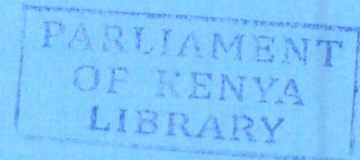


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

THE AUDITOR-GENERAL

ON

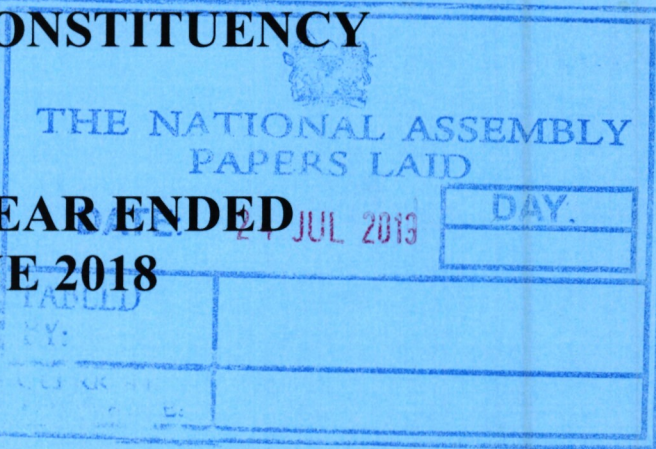
**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KALOLENI CONSTITUENCY**

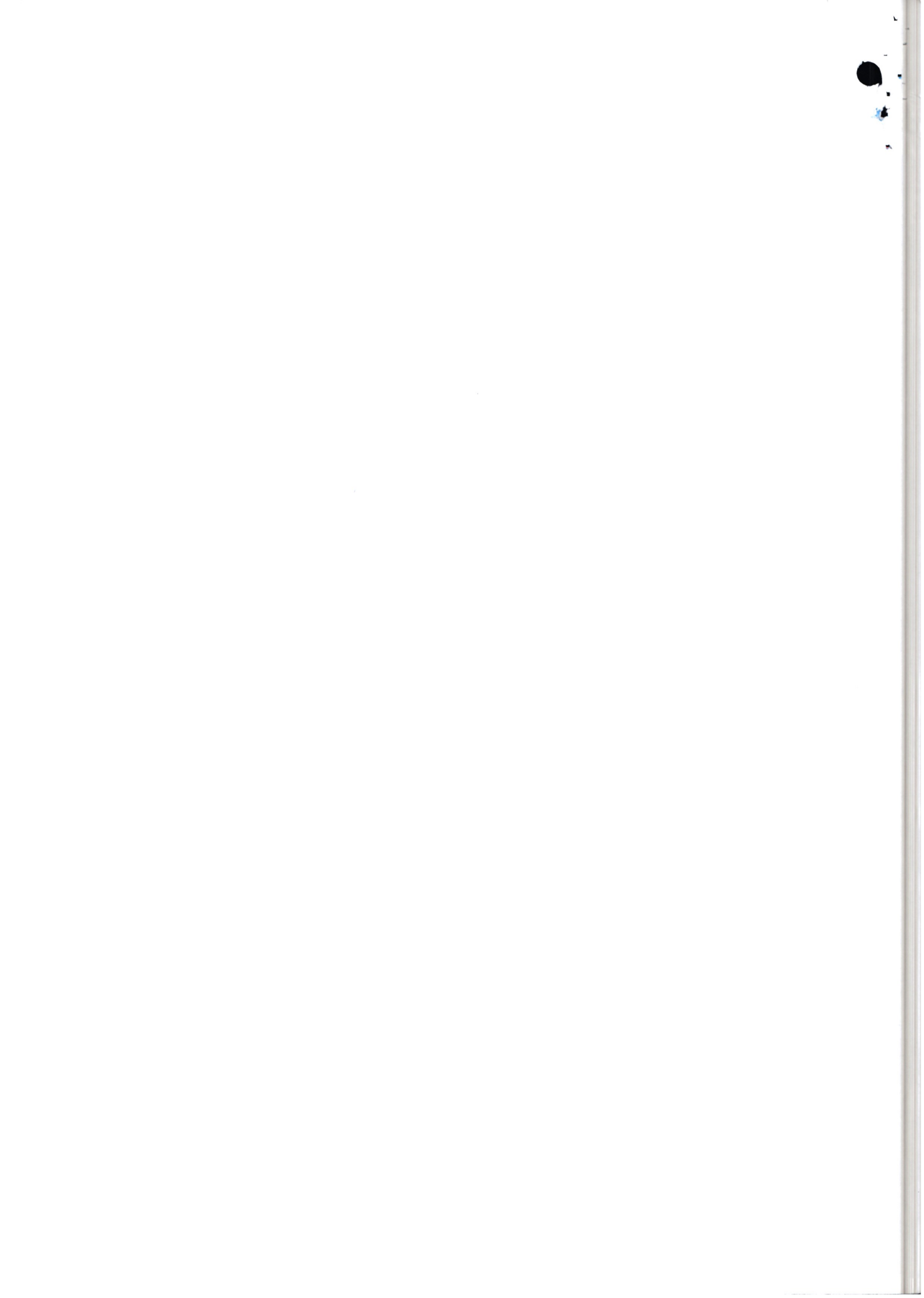
**FOR THE YEAR ENDED
30 JUNE 2018**

THE NATIONAL ASSEMBLY
PAPERS LAID

DAY.

27 JUL 2018







NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KALOLENI
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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


 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2018	DAY: Wednesday
TABLED BY:	Hon. Aden Duale, MP (Com)
CLERK:	Halima Ahmed

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALOLENI
CONSTITUENCY
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALOLENI
CONSTITUENCY
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FOR THE YEAR ENDED JUNE 30, 2018

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

(b) Key Management

The NGCDF Kaloleni 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:

<u>No</u>	<u>Designation</u>	<u>Name</u>
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Elisha Ade
3.	Sub-County Accountant	Eric Mutuku
4.	Chairman NGCDFC	Lennox Mtengo
5.	Secretary NGCDFC	Aisha Baya

(d) Fiduciary Oversight Arrangements

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALOLENI
CONSTITUENCY
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P.O. Box 222-80105
Kaloleni constituency office building Ground floor
Off Walea road
Kilifi-Kaloleni.

(f) NGCDF KALOLENI Constituency Bankers

Cooperative Bank Of Kenya Ltd
Mariakani Branch,
A/C No. 01141253838300
P.O.BOX
Mariakani

(g) Independent Auditors

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

(h) 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) KALOLENI
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REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018*

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Geographically it is one of the 7 sub-counties of Kilifi County.

