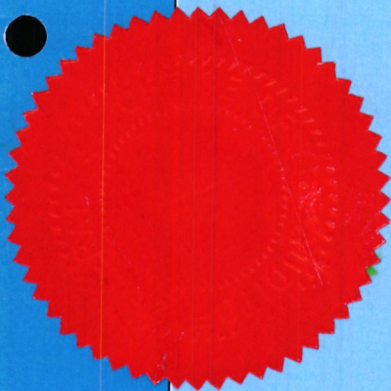


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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| REPORT | |
| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: | 24 JUL 2018 |
| | Gov. Wednesday |
| TABLED BY: | Hon. Aden Duale MP |
| | Chom |
| | Halima Ahmed |

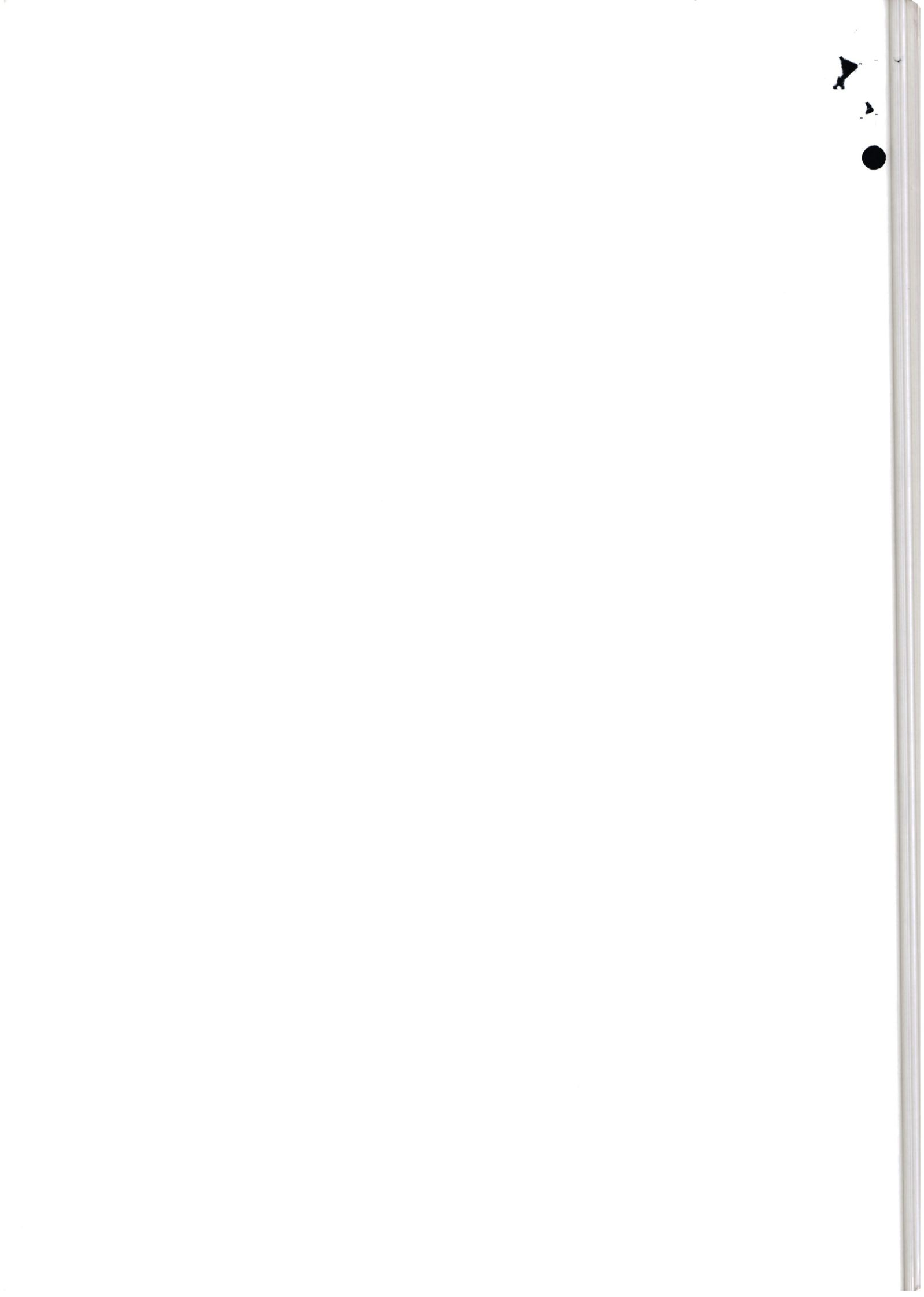
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ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
MBEERE NORTH CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**



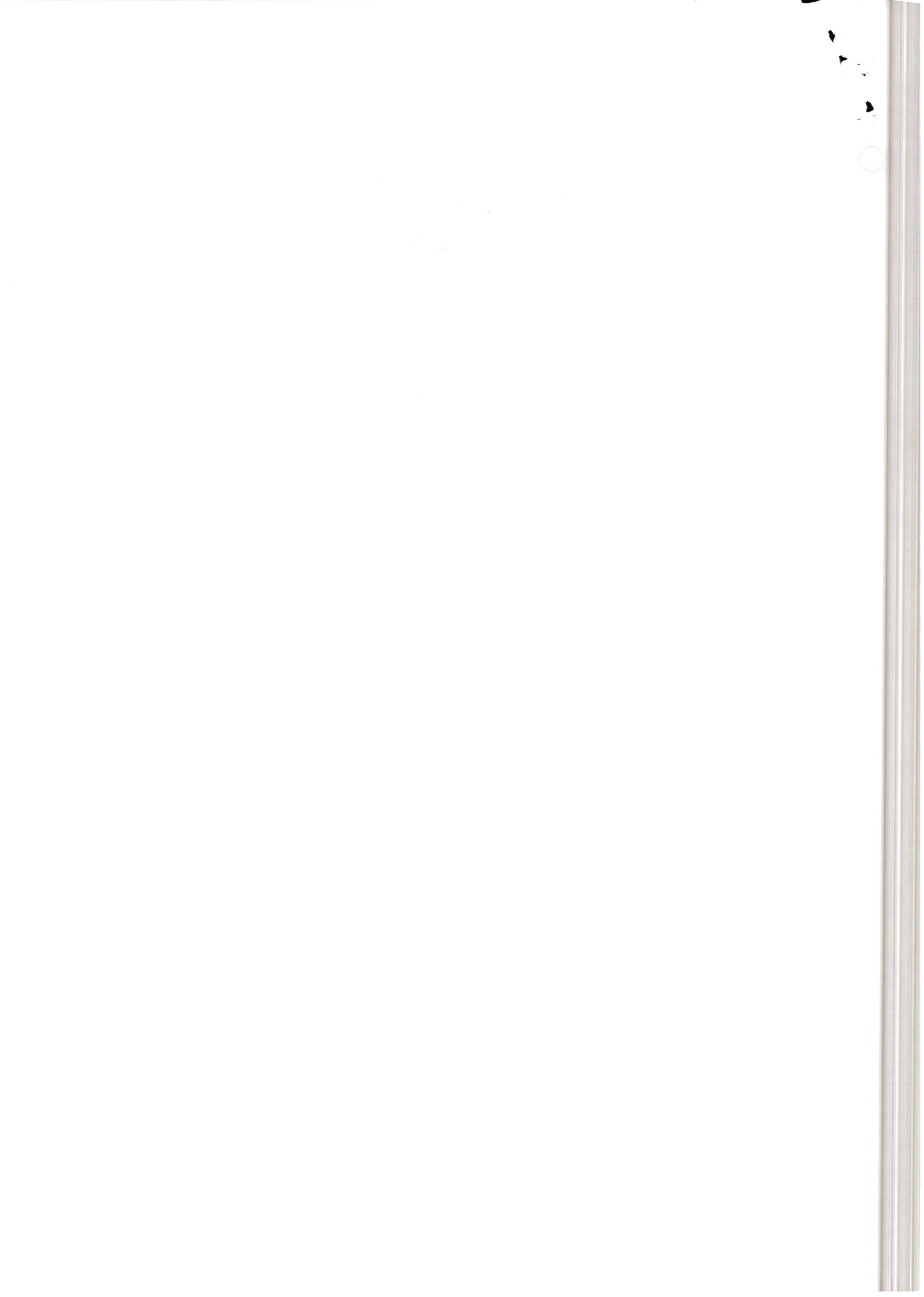


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MBEERE
NORTH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MBEERE NORTH 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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:

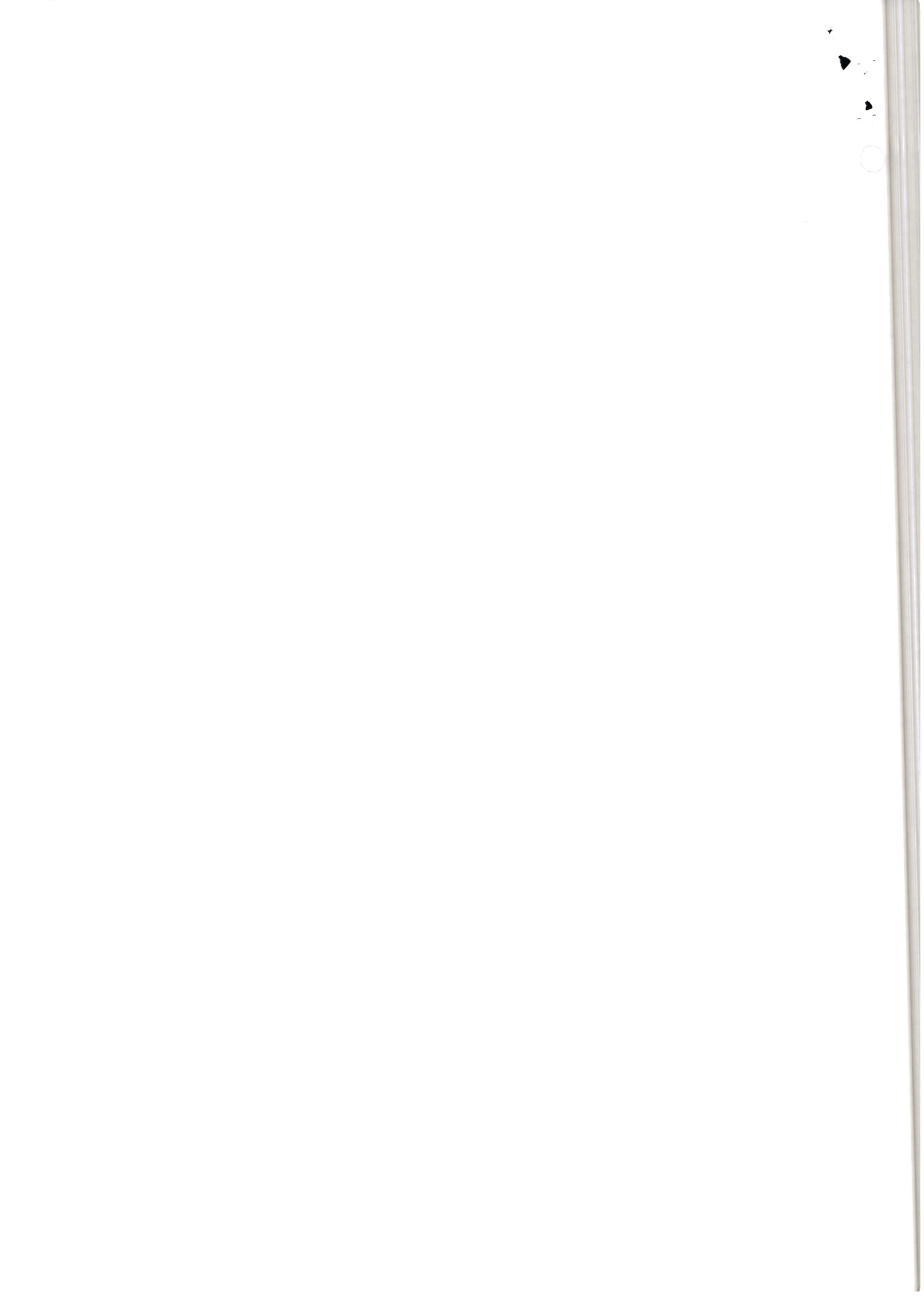
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide 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)

MBEERE NORTH 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 MBEERE NORTH 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:

