


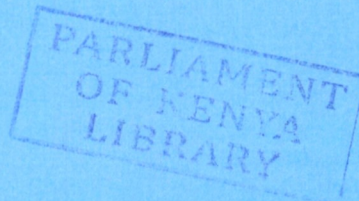
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 <b>REPORT</b>	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2019	DAY: Wednesday
TABLED BY: Hon. Aden Duale (LOM)	OF: (Handwritten initials)
BY: Halima Ahmed	



**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
TIGANIA EAST CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2018**





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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND TIGANIA EAST  
CONSTITUENCY**

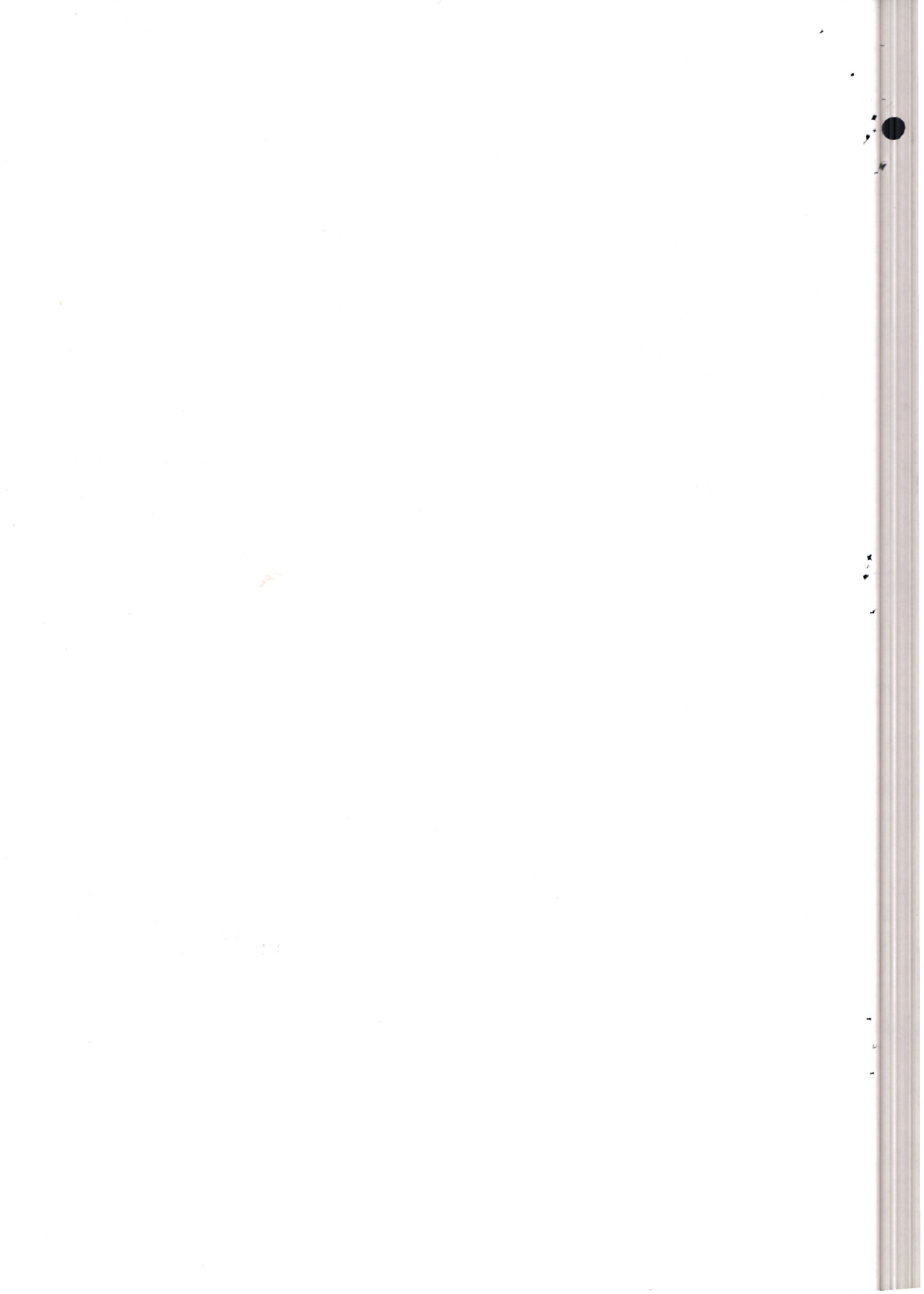
**REPORTS AND FINANCIAL STATEMENTS**

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

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





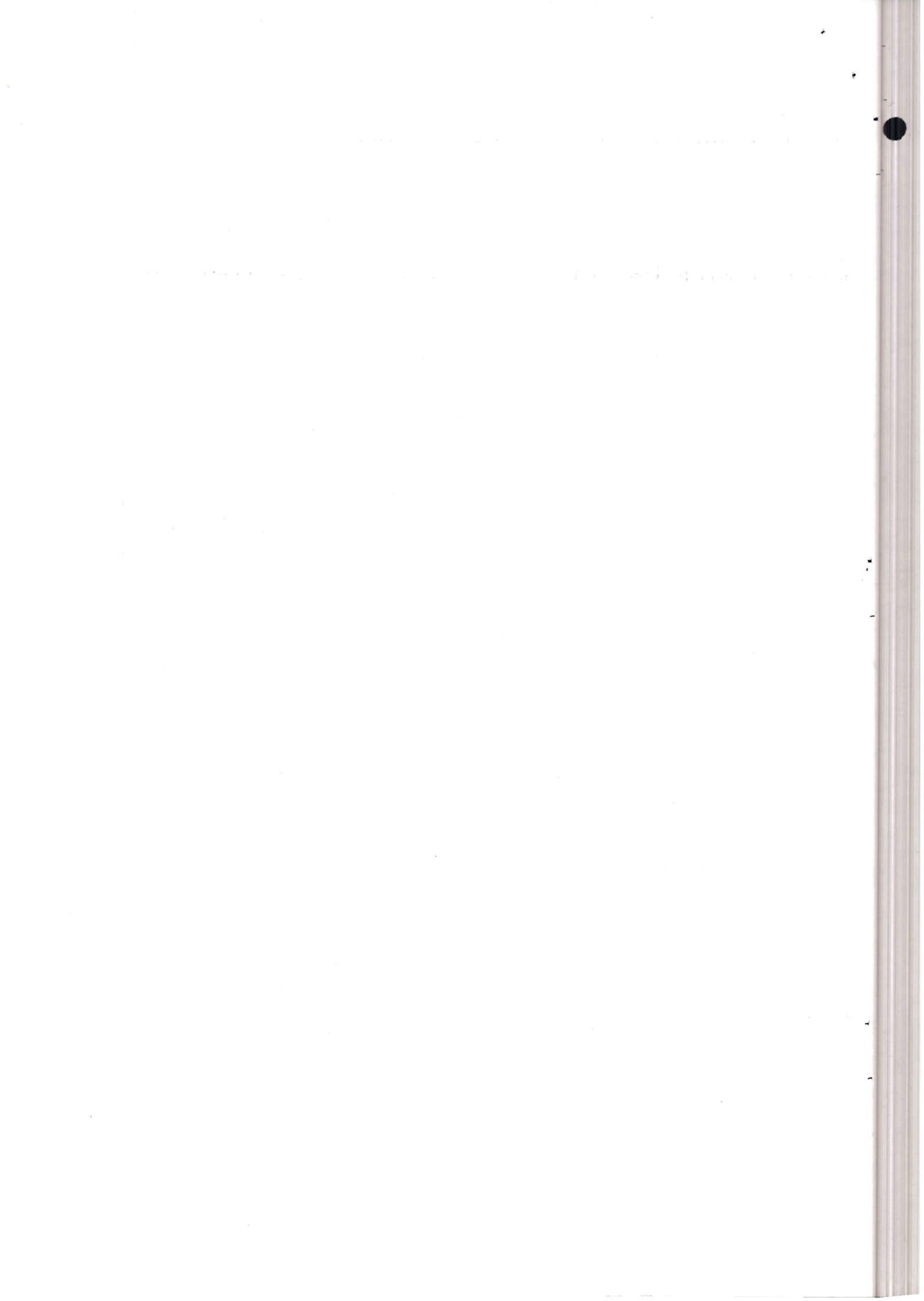
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**TIGANIA EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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:

