

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 07 AUG 2019

DAY: Wednesday

TABLED
BY:

Hon. Benjamin Wathaka
Majority Party Whip
Halima Aden

REPORT

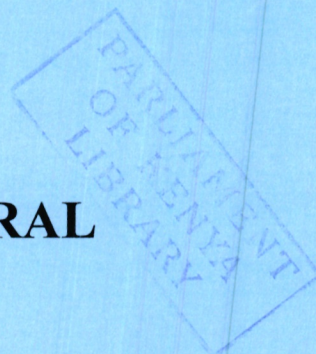
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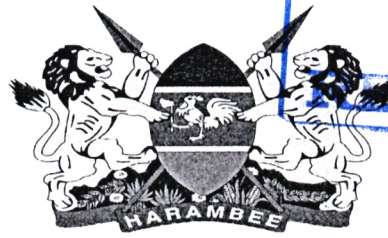
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
MATAYOS CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND MATAYOS
CONSTITUENCY**

AMENDED 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)
MATAYOS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

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

Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

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

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Edward Mola
3.	Sub-County Accountant	Dennis Abuya
4.	Chairman NGCDFC	Pascal Sande
5.	Member NGCDFC	Caroline Atieno

(d) Fiduciary Oversight Arrangements

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

P.O. Box 1055 -50400
Busia (k)
Busia-kisumu Road Mundika Stage

(f) NGCDF MATAYOS Constituency Contacts

Telephone: (254) 773-864-705

E-mail: cdfmatayos.go.ke

Website: www.go.ke

(g) NGCD MATAYOS Constituency Bankers

1. Equity Bank
A/c No *0780266047486*
P.o Box 553-50400
Busia Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The NGCDFC of Matayos wishes to express gratitude to the National Government of Kenya for the NG CDF program which has in a very unique way improved the livelihood of people by bringing various infrastructural developments enhancing delivery of service to the people of Kenya. We also recognise the support of other technical staff who facilitated the implementation of NG CDF projects. Importantly the people of Matayos for embracing identification of the projects and social audit to facilitate prudent implementation of NG CDF projects.

The implementation of Matayos budget was duly executed and all the projects were implemented as per the approved budget specifications. Some projects of school are at various levels of the implementation as at the end of the financial year. The bursary has gone a long way to help the needy students in the constituency who would have otherwise dropped out of school. The security lights projects have lit the constituency at night and enhanced security in the various places in the constituency prompting the constituents to demand more security lights projects.

Schools have been built others renovated throughout the constituency and more need to be done as schools are too many and allocation not enough to go round

Sign



CHAIRMAN NGCDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

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

The Accounting Officer in charge of the NGCDF-MATAYOS 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-MATAYOS 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.

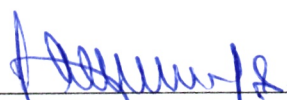
The Accounting Officer in charge of the NGCDF-MATAYOS Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-MATAYOS Constituency financial statements were approved and signed by the Accounting Officer on 27/09/ 2018.



Fund Account Manager
Allan R. Chemayiek



Sub-County Accountant
Denis Abuya

REPUBLIC OF KENYA

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

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Matayos Constituency set out on pages 7 to 28, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of financial assets and liabilities, statement of cash flows and statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Matayos 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Matayos 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. There were no Key Audit Matters to report in the year under review.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing 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

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 AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Project Implementation Status

The Fund was to implement a total of 55 projects/programs through different Project Management Committees during the year under review. Further analysis indicated that 2 or 4% of projects had not started, 28 or 51% were ongoing and 25 or 45% had been completed as at the time of audit.

Sector	Total Project Cost Kshs	Budgeted projects	Actual/Implemented Projects						
			Not Started		Ongoing		Completed		Completed %
					Kshs		Kshs		
Transfers to Primary Schools	13,140,000	25	0	-	12	6,310,000	13	6,830,000	52

Sector	Total Project Cost Kshs	Budgeted projects	Actual/Implemented Projects						
			Not Started		Ongoing		Completed		Completed %
						Kshs		Kshs	
Transfers to Secondary Schools	20,259,380	16	0	-	13	19,397,000	3	862,380	19
CDF- Office	6,080,058	1	0	-	0	-	1	6,080,058	100
Security	4,068,367	6	0	-	3	3,018,367	3	1,050,000	50
Sports	1,712,236	1	0	-	0	-	1	1,712,236	100
Environment	1,200,000	1	0	-	0	-	1	1,200,000	100
Emergency Projects	4,568,966	1	0	-	0	-	1	4,568,966	100
Monitoring, Evaluation and Capacity Building	2,604,310	1	0	-	0	-	1	2,604,310	100
Education Bursary, Mock Exams & CATs	25,000,000	1	0	-	0	-	1	25,000,000	100
Strategic Plan	3,500,000	1	1	3,500,000	0	-	0	-	-
Constituency Innovation Hubs	4,677,027	1	1	4,677,027	0	-	0	-	-
	86,810,344	55	2	8,177,027	28	28,725,367	25	49,907,950	45

Consequently, the Fund failed to complete and operationalize projects after investing some funds thus denying the constituents the vital services that would have accrued from the projects.