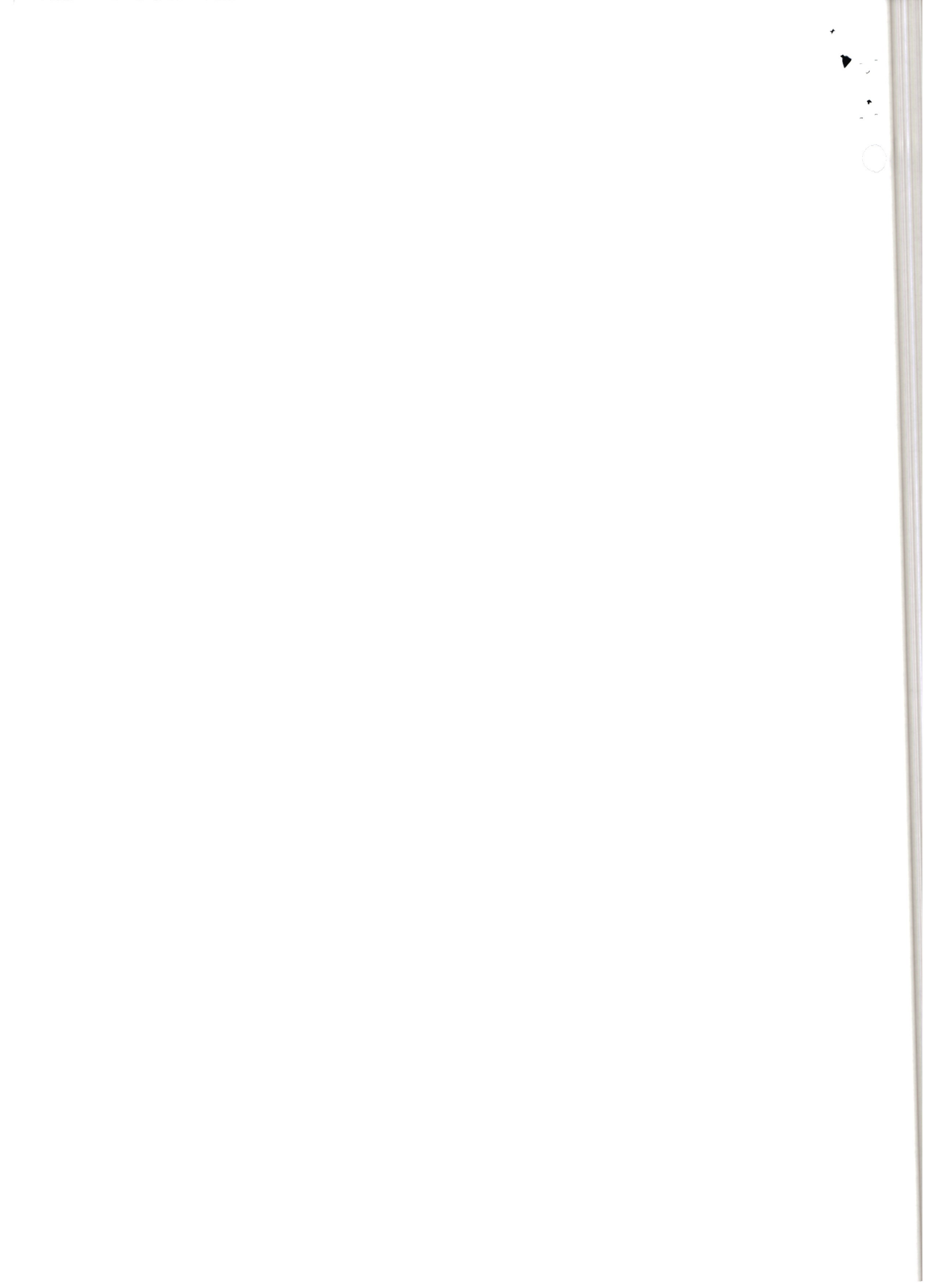
| No. | Designation | Name |
|-----|-----------------------|-------------------------|
| 1. | Accounting Officer | Yusuf Mbuno |
| 2. | A.I.E holder | Wanderi Samuel |
| 3. | Sub-County Accountant | Benard Kibett Cheruiyot |
| 4. | Chairman NGCDFC | Richard N Thiriku |
| 5. | Member NGCDFC | Lilian Mbuya |

(d) Fiduciary Oversight Arrangements

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

P.O. Box 206-60104
NG-CDFC Building,
Mbeere North Sub-County HQs,
P.O Box 206-60104,
Siakago, Embu.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

• MBEERE NORTH CONSTITUENCY

Reports and Financial Statements

• For the year ended June 30, 2018

(f) NGCDF MBEERE NORTH Constituency Contacts

Telephone: (+254) 723557213
E-mail: mbeerenorthcdf@cdf.go.ke
Website: www.mbeerenorthcdf.go.ke

(g) NGCDF MBEERE NORTH Constituency Bankers

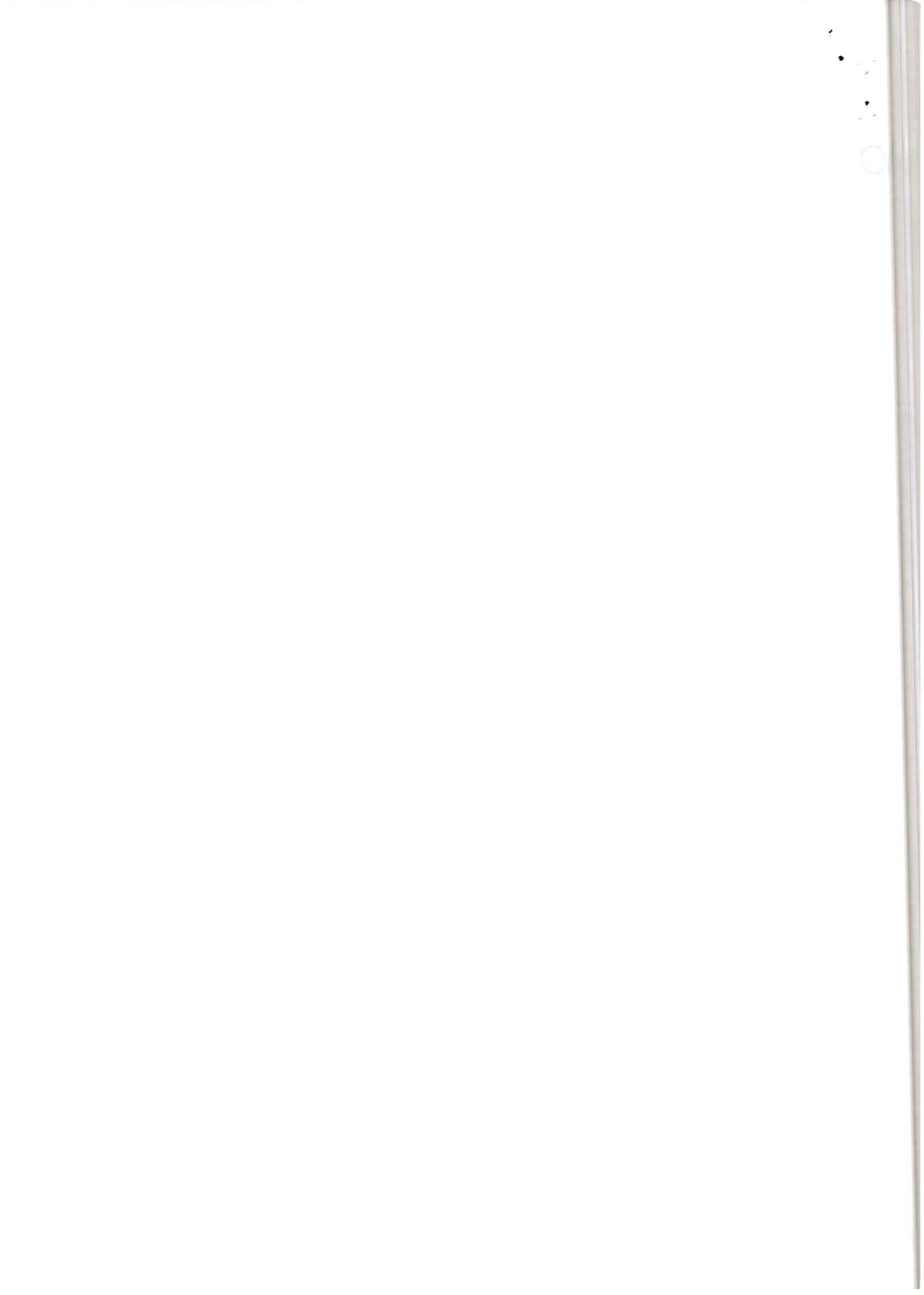
Bank: Cooperative Bank of Kenya
Branch: Siakago Branch
Account No: 01120051117000
P.O BOX 193-60104,
Siakago, Kenya.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

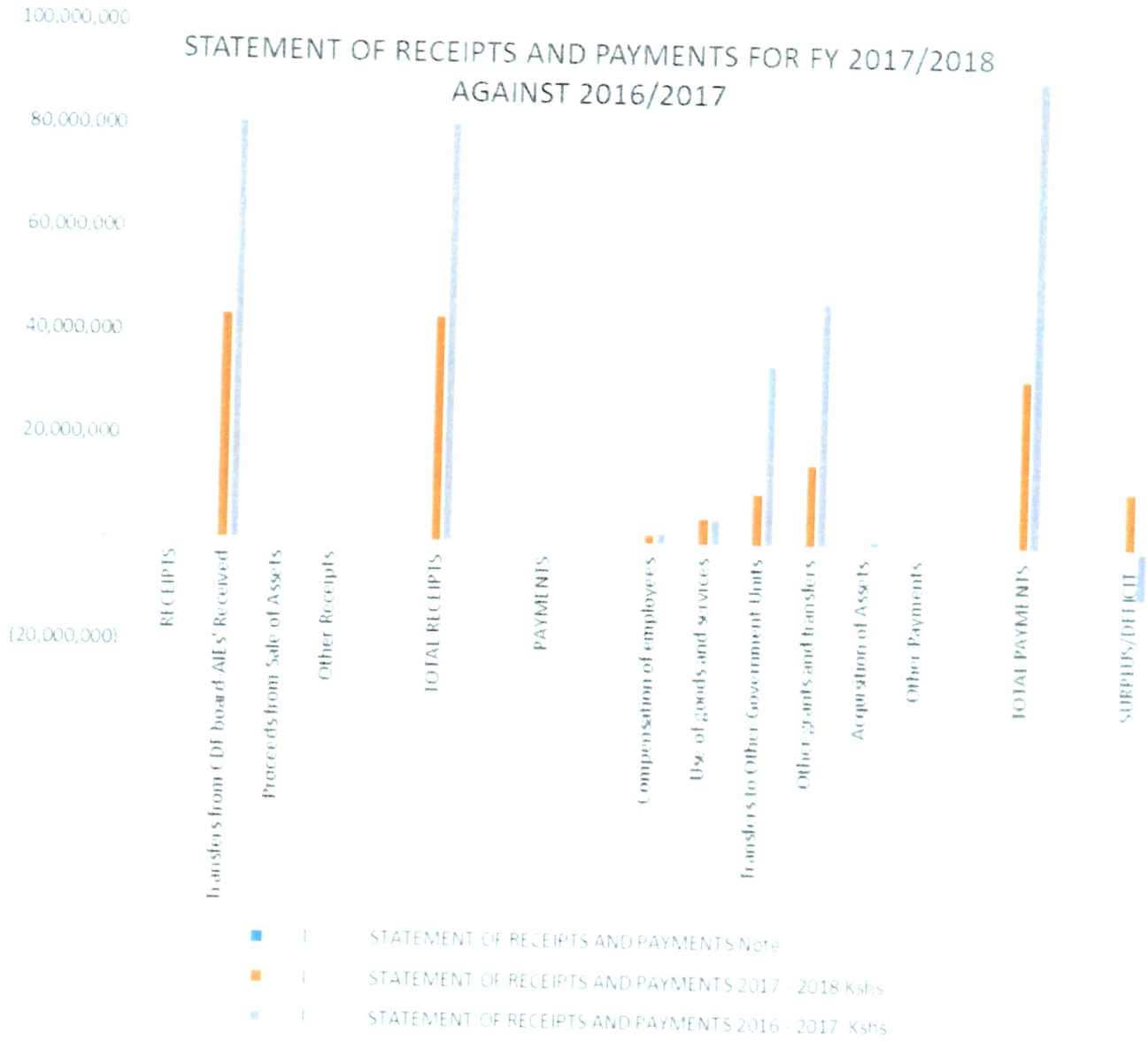
MBEERE NORTH CONSTITUENCY

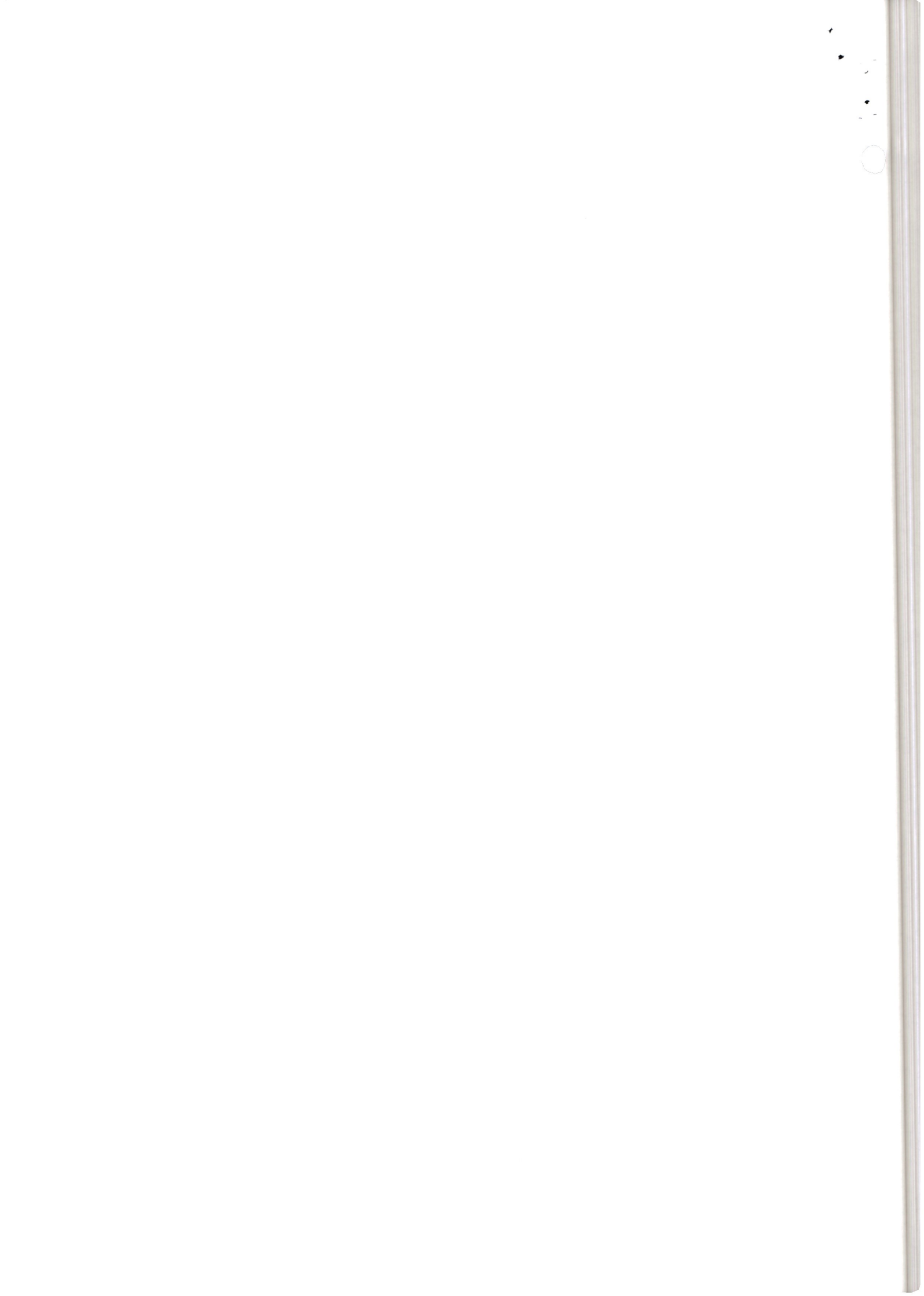
Reports and Financial Statements

For the year ended June 30, 2018

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Summary of the budget performance against actual amounts for 2017/2018 year as compared to 2016/2017 year based on economic classification and programmes.