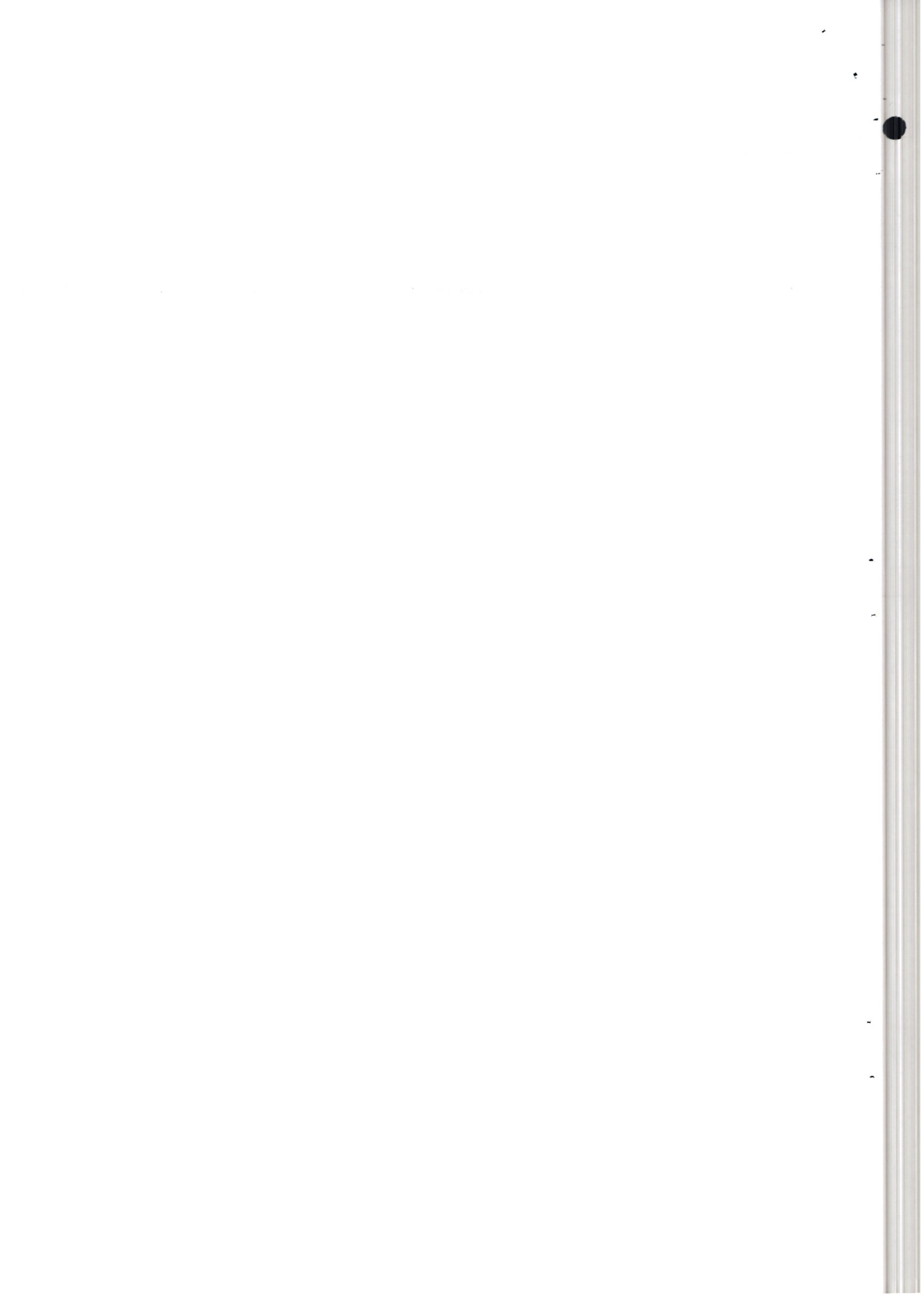
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide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

**TIGANIA EAST CONSTITUENCY**

**Reports and Financial Statements**

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

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**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 TIGANIA EAST Constituency 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 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

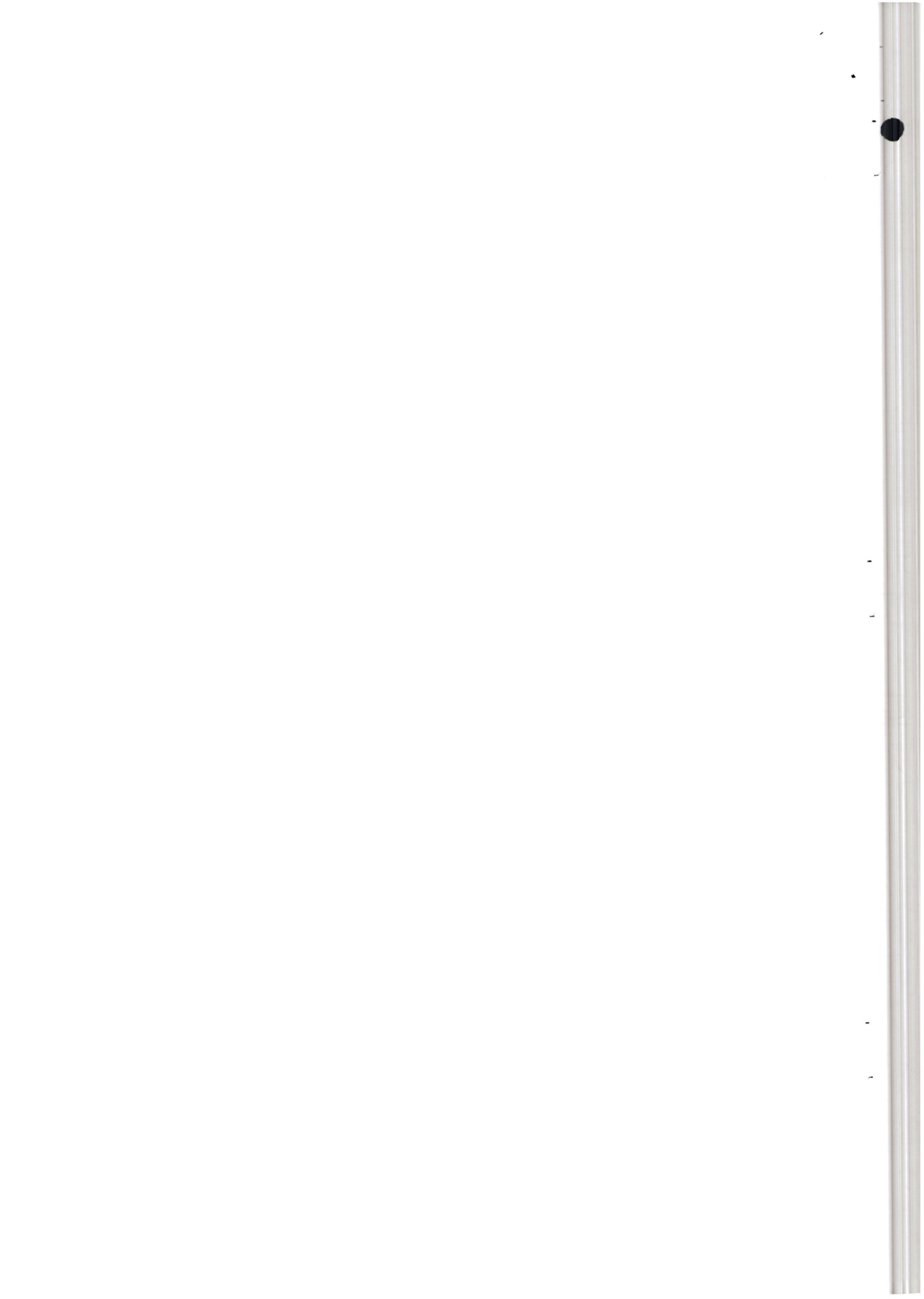
No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Lorna Muthoni
3.	Sub-County Accountant	Paul Oyoo
4.	Chairman NGCDFC	David Muriera
5.	Member NGCDFC	James Mwenda