Kaloleni National Government - Constituency Development Fund (NG-CDF) committee established by gazette notice of May 17th 2016, following the repeal of CDF act 2003 that now run independent from political party or religious affiliation separating the functions of these entities as provided for in the 2015 Act.

ACHIEVEMENTS:

I. EDUCATION.

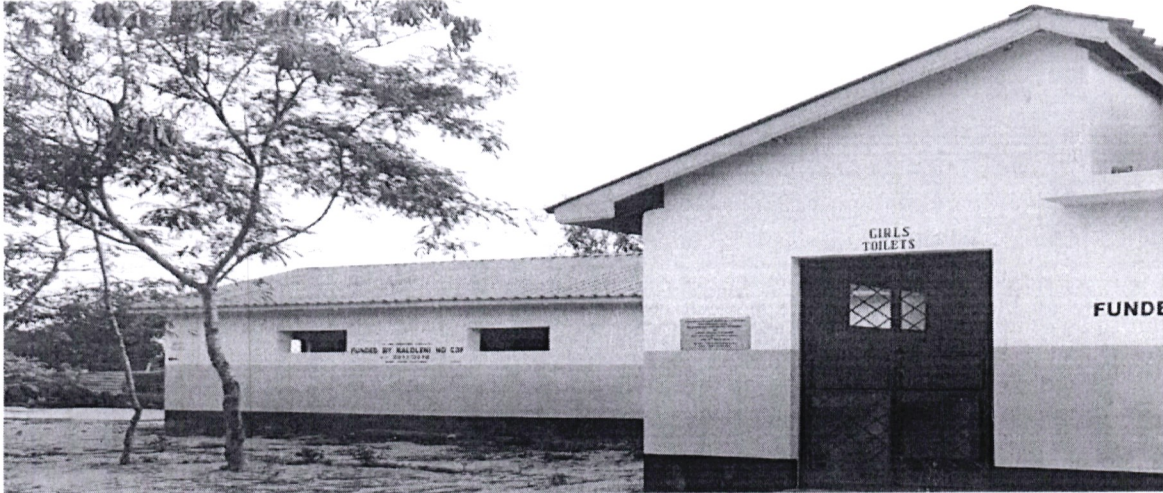
- During the financial year 2017/2018, we distributed bursary worth 30.338million to our needy and deserving students. The beneficiaries were from secondary schools, technical institutions, tertiary, colleges and universities.
- There are 29 full sponsored students teachers at Shanzu teachers college. This is a 2 year teacher programmes leading to P1 certificate courses.
- In the financial year 2017/2018 the NG-CDF gave full sponsorship to 211 form one students who joined national schools from our four wards of Kaloleni constituency.
- The NG-CDF also supported some secondary schools by purchasing for them some school buses.



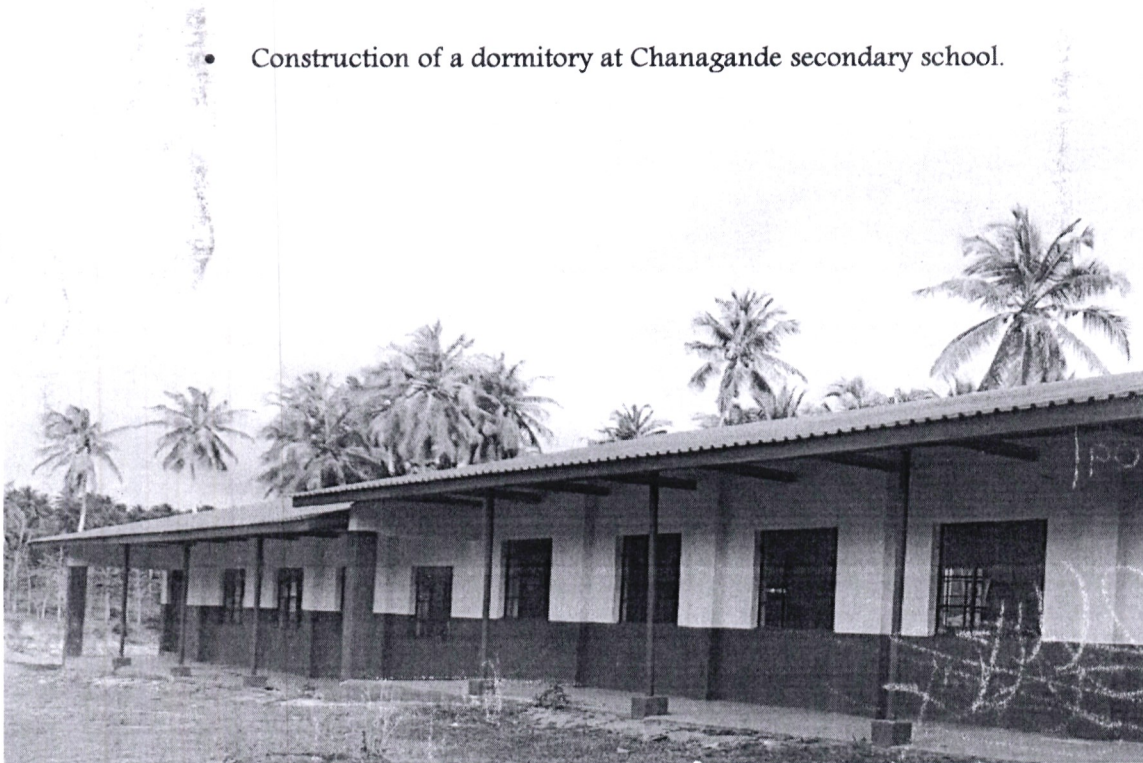
II. RENOVATION AND BUILDING OF SCHOOLS.

There are several schools in Kaloleni constituency. The NG-CDF has supported them with educational physical infrastructures. E.g.

