGNIFICANT ACCOUNTING POLICIES**

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**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 NG-CDF Act, 2015.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –  
LUNGALUNGA CONSTITUENCY**

**Reports and Financial Statements**

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

**SIGNIFICANT ACCOUNTING POLICIES**

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**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 1<sup>st</sup> July 2017 to 30<sup>th</sup> 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 30<sup>th</sup> June 2018.

**14. Errors**

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

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

**15. Related Party Transactions**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –  
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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO. A825935	1		72,569,368
AIE NO.A855617	2		36,853,449
AIE NO.A829650	3		4,094,829
Receipts from Msambweni Constituency			1,000,000
Refund from Shirazi Boys Sec. PMC			697,000
AIE NO. A855908	1	5,500,000	
AIE NO. A892778	2	37,905,172	
AIE NO. A892558	3	40,948,275	
<b>TOTAL</b>		<b>84,353,447</b>	<b>115,214,646</b>

**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	00	00
Receipts from sale of office and general equipment	00	00
Receipts from the Sale Plant Machinery and Equipment	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	00	00
Rents	00	00
Receipts from Sale of tender documents	00	00
Other Receipts Not Classified Elsewhere	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**4. COMPENSATION OF EMPLOYEES**

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,831,117	1,561,864
Basic wages of casual labour	00	00
<b>Personal allowances paid as part of salary</b>		
House allowance	00	00
Transport allowance	00	00
Leave allowance	00	00
Gratuity	00	1,382,552
Other personnel payments	00	00
<b>Total</b>	<b>1,831,117</b>	<b>2,944,416</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee Expenses	2,643,243	3,921,000
Other Committee expenses	00	821,000
Utilities, supplies and services	1,836,433	00
Communication, supplies and services	00	165,000
Domestic travel and subsistence	00	481,000
Printing, advertising and information supplies & services	00	56,376
Rentals of produced assets	00	00
Training expenses	663,000	00
Hospitality supplies and services	00	00
Insurance costs	00	00
Specialized materials and services	00	00
Office and general supplies and services	00	1,112,600
Other operating expenses	00	1,189,767
Routine maintenance – vehicles and other transport equipment	00	459,850
Routine maintenance – other assets	00	00
<b>Total</b>	<b>5,142,676</b>	<b>9,603,193</b>

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**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	00	00
Transfers to primary schools (see attached list)	31,682,693	42,578,700
Transfers to secondary schools (see attached list)	9,500,000	38,601,300
Transfers to tertiary institutions (see attached list)	00	1,978,070
Transfers to health institutions (see attached list)	00	1,000,000
<b>TOTAL</b>	<b>41,182,693</b>	<b>84,158,070</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	8,036,000	13,356,395
Bursary – tertiary institutions (see attached list)	4,800,000	7,198,715
Bursary – special schools (see attached list)	00	00
Mock & CAT (see attached list)	00	00
Security projects (see attached list)	6,343,967	00
Water	00	1,000,000
Sports projects (see attached list)	1,278,000	1,521,387
Environment projects (see attached list)	2,235,122	1,521,387
Emergency projects (see attached list)	00	9,359,133
<b>Total</b>	<b>22,693,089</b>	<b>33,957,017</b>

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**8. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	00	00
Construction of Buildings	00	00
Refurbishment of Buildings	00	00
Purchase of Vehicles and Other Transport Equipment	00	00
Overhaul of Vehicles and Other Transport Equipment	00	00
Purchase of Household Furniture and Institutional Equipment	00	00
Purchase of Office Furniture and General Equipment	00	1,150,000
Purchase of ICT Equipment, Software and Other ICT Assets	00	1,896,445
Purchase of Specialised Plant, Equipment and Machinery	00	00
Rehabilitation and Renovation of Plant, Machinery and Equip.	00	00
Acquisition of Land	00	00
Acquisition of Intangible Assets	00	00
<b>Total</b>	<b>00</b>	<b>3,046,445</b>

**9. OTHER PAYMENTS**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of land for Sub-County HQs	4,720,000	682,359
Walling of Sub-County HQs	2,700,000	00
Strategic plan	00	00
ICT Hub	00	00
TIVET	00	00
	<b>7,420,000</b>	<b>682,359</b>

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

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Co-operative Bank Account No. 01141466629200</i>	11,401,238	5,317,366
<b>Total</b>	<b>11,401,238</b>	<b>5,317,366</b>
<b>10B: CASH IN HAND</b>		
Location 1	00	00
Location 2	00	00
Location 3	00	00
Other Locations ( <i>specify</i> )	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
<i>[Provide cash count certificates for each]</i>		

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11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Name of Officer or Institution</i>	dd/mm/yy	000	00	00
<b>Total</b>				<b>00</b>

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

12 RETENTION

	2017 - 2018	2016-2017
	<b>Kshs</b>	<b>Kshs</b>
Supplier 1	00	00
Supplier 2	00	00
Supplier 3	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	5,317,366	24,494,220
Cash in hand	00	00
Imprest	00	00
<b>Total</b>	<b>5,317,366</b>	<b>24,494,220</b>

[Provide short appropriate explanations as necessary]

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**14. PRIOR YEAR ADJUSTMENTS**

	2017- 2018	2016-2017
	Kshs	Kshs
Bank accounts	00	00
Cash in hand	00	00
Imprest	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**15. OTHER IMPORTANT DISCLOSURES**