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 17  
Muthara  
Meru Maua Road



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**TIGANIA EAST CONSTITUENCY**

**Reports and Financial Statements**

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

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**(f) NGCDF TIGANIA EAST Constituency Contacts**

Telephone: (254) 0718717754  
E-mail: [cdftiganiaeast@ngcdf.go.ke](mailto:cdftiganiaeast@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF TIGANIA EAST Constituency Bankers**

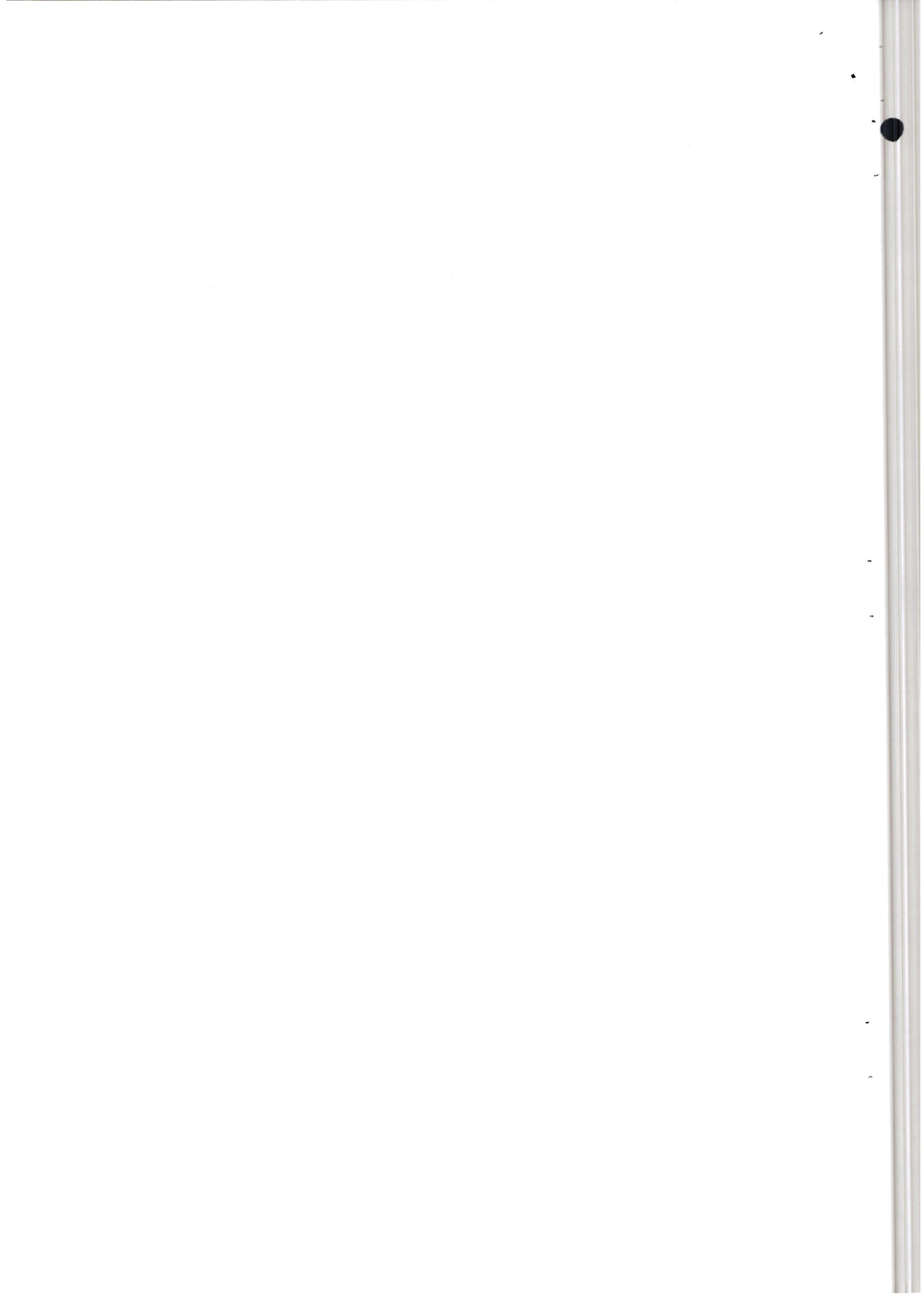
Co -Operative Bank  
Makutano Branch

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TIGANIA EAST CONSTITUENCY**

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

**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

<b>RECEIPTS</b>	
Transfers from CDF Board	102,442,149
<b>TOTAL RECEIPTS</b>	<b>102,442,149</b>
<b>PAYMENTS</b>	
Compensation of Employees	4,124,000
Use of goods and services	12,465,562
Transfers to Other Government Units	26,064,827
Other grants and transfers	51,610,733
Acquisition of Assets	3,500,000
Other Payments	4,677,027
<b>TOTAL</b>	<b>102,442,149</b>

*The Table above indicates the budget for financial year 2017/2018 where the original allocation was KSHS. 86,810,345, the opening balance of KSHS. 4,252,494, and a supplementary budget of KSHS. 11, 379,310. The table further indicates the various allocations of the budget for the year. The figure below depicts the above data graphically.*

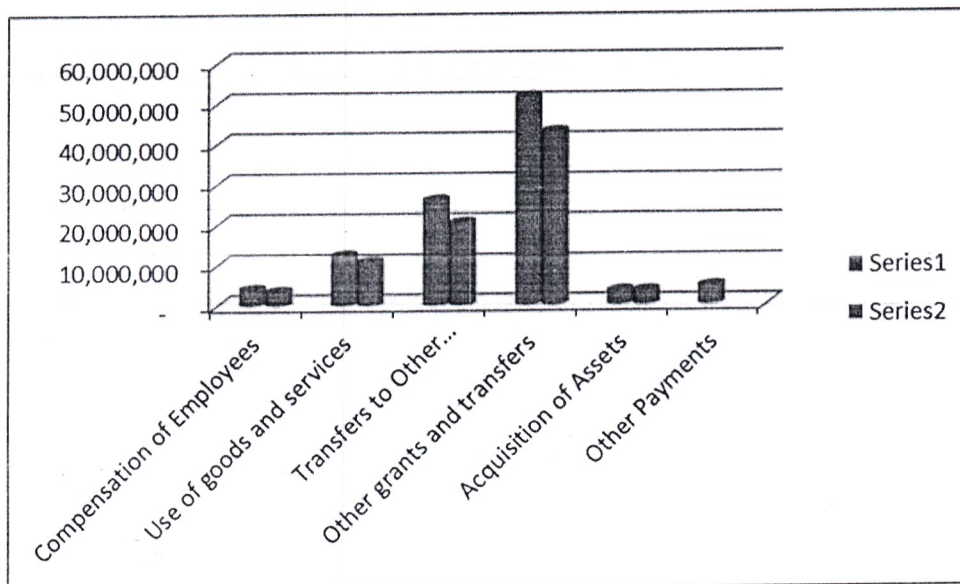


Fig 1: Graph indicating Final budget for the against actual expenditure during the year. Other grants had the highest budget as bursary took the bigger part of the funds plus the security projects, environment , sports and emergency projects which all add up to that figure.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TIGANIA EAST CONSTITUENCY**

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

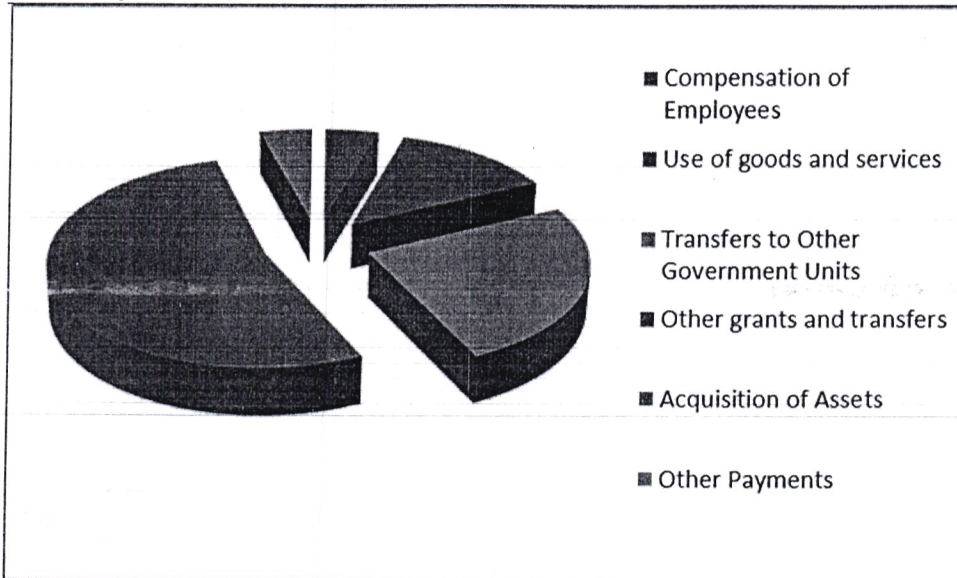


Fig 2: Graph indicating the actual expenditure in various categories during the year.