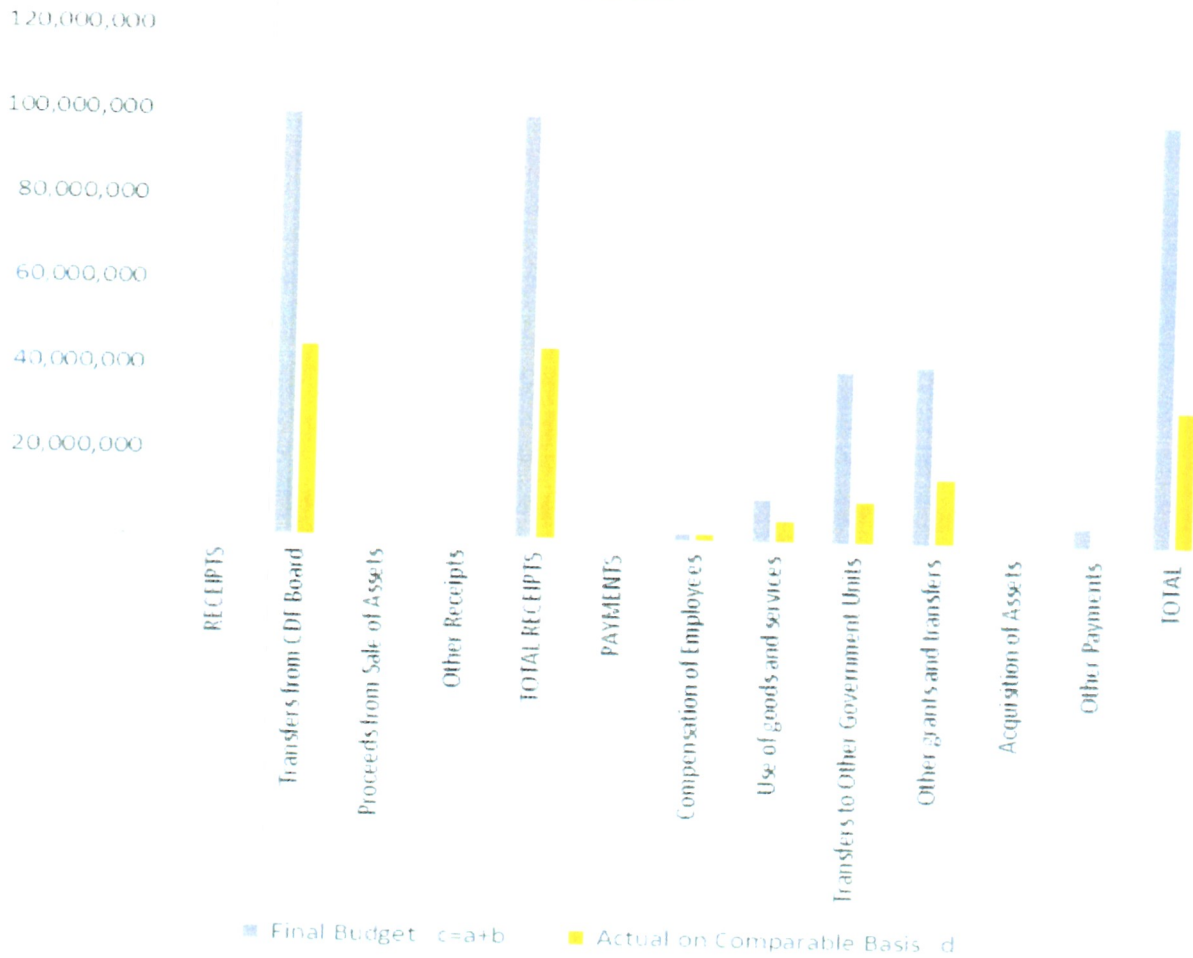
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MBEERE NORTH CONSTITUENCY

Reports and Financial Statements

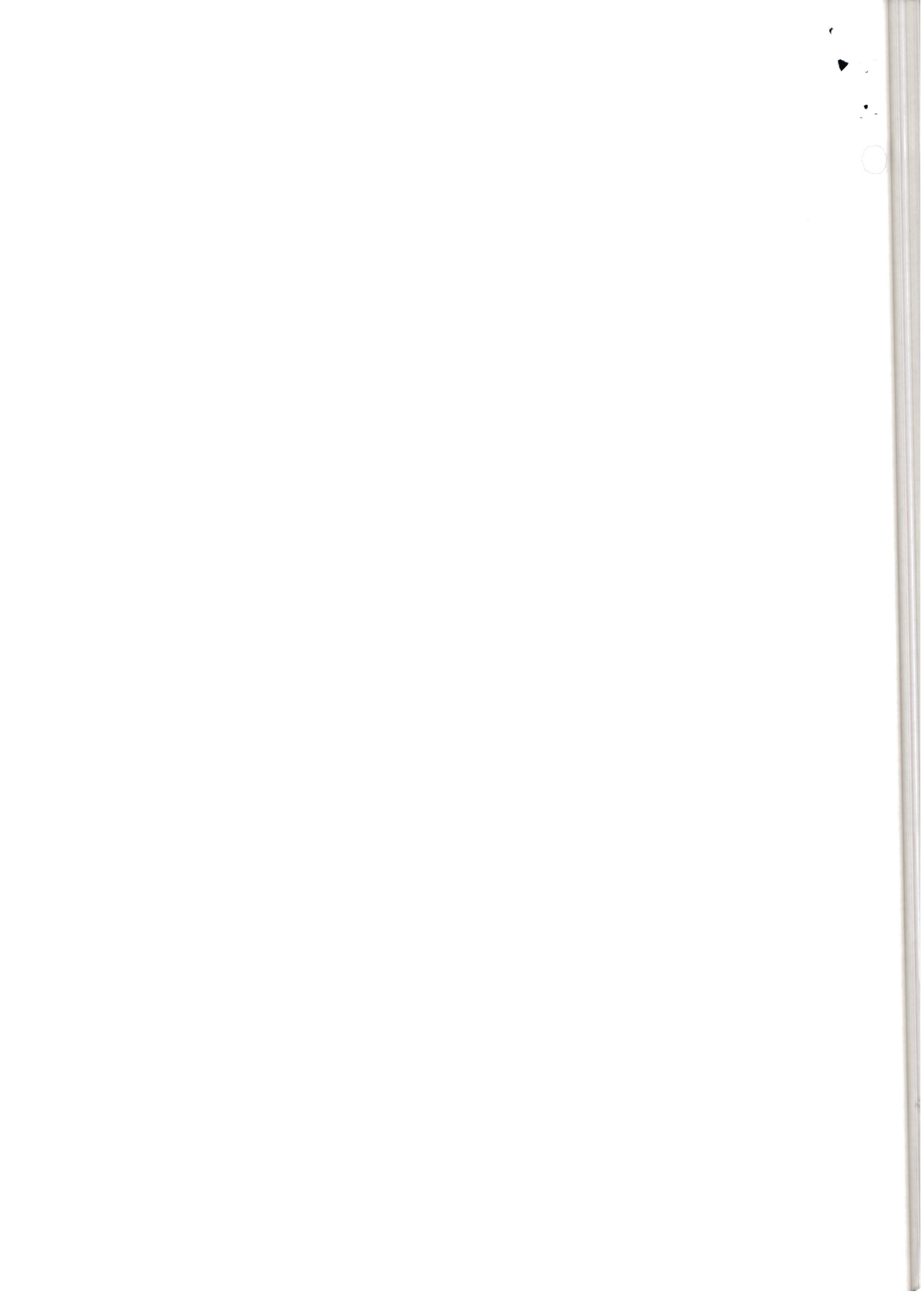
For the year ended June 30, 2018

ACTUAL BUDGET PERFORMANCE AGAINST FINAL BUDGET



The performance in the year 2017/2018 is worse off compared to the performance in the year 2016/2017. This has been attributed largely to the delays experienced in the budgetary cycle for the financial year 2017/2018 in which the first tranche of funding for the NG-CDF Mbeere was received in the last quarter of the financial.

CHAIRMAN NG-CDF COMMITTEE
Name: Richard N Thiriku



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MBEERE NORTH 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-MBEERE NORTH 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.

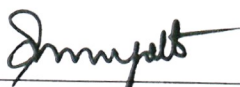
The Accounting Officer in charge of the NGCDF-MBEERE NORTH Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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-MBEERE NORTH 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.

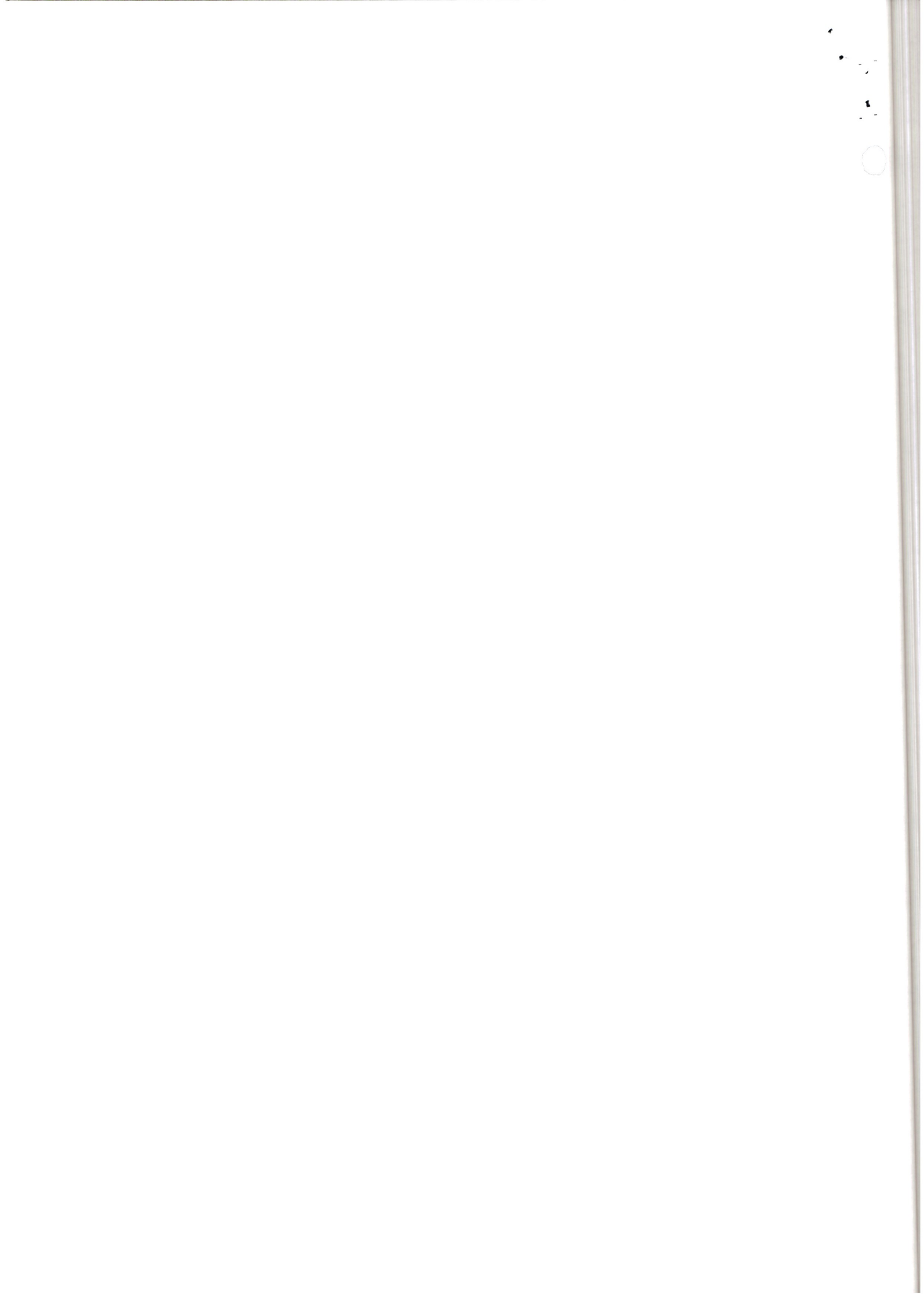
The Accounting Officer in charge of the NGCDF-MBEERE NORTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the 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-MBEERE NORTH Constituency financial statements were approved and signed by the Accounting Officer on 5/31 2019.