- **Construction: 24 modern toilets at Mariakani primary school.**



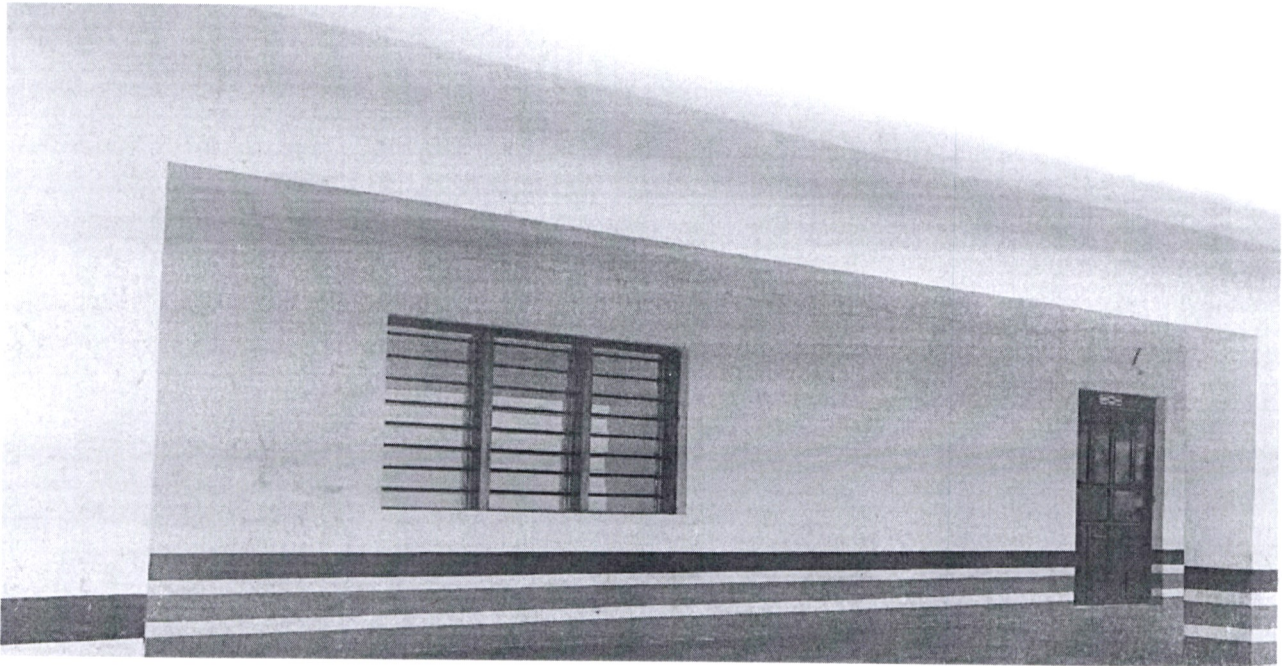
- **Construction of a dormitory at Chanagande secondary school.**



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALOLENI
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III. SECURITY.

- The fund also partnered with the security agencies and provincial administration to construct for them their offices. E.g. Chanagande chiefs office, kawala Kadzonzo chiefs office, Ass chiefs office, Tsangatsini chiefs and Mnyenzi Ass' chief's office e.t.c.



NOTE: In so doing the security has greatly improved and the service delivery too.

IV. SPORTS.

- In Kaloleni town there is a football team known as **Kaloleni united fc** which we supported them with a bus transport to south coast when they were going for a football tournament.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALOLENI
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- At **Chanagande primary school** we supported them with sports kits during the kid's athletics.



Lennox K. Mtengo

Kaloleni NG-CDFC Chairman

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALOLENI
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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, 2012 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.

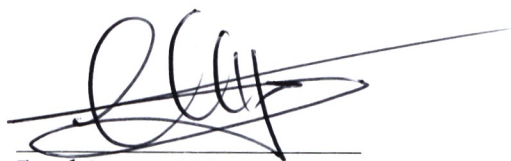
The Accounting Officer in charge of the NGCDF-Kaloleni Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018.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

The Accounting Officer in charge of the NGCDF- Kaloleni 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- Kaloleni 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- Kaloleni 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- Kaloleni Constituency financial statements were approved and signed by the Accounting Officer on 30/09/2018.



Fund Account Manager
Elisha Ade



National Sub-County Accountant
Eric Mutuku
ICPAK No: 20668

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Kaloleni Constituency set out on pages 9 to 45 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 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- Kaloleni 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. Emergency Projects

Note 7 to the financial statements for the year ended 30 June 2018 reflects emergency projects amounting Kshs.780,000. The funds were used to finance purchase and supply of water tanks and water to Kirumbi girls Secondary School. However, the projects done do not qualify to be treated as emergency projects based on the definition of emergency as per the National Government Constituencies Development Fund Act 2015 Section 8 (3), which states that "Emergency" shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents.

In the circumstances, the propriety of emergency projects totaling to Kshs.780,000 for the year ended 30 June 2018 could not be confirmed.

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

2. Inaccuracies of Financial Statements

The summary statement of appropriation: recurrent and development combined reflects budget utilization difference of Kshs.79,513,792 while the casted total amount is Kshs.82,013,792 resulting to unreconciled variance of Kshs.2,500,000.

Consequently, the accuracy and completeness of the summary statement of appropriation: recurrent and development combined for the year ended 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- Kaloleni Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

1.1 Receipts Budget

The fund's revenue budget for the year under review was Kshs.136,428,679 against a total actual receipts of Kshs.74,423,447 resulting to budget under funding of Kshs.62,005,232 or 45.4% as summarized below:

Item	Budgeted amount Kshs.	Actual Receipts Kshs.	Under Collection Kshs.	Under collection (%)
Transfer from CDF Board	136,358,679	74,353,447	62,005,232	45.4%
Other receipts	70,000	70,000	-	-%
Total	136,428,679	74,423,447	62,005,232	45.4%

The under collection of Kshs.62,005,232 representing 45.4% of the budget is an indication of projects that have not been executed as planned. Further, there is unused funds at the end of the year out of the funds disbursed amounting to Kshs.17,508,560. The

underutilization of funds may have impacted negatively on the delivery of goods and services to the residents of Kaloleni. This may also be an indication of over-budgeting by the Fund.

1.2 Expenditure Budget

The fund's overall budget for the year under review was Kshs.136,428,679 against total actual expenditure Kshs.54,414,887 or 40% resulting to budget under absorption of Kshs.82,013,792 or 60% as summarized below:

Item	Budgeted Amount Kshs.	Actual Expenditure Kshs.	Under absorption Kshs.	Under absorption (%)
Compensation of employees	3,612,776	1,625,600	1,987,176	55%
Use of goods and services	10,332,037	8,167,813	2,164,224	21.0%
Transfers to Other Government Units	58,895,865	10,600,000	48,295,865	82%
Other grants and transfers	44,779,940	34,021,474	10,758,466	24%
Acquisition of Assets	14,131,034	0	14,131,034	100%
Other Payments	4,677,027	0	4,677,027	100%
Total	136,428,679	54,414,887	82,013,792	

The under absorption of Kshs.82,013,792 representing 60% of the budget is an indication that projects have not been implemented as planned. The underutilization of funds may have impacted negatively on the delivery of goods and services to the residents of Kaloleni. This may be an indication of over-budgeting by the Fund.