Other grants and transfers consumed most of the funds as they constitute of various projects; Bursary funds, Security projects, Sports and environment projects that were under taken during the year.

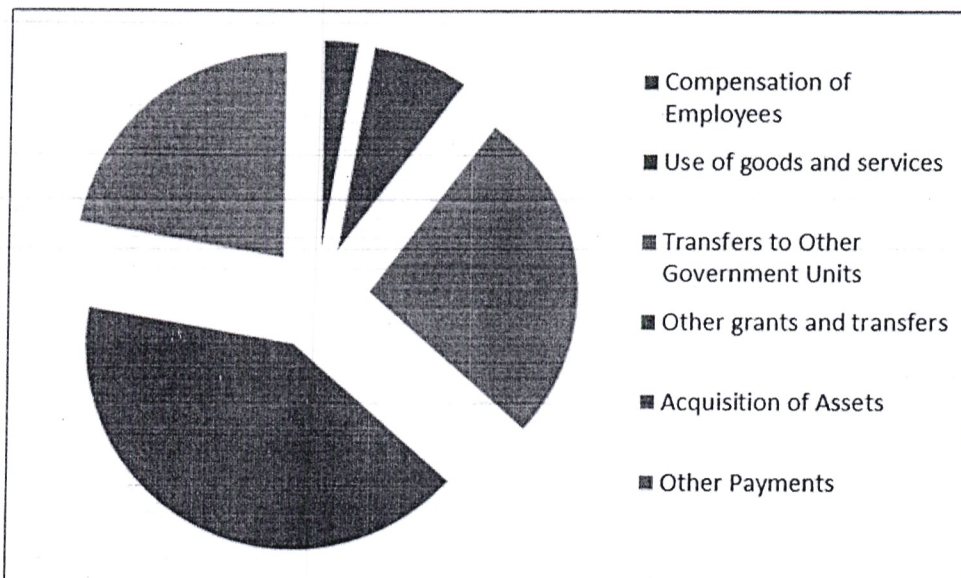
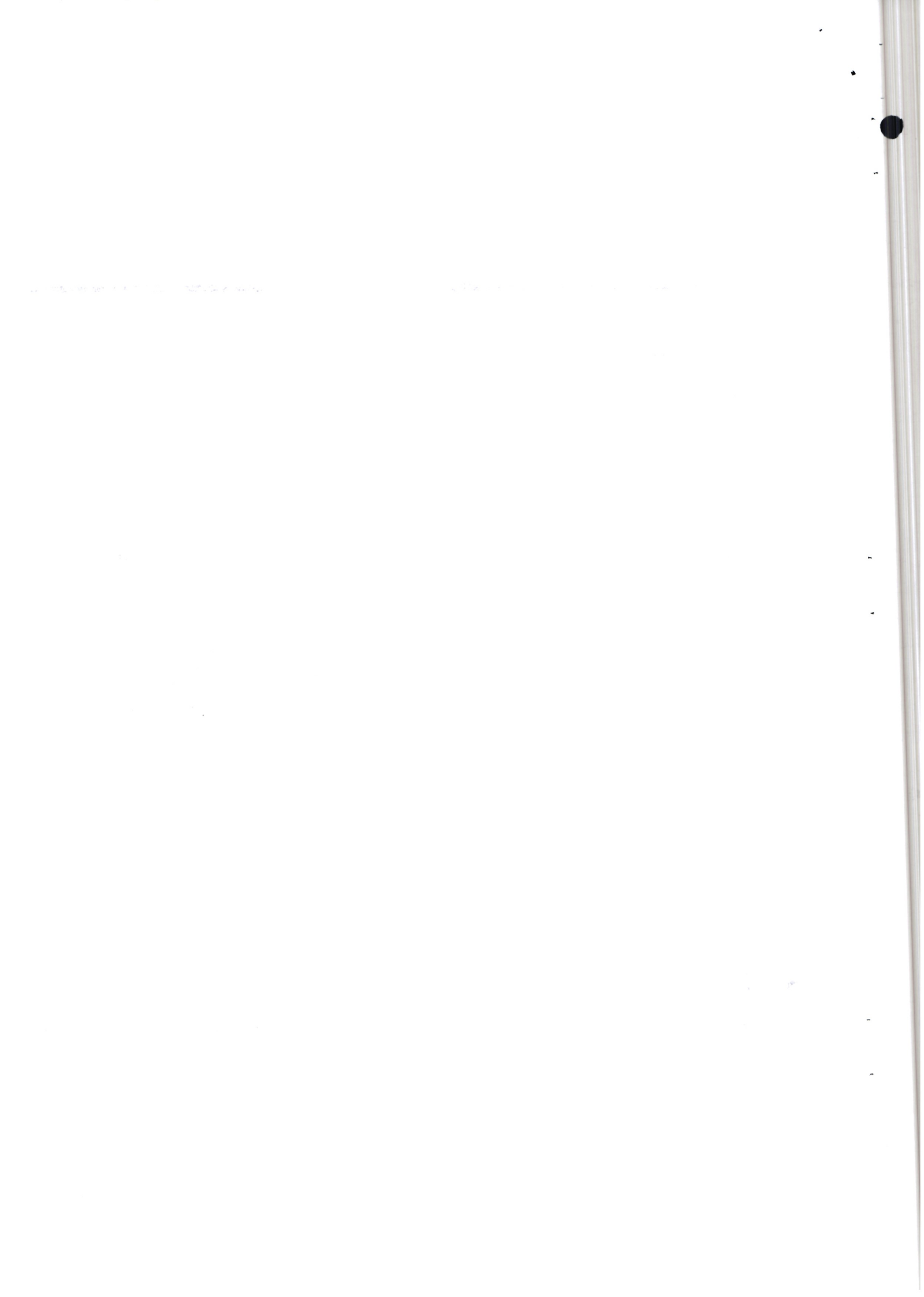


Fig 3: Graph indicating unutilized funds during the year.

The unutilized funds are due to the allocation of Kshs. 11,379,310 which was allocated to the constituency towards the end of the financial year. These led to the funds not being available to the constituency as the funds had to be approved and further disbursement of the funds. The process thus made it not that easy to access the funds as at the end of the year.

Unutilized funds also constitute of the closing funds as at 30<sup>th</sup> June, 2018 which are funds for Emergency and the ICT hubs which as at the end of the year had not been implemented due to lack of emergency issues and the challenges around the implementation of the ICT hubs across the constituencies as a whole.