2. Budget Performance

During the year under review, the Fund spent Kshs.48,720,380 against a budgeted amount of Kshs.99,767,464 resulting in under-absorption of Kshs.59,481,990 representing 49%.

Receipt/Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Budget Utilisation Difference Kshs.	% of Utilisation
RECEIPTS				
Transfers from CDF Board	99,767,464	87,310,344	12,457,120	88
TOTAL	99,767,464	87,310,344	12,457,120	88

Receipt/Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Budget Utilisation Difference Kshs.	% of Utilisation
RECEIPTS				
PAYMENTS				
Compensation of Employees	3,095,397	2,590,679	504,718	84
Use of goods and services	6,867,939	11,085,201	4,217,453	161
Transfers to Other Government Units	40,823,418	15,262,000	25,561,418	3
Other grants and transfers	39,834,063	19,782,500	20,051,563	50
Acquisition of Assets	969,811	0	969,811	0
Other Payments	8,177,027	0	8,177,027	0
Total	99,767,464	48,720,380	59,481,990	49

Consequently, the Fund management failed to implement projects and programmes amounting to Kshs.59,481,990 thus denying the constituents the services they would have accrued from these projects if completed.

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 the Fund's ability to continue 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 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the 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 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 the 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.

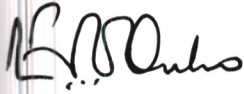
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of 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 Fund's ability to continue 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 Fund 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 Fund 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

14 June 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MATAYOS CONSTITUENCY

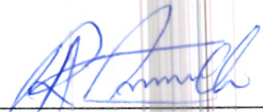
Reports and Financial Statements

For the year ended June 30, 2018

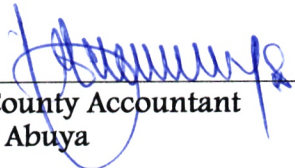
V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	87,310,344	157,928,467
TOTAL RECEIPTS		87,310,344	157,928,467
PAYMENTS			
Compensation of employees	2	2,590,679	2,174,079
Use of goods and services	3	11,085,201	19,900,759
Transfers to Other Government Units	4	15,262,000	71,022,692
Other grants and transfers	5	19,782,500	84,049,758
Acquisition of Assets	6	-	12,202,628
Other Payments	7	-	<u>2,922,415</u>
TOTAL PAYMENTS		48,720,380	192,272,331
SURPLUS/(DEFICIT)		<u>38,589,964</u>	<u>-34,343,864</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATAYOS Constituency financial statements were approved on 27/09/ 2018 and signed by:



Fund Account Manager
Allan R. Chemayiek



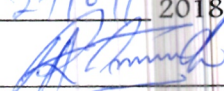
Sub-County Accountant
Denis Abuya

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

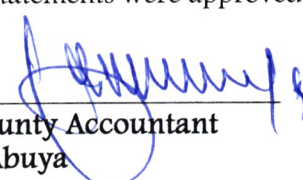
VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	38,667,774	77,810
Total Cash and Cash Equivalents		38,667,774	77,810
TOTAL FINANCIAL ASSETS		38,667,774	77,810
NET FINANCIAL ASSETS		38,667,774	77,810
REPRESENTED BY			
Fund balance b/fwd 1st July...	9	77,810	34,421,674
Surplus/Deficit for the year		38,589,964	-34,343,864
NET FINANCIAL POSITION		38,667,774	77,810

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATAYOS Constituency financial statements were approved on 27/09/2018 and signed by:



Fund Account Manager
Allan R. Chemayiek



Sub-County Accountant
Denis Abuya

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MATAYOS CONSTITUENCY

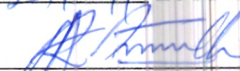
Reports and Financial Statements

For the year ended June 30, 2018

VII. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	87,310,344	157,928,467
		87,310,344	157,928,467
Payments for operating expenses			
Compensation of Employees	2	2,590,679	2,174,079
Use of goods and services	3	11,085,201	19,900,759
Transfers to Other Government Units	4	15,262,000	71,022,692
Other grants and transfers	5	19,782,500	84,049,758
Other Payments	7	-	2,922,415
Net cash flow from operating activities		38,589,964	-22,141,236
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	-12,202,628
Net cash flows from Investing Activities		-	-12,202,628
NET INCREASE IN CASH AND CASH EQUIVALENT		38,589,964	-34,343,864
Cash and cash equivalent at BEGINNING of the year	8	77,810	34,421,674
Cash and cash equivalent at END of the year		<u>38,667,774</u>	<u>77,810</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATAYOS Constituency financial statements were approved on 22/09/2018 and signed by:



Fund Account Manager
Allan R. Chemayiek



Sub-County Accountant
Denis Abuya


Reports and Financial Statements
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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
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,344	12,957,120	99,767,464	87,310,344	12,457,120	88%
	86,810,344	12,957,120	99,767,464	87,310,344	12,457,120	88%
PAYMENTS						
Compensation of Employees	2,284,122	811,275	3,095,397	2,590,679	504,718	84%
Use of goods and services	5,528,809.	1,338,939	6,867,748	11,085,201	4,217,453	161%
Transfers to Other Government Units	33,699,380	7,124,038	40,823,418	15,262,000	25,561,418	3%
Other grants and transfers	36,249,568.	3,584,495	39,834,063	19,782,500	20,051,563	50%
Acquisition of Assets	871,438	98,373	969,811	0	969,811	0%
Other Payments	8,177,027		8,177,027	0	8,177,027	0%
TOTALS	86,810,344	12,957,120	99,767,464	48,720,380	59,481,990	49%

- i. 84% Compensation of employees of NG-CDF Matayos failed to attain target due to late remission of funds from board.
- ii. 161% Use of goods and services of NG-CDF Matayos was above target as a result of debts of committee allowances.
- iii. 3% transfers to other government units of NG-CDF Matayos was below target due to late remission of funds from board.
- iv. 50% Other grants and transfers of NG-CDF Matayos never attained target as a result of late remission of funds.
- v. 0% Acquisition of assets of NG-CDF Matayos never attained the target as a result of non-remission of funds from board.
- vi. 0% Other Payments of NG-CDF Matayos failed target due to late remission of funds from board.

The NGCDF-MATAYOS Constituency financial statements were approved on 27/09/2018 2018 and signed by:


Fund Account Manager
Allan R. Chemayiek


Sub-County Accountant
Denis Abuya

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-NAMBALE 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.

External Assistance

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MATAYOS CONSTITUENCY
Reports and Financial Statements
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Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

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

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

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
NGCDF Board		
AIE NO	5,500,000	59,531,915
AIE NO	1,500,000	18,000,000
AIE NO	37,905,172	39,448,275
AIE NO	42,405,172	4,094,828
AIE NO		36,853,449
TOTAL	87,388,154	157,928,467

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,915,914	2,110,379.2
Other personnel payments	674,765	63,699.80
Total	2,590,679	2,174,079

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	9,845,400	16,898,700
Communication, supplies and services	1,239,801	827,980
Total	11,085,201	19,900,759

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to primary schools	5,762,000	33,184,137
Transfers to secondary schools	9,500,000	25,916,140
Transfers to tertiary institutions	-	10,000,000
Transfers to health institutions	-	1,922,415
TOTAL	15,262,000	71,022,692

5. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools	10,000,500	50,000,000
Bursary – tertiary institutions	9,782,000	5,065,687
Bursary – special schools	-	-
Mock & CAT	-	230,000
Security projects	-	25,916,140
Sports projects	-	1,637,931
Environment projects	-	1,200,000
Total	19,782,500	84,049,758

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2017-2018	2016-2017
	Kshs	Kshs
Construction of Buildings	-	9,000,000
Purchase of Office Furniture and General Equipment	-	3,000,000
Purchase of ICT Equipment, Software and Other ICT Assets	-	202,628
Total	-	12,202,628

7. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	-	2,922,415
	-	2,922,415

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Equity Bank, Account No. 0780266047486</i>	38,667,774	77,810
Total	38,667,774	77,810

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. **BALANCES BROUGHT FORWARD**

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	77,810	34,421,674
Total	<u>77,810</u>	<u>34,421,674</u>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. PENDING STAFF PAYABLES (See Annex 1)