1.3 Project Implementation Status

The project status report as at 30 June 2018 availed for audit reflected fifteen (15) projects with a total budget of Kshs.43,167,260 which were ongoing as at 30 June 2018.

Unless the Fund changes the strategy of project implementation, the continued delay in completion of projects may affect goods and service delivery to the residents of Kaloleni Constituency and the intended purpose of the projects may not be realized.

Further, thirteen (13) projects approved with a total budget of Kshs.42,440,820 had not been started as at 30 June 2018 as summarized below:

No	Project Name	Activity	Amount Kshs.
1	Sports Activities	Purchase of sports equipment and organizing for sports tournament	1,963,793.10
2	Maandani Secondary School	Purchase of a school bus	3,000,000.00
3	St. Michaels Primary School	Renovation of 4 No. classrooms block	1,000,000.00

No	Project Name	Activity	Amount Kshs.
4	Kayafungo Ward Assistant County Commissioners office	Construction of Assistant County Commissioner's Office block	3,000,000.00
5	Mnyenzi Primary School	Construction of 2 no. classrooms block	3,000,000.00
6	Kinani Primary School	Construction of 2 no. classrooms block	3,000,000.00
7	Pangayambo Primary School	Construction of 2 no. classrooms block	3,000,000.00
8	Constituency Innovation Hub (C.I.H) in Mariakani ward	Installation of Satellite antenna, Router, Digital access kit, Digital ruggedized Tablet, WI-FI with outdoor wireless device	1,169,256.80
9	Constituency Innovation Hub (C.I.H) in Mwanamwinga ward	Installation of Satellite antenna, Router, Digital access kit, Digital ruggedized Tablet, WI-FI with outdoor wireless device	1,169,256.80
10	Constituency Innovation Hub (C.I.H) in Kaloleni ward	Installation of Satellite antenna, Router, Digital access kit, Digital ruggedized Tablet, WI-FI with outdoor wireless device	1,169,256.80
11	Constituency Innovation Hub (C.I.H) in Kayafungo ward	Installation of Satellite antenna, Router, Digital access kit, Digital ruggedized Tablet, WI-FI with outdoor wireless device	1,169,256.80
12	Kaloleni NG-CDF office.	Purchase of office motor vehicle Toyota Land Cruiser	9,800,000.00
13	Mariakani Primary School	Construction of 6 no. classrooms	10,000,000.00
Total			42,440,820

The above state of affairs is an indication of lack of proper planning and prioritizing citizen's needs in the budget making process mechanism. In the circumstances, service delivery to the residents of Kaloleni Constituency and the intended purpose of the projects may not be realized.

1.4 Project Verification

Audit inspection of nine (9) projects with total allocation of Kshs.20,860,000 during the month of March 2019 indicated the following state of affairs;

No	Project Title	Project Activities / Detailed specifications	Verification Date	Project Cost Kshs.	Observations
Primary Schools					
1	Proposed Construction of 24 doors Modern Toilets to completion at Mariakani Primary School	Construction of 24 doors Modern Toilets to completion	15/03/2019	5,700,000	All project activities completed. Facility in use
2	Proposed Construction of 20 doors Pit latrines to completion at Kadzonzo Primary School	Construction of 20 doors Pit latrines to completion	15/03/2019	3,000,000	All project activities completed. Facility in use
3	Proposed Renovation of 2 Classrooms at Makomboani Primary School	Renovation (Re-Roofing) of 2 Classrooms	15/03/2019	1,500,000	Final Phase. All project activities completed. Facility in use
4	Proposed Construction of 6no.classrooms to completion at Mariakani Primary school	Construction of 6no.classrooms to completion	15/03/2019	10,000,000	Project not started. Kshs 7,500,000 transferred to the PMC bank account.
Environment Projects					
5	Mwakolo Primary School	Purchase and supply of trees seedlings	15/03/2019	130,000	Trees delivered and planted some doing well while others dried up due dry season
6	Kirumbi Primary School	Purchase and supply of trees seedlings	15/03/2019	132,000	Trees delivered and planted some doing well while others dried up due dry season
7	Ngala Memorial Secondary School	Purchase and supply of trees seedlings	15/03/2019	137,000	Trees delivered and planted some doing well while others dried up due dry season
8	Mwanamwinga Primary Schools	Purchase and supply of trees seedlings	15/03/2019	131,000	Trees delivered and planted some doing well while others dried up due dry season

No	Project Title	Project Activities / Detailed specifications	Verification Date	Project Cost Kshs.	Observations
Primary Schools					
9	Kinani Primary School	Purchase and supply of trees seedlings	15/03/2019	130,000	Trees delivered and planted some doing well while others dried up due dry season
Total				20,860,000	

The above observations are indication of poor project supervision. The dried trees seedlings may be as a result of lack of tender care. The residents of Kaloleni may not have obtained value for money used in these Projects.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Unremitted Statutory Deductions

Annex 1 to the financial statements for the year ended 30 June 2018 reflects pending accounts payable of Kshs.153,584. This represents: PAYE of Kshs.94,784, National Insurance fund of Kshs.54,000 and National Social Security Fund of Kshs.4,800 all totaling to Kshs.153,584. The fund did not remit the deductions as at 30 June 2018 to the respective institutions as required by law.

Consequently, the management is in breach of the law.

2.0 Unutilized Funds

Annex 6 to the financial statements for the year ended 30 June 2018 reflects project management committee bank balances amounting to Kshs.4,833,282 out of which funds totaling to Kshs.218,185 were lying idle in the bank accounts without being used and were not returned to the constituency account contrary to National Government Constituencies Development Fund Act Section 12 (8) which states that all unutilized funds of the Project Management Committee shall be returned to the constituency account. The details of the idle funds are summarized below:

No	PMC	Bank	Account number	Bank Balance 2017/18 Kshs.
1	Mwambani primary school National Government Constituencies Development Fund project	Co-operative Bank	01100250755600	4,221
2	Shangia primary school National Government Constituencies Development Fund project	Co-operative Bank	01100250755600	517
3	Kidzini primary school National Government Constituencies Development Fund project	Co-operative Bank	01100252022700	869
4	Migundini primary school National Government Constituencies Development Fund project	Co-operative Bank	01100252119600	1,230
5	Kizurini primary school National Government Constituencies Development Fund project	Co-operative Bank	01100252130600	2,271
6	Mtulu primary school National Government Constituencies Development Fund project	Co-operative Bank	01100252138700	4,116
7	Mnazimmwenga primary school National Government Constituencies Development Fund project	Co-operative Bank	01100252193900	4,228
8	Bikidzaya primary school National Government Constituencies Development Fund project	Co-operative Bank	01100253888300	2,720
9	Kibaokiche primary school National Government Constituencies Development Fund project	Co-operative Bank	01100254868300	59
10	Mnazimwenga secondary school National Government Constituencies Development Fund project	Co-operative Bank	01100252888500	386
11	Mwareni secondary school National Government Constituencies Development Fund project	Co-operative Bank	01100254870500	1,259
12	St john's Girls secondary school National Government Constituencies Development Fund project	Co-operative Bank	01117252797200	83,887
13	Mariakani chiefs office National Government Constituencies Development Fund project	Co-operative Bank	01100252176300	996
14	Chanagande location chiefs office	Co-operative Bank	01100253925500	847
15	Mbalamweni Sub-location assistant chiefs office	Co-operative Bank	01100254137500	110,579
	Total			218,185

The management was therefore in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion sections 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.