*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TIGANIA EAST CONSTITUENCY*

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

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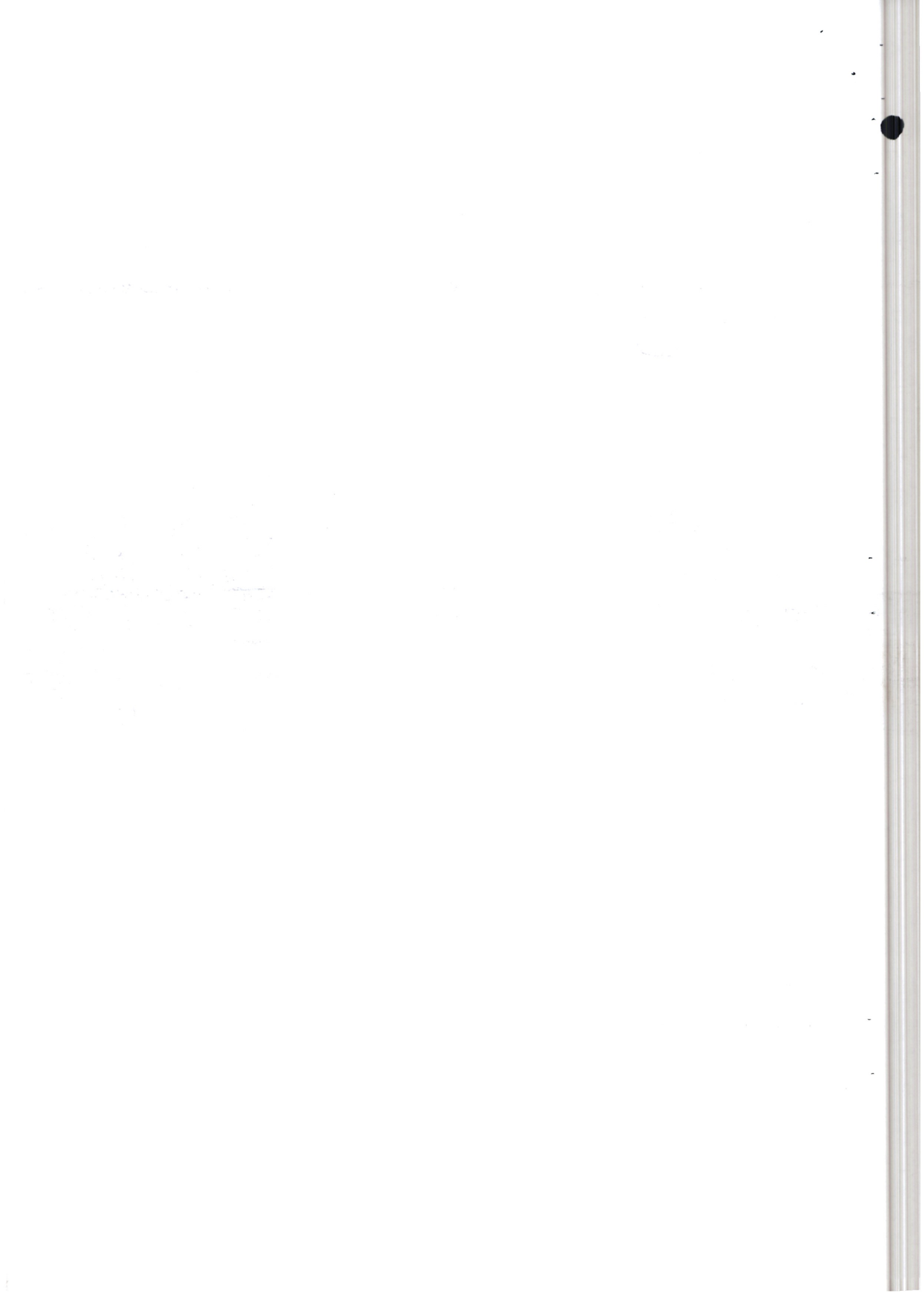
- Detail key achievements for the fund.



- Newly constructed tigania central ap line



A laboratory at Ametho day secondary school





*A dormitory at St. Mary's Mbaranga*

– IMPLEMENTATION CHALLENGES

Transfer of Fund Account Manager, new Member of Parliament and a new office all together resulted to sometime spent in adoptability which would otherwise be utilised in implementing projects. In spite of the challenge 90% of the projects had started by end of the financial year.

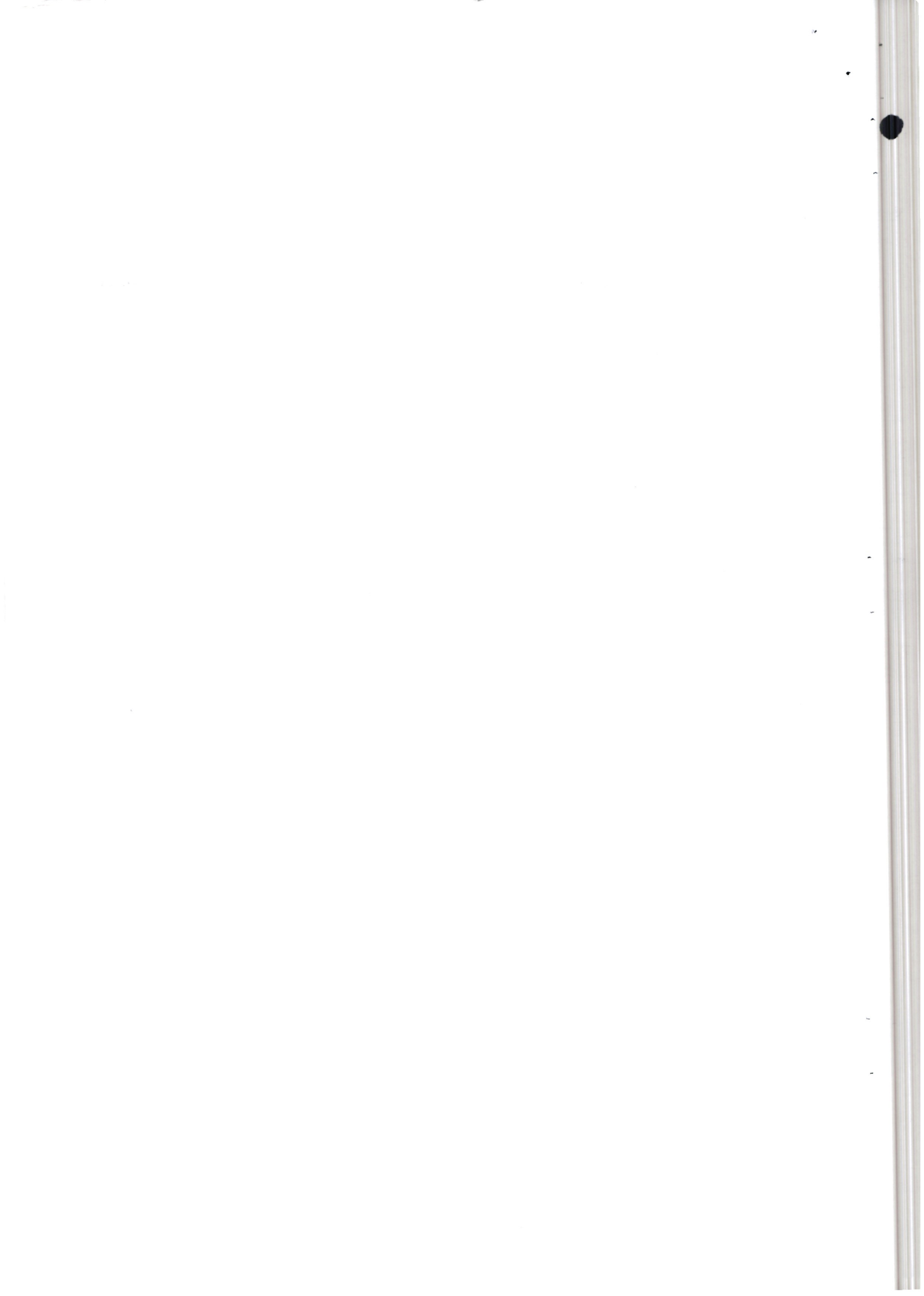
There was delay in disbursement of funds from the board resulting in delay in the starting of all projects and issue of bursaries. However, the committee worked tirelessly to ensure all bursaries were issued before close of financial year.

Sign 

CHAIRMAN NGCDF COMMITTEE

DAVID MURIERA

TIGANIA EAST  
NG - CDF  
P.O. Box 17 - 60305, Muthara  
Date.....Sign.....



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TIGANIA EAST 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, 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 by the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the NGCDF-TIGANIA EAST Constituency is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund 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 fund; (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 fund; (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-TIGANIA EAST Constituency accepts responsibility for the fund'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 *fund's* financial statements give a true and fair view of the state of fund's transactions during the financial year ended June 30, 2018, and of the fund's financial position as at that date. The Accounting Officer charge of the NGCDF-TIGANIA EAST Constituency further confirms the completeness of the accounting records maintained for the *fund*, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

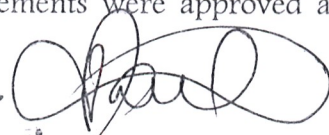
The Accounting Officer in charge of the NGCDF-TIGANIA EAST Constituency confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the fund'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-TIGANIA EAST Constituency financial statements were approved and signed by the Accounting Officer on 30.6. 2018.