Fund Account Manager
Name: Wanderi Samuel


Sub-County Accountant
Name: Benard Kibett Cheruiyot
ICPAK Member Number: 14826



REPUBLIC OF KENYA



P.O. Box 30084-00100
NAIROBI

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

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MBEERE NORTH 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 (NG-CDF) – Mbeere North Constituency set out on pages 7 to 31 which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Mbeere North Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituency Development Fund Act No.30 of 2015.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

Note 10A to the financial statements reflects Kshs.12,789,555 in respect to bank balances. However, the respective bank reconciliation statements reflected un-presented stale cheques totaling to Kshs.112,239 as at 30 June 2018 and which had not been replaced or reversed in the cashbook thereby understating the cash book balance as at 30 June 2018 by Kshs.112,239.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.12,789,555 reflected in the financial statements as at 30 June 2018 could not be ascertained.

Report of the Auditor-General on National Government Constituency Development Fund – Mbeere North Constituency for the year ended 30 June 2018

2.0 Unsupported Project Expenditure – Transfer to other Government Entities

Note 6 to the financial statements for the year ended 30 June 2018 reflects Kshs.9,950,000 in respect to transfers to other government entities which includes Kshs.500,000 disbursed to a Primary School for construction of a classroom. However, the respective supporting documents including project file, tender documents and payment vouchers were not made available for audit review. Further, a physical verification carried out in the month of January 2019 revealed that the classroom was not constructed. The funds meant for construction of the classroom were said to have been utilized to renovate existing classrooms without evidence of how the funds were utilized. In addition, approval to re-allocate the project funds were not available for audit review contrary to Section 6(2) of the National Government – Constituency Development Fund (NG-CDF) Act 2015 which states “once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board.”

In the circumstances, the management was in breach of the law. Further, the propriety and value for money for Kshs.500,000 transferred to a primary school could not be ascertained.

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.1 Receipts Analysis

The Fund's summary statement of appropriation (recurrent and development) for the year ended 30 June, 2018 reflected an approved receipts budget of Kshs.99,839,550 and actual receipts of Kshs.45,055,066 resulting in a receipts budget shortfall of Kshs.54,784,484.

Overall, the Fund failed to actualize its budget by Kshs.54,784,484 or 55% an indication that most of the programmes and activities that had been planned were not implemented. There is need therefore for Constituency Development Fund management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Mbeere North Constituency.

1.2 Expenditure Analysis

The summary statement of appropriation: recurrent and development combined reflects budgeted payments of Kshs.99,839,550 for the year ended 30 June 2018 while the actual payments were Kshs.32,405,046 resulting to an under expenditure of Kshs.67,434,504 as shown below;

| Items | Final Budget (Kshs) | Actual (Kshs) | Under (Kshs) | % |
|--|------------------------|-------------------|-------------------|------------|
| Compensation of Employee | 1,908,620 | 1,661,088 | 247,532 | 13% |
| Use of goods and services | 11,578,344 | 5,116,958 | 6,461,386 | 56% |
| Transfer to other Government entities | 40,819,257 | 9,950,000 | 30,869,257 | 76% |
| Other Grant and Transfers | 40,606,302 | 15,677,000 | 24,929,302 | 61% |
| Other Payments | 4,927,027 | 0 | 4,927,027 | 100% |
| Total | 99,839,550 | 32,405,046 | 67,434,504 | 68% |

The under-spending of the budget by Kshs.67,434,504 or 68% is an indication of planned projects that were not implemented hence denying residents of Mbeere North Constituency critical services. There is need therefore for the management to relook at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the residents of Mbeere North Constituency.

2.0 Project Implementation Status

The project implementation status report made available for audit review shows that fifty-six (56) projects worth Kshs.77, 860,345 were budgeted to be implemented during the year under review. However only one project valued at Kshs1,736,207 had been completed, ten (10) projects worth Kshs.30,994,310 were ongoing and forty five (45) projects worth Kshs.45,129,828 were not started as at 30 June 2018.

In view of the foregoing, the constituents did not get the expected services equivalent to the Kshs.30,994,310 ongoing and Kshs.45,129,828 not started projects all totalling to Kshs.76,124,138 for the year ended 30 June 2018. This is an indication of inappropriate project implementation mechanism. Therefore, there is need for the Constituency Development Fund management to review its project planning mechanism with a view to prioritizing those projects which will be implemented during the financial year resulting to higher impact into improving service delivery to the citizen of Mbeere North Constituency.

3.0 Stalled Project

Note 6 to the financial statements for the year ended 30 June 2018 reflected Kshs.9,950,000 in respect to transfer to other government entities which includes Kshs.1,250,000 disbursed to a Secondary School for the construction of dining hall with a kitchen. However, physical verification carried out in the month of January 2019

revealed that although Kshs.623,940 (50%) had already been utilized, the Kitchen had not been constructed and the contractor was not on site. No valid explanation was availed as to why the project had stalled. In addition, the contract availed for audit review did not indicate the project timelines.

In the circumstance, the value for money of the Kshs.1,250,000 expenditure could not be confirmed.

4.0 Progress on Follow Up of Auditor Recommendations

Pages 30 and 31 of the financial year under review reflects a progress on follow up of auditor recommendations with thirteen (13) audit issues. However, all these issues remained unresolved as at 30 June 2018 contrary to the requirement of the Government circulars.

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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public resources section of my report, 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

Presentation of the Financial Statements

The Fund's financial statements for the year ended 30 June 2018 did not include a separate summary statements of appropriation for recurrent and development and a budget execution by programmes and sub- programmes. However, the Public Sector Accounting Standards Board (PSASB) stipulates that the financial statements for any National Government entity should include these statements.

In the circumstances, the presentation of the financial statements for the year under review was not in accordance with the recommended (PSASB) format.

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

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

Conclusion

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

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the National Government Constituency Development Fund – Mbeere North Constituency's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the National Government Constituency Development Fund - Mbeere North Constituency or to cease operations, or have no realistic alternative but to do so. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the National Government Constituency Development Fund - Mbeere North Constituency'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 National Government Constituency Development Fund - Mbeere North Constituency's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit 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.

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Government Constituency Development Fund - Mbeere North 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 Constituency Development Fund - Mbeere North Constituency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituency Development Fund - Mbeere North 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

12 April 2019

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***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 • MBEERE NORTH CONSTITUENCY**


Reports and Financial Statements

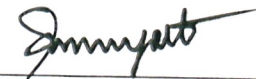
For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2017 - 2018 | 2016 - 2017 |
|-------------------------------------|------|-------------------|--------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from NGCDF board | 1 | 43,405,172 | 80,896,552 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | 139,535 | - |
| TOTAL RECEIPTS | | 43,544,707 | 80,896,552 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 1,661,088 | 2,105,880 |
| Use of goods and services | 5 | 5,116,958 | 5,034,810 |
| Transfers to Other Government Units | 6 | 9,950,000 | 34,750,000 |
| Other grants and transfers | 7 | 15,677,000 | 47,154,702 |
| Acquisition of Assets | 8 | - | 1,255,172 |
| Other Payments | 9 | - | - |
| TOTAL PAYMENTS | | 32,405,046 | 90,300,564 |
| SURPLUS/(DEFICIT) | | 11,139,661 | (9,404,012) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MBEERE NORTH Constituency financial statements were approved on 5/3/ 2019 and signed by:


 Fund Account Manager
 Name: Wanderi Samuel


 Sub-County Accountant
 Name: Benard Kibett Cheruiyot
 ICPAK Member Number: 14826



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MBEERE NORTH CONSTITUENCY

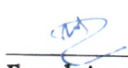
Reports and Financial Statements

For the year ended June 30, 2018

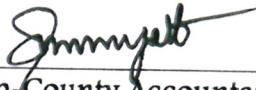
V. STATEMENT OF ASSETS

| | Note | 2017 – 2018 Kshs | 2016 - 2017 Kshs |
|--|------|---------------------|---------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 10A | 12,789,555 | 1,649,894 |
| Cash Balances (cash at hand) | 10B | - | - |
| Total Cash and Cash Equivalents | | 12,789,555 | 1,649,894 |
| Current Receivables-Outstanding Imprests | 11 | - | - |
| TOTAL FINANCIAL ASSETS | | 12,789,555 | 1,649,894 |
| FINANCIAL LIABILITIES | | | |
| Accounts payable-Retention | 12 | - | - |
| NET FINANCIAL ASSETS | | 12,789,555 | 1,649,894 |
| REPRESENTED BY | | | |
| Fund balance brought forward 1st July | 13 | 1,649,894 | 11,053,906 |
| Surplus/Deficit for the year | | 11,139,661 | (9,404,012) |
| Prior year adjustments | 14 | - | - |
| NET LIABILITIES | | 12,789,555 | 1,649,894 |

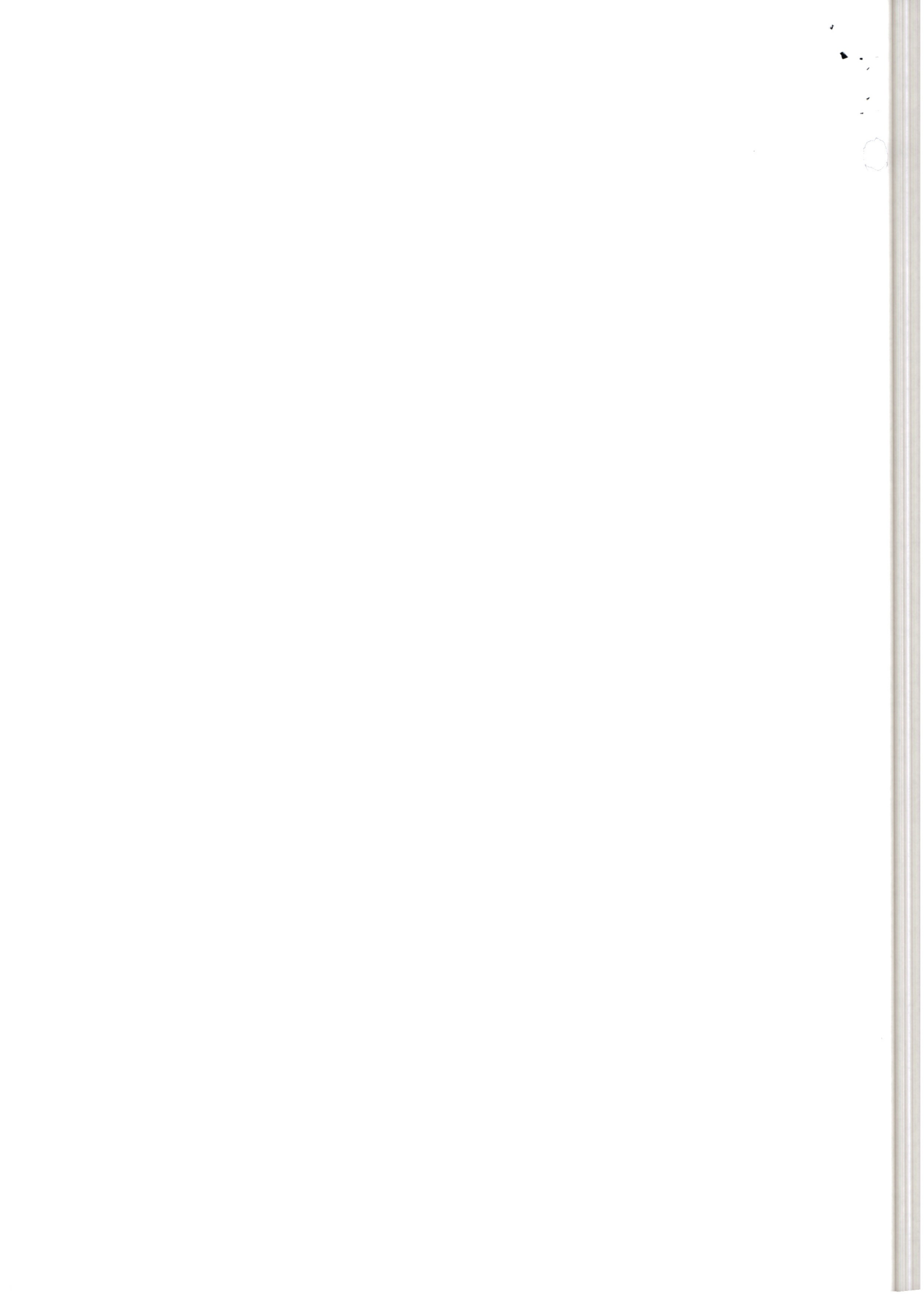
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MBEERE NORTH Constituency financial statements were approved on 5/3/ 2019 and signed by:



Fund Account Manager
Name: Wanderi Samuel



Sub-County Accountant
Name: Benard Kibett Cheruiyot
ICPAK Member Number: 14826



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)