Basis for Conclusion

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 ability of the Fund to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the National Government either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

16 April 2019

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

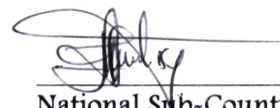
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALOLENI
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IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2018

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	74,353,447	115,179,805
Proceeds from Sale of Assets	2	-	-
Other Receipts –Rental Income	3	<u>70,000</u>	<u>140,000</u>
TOTAL RECEIPTS		74,423,447	115,319,805
PAYMENTS			
Compensation of employees	4	1,625,600	2,095,999
Use of goods and services	5	8,167,813	7,371,426
Transfers to Other Government Units	6	10,600,000	85,666,948
Other grants and transfers	7	34,021,474	52,900,760
Acquisition of Assets	8	-	148,540
Other Payments	9	-	-
TOTAL PAYMENTS		54,414,887	148,183,673
SURPLUS/(DEFICIT)		<u>20,008,560</u>	<u>(32,863,868)</u>

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


 Fund Account Manager
 Elisha Ade

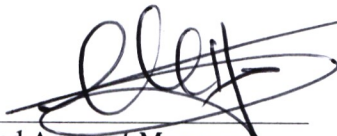

 National Sub-County Accountant
 Eric Mutuku
 ICPAK No: 20668

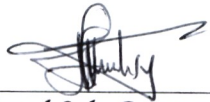
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V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2018

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	27,229,311	7,220,751
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		27,229,311	7,220,751
Current receivables - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		27,229,311	7,220,751
FINANCIAL LIABILITIES			
Accounts payable - Retention	12	-	-
NET FINANCIAL ASSETS		27,229,311	7,220,751
REPRESENTED BY			
Fund balance b/fwd 1st July	13	7,220,751	40,084,618
Surplus/Deficit for the year		20,008,560	(32,863,868)
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		27,229,311	7,220,751

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


 Fund Account Manager
 Elisha Ade


 National Sub-County Accountant
 Eric Mutuku
 ICPAK No: 20668

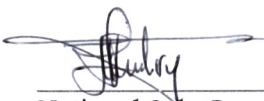
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VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2018

Receipts for operating income		2017 – 2018	2016 - 2017
Transfers from NGCDF Board	1	74,353,447	115,179,805
Other Receipts	3	<u>70,000</u>	<u>140,000</u>
		74,423,447	115,319,805
Payments for operating expenses			
Compensation of Employees	4	1,625,600	2,095,999
Use of goods and services	5	8,167,813	7,371,426
Transfers to Other Government Units	6	10,600,000	85,666,948
Other grants and transfers	7	34,021,474	52,900,760
Other Payments	9	-	-
		(54,414,887)	(148,035,133)
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		20,008,560	(32,715,328)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(-)	(148,540)
Net cash flows from Investing Activities		-	(148,540)
NET INCREASE IN CASH AND CASH EQUIVALENT		20,008,560	(32,863,868)
Cash and cash equivalent at BEGINNING of the year	13	7,220,751	40,084,618
Cash and cash equivalent at END of the year		<u>27,229,311</u>	<u>7,220,751</u>

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


 Fund Account Manager
 Elisha Ade


 National Sub-County Accountant
 Eric Mutuku
 ICPAK No: 20668

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALO LENI
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VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT
 COMBINED FOR THE YEAR ENDED 30TH JUNE 2018.

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,344	49,548,335	136,358,679	74,353,447	62,005,232	54.53%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	70,000	70,000	70,000	-	100%
TOTALS	86,810,344	49,618,335	136,428,679	74,423,447	62,005,232	
PAYMENTS						
Compensation of Employees	3,612,776	-	3,612,776	1,625,600	1,987,176	45%
Use of goods and services	6,700,143	3,631,894	10,332,037	8,167,813	2,164,224	79.05%
Transfers to Other Government Units	32,276,433	26,619,432	58,895,865	10,600,000	48,295,865	18%
Other grants and transfers	29,743,965	15,035,975	44,779,940	34,021,474	10,758,466	75.97%
Acquisition of Assets	9,800,000	4,331,034	14,131,034	-	14,131,034	0%
Other Payments- C.I.H	4,677,027	-	4,677,027	-	4,677,027	0%
TOTALS	86,810,344	49,618,335	136,428,679	54,414,887	79,513,792	

1. Transfer from NG-CDF board was utilised only up to 54.53% because of the amount owing from the board totalling to Kshs. 54,784,482 at the end of financial year 2017-2018.
2. Compensation to employees was under utilised to a tune of 45% because of five employees whose contract expired and was not renewed by the NG-CDFC. The employees were scaled down from nine to six employees hence reducing staffing cost.
3. Included in the use of good is amount for constituency strategic Plan amounting to Kshs. 2,500,000.
4. Transfer to other Government units was underutilized mainly due to the amount owing from the board totalling Kshs. 26,176,433.
5. Acquisition of assets amount of Kshs.14,131,034 was not utilised at all because at the closure of financial year we had not received disbursement from the board.
6. The projects under other payments which included developing of constituency Innovation Hub (CIH) where not undertaken. This is because the money allocated for the projects at four wards totalling to Ksh. 4,677,027 had not been disbursed by the board to the constituency at the closure of financial year.

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


 Fund Account Manager
 Elisha Ade


 National Sub-County Accountant
 Eric Mutuku
 ICPAK No: 20668

VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for;

- a) Receivables that include imprests and salary advances and
- b) Payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF- Kaloleni 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.