	Kshs	Kshs
Gratuity for staff	1,434,942	1,062,536
	1,434,942	1,062,536

11. UNUTILIZED FUNDS (See Annex 2)

	Kshs	Kshs
Compensation of employees	504,718	820,275
Use of goods and services	4,217,453	305,803
Amounts due to other Government entities	25,561,418	251,625
Amounts due to other grants and other transfers	20,051,563	101,735
Acquisition of assets	969,811	98,372
Others (<i>Strategic plan and Ict hub</i>)	8,177,027	0
	59,481,990	1,577,810

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. PMC account balances (See Annex 4)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances	807,131	293,376
	807,131	293,376

NATIONAL GOVERNMENT ENTITY – MATAYOS CONSTITUENCY
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ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2018	Comments
		a	b	c	d=a-c		
Others (Gratuity)							
1. Godfrey Naku Makokha		367,350	1/9/2013	0	367,350	367,350	
2. Kennedy Ouma Rupia		426,963	2/5/2013	0	426,963	426,963	
3. Moses Wandera		224,115	2/2/2015	0	224,115	224,115	
4. Rosemary Juma		208,257	2/2/2015	0	208,257	208,257	
5. Elizabeth Mulama		208,257	2/2/2015	0	208,257	208,257	
	Sub-Total	1,434,942		0	1,434,942	1,434,942	
	Grand Total	1,434,942		0	1,434,942	1,434,942	

NATIONAL GOVERNMENT ENTITY – MATAYOS CONSTITUENCY

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ANNEX 2 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		504,718	820,275	Late disbursement of funds
Use of goods & services		4,217,453	305,803	Late disbursement of funds
Amounts due to other Government entities		25,561,418	251,625	Late disbursement of funds
Sub-Total		30,283,589	1,377,703	Late disbursement of funds
Amounts due to other grants and other transfers		20,051,563	101,735	Late disbursement of funds
Sub-Total		20,051,563	101,735	
Sub-Total		20,051,563	101,735	
Acquisition of assets				
		969,811	98,372	Late disbursement of funds
Others (specify)				
Strategic plan		3,500,000		Late disbursement of funds
		4,677,027		Late disbursement of funds
Sub-Total		9,146,838	98,372	
Grand Total		59,418,990	1,577,810	

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	1,200,000	0		1,200,000
Buildings and structures	25,000,000			25,000,000
Transport equipment	4,500,000			4,500,000
Office equipment, furniture and fittings	2,000,000			2,000,000
ICT Equipment, Software and Other ICT Assets	700,000			700,000
Total	33,400,000			33,400,000

NATIONAL GOVERNMENT ENTITY – MATAYOS CONSTITUENCY
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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
St Mathias Busia Secondary Cdf a/c	National Bank	0124203720060 0	111,472cr	111,472cr
Nangoma Secondary Cdf a/c	National Bank	0124203817250 1	-	-
Budokomi Mixed Sec	National Bank	0124203712520 1	2,603cr	2,603cr
Lung'a Secondary Cdf a/c	National Bank	0124203768060 1	4,427cr	-4,427cr
Mundulusia Primary Cdf a/c	National Bank	0124203687050 0	-	-
Murende Primary Cdf a/c	National Bank	0124203685560 1	-	-
Igero Primary Cdf a/c	Kcb	116799762	-	-
Nang'oma Primary Cdf a/c	Kcb	1205809619	870	-
Lwanya Primary Cdf a/c	Kcb	1146746466	2,880	-
Mujuru Primary Cdf a/c	Kcb	1146745931	170	-
Bukhayo West Chiefs Office	Equity	0780261655272	78	-
Nasira Primary PMC	Equity	0780261655528	-	-
Matayos Construction Pmc	Equity	0780270097687	1,538	-
Matayos Purchasing Pmc	Equity	0780270372376	60,310	-
St Teresa's Nambere RC Primary	Equity	0780270362773	-	-
Siteko Primary PMC	Equity	0780261655179	520	149,795
Matayos Sports Pmc	Equity	0780270748303	-	-
St Pius Lukonyi Primary	Equity	0780261655149	596,445	-
Mjini Ass Chief office Pmc	Equity	0780261655312	25,818cr	125,076
Mundika Special Sch	Family	079000025410	-	-
Total			807,131	293,376

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue/Observations from Auditor	Management Comments	Focal Point to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unverifiable Expenditure on projects	Avail returns and progress reports submitted by the respective project management committees	Fund Account Manager	Not Resolved	15 th May 2019
2	Budget Control and Project Performance	The Fund did not meet its implementation targets because the board did not release funds in time due to the uncertainty that happened after the electioneering period	NG-CDF Board	Not Resolved	30 th June 2019