MBEERE NORTH CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2018

| VI. STATEMENT OF CASHFLOW | | 2017 - 2018 | 2016-2017 |
|--|-----------|--------------------|--------------------|
| Receipts for operating income | | Kshs | Kshs |
| Transfers from NGCDF Board | 1 | 43,405,172 | 80,896,552 |
| Other Receipts | 3 | 139,535 | - |
| | | 43,544,707 | 80,896,552 |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 1,661,088 | 2,105,880 |
| Use of goods and services | 5 | 5,116,958 | 5,034,810 |
| Transfers to Other Government Units | 6 | 9,950,000 | 34,750,000 |
| Other grants and transfers | 7 | 15,677,000 | 47,154,702 |
| Other Payments | 9 | - | 1,255,172 |
| | | 32,405,046 | 90,300,564 |
| Adjusted for: | | | |
| Adjustments during the year | 14 | - | - |
| Net cash flow from operating activities | | 11,139,661 | (9,404,012) |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 8 | - | - |
| Net cash flows from Investing Activities | | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 11,139,661 | (9,404,012) |
| Cash and cash equivalent at BEGINNING of the year | 13 | 1,649,894 | 11,053,906 |
| Cash and cash equivalent at END of the year | | 12,789,555 | 1,649,894 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MBEERE NORTH Constituency financial statements were approved on 5/31 2019 and signed by:


Fund Account Manager
Name: Wanderi Samuel


Sub-County Accountant
Name: Benard Kibett Cheruiyot
ICPAK Member Number: 14826



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

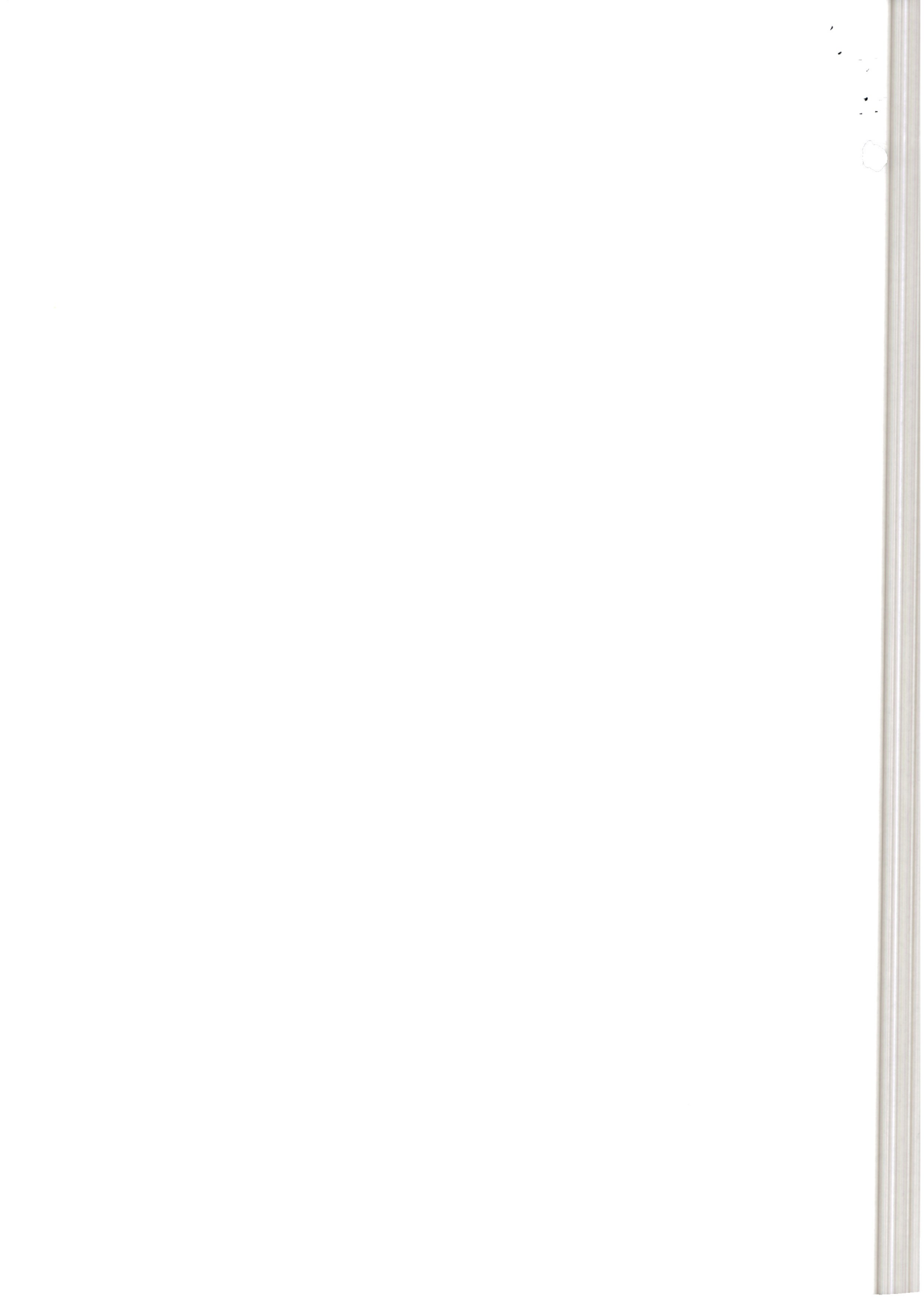
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

| Receipt/Expense Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilisation Difference e=c-d | % of Utilisation f=d/c % |
|--|----------------------|-------------------|-----------------------|---------------------------------------|--|--------------------------------|
| RECEIPTS | | | | | | |
| Transfers from CDF Board | 86,810,345 | 13,029,205 | 99,839,550 | 45,055,066 | 54,784,484 | 45.1% |
| Proceeds from Sale of Assets | - | - | - | - | - | 0.0% |
| Other Receipts | - | - | - | - | - | 0.0% |
| TOTAL RECEIPTS | 86,810,345 | 13,029,205 | 99,839,550 | 45,055,066 | 54,784,484 | 45.1% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 1,908,620 | - | 1,908,620 | 1,661,088 | 247,532 | 87.0% |
| Use of goods and services | 9,404,311 | 2,174,033 | 11,578,344 | 5,116,958 | 6,461,386 | 44.2% |
| Transfers to Other Government Units | 34,719,257 | 6,100,000 | 40,819,257 | 9,950,000 | 30,869,257 | 24.4% |
| Other grants and transfers | 35,851,130 | 4,755,172 | 40,606,302 | 15,677,000 | 24,929,302 | 38.6% |
| Acquisition of Assets | - | - | - | - | - | 0.0% |
| Other Payments | 4,927,027 | - | 4,927,027 | - | 4,927,027 | 0.0% |
| TOTAL | 86,810,345 | 13,029,205 | 99,839,550 | 32,405,046 | 67,434,504 | 32.5% |

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

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]


- i. Transfer from NG-CDF Board is at 45%. This has resulted from the fact that out of the final budget of Kshs 99,839,550 only Kshs 45,055,066 was actually received by the NG-CDF for Mbeere north constituency by 30th June 2018. This is attributed to the fact that the preparation of the proposals for the financial year 2017/2018 were forwarded in February 2018 and it took a bit of time before the first receipt of Kshs 43,405, 172 was disbursed to the constituency in April 2018. There were also further delays due to the requirements for compliance by PMC prior to transfer of the funds to them.
- ii. The NG-CDFC had purposed to employ some two staff before the closure of the financial year which only materialised in July 2018 after the closure of the financial year hence leading to performance at 87%.




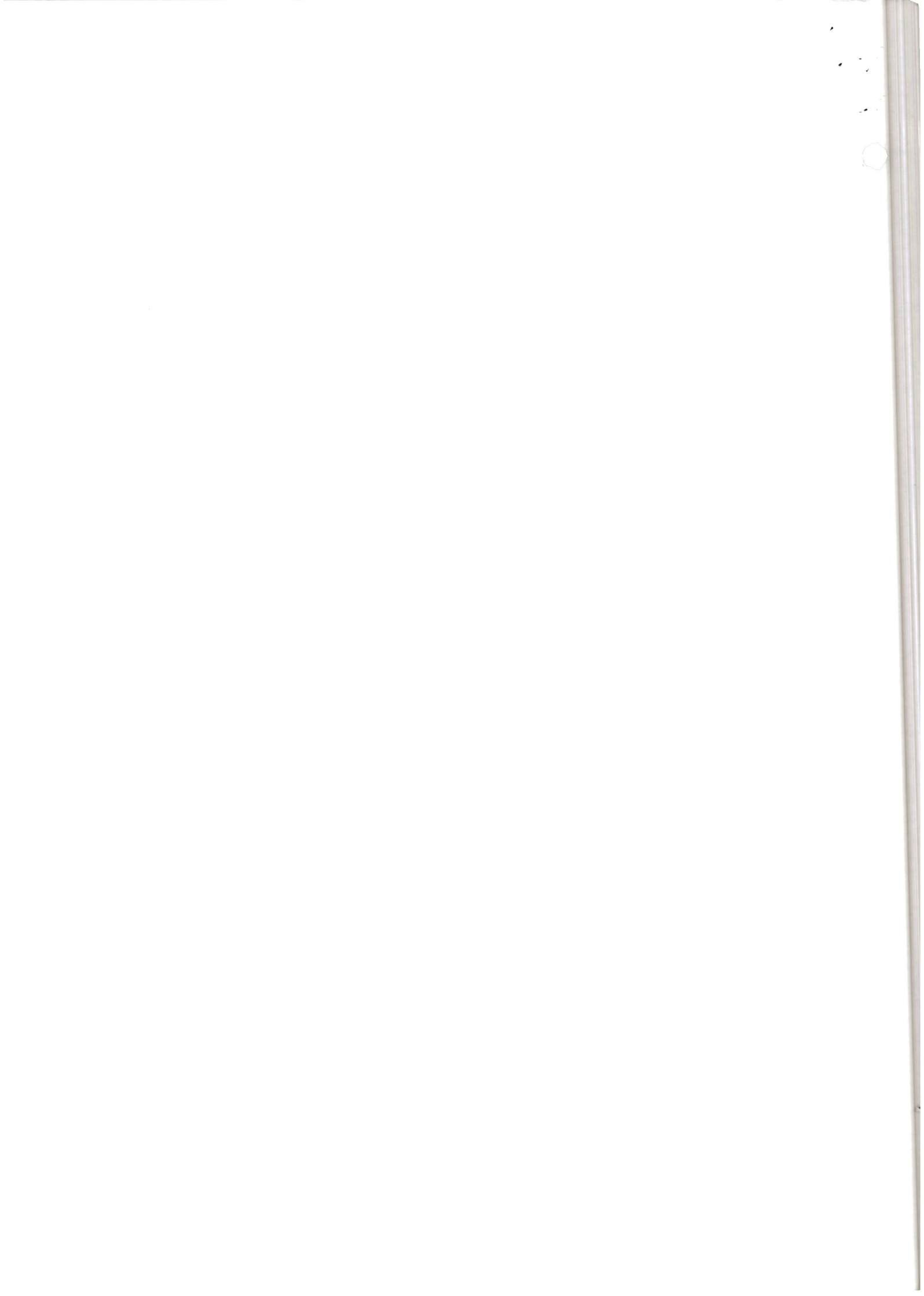
- iii. Use of Goods and services was at 44.2 % due majorly to non-implementation of the constituency strategic plan whose allocation was Kshs 3,500,000.00, Kshs 250,145.88 payables towards repairs of motor vehicle repairs. The expenditure on use of goods and services was greatly reduced in the first half of 2017/2018 due to the dormancy period experienced during the election period and the transition period of the NG-CDFC in the year 2017.
- iv. Transfer to other government units was at 24.4% which has been attributed to the delays experienced in request for proposals for the 2017/2018 financial year which led to late submission of proposals hence leading to late disbursement of funds to the NG-CDFC. By 30th June 2018, only Kshs 9,950,000 was at the disposal of NG-CDFC for Mbeere North under transfer to other government units with a balance of Kshs 30,869,257 out of Kshs 40,819,257 having not been received from the NG-CDF board.
- v. Other grants and transfers was at 37% which has been attributed to the delays experienced in request for proposals for the 2017/2018 financial year which led to late submission of proposals hence leading to late disbursement of funds to the NG-CDFC. By 30th June 2018, only Kshs 15,677,000 was at the disposal of NG-CDFC for Mbeere North under transfer to other grants and transfers with a balance of Kshs 24,929,302 out of Kshs 40,606,302 having not been received from the NG-CDF board.
- vi. Other payments was at 0% which has been attributed to the delays experienced in request for proposals for the 2017/2018 financial year which led to late submission of proposals hence leading to late disbursement of funds to the NG-CDFC. By 30th June 2018, no funds were at the disposal of NG-CDFC for Mbeere North under transfer to other payments with the Kshs 4,927,027 being total allocation for the year having not been received from the NG-CDF board.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-MBEERE NORTH Constituency financial statements were approved on 5/3/ 2019 and signed by:


Fund Account Manager
Name: Wanderi Samuel


Sub-County Accountant
Name: Benard Kibett Cheruiyot
ICPAK Member Number: 14826



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-MBEERE NORTH 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.