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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KALO LENI
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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 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

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) KALOENI
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	Date	2017-2018	2016-2017
		Kshs	Kshs
NG-CDF Board			
AIE NO.A825978	29/09/2016		64,231,528
AIE NO.A829579	13/10/2016		4,094,828
AIE NO.A855240	18/01/2017		36,853,449
AIE NO.A839671	26/04/2017		10,000,000
AIE NO.A855837	31/01/2018	5,500,000	
AIE NO.A892578	19/04/2018	30,948,275	
AIE NO.A892947	17/01/2018	37,905,172	
TOTAL		74,353,447	115,179,805

2. PROCEEDS FROM SALE OF ASSETS

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

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

3. OTHER RECEIPTS

	2017- 2018 Kshs	2016-2017 Kshs
Interest Received	-	-
Rents	70,000	140,000
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	70,000	140,000

4. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,625,600	1,841,799
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	254,200
Other Personnel Payments	-	-
Total	1,625,600	2,095,999

NOTE:

Other receipt includes rental income received from the KNUT office which amounted to Kshs. 70,000.00 (Seventy thousand shillings)

The total amount for rental income from the KNUT Kaloleni Branch office per annum is Kshs. 240,000.00, as at the end

Of the financial year they had only paid a lump sum of Kshs. 70,000.00.

The Fund Account Manager wrote to the KNUT Kaloleni Branch office requesting them to clear the balance of which they did but this was after the reporting date (i.e after 30.06.2018).

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

5. USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	2,911,000	2,885,000
Utilities, supplies and services	324,403	222,201
Communication, supplies and services	18,500	41,900
Domestic travel and subsistence	276,000	270,126
Printing, advertising and information supplies & services	26,470	239,423
Rentals of produced assets	-	-
Training expenses	728,000	617,600
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	412,360	406,333
Fuel, Oil and Lubricants	170,000	500,000
Other operating expenses	634,340	1,793,643
Routine maintenance – vehicles and other transport equipment	-	395,200
Routine maintenance – other assets	166,740	-
Contracted Professional services-Strategic Plan	2,500,000	-
Total	8,167,813	7,371,426

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities		
Transfers to primary schools (see annex 5)	10,600,000	39,300,000
Transfers to secondary schools	-	37,330,606
Transfers to tertiary institutions	-	8,825,000
Transfers to health institutions	-	211,342
TOTAL	10,600,000	85,666,948

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see annex 8)	23,214,500	21,421,500
Bursary – tertiary institutions (see annex 8)	6,904,250	-
Bursary – special schools (see annex 8)	220,000	-
Mock & CAT	-	-
Security projects	-	19,500,000
Sports projects (See annex 10)	901,000	1,564,630
Environment projects (see annex 10)	2,001,724	4,164,630
Emergency projects (see annex 10)	780,000	6,250,000
Total	34,021,474	52,900,760

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. **ACQUISITION OF ASSETS**

Non Financial Assets	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	148,540
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	-	148,540

9. **OTHER PAYMENTS**

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

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

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
CO-operative Bank – a/c 01141253838300	27,229,311	7,220,751
Total	27,229,311	7,220,751
10B: CASH IN HAND		
Location 1	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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11: OUTSTANDING IMPRESTS

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

12. RETENTION

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

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	7,220,751	40,084,618
Cash in hand	-	-
Imprest	-	-
Total	7,220,751	40,084,618

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14. PRIOR YEAR ADJUSTMENTS

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	298,053	1,661,487
Amounts due to other Government entities (see attached list)	13,500,000	2,069,003
Amounts due to other grants and other transfers (see attached list)	5,631,258	2,490,259
Acquisition of assets	7,800,000	-
Others audit fee	-	1,000,000
	27,229,311	7,220,751

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15.4: PMC ACCOUNT BALANCES (SEE ANNEX 6)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	4,833,282	1,496,393
	4,833,282	1,496,393

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	A	b	c	d=a-c		
Statutory Deductions						
1. PAYE				94,784		
2. NHIF				54,000		
3. NSSF				4800		
Sub-Total				153,584		
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		A	b	c	d=a-c		
Senior Management		N/A					
1.		N/A					
2.		N/A					
3.		N/A					
Sub-Total							
Middle Management		N/A					
4.		N/A					
5.		N/A					
6.		N/A					
Sub-Total							
Unionisable Employees		N/A					
7.		N/A					
8.		N/A					
9.		N/A					
Sub-Total							
Others (specify)							
Rabbi ramadhan		153,760.00	Before june 30 th , 2018	nil	153,760.00	nil	Provision for gratuity
Dickson Juma Yeri		158,720.00	Before june 30 th , 2018	nil	158,720.00	nil	Provision for gratuity
James Mweri Charo		143,840.00	Before june 30 th , 2018	nil	143,840.00	nil	Provision for gratuity
Bakari Ulenje		141,360.00	Before june 30 th , 2018	nil	141,360.00	nil	Provision for gratuity
Harman Mwaringa		141,360.00	Before june 30 th , 2018	nil	141,360.00	nil	Provision for gratuity
Rosemary fwaki		136,000.00	Before june 30 th , 2018	nil	136,000.00	nil	Provision for gratuity
Nzingo Kirao		136,000.00	Before june 30 th , 2018	nil	136,000.00	nil	Provision for gratuity
Sub-Total							
Grand Total							

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees				
Use of goods & services				
	Purchase of office items	276,257	1,661,487	
	M & E	21,796		
	Sub - Total	298,053	1,661,487	
Amounts due to other Government entities				
St Michaels primary school	Renovation of school dormitory	1,000,000		
Maandani primary school	Construction of 2no classrooms	3,000,000		
Pangayambo primary school	Construction of 2no classrooms	3,000,000		
Mnyenzi primary school	Construction of 2no classrooms	3,000,000		
Kinani primary school	Construction of 2no classrooms	3,000,000		
Makomboani primary school (audit fee)	Renovation of school classrooms	500,000		
	Sub-Total	13,500,000	2,069,003	
Amounts due to other grants and other transfers				
Sports	Purchase of sports equipment	736,931		
Kayafungo ward Assistant county commissioner's office.	Construction of Acc's Office	3,000,000		
Bursary	school bursary to needy student	11,652		
Kaloleni NG-CDF desks project	Purchase of desks and lockers	50,428		
Kaloleni NG-CDF emergency project	To cater for unforeseen	1,832,247		
	Sub-Total	5,631,258	2,490,259	
Acquisition of assets				
	Purchase of office motor vehicle	7,800,000		
Others –Audit fee			1,000,000	
	Sub-Total	7,800,000	1,000,000	
	Grand Total	27,229,311	7,220,751	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land				
Buildings and structures	18,899,960	-	-	18,899,960
Transport equipment	4,200,000	-	-	4,200,000
Office equipment, furniture and fittings	148,540	-	-	148,540
ICT Equipment, Software and Other ICT Assets	350,000	-	-	350,000
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	23,598,500	-	-	23,598,500