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

	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	00	00
Construction of civil works	00	00
Supply of goods	00	00
Supply of services	00	00
	<b>00</b>	<b>00</b>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	Kshs	Kshs
Senior management	00	00
Middle management	00	00
Unionisable employees	00	00
Others ( <i>specify</i> )	00	00
	<b>00</b>	<b>00</b>

**15.3: UNUTILIZED FUNDS (See Annex 3)**

	Kshs	Kshs
Compensation of employees	00	00
Use of goods and services	00	00
Amounts due to other Government entities (see attached list)	00	00
Amounts due to other grants and other transfers (see attached list)	00	00
Acquisition of assets	00	00
Others ( <i>specify</i> )	00	00
	<b>00</b>	<b>00</b>

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**15.4: PMC account balances (See Annex 5)**

	<b>2017- 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	00	00
	00	00

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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		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

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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		
<b>Senior Management</b>							
1.							
2.							
3.							
Sub-Total							
<b>Middle Management</b>							
4.							
5.							
6.							
Sub-Total							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
Sub-Total							
<b>Others (specify)</b>							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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**ANNEX 3 – UNUTILIZED FUNDS**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Outstanding Balance 2017/18</b>	<b>Outstanding Balance 2016/17</b>	<b>Comments</b>
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Sub-Total				
Amounts due to other grants and other transfers				
Sub-Total				
Sub-Total				
Acquisition of assets				
Others ( <i>specify</i> )				
Sub-Total				
Grand Total				

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

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2016/17</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2017/18</b>
Land	3,200,000	0	0	3,200,000
Buildings and structures	0	0	0	0
Transport equipment	1,320,000	0	0	1,320,000
Office equipment, furniture and fittings	1,936,204	0	0	1,936,204
ICT Equipment, Software and Other ICT Assets	2,611,805	0	0	2,611,805
Other Machinery and Equipment	399,000	0	0	399,00
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
<b>Total</b>	<b>9,467,009</b>	<b>0</b>	<b>0</b>	<b>9,467,009</b>

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**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Mangwei Shopping Centre	Co-operative	01141566809900	395	
Wasini Primary School	Co-operative	01141566091200	112.50	
Kinyungu Primary School	Co-operative	01141566354500	2,562.18	
Mwanga Primary School	Co-operative	01141566090300	462.50	
Mteza South Primary School	Co-operative	01141566407800	1,377.50	
Tswaka Primary School	Co-operative	01141565709000	912.50	
Vitsangalaweni Primary School	Co-operative	01141566091600	3,412.50	
Makambani Primary School	Co-operative	01141566980200	50.00	
Chiromo Primary School	Co-operative	01141566396600	962.50	
Perani Primary School	Co-operative	01141566749800	2,325.00	
Magombani Primary School	Co-operative	01141566750000	525.00	
Shimoni Primary School	Co-operative	01141566091100	112.50	
Mgome Water Project	Co-operative	01141565824300	5,122.50	
Kiranze Primary School	Co-operative	01141194598300	675.00	
Mwangulu Primary School	Co-operative	01141566750600	1,815.00	
Mpakani Primary School	Co-operative	01141566357200	4,562.50	
Chidziweni Primary School	Co-operative	01141566318300	12.50	
Mabafweni Primary School	Co-operative	01141566344700	13,212.50	
Kiwegu Primary School	Co-operative	01141566090600	2,462.50	
Primary School desks CDF Project	Co-operative	01141566165400	112.50	
Mwazaro Primary School	Co-operative	01141195133200	260,445	
Mwamose Primary School	Co-operative	01141566090200	48,912.50	
Mzizima Primary School	Co-operative	01141566090900	112.50	
Gugu Secondary School	Co-operative	01141566750700	295.00	

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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Lungalunga D.O Office toilet	Co-operative	01141566759900	2,575.00	
Mwereni Secondary School	Co-operative	01141566405300	312.50	
Pogwe Primary School	Co-operative	01141566623800	3,735.00	
Mikamini Primary School	Co-operative	01141566100800	13,922.45	
Lungalunga Constituency Sports	Co-operative	01141565834600	3,776.50	
Lungalunga Secondary School	Co-operative	01141565824400	24.00	
Lungalunga Primary School	Co-operative	01141566899100	51.00	
Kikoneni Primary School	Co-operative	01141565835300	7,262.50	
Perani Secondary School	Co-operative	01141565818700	42.50	
Maledi Primary School	Co-operative	01141566345900	562.50	
Nikaphu Primary School	Co-operative	01141195038500	2,675.00	
Vitsangalaweni Primary School	Co-operative	01141043353200	325.00	
Mwanguda Primary School	Co-operative	01141566090700	5,400.00	
Mwananyamala Secondary School	Co-operative	01141566605800	1,362.50	
Dzuhoramawe Primary School	Co-operative	01141565966500	933.00	
Shirazi Boys Secondary School	Co-operative	01141184458500	1,192.50	
Mwalewa Primary School	Co-operative	01141566959400	1,399,450.00	
Banda Primary School	Co-operative	01141566881300	1,553,475.00	
Shimoni Police Housing	Co-operative	01141566466100	241,192.00	
Mpakani Police Station	Co-operative	01141566920400	1,705.00	
Manda Primary School	Co-operative	01141566875500	100,505.99	
<b>Total</b>			<b>3,722,367.12</b>	

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. 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)