10
11
12
13
14

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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



5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

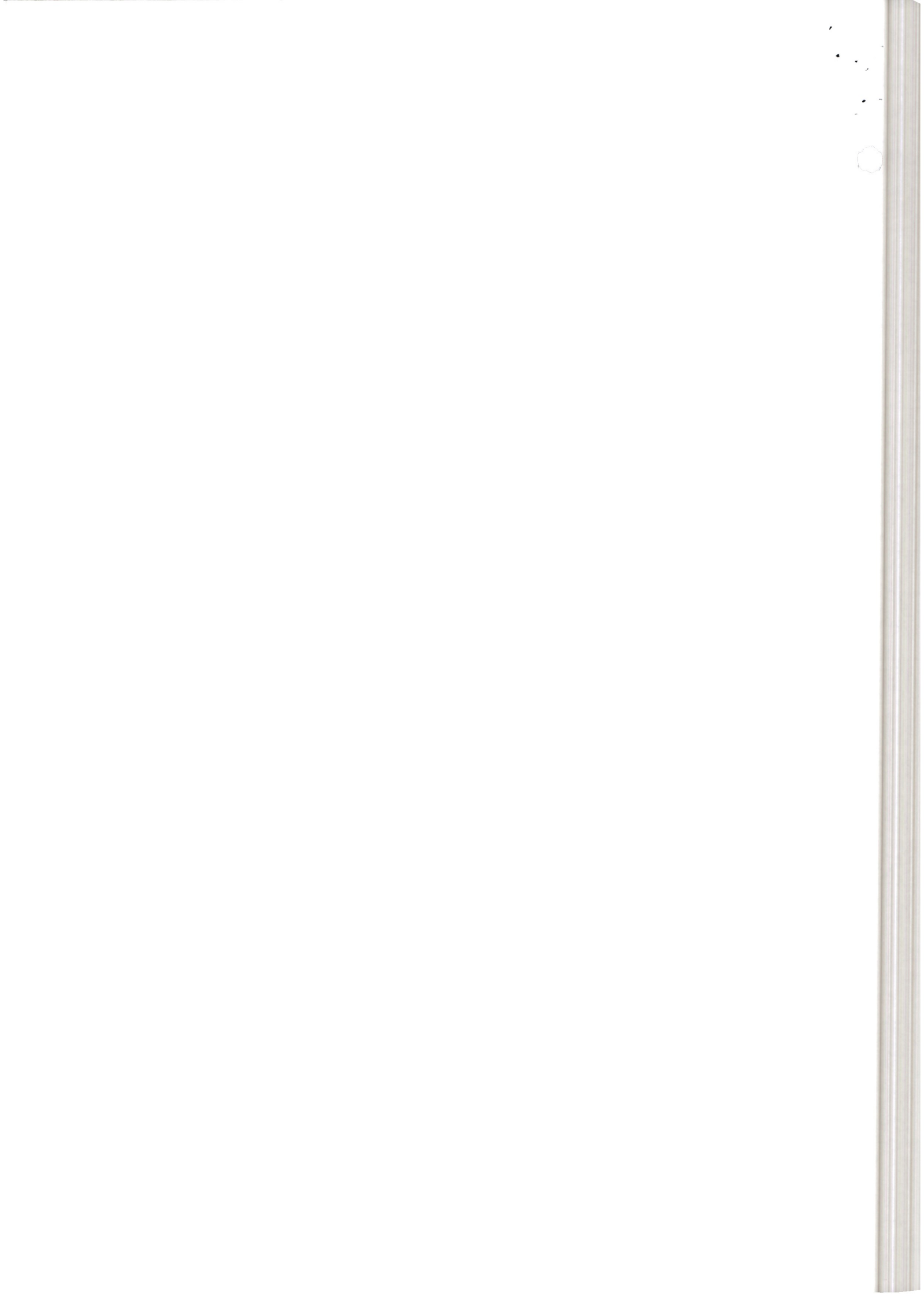
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations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

9. Pending Bills

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

10. Unutilized Funds

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



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.

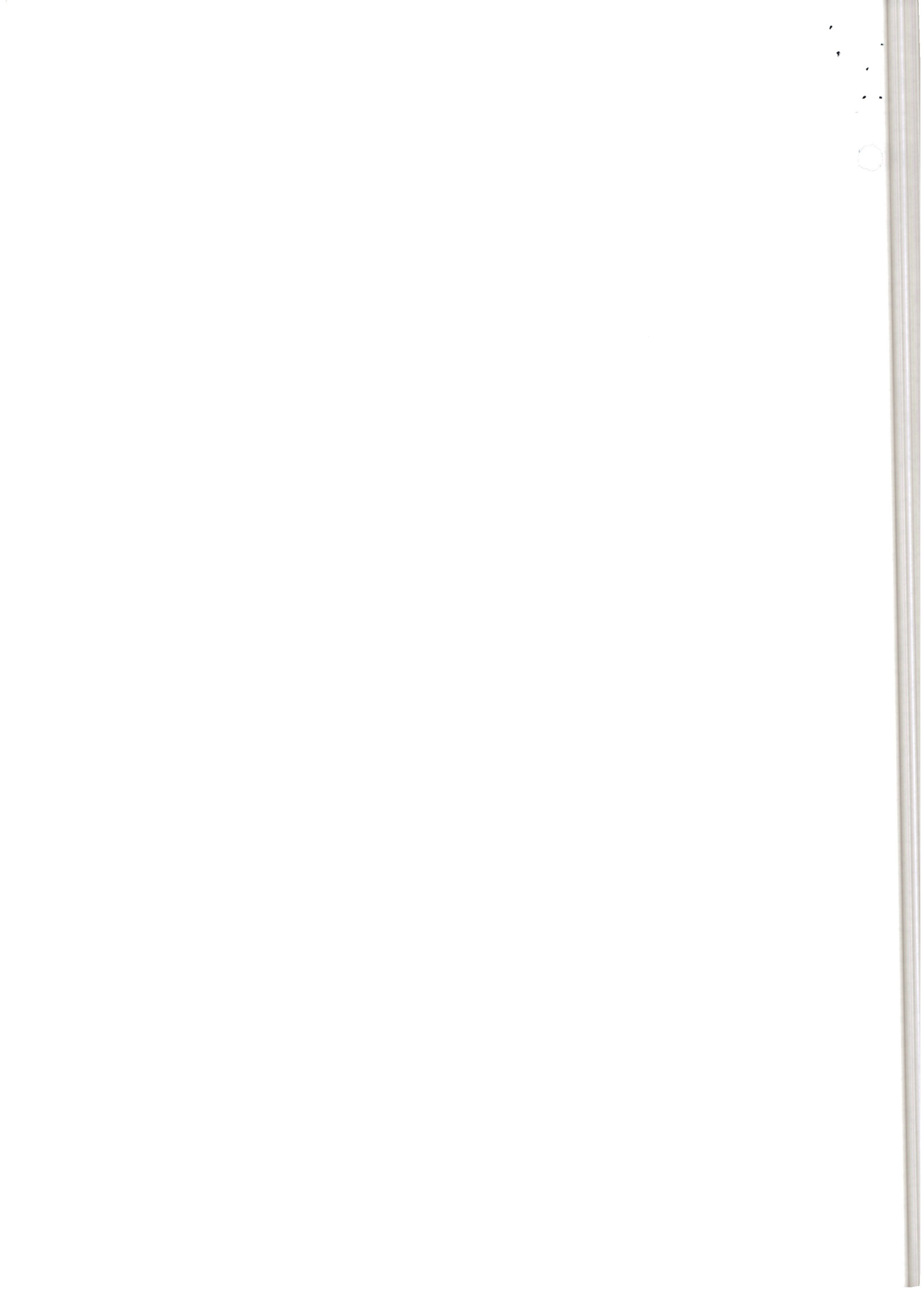
14. Errors

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) –
 MBEERE NORTH CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2018**

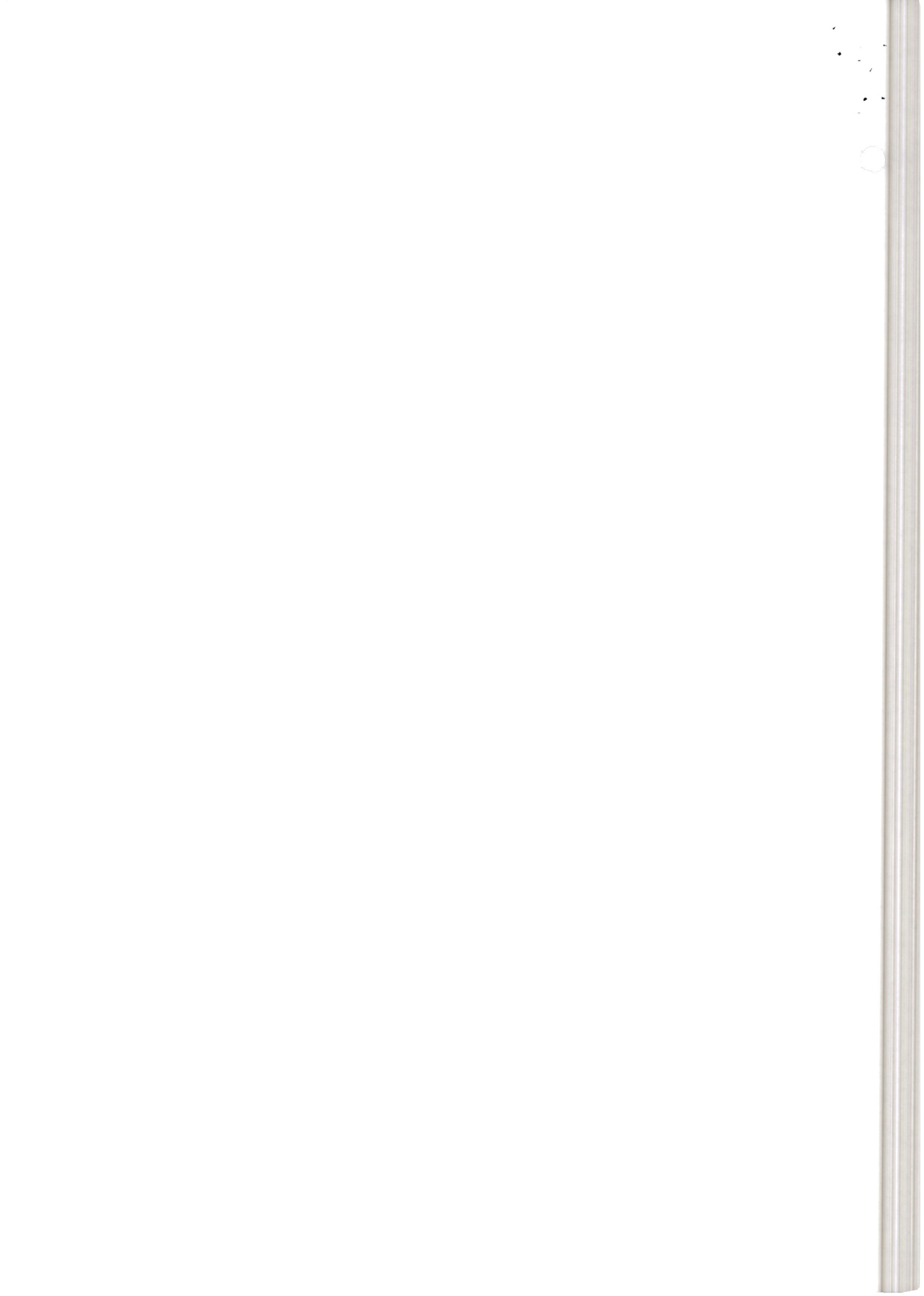
IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Description | | 2017-2018 | 2016-2017 |
|----------------|---|-------------------|-------------------|
| | | Kshs | Kshs |
| NGCDF Board | | | |
| AIE NO A829928 | 1 | | 4,094,827.60 |
| AIE NO A855243 | 2 | | 36,853,449.00 |
| AIE NO A855725 | 3 | | 39,948,275.10 |
| AIE NO A855934 | 1 | 5,500,000.00 | |
| AIE NO A892965 | 2 | 37,905,172.00 | |
| | | | |
| | | | |
| TOTAL | | 43,405,172 | 80,896,552 |

2. PROCEEDS FROM SALE OF ASSETS

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MBEERE NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