  
Fund Account Manager  
Name: Habli Siba

**TIGANIA EAST**  
**NGCDF**  
P.O. Box 98 - 60602, Kianjai  
Date..... Sign.....

  
Sub-County Accountant  
Name: Paul O. Ojor  
ICPAK Member Number:  
6376

**NATIONAL SUB-COUNTY ACCOUNTANT**  
**TIGANIA EAST**  
**P. O. Box 98 - 60602, KIANJAI**



# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Tigania East Constituency set out on pages 9 to 32 which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combine 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 – Tigania East Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1.0 Cash and Cash Equivalents

Note 7A to the financial statements reflects Kshs.8,143,036 in respect to the Cash bank balance as at 30 June, 2018. However, the respective bank reconciliation statements reflect unpresented cheques totaling to Kshs.31,614,874 which further includes three hundred and six (306) stale cheques totaling to Kshs.3,507,741 which had not been replaced or reversed in the cash book as at 31 December, 2018 thereby understating the cash and cash equivalents balance by the same amount.

In view of above, the accuracy of cash and cash equivalents balance of Kshs.8,143,036 as at 30 June, 2018 could not be ascertained.

## **2.0 Bursary Funds**

Note 5 to the financial statements reflects Kshs.42,931,669 in respect to other grants and other payments which includes Kshs.10,090,000, Kshs.8,569,800 and Kshs.1,312,000 bursaries all totaling to Kshs.19,971,800 disbursed to secondary schools, tertiary schools and special schools respectively during the year ended 30 June, 2018. However, the expenditure of Kshs.19,971,800 is not supported or accounted for by underlying accounting records such as, bursary applications forms, lists of all applicants, successful applicants, criteria used when awarding the bursary and the vetting committees' minutes. It was therefore not possible to ascertain whether the Kshs.19,971,800 bursaries were awarded to the most deserving applicant and were utilized for the intended purpose.

Further, out of the Kshs.19,971,800 bursaries, only Kshs.3,577,000 (18%) were acknowledged leaving a balance of Kshs.16,394,800 (82%) unacknowledged by the beneficiary schools and institutions.

In the circumstances, it has not been possible to ascertain whether the bursaries amounting to Kshs.16,394,800 benefited the intended beneficiaries and whether it was expended as appropriated during the year ended 30 June, 2018.

## **3.0 Unaccounted Expenditure**

### **3.1 Training**

Note 3 to the financial statements reflects Kshs.10,887,808 in respect to use of goods and services for the year ended 30 June, 2018 which includes Kshs.1,613,200 for training expenses. However, included in the Kshs.1,613,200 was Kshs.394,000 which was not accounted for by underlying accounting records such as signed attendance registers, payment vouchers, approved rates of payments, invitation letters to meetings, back to office reports, training programmes and evidence of transport to and from the said venues.

In the circumstances, the propriety of the Kshs.394,000 training expenditure during the year ended 30 June, 2018 could not be confirmed.

### **3.2 Mocks and Continuous Assessment Tests (CATs)**

Note 5 to the Financial statements reflects Kshs.42,931,669 in respect to other grants and other payments during the year ended 30 June, 2018 which includes Kshs.4,000,000 in respect to mocks and CATs. However, the Kshs.4,000,000 has not been accounted for by underlying accounting records such as local purchase orders (LPOs), invoice(s), distribution lists and acknowledgement of receipt from the beneficiary schools.

In the circumstances, the validity and propriety of the Kshs.4,000,000 expenditure for the year ended 30 June, 2018 could not be ascertained.

### **3.3 Printing Advertising & Information Supplies and Fuel, Oil & Lubricants**

Note 3 to the financial statements reflects Kshs.10,887,808 in respect to use of goods and services during the year ended 30 June, 2018 which includes Kshs.3,564,998 for other operating expenses, Kshs.200,000 for printing advertising & information supplies and Kshs.1,850,000 for fuel, oil & lubricants all totaling to Kshs.5,614,998. However, the expenditure could not be confirmed due to non-availability of supporting documentation such as schedules, LPOs, delivery notes, requisition notes, stores records, fuel register, detail order and procurement documents.

As a result, the propriety and validity of the expenditure of Kshs.5,614,998 for the year ended 30 June, 2018 could not be confirmed.

### **4.0 Project Management Committees (PMCs) Bank Account Balances**

Note 4 and 5 to the financial statements reflects Kshs.20,488,966 and Kshs.42,931,669 in respect of transfers to other government entities and other grants & other payments respectively all totaling Kshs.63,420,635 for the year ended 30 June 2018 which was disbursed to PMCs bank accounts during the year under review for implementation of various projects. However, included in this amount is Kshs.8,744,295 reflected in note 10.2 to the financial statements as PMCs bank account balances as at 30 June, 2018 but the respective bank balance confirmation certificates were not availed for audit review.

In the circumstances, the validity and accountability of Kshs.8,744,295 PMCs bank accounts balances for 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 - Tigania East 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**

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

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

The Fund's summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2018 reflects an approved receipt budget of

Kshs.102,442,149 and actual receipts of Kshs.87,562,838 resulting to budget shortfall of Kshs.14,879,311.

Overall, the fund failed to actualize its budget by Kshs.14,879,311 or 14.5%, an indication that some of the programmes and activities that had been planned were not implemented. There is need therefore for the 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 Tigania East Constituency

## 1.2 Expenditure Analysis

The Fund's statement of appropriation: recurrent and development combined reflects budgeted payments for the year ended 30 June, 2018 of Kshs.102,442,149 and actual payments of Kshs.81,381,495 resulting to an under expenditure of Kshs.21,060,654 as follows;

<b>Expenditure Analysis Recurrent</b>	<b>Budget (Kshs.)</b>	<b>Actual (Kshs.)</b>	<b>Under (Kshs.)</b>	<b>Absorption (%)</b>
Compensation of Employees	4,124,000	3,573,052	550,948	13%
Use of Goods and services	12,465,562	10,887,808	1,577,754	13%
<b>Total</b>	<b>16,589,562</b>	<b>14,460,860</b>	<b>2,128,702</b>	<b>13%</b>
<b>Development</b>				
Transfer to Other Government Unit	26,064,827	20,488,966	5,575,861	21%
Other Grants and Transfers	51,610,733	42,931,669	8,679,064	17%
Acquisition of Assets	3,500,000	3,500,000	-	0%
Other Payments	4,677,027	-	4,677,027	100%
<b>Total</b>	<b>85,852,587</b>	<b>66,920,635</b>	<b>18,931,952</b>	<b>22%</b>
<b>Grand Total</b>	<b>102,442,149</b>	<b>81,381,495</b>	<b>21,060,654</b>	<b>21%</b>

In overall, the National Government Constituencies Development Fund - Tigania East Constituency under spent its budget by Kshs.21,060,654 or 21% of the total budget allocation. The funds could have been allocated to other deserving areas that would have improved delivery of goods and services to the residents of Tigania East Constituency. There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the citizens of Tigania East Constituency.