ANNEX 5 – TRANSFER TO PRIMARY SCHOOLS

Name of Institution	Type of Project	Date	P.V. No	Chq No.	Amount
Makomboani primary school	Renovation of 2 classrooms.	20.7.17	2	4882	500,000
Mariakani primary school	Construction of 6 no. classrooms	25.4.2018	28	5514	5,100,000
Mariakani primary school	Construction of 24 no. modern toilet	25.4.2018	29	5515	2,000,000
Kadzonzo primary school	Construction of 20 no.pit latrines	19.6.2018	53	5941	3,000,000
	TOTAL				10,600,000

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ANNEX 6 –PMC BANK BALANCES AS AT 30TH JUNE 2018 AND 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Makomboani primary School	Co-operative Bank	01117252226900	2,820	
Mariakani Primary School	Co-operative Bank	01100764505100	1,005,028	
Kadzonzo Primary School	Co-operative Bank	01100764587500	993,000	
Kaloleni-NG-CDF Environment project	Co-operative Bank	01100764587100	101,174	
Kaloleni NG-CDF emergency Water Project	Co-operative Bank	01141252796500	13,075	
Kaloleni NG-CDF strategic plan Project	Co-operative Bank	01100764587200	2,500,000	
Mwambani primary school ng-cdf project	Co-operative bank	01100250755600	4,221	4,221
Mitsikistini primary school ng-cdf project	Co-operative bank	01100250718300	-	87,385
Shangi primary school ng-cdf project	Co-operative bank	01100250755600	517	517
Kidzini primary school ng-cdf project	Co-operative bank	01100252022700	869	869
Migundini primary school ng-cdf project	Co-operative bank	01100252119600	1,230	1,230
Kizurini primary school ng-cdf project	Co-operative bank	01100252130600	2,271	2,271
Mtulu primary school ng-cdf project	Co-operative bank	01100252138700	4,116	4,116
Mnazimmwenga primary school ng-cdf project	Co-operative bank	01100252193900	4,228	4,228
Bikidzaya primary school ng-cdf project	Co-operative bank	01100253888300	2,720	2,720
Kibaokiche primary school ng-cdf project	Co-operative bank	01100254868300	59	59
Mariakani primary school ng-cdf project	Co-operative bank	01141764060500	-	203,227
Mnazimwenga secondary school ng-cdf project	Co-operative bank	01100252888500	386	386
Mwareni secondary school ng-cdf project	Co-operative bank	01100254870500	1,259	1,259
Tsagwa secondary school ng-cdf project	Co-operative bank	01117252217600	-	598,827
St john's Girls secondary school ng-cdf project	Co-operative bank	01117252797200	83,887	83,887
Mariakani chiefs office ng-cdf project	Co-operative bank	01100252176300	996	996
Chanagande location chiefs office	Co-operative bank	01100253925500	847	847

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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Jibana location chiefs camp ng-cdf project	Co-operative bank	01100252259100	-	132,841
Tsangatsini location chiefs office	Co-operative bank	01100254117700	-	202,076
Mbalamweni Sub-location assistant chiefs office	Co-operative bank	01100254137500	110,579	110,579
Kaloleni ng-cdf environment project	Co-operative bank	01100254086700	-	53,852
Total			4,833,282	1,496,393

ANNEX 7 – COMPENSATION OF EMPLOYEES

SALARY MONTH	STAFF GROSS SALARY	PAYE	NHIF	NSSF	NET SALARY
MONTH OF JULY SALARY	168,976.00	12,824.00	6,400.00	3,600.00	191,800.00
MONTH OF SEPTEMBER SALARY	109,454.00	8,196.00	4,150.00	2,400.00	124,200.00
MONTH OF AUGUST SALARY	168,976.00	12,824.00	6,400.00	3,600.00	191,800.00
MONTH OF OCT, NOV & DEC	328,362.00	24,588.00	12,450.00	7,200.00	372,600.00
MONTH OF JAN, FEB & MARCH	328,362.00	24,588.00	12,450.00	7,200.00	372,600.00
MONTH OF APRIL	109,454.00	8,196.00	4,150.00	2,400.00	124,200.00
MONTH OF MAY	109,454.00	8,196.00	4,150.00	2,400.00	124,200.00
MONTH OF JUNE	109,454.00	8,196.00	4,150.00	2,400.00	124,200.00
TOTAL AMOUNT	1,432,492.00	107,608.00	54,300.00	31,200.00	1,625,600.00

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ANNEX 8 – BURSARY PAYMENT SCHEDULE

PAYEE	DATE	PV. NO	SECONDARY	UNIVERSITY	COLLEGE	SPECIAL SCHOOLS	TOTAL
Various institution	31.07.2017	5	27,000	8,000	36,250	-	71,250
Various institution	13.02.2018	17	162,500	82,000	1,125,000	-	1,369,500
Various institution	21.02.2018	20	1,420,000	-	-	-	1,420,000
Various institution	21.02.2018	21	2,860,000	-	-	-	2,860,000
Various institution	21.02.2018	22	7,530,000	-	60,000	-	7,590,000
Various institution	21.02.2018	23	6,320,000	-	-	-	6,320,000
Various institution	20.03.2018	24	721,000	378,000	228,000	-	1,327,000
Various institution	04.05.2018	39	890,000	-	-	-	890,000
Various institution	04.05.2018	40	905,000	-	-	-	905,000
various institution	04.05.2018	41	1,015,000	-	-	-	1,015,000
various institution	04.05.2018	42	1,160,000	-	-	-	1,160,000
various institution	04.05.2018	43	-	280,000	320,000	-	600,000
various institution	04.05.2018	44	-	755,000	375,000	70,000	1,200,000
various institution	04.05.2018	45	30,000	800,000	535,000	55,000	1,420,000
various institution	04.05.2018	47	-	710,000	480,000	45,000	1,235,000
various institution	04.05.2018	48	89,000	7,000	584,000	-	680,000
various institution	04.05.2018	48B	85,000	75,000	66,000	50,000	276,000
TOTAL			23,214,500	3,095,000	3,809,250	220,000	30,338,750