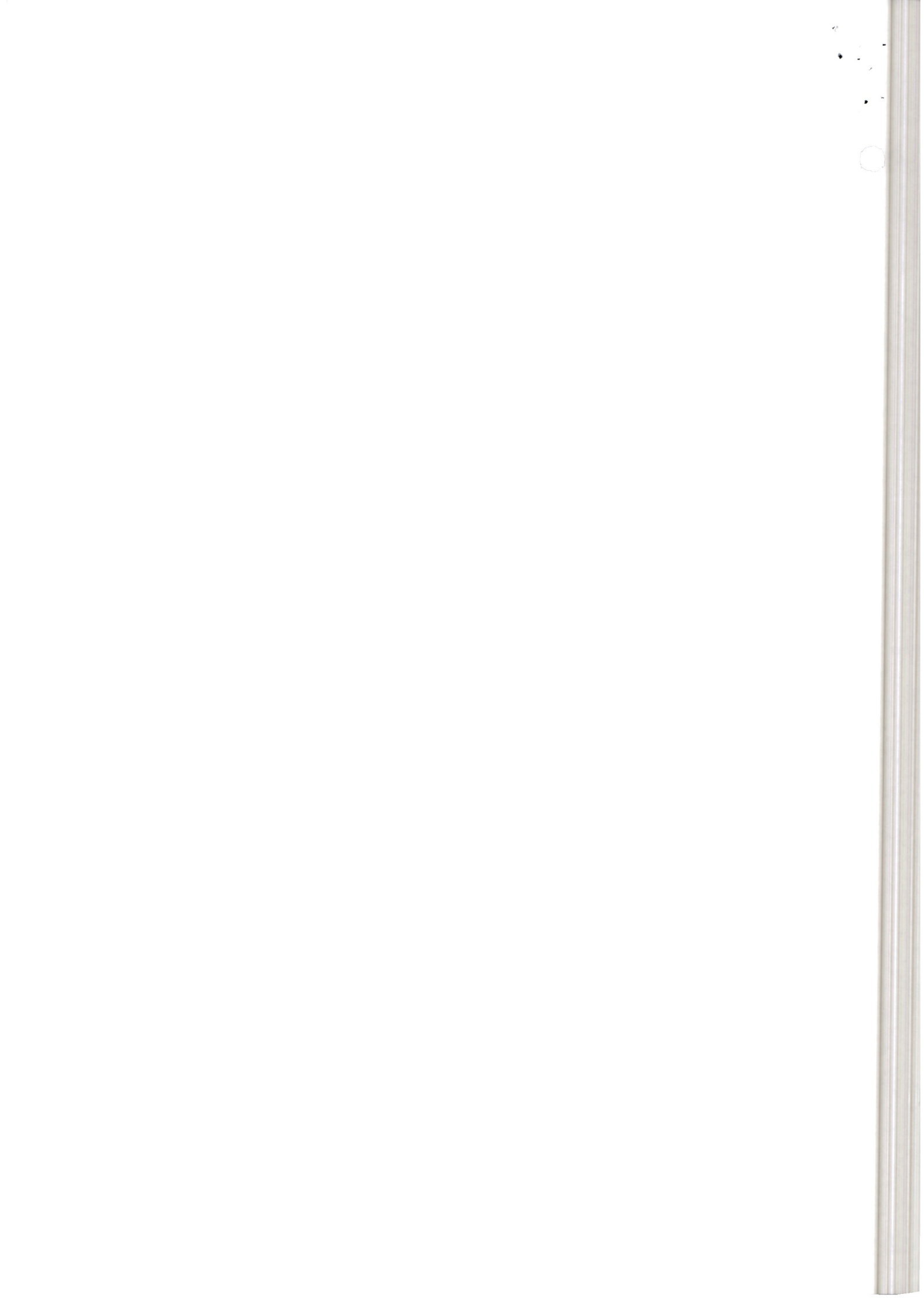
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

| | 2017- 2018 Kshs | 2016-2017 Kshs |
|---|--------------------|-------------------|
| Interest Received | - | - |
| Rents | - | - |
| Receipts from Sale of tender documents | - | - |
| Other Receipts Not Classified Elsewhere | 139,535 | - |
| Total | 139,535 | - |

4. COMPENSATION OF EMPLOYEES

| Component | 2017-2018 | 2016-2017 |
|---|---------------------|---------------------|
| | Kshs | Kshs |
| Basic wages of contractual employees | 898,300.00 | 1,379,780.00 |
| Basic wages of casual labour | - | 70,000.00 |
| Personal allowances paid as part of salary | | |
| Employer Contribution to NSSF | 53,280.00 | 160,0000.00 |
| House allowance | 144,000.00 | 288,100.00 |
| Transport allowance | 144,000.00 | 192,000.00 |
| Leave allowance | 30,000.00 | 16,000.00 |
| Gratuity | 391,508.00 | - |
| Other personnel payments | | |
| Total | 1,661,088.00 | 2,105,880.00 |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MBEERE NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

| Description | 2017 – 2018 | 2016 - 2017 |
|--|---------------------|---------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | - | 77,000.00 |
| Electricity | 70,000.00 | - |
| Water & sewerage charges | - | - |
| Office rent | - | - |
| Communication, supplies and services | 67,780.00 | 28,000.00 |
| Domestic travel and subsistence | 96,000.00 | 100,455.00 |
| Printing, advertising and information supplies & services | 418,375.00 | 100,005.50 |
| Rentals of produced assets | - | - |
| Training expenses | 328,500.00 | 350,000.00 |
| Hospitality supplies and services | 193,030.00 | 77,578.00 |
| Other committee expenses | 1,779,800.00 | 400,000.00 |
| Committee allowance | 1,038,000.00 | 2,224,000.00 |
| Insurance costs | 386,984.00 | 237,809.00 |
| Specialised materials and services | - | - |
| Office and general supplies and services | 56,735.00 | 26,700.00 |
| Fuel , oil & lubricants | 310,000.00 | 600,000.00 |
| Other operating expenses | - | 400,380.50 |
| Bank service commission and charges | 42,000.00 | - |
| Security operations | - | - |
| Routine maintenance - vehicles and other transport equipment | 207,144.00 | 400,000.00 |
| Routine maintenance- other assets | 122,610.00 | 12,882.00 |
| TOTAL | 5,116,958.00 | 5,034,810.00 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

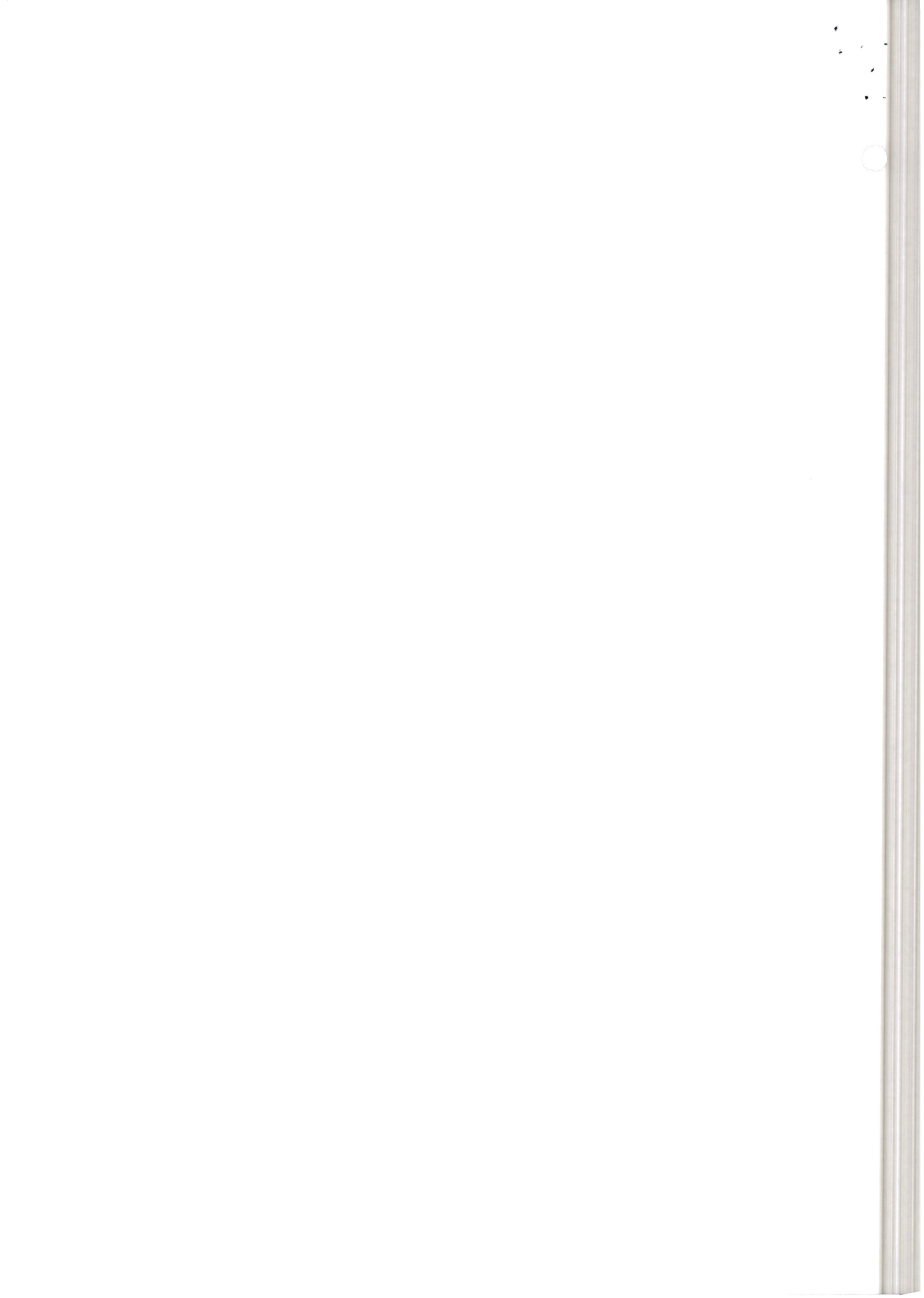
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2017-2018 | 2016-2017 |
|--|------------------|----------------------|
| | Kshs | Kshs |
| Transfers to primary schools (see attached list) | 500,000 | 19,350,000.00 |
| Transfers to secondary schools (see attached list) | 9,450,000 | 15,400,000.00 |
| Transfers to tertiary institutions (see attached list) | - | |
| Transfers to health institutions (see attached list) | - | |
| TOTAL | 9,950,000 | 34,750,000.00 |

7. OTHER GRANTS AND OTHER PAYMENTS

| Description | 2017 - 2018 | 2016 - 2017 |
|---------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Bursary -Secondary | 6,301,000 | 15,804,074.67 |
| Bursary -Tertiary | 3,601,000 | 15,804,074.67 |
| Bursary-Special schools | - | - |
| Mocks & CAT | - | - |
| Water | - | - |
| Food security | - | - |
| Electricity | - | - |
| Security | 4,400,000 | 8,175,863.00 |
| Roads and Bridges | - | - |
| Sports | - | 1,637,931.03 |
| Environment | 1,375,000 | 1,637,931.03 |
| Cultural Projects | - | - |
| Agriculture | - | - |
| Emergency Projects | - | 4,094,827.60 |
| TOTAL | 15,677,000 | 47,154,702 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

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 | - | 1,255,172.00 |
| Purchase of ICT Equipment, Software and Other ICT Assets | - | - |
| Purchase of Specialised Plant, Equipment and Machinery | - | - |
| Rehabilitation and Renovation of Plant, Machinery and Equip. | - | - |
| Acquisition of Land | - | - |
| Acquisition of Intangible Assets | - | - |
| Total | - | - |

9. OTHER PAYMENTS

| | 2017-2018 | 2016-2017 |
|----------------|-----------|-----------|
| | Kshs | Kshs |
| Strategic plan | - | - |
| ICT Hub | - | - |
| TIVET | - | - |
| Social Hall | - | - |
| TOTAL | - | - |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MBEERE NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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 |
| <i>Cooperative Bank of Kenya, Siakago Branch A/C No: 01120051117000</i> | 12,789,555 | 1,649,894 |
| | | |
| Total | 12,789,555 | 1,649,894 |
| | | |
| 10B: CASH IN HAND | | |
| Location 1 | - | - |
| Location 2 | - | - |
| Location 3 | - | - |
| Other Locations (<i>specify</i>) | - | - |
| | | |
| Total | - | - |
| <i>[Provide cash count certificates for each]</i> | | |

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

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

12 RETENTION

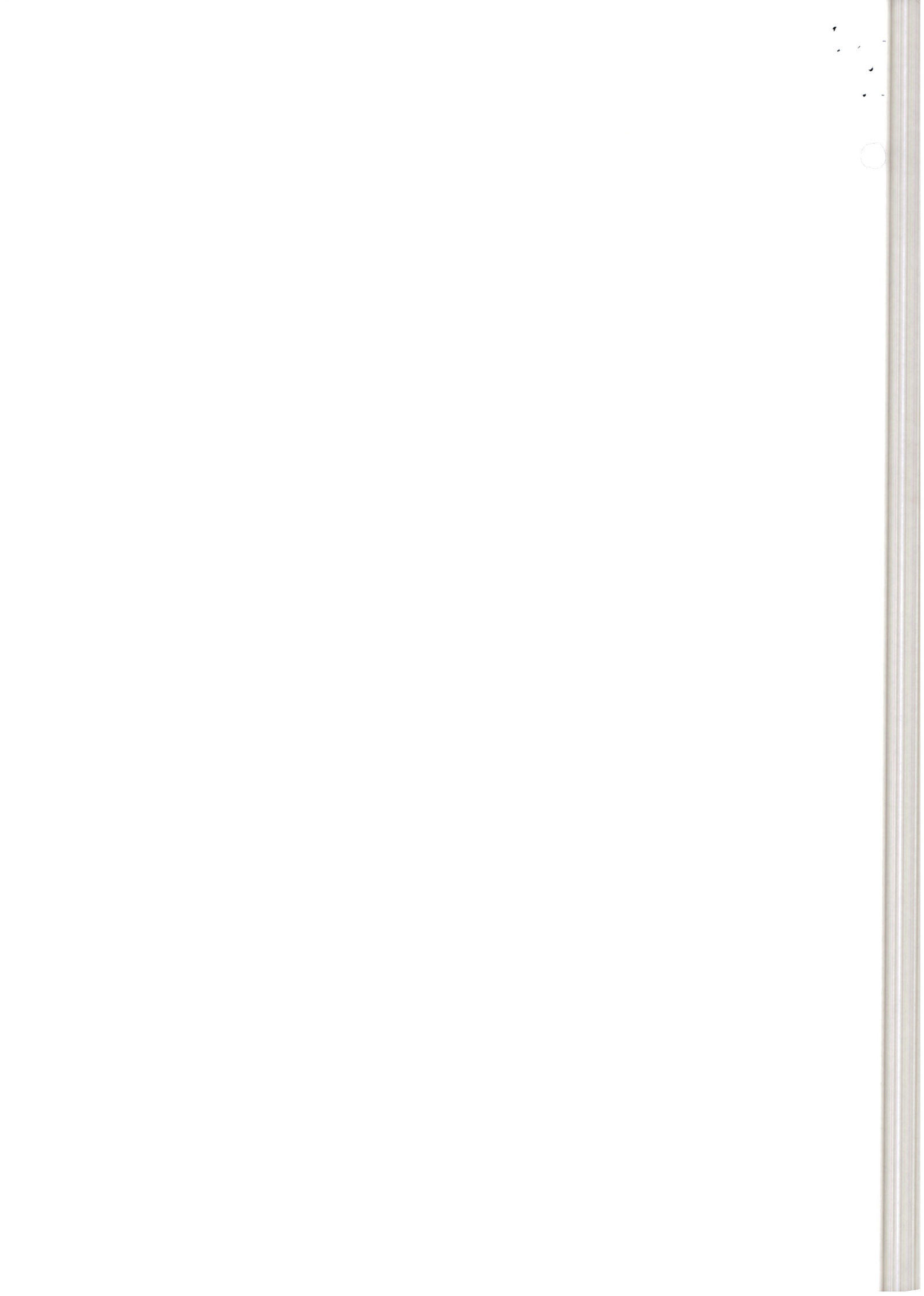
| | 2017 - 2018 | 2016-2017 |
|--------------|--------------------|------------------|
| | Kshs | Kshs |
| Supplier 1 | xx | xx |
| Supplier 2 | xx | xx |
| Supplier 3 | xx | xx |
| Total | xx | xx |