## 1.3 Project Implementation Status

Review of the project implementation status report as at 30 June, 2018 revealed that out of the Kshs.85,852,587 allocated to development projects during the year, only Forty-nine (49) projects worth Kshs.48,229,733 were completed, twenty-two (22) projects worth Kshs.23,259,868 were on going while fifteen (15) projects worth Kshs.14,362,986 had not been started as shown below;

<b>Projects</b>	<b>Amount Allocated (Kshs)</b>	<b>Amount Disbursed (Kshs)</b>	<b>No. of projects</b>
<b>Completed</b>			
Education – Primary Schools	7,752,759	7,752,759	17
Education – Secondary Schools	5,400,000	5,400,000	10
Bursary- Secondary Schools	6,702,586	6,702,586	1
Bursary – Tertiary Institutions	7,600,000	7,600,000	1
Bursary – Special Schools	1,312,000	1,312,000	1
Mocks & CATs	4,000,000	4,000,000	1
Sports	1,736,207	1,736,207	1
Security	1,300,000	1,300,000	4
National Government Constituencies Development Fund Office	3,500,000	3,500,000	1
Strategic Plan	3,500,000	3,500,000	1
Environmental Activities	857,215	857,215	10
Emergency	4,568,966	-	1
<b>Sub Total</b>	<b>48,229,733</b>	<b>43,660,767</b>	<b>49</b>
<b>Ongoing</b>			
Education – Primary Schools	2,636,207	2,636,207	4
Education – Secondary Schools	4,700,000	4,700,000	6
Security	15,923,661	15,923,661	12
<b>Sub Total</b>	<b>23,259,868</b>	<b>23,259,868</b>	<b>22</b>
<b>Not Started</b>			
Education – Primary Schools	3,475,860	-	5
Education – Secondary Schools	2,100,000	-	3
Bursary – Tertiary Institutions	3,090,762	-	1
National Government Constituencies Development Fund Office	80,000	-	1
ICT Hubs	4,677,027	-	1
Environmental Activities	370,371	-	3
Emergency	568,966	-	1
<b>Sub Total</b>	<b>14,362,986</b>	<b>-</b>	<b>15</b>
<b>Grand Total</b>	<b>85,852,587</b>	<b>66,920,635</b>	<b>86</b>

In view of the foregoing, the constituents did not get the expected services equivalent to the Kshs.23,259,868 of ongoing projects and Kshs.14,362,986 of projects not started all

totalling to Kshs.37,622,854 for the year ended 30 June, 2018. This is an indication of inappropriate project implementation mechanism.

There is need therefore for the Constituency Development Fund Committee (CDFC) 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 Tigania East Constituency.

## 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 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 Construction of Dining Hall Foundation at Kaliene Secondary School

Note 4 to the financial statements reflects Kshs.20,485,966 in respect to Transfer to other government entities which includes Kshs.10,090,000 in respect to transfers to secondary schools during the year ended 30 June, 2018 which further includes Kshs.800,000 in respect to construction of a dining hall foundation at Kaliene Secondary school. A physical verification of the project done in February 2019 revealed that the foundation trenches were dug, foundation walling erected and hardcore filled. However, an audit review of engineer's estimates/bills of quantities revealed that the foundation slab was not done due to underfunding of the project, contrary to Section 25 of the National government constituency development fund which requires a funded phase to be a complete one.

In the circumstances, the Fund was in breach of the law and value for money may not have been realized in the utilized funds.

#### 2.0 Irregular Procurement

##### 2.1 Constituency Development Fund (CDF) Office Renovation

Note 6 to the financial statements reflects Kshs.3,500,000 in respect to acquisition of assets which includes Kshs.2,000,000 in respect to refurbishment of buildings for the year ended 30 June, 2018. Records availed revealed that office refurbishment contract was awarded to a contractor through notification letter ref: TGENGCDF/CDFO/VOL.1/001 at a cost of Kshs.1,800,000. However, payments worth Kshs.1,481,550 were made in cash contrary to the maximum threshold limit of Kshs.30,000 set in the threshold matrix of the Public Procurement and Disposal (Amendment) Regulations, 2013.

Further, the payments were not supported by acknowledgement receipts for the money withdrawn for the project amounting to Kshs.1,481,550 and Electronic Tax Register (ETR) receipts.

In the circumstances, the Fund was in breach of the law.

## **2.2 Construction of Administration Police (AP) Posts**

Note 5 to the financial statements reflects Kshs.42,931,669 in respect of other grants and other payments which includes Kshs.17,223,663 in respect to security projects for the year ended 30 June, 2018 which further includes Kshs.4,500,000 and Kshs.1,500,000 both totaling Kshs.6,000,000 transferred to Ntangaria and Tigania Central Administration Police (AP) Post accounts respectively for construction of new AP Posts. A physical verification done in February 2019 established that the two AP Posts had been constructed and were in use.

However, the respective tender documents such as tender bids, opening & evaluation minutes, tender award record were not availed for audit verification contrary to Article 227(1) of the Constitution of Kenya which states that when a state organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective. It has not been possible to confirm how the contractors for the works were identified and awarded the contracts.

In the circumstances, the Fund was 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 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.

### **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 so as 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 Fund'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 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 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 Fund'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 about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 Fund's policies and procedures may deteriorate.

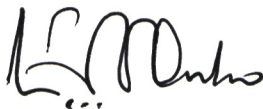
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue 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 Fund to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 April 2019**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TIGANIA EAST CONSTITUENCY**

**Reports and Financial Statements**

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

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	83,310,345	140,865,928
<b>TOTAL RECEIPTS</b>		<b>83,310,345</b>	<b>140,865,928</b>
<b>PAYMENTS</b>			
Compensation of employees	2	3,573,052	1,977,952
Use of goods and services	3	10,887,808	8,140,160
Transfers to Other Government Units	4	20,488,966	62,955,173
Other grants and transfers	5	42,931,669	69,587,377
Acquisition of Assets	6	3,500,000	-
<b>TOTAL PAYMENTS</b>		<b>81,381,495</b>	<b>142,660,662</b>
<b>SURPLUS/DEFICIT</b>		<b>1,928,850</b>	<b>(1,794,734)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TIGANIA EAST Constituency financial statements were approved on 30.6.2018 and signed by:

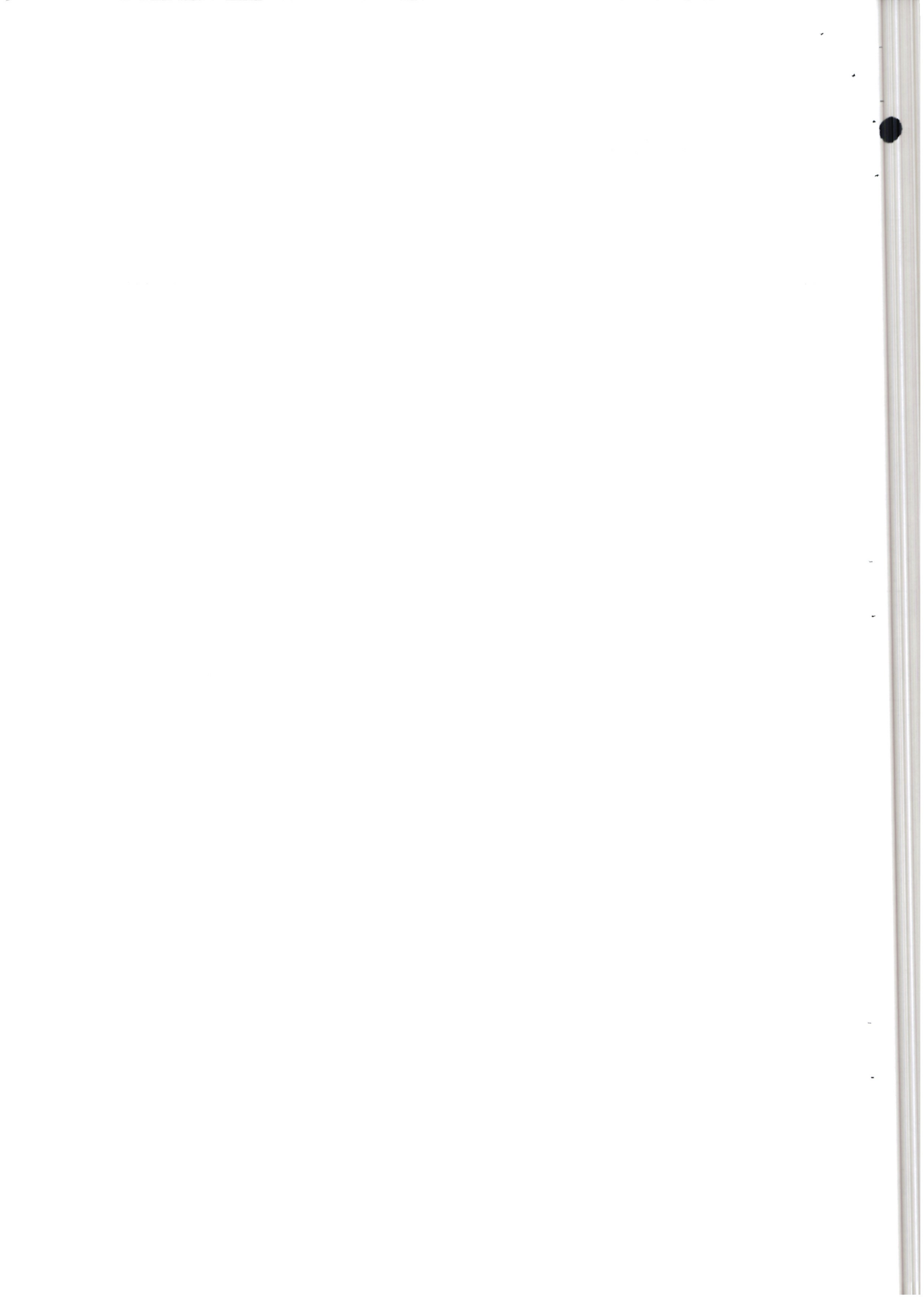
Fund Account Manager  
Name: *Mahesh Suler*