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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)
1.1	Presentation Of The Financial Statements	We provide a revised financial statement that has been corrected on all anomalies and which complies with international public sector accounting standards No.1 as prescribed by the public sector accounting standards board	Elisha Ade (fund account manager)	Resolved	
2.1	Inaccuracies In The Financial Statements	The variance of Kshs. 40,084,618 is the balance brought forward for the financial year 2015/2016	Elisha Ade (fund account manager)	Resolved	
		The variance of Kshs 18,000 was an error on the financial statement which has been corrected we have therefore submit a revised financial statement for your verification			
		The revised financial statement confirms the accuracy and completeness of all the financial statement figures and notes			
3.0	Use Of Goods And Services	The supporting documents to the committee allowances have been availed for audit verification; the fund account manager ensured that for every committee allowances being paid for, was signed by the respective member	Elisha Ade (fund account manager)	Resolved	
		The motor vehicle was taken for routine maintenance through authorizing officer's permission and this is evidenced by work tickets and service mechanical inspection report.			
4.0	Transfers To The Governments Units.	We have availed the list of schools and delivery notes to the desks projects. The difference of Kshs 6,010,000 between the total amount quoted and paid is the amount brought forward from the previous financial year. We have attached samples of the desk deliveries.	Elisha Ade (fund account manager)	Resolved	
		The transfer of Kshs 12,000,000 and procurement of secondary school bus was done in accordance with public procurement and disposal Act. And such is supported by all relevant documents considered material for procuring and also we have attached delivery and inspection report to support the same			
5.1	Irregular Funding Of	The Mgamboni Dispensary staff house health project was done following the approval from the	Elisha Ade (fund	Resolved	

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ANNEX 9. ANALYSIS OF BALANCE OWED FROM THE BOARD Kshs 54,784,482.92.

PROJECT NAME & SECTOR	AMOUNT ALLOCATED	ADDITIONAL ALLOCATION	TOTAL AMOUNT ALLOCATED	1ST A.I.E. OF Kshs. 5,500,000	2ND A.I.E. OF Kshs 37,905,172	Balance owed from the board
Administration and Recurrent costs of CDFC- 6%	5,208,608.69	682,759.06	5,891,367.75	1,000,000.00	3,741,379.00	1,149,988.75
Constituency Sports	1,736,206.89	227,586.21	1,963,793.10			1,963,793.10
M & E	2,604,310.34	341,379.31	2,945,689.65		1,700,000.00	1,245,689.65
Kaloleni constituency environment project.	1,736,206.89	227,586.21	1,963,793.10		1,963,793.00	0.10
BURSARY	21,702,586.21		21,702,586.21	4,500,000.00	15,900,000.00	1,302,586.21
Emergency allocation 5%	4,568,965.52	568,965.55	5,137,931.07		1,000,000.00	4,137,931.07
Constituency Innovation Hub (C.I.H)	4,677,027.00		4,677,027.00			4,677,027.00
Constituency Strategic Plan	2,500,000.00		2,500,000.00		2,500,000.00	0.00
Kaloleni NG CDF office motor vehicle	9,800,000.00		9,800,000.00			9,800,000.00
Gogoraruhe Primary School	10,276,433.10		10,276,433.10			10,276,433.10
Mariakani Primary School	10,000,000.00		10,000,000.00		5,100,000.00	4,900,000.00
Mariakani Primary School	2,000,000		2,000,000.00		2,000,000.00	0.00
Kaloleni NG-CDF Desks Project	10,000,000		10,000,000			10,000,000.00
Kaloleni NG CDF office		600,000.00	600,000.00			600,000.00
Kaloleni NG CDF office		900,000.00	900,000.00			900,000.00
Kaloleni NG CDF office		2,831,034.00	2,831,034.00			2,831,034.00
St.Michael's Primary School		5,000,000.00	5,000,000.00		4,000,000.00	1,000,000.00
TOTAL	86,810,344.64	11,379,310.34	98,189,654.97	5,500,000.00	37,905,172.00	54,784,482.97

ANNEX 10 OTHER GRANTS AND OTHER PAYMENTS

Name of Institution	Type of Project	Date	P.V. No	Chq No.	Amount
Kaloleni NG-CDF sports project	supplying of sports items in Kaloleni constituency	31.03.18	25B	5492	901,000.00
Kaloleni NG-CDF environment project	purchasing of tree seedlings & supplying to various schools in Kaloleni	19.6.2018	54	5942	2,001,724.00
kaloleni NG-CDF emergency water project	purchase and supply of water tanks and water respectively	31.7.2017	4	4888	780,000.00

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	The Projects.	CDF Board for financial year 2014/15 proposals for the completion of staff house. This was an additional amount from the previous allocation for the approved proposals for financial year 2013/2014 The NG CDF Act 2015 states that 'Emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until next financial year without harming the public interest of the constituents'. Based on this the water project funds were drawn from the emergency allocation due to demand from the community during vast drought period that hit not only Kaloleni constituency but the whole country.	account manager)		
5.2	Bursaries-secondary schools	There was an error in classifying items in note 7 of the financial statement but we have corrected the error and classified every item in its category.	Elisha Ade (fund account manager)	Resolved	
5.3.1	<u>security projects</u> Jibana chief's camp	We have attached A.I.E and code list from the board that consists Jibana chief's camp as one of the project under funding, we have also attached approval from the board for your verification	Elisha Ade (fund account manager)	Resolved	
5.3.2	Kawala/Kadzongo assistant chief's office	The land was in dispute but the matter was settled in a court of law that's why the work progressed as planned. We have a letter from the D.C.Cs office for your verification. The excess of Kshs. 167,798 was for the Pmcs administration and branding of the project.	Elisha Ade (fund account manager)	Resolved	
5.3.3	Tsangatsini chief's office	The project was successfully done as per the attached project proposal on security We have attached projects tender documents, bank statements and certificates of completion for your verification	Elisha Ade (fund account manager)	Resolved	
5.4	Sports Projects	The project was done successful, items were purchased and even some teams were sponsored on their tournaments. For your audit verification, we have attached list of items purchased, bank statements, delivery notes and list of beneficiaries.	Elisha Ade (fund account manager)	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
5.5	Environment projects	The over payment was as a result of the balance for the environment project for financial year 2015/2016. We have a distribution list and delivery notes for the same attached alongside the acceptance committee reports for your verification	Elisha Ade (fund account manager)	Resolved	
6.0	Bank Balance	As for the year ended 30 June, 2017 the stale cheques which amounted to Kshs 5,193 were subsequently cleared	Elisha Ade (fund account manager)	Resolved	
8.0	Project Management Committee Bank Balances	Annex 5 to the financial statement for the year ended 30 June 2017 reflects PMC bank balances of Kshs 291,561. This was an error, however we have corrected and the correct amount is Kshs 1,496,393. We have attached a copy of the certified bank balances dated 20/6/2017 which was the end of the transaction for that financial year for the projects under review. (See attached annex 8)	Elisha Ade (fund account manager)	Resolved	