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

| | 2017-2018 | 2016-2017 |
|---------------|------------------|-------------------|
| | Kshs | Kshs |
| Bank accounts | 1,649,894 | 11,053,906 |
| Cash in hand | - | - |
| Imprest | - | - |
| Total | 1,649,894 | 11,053,906 |

[Provide short appropriate explanations as necessary]



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MBEERE NORTH CONSTITUENCY

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

| | 2017- 2018 | 2016-2017 |
|-----------------------------|-------------------|-----------|
| | Kshs | Kshs |
| Construction of buildings | xx | xx |
| Construction of civil works | xx | xx |
| Supply of goods | xx | xx |
| Supply of services | 250,145.88 | xx |
| | 250,145.88 | xx |

15.2: PENDING STAFF PAYABLES (See Annex 2)

| | 2017-2018 | 2016-2017 |
|---------------------------|----------------|-----------|
| | Kshs | Kshs |
| Staff Gratuity | 219,867 | - |
| Senior management | - | - |
| Middle management | - | - |
| Unionisable employees | - | - |
| Others (<i>specify</i>) | - | - |
| | 219,867 | - |

15.3: UNUTILIZED FUNDS (See Annex 3)

| | 2017-2018 | 2016-2017 |
|---|-------------------|------------------|
| | Kshs | Kshs |
| Compensation of employees | 247,532 | - |
| Use of goods and services | 6,461,386 | - |
| Amounts due to other Government entities (see attached list) | 30,869,257 | - |
| Amounts due to other grants and other transfers (see attached list) | 24,929,302 | 1,649,895 |
| Acquisition of assets | - | - |
| Others (<i>specify</i>) | 4,927,027 | - |
| | 67,434,504 | 1,649,895 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

| | 2017- 2018 | 2016-2017 |
|--|-------------------|------------------|
| | Kshs | Kshs |
| PMC account Balances (see attached list) | 13,850,000 | - |
| | | |
| | 13,850,000 | - |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MBEERE NORTH CONSTITUENCY
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For the year ended June 30, 2018 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

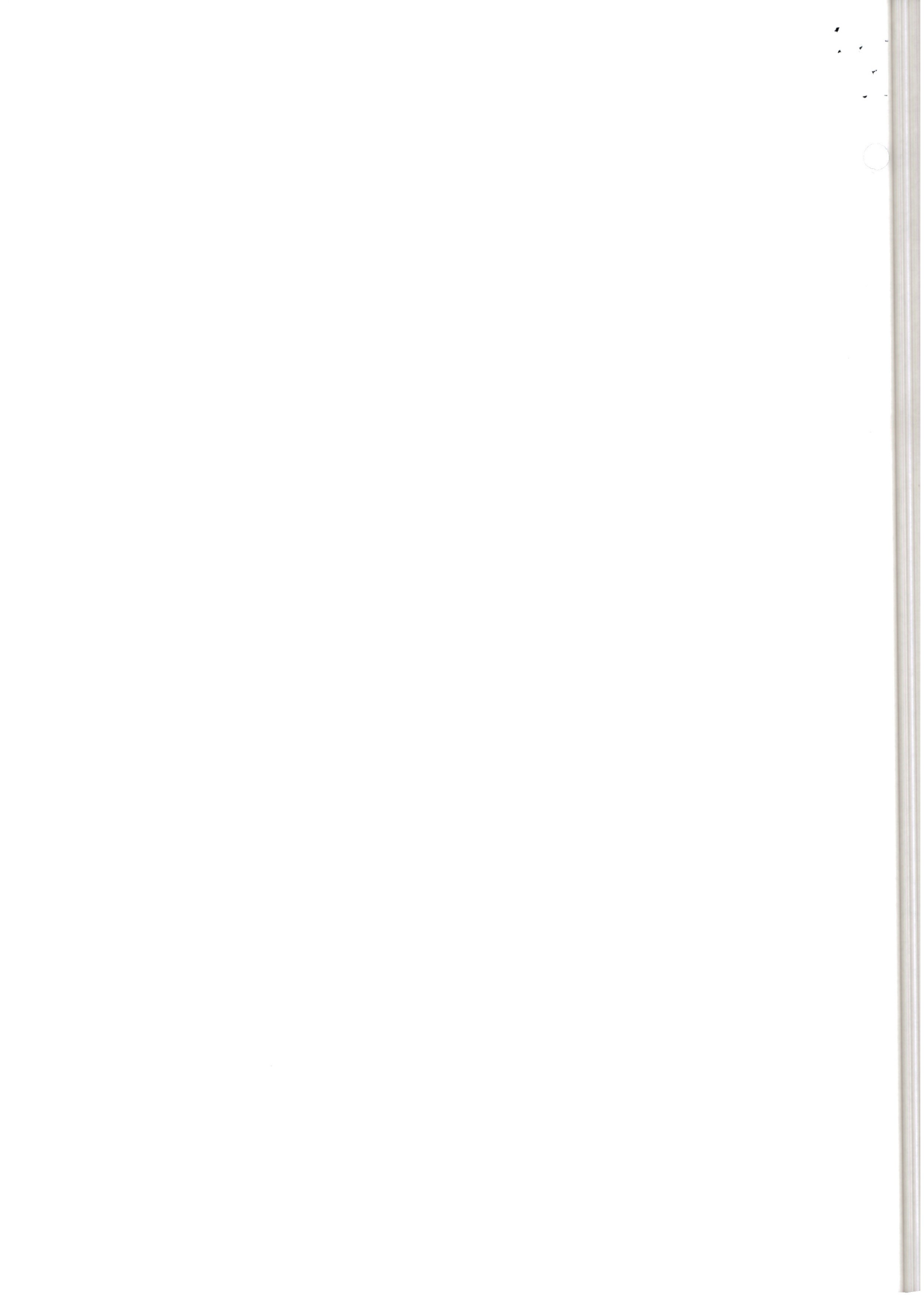
| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2017 | Outstanding Balance 2016 | Comments |
|--|-------------------|-----------------|---------------------|--------------------------|--------------------------|----------|
| | a | b | c | d=a-c | | |
| Construction of buildings | | | | | | |
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |
| Sub-Total | | | | | | |
| Construction of civil works | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |
| 6. | | | | | | |
| Sub-Total | | | | | | |
| Supply of goods | | | | | | |
| 7. | | | | | | |
| 8. | | | | | | |
| 9. | | | | | | |
| Sub-Total | | | | | | |
| Supply of services | | | | | | |
| 10. Pending bill payable to New Embu Uhuru garage for GKB 815G NGCDF Vehicle | 250,145.88 | | Nil | 250,145.88 | | |
| 11. | | | | | | |
| 12. | | | | | | |
| Sub-Total | 250,145.88 | | Nil | 250,145.88 | | |
| Grand Total | 250,145.88 | | Nil | 250,145.88 | | |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MBEERE NORTH CONSTITUENT
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2016 | Outstanding Balance 2014 | Comments |
|------------------------------|-----------|-----------------|--------------------------|---------------------|--------------------------|--------------------------|----------|
| | | a | b | c | d=a-c | | |
| Staff Gratuity | | | | | | | |
| 1. Harriet Wanjue Njeru | G | 101,942 | 1 st May 2017 | Nil | 101,942 | | |
| 2. Mary Muthoni Njagi | H | 87,975 | 1 st feb 2017 | Nil | 87,975 | | |
| 3. James Ngari Mugwe | G | 29,950 | 1 st Feb 2018 | Nil | 29,950 | | |
| Sub-Total | | 219,867 | | | 219,867 | | |
| Senior Management | | | | | | | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| Middle Management | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| Sub-Total | | | | | | | |
| Unionisable Employees | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| 9. | | | | | | | |
| Sub-Total | | | | | | | |
| Others (specify) | | | | | | | |
| 10. | | | | | | | |
| 11. | | | | | | | |
| 12. | | | | | | | |
| Sub-Total | | | | | | | |
| Grand Total | | 219,867 | | Nil | 219,867 | | |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MBEERE NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

ANNEX 3 – UNUTILIZED FUNDS

| Name | Brief Transaction Description | Outstanding Balance 2017/18 | Outstanding Balance 2016/17 | Comments |
|--|-------------------------------|-----------------------------|-----------------------------|----------|
| Compensation of employees | | 247,532 | | |
| Use of goods & services | | 6,461,386 | | |
| Amounts due to other Government entities | | | | |
| Transfers to Primary schools | | 15,369,256.8 | 500,000 | |
| Transfers to Secondary schools | | 15,500,000 | | |
| Sub-Total | | 37,578,174.80 | | |
| Amounts due to other grants and other transfers | | | | |
| Bursary -Secondary | | 4,257,620.69 | | |
| Bursary -Tertiary | | 6,858,750.48 | | |
| Security | | 6,150,000.00 | | |
| Sports | | 1,963,793.1 | | |
| Environment | | 561,206.90 | | |
| Emergency Projects | | 5,137,931.03 | | |
| Sub-Total | | 24,929,902.20 | | |
| Acquisition of assets | | | | |
| Others (specify) | | | | |
| ICT Hub | | 4,677,027.20 | | |
| Social Hall | | 250,000.00 | | |
| Sub-Total | | 4,927,027.2 | | |
| Grand Total | | 67,434,504.2 | | |

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MBEERE NORTH CONSTITUENT
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For the year ended June 30, 2018 (Kshs'000)

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 | 18,436,826.60 | - | - | 18,436,826.60 |
| Transport equipment | 6,700,653.00 | - | - | 6,700,653.00 |
| Office equipment, furniture and fittings | 2,501,260.00 | - | - | 2,501,260.00 |
| ICT Equipment, Software and Other ICT Assets | 412,590.00 | - | - | 412,590.00 |
| Other Machinery and Equipment | - | - | - | - |
| Heritage and cultural assets | - | - | - | - |
| Intangible assets | - | - | - | - |
| Total | 28,051,329.60 | - | - | 28,051,329.60 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs'000)

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

| PMC | Bank | Account number | Bank Balance 2017/18 | Bank Balance 2016/17 |
|--------------------------------------|-------------------|-----------------------|---------------------------------|-------------------------------------|
| ARK ANGELS KANYUERI SECONDARY SCHOOL | Co-Operative Bank | 01139570004800 | 1,500,000.00 | - |
| KAVENGERO SECONDARY SCHOOL | Co-Operative Bank | 0113969475900 | 1,500,000.00 | - |
| SIKAGO DAY SECONDARY SCHOOL | Co-Operative Bank | 01139344430900 | 1,200,000.00 | - |
| SIKAGO GIRLS HIGH SCHOOL | Co-Operative Bank | 01139344348500 | 1,800,000.00 | - |
| GIKUYARI SECONDARY SCHOOL | Co-Operative Bank | 01139344108102 | 800,000.00 | - |
| ITIIRA SECONDARY SCHOOL | Co-Operative Bank | 01139051604602 | 1,250,000.00 | - |
| SIKAGO BOYS HIGH SCHOOL | Co-Operative Bank | 01139569021400 | 1,400,000.00 | - |
| KAMWAA PRIMARY SCHOOL | Co-Operative Bank | 01117051161400 | - | - |
| SIKAGO POLICE HEADQUARTERS | Co-Operative Bank | 01120570002900 | 4,400,000 | - |
| Total | | | 13,850,000 | |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MBEERE NORTH CONSTITUENT
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)**

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) |
|---|--|----------------------------|---|--|---|
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Non Compliance with the IPSAS (Cash Basis) Financial Presentation Format | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Accuracy of the Financial Statements | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Non Existent Projects | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Doubtful Sports Projects | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Irregularities in Secondary Schools Projects | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Unaccounted for Water Projects Fund | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Irregular Procurements of Motor Vehicle Repairs and Fuel | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Unaccounted for Bursary Funds | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE | Irregularities in | To ensure compliance | Fund Account | Not resolved | 30 th June 2019 |

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MBEERE NORTH CONSTITUENT
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

| 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) |
|--|--|----------------------|--|-----------------------------------|--|
| N/2016-2017/8 | Primary School Projects | | Manager | | |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Irregularities in Security Projects | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Irregularities in Management of Emergency Projects | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Human Resources | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |
| EH/AUD/NG-CDF/MBEERE N/2016-2017/8 | Unsupported Training Expenses | To ensure compliance | Fund Account Manager | Not resolved | 30 th June 2019 |