**TIGANIA EAST**  
**NG-CDF**  
Date: .....

*[Signature]*  
Sub-County Accountant  
Name: *Kaul o. oyo*  
ICPAK Member Number:

*6376*

**NATIONAL SUB-COUNTY ACCOUNTANT  
TIGANIA EAST  
P. O. Box 98 - 60602, KIANJAI**



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

TIGANIA EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

V. STATEMENT OF ASSETS AND LIABILITIES

Cash and Cash Equivalents

Bank Balances ( as per the cash book)	7A	8,143,036	4,252,494
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<b>Total Cash and Cash Equivalents</b>		<b>8,143,036</b>	<b>4,252,494</b>
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<b>TOTAL FINANCIAL ASSETS</b>		<b>8,143,036</b>	<b>4,252,494</b>
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FINANCIAL LIABILITIES

Accounts payable - Retention		-	-
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<b>NET FINANCIAL ASSETS</b>		<b>8,143,036</b>	<b>4,252,494</b>
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REPRESENTED BY

Fund balance b/fwd 1st July...	8	4,252,494	4,411,587
Surplus/Deficit for the year		1,928,850	(1,794,734)

Prior year adjustments	9	1,961,692	1,635,641
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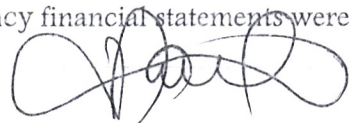
<b>NET FINANCIAL POSITION</b>		<b>8,143,036</b>	<b>4,252,494</b>
-------------------------------	--	------------------	------------------

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TIGANIA EAST Constituency financial statements were approved on 30/6/2018 and signed by:

Fund Account Manager  
Name: Moffli Sibon

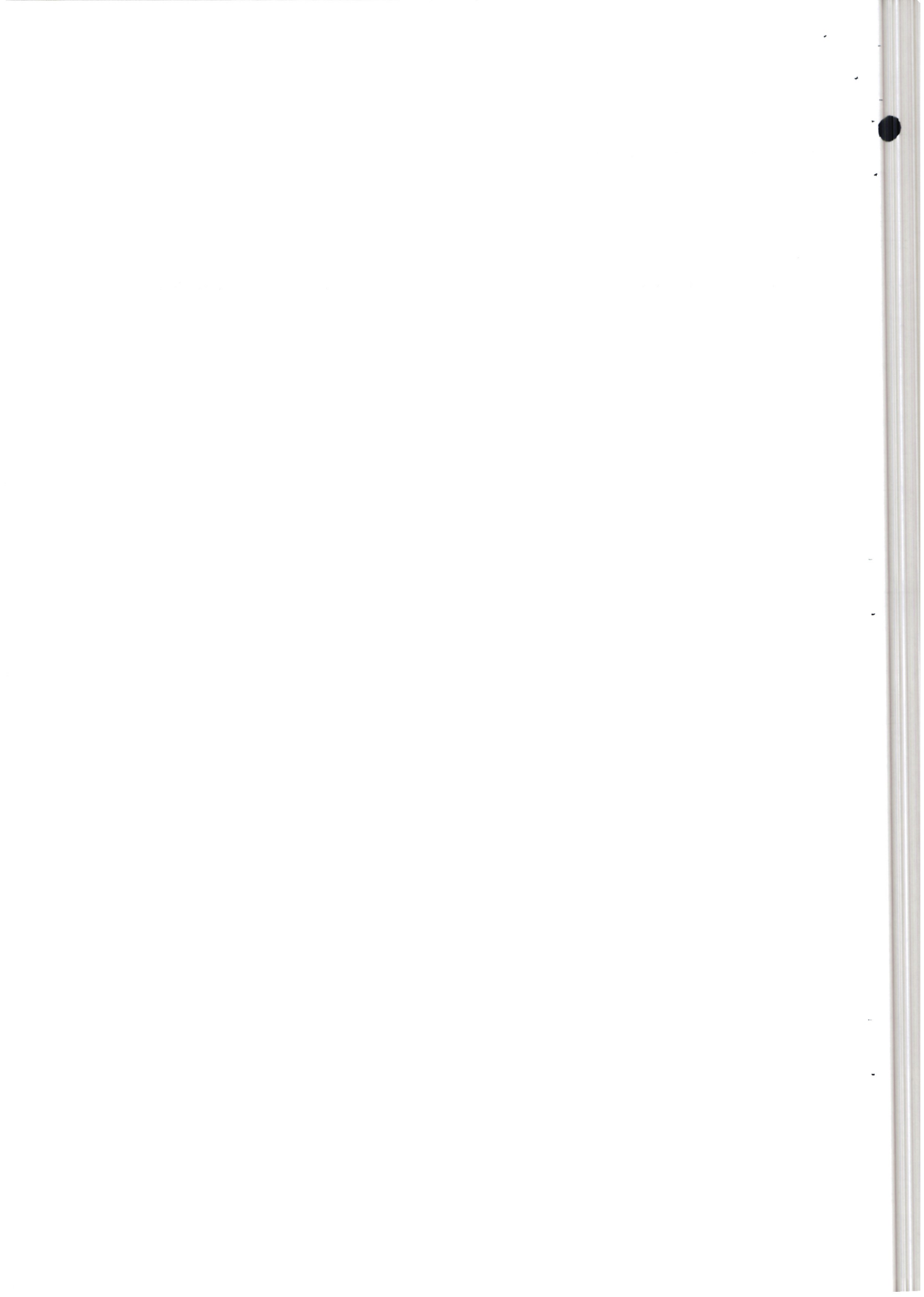
TIGANIA EAST  
 NG-CDF  
 P.O. BOX 98 - 60602, KIANJAI  
 Date: .....

Sub-County Accountant  
Name: Paul O Oyor  
ICPAK Member Number:



6376

NATIONAL SUB-COUNTY ACCOUNTANT  
**TIGANIA EAST**  
 P. O. Box 98 - 60602, KIANJAI



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TIGANIA EAST CONSTITUENCY**

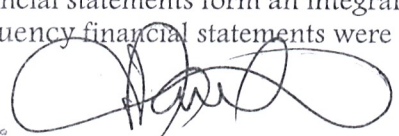
**Reports and Financial Statements  
For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

		<b>2017-2018</b>	<b>2016-2017</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	83,310,345	140,865,928
Other Receipts		-	-
		<b>83,310,345</b>	<b>140,865,928</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	3,573,052	1,977,952
Use of goods and services	3	10,887,808	8,140,160
Transfers to Other Government Units	4	20,488,966	62,955,173
Other grants and transfers	5	42,931,669	69,587,377
		<b>77,881,495</b>	<b>142,660,662</b>
<b>Adjusted for:</b>			
Adjustments during the year	9	1,961,692	1,635,641
<b>Net cash flow from operating activities</b>		<b>7,390,542</b>	<b>(159,093)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(3,500,000)	-
<b>Net cash flows from Investing Activities</b>		<b>(3,500,000)</b>	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>3,890,542</b>	<b>(159,093)</b>
Cash and cash equivalent at BEGINNING of the year	8	4,252,494	4,411,587
<b>Cash and cash equivalent at END of the year</b>		<b>8,143,036</b>	<b>4,252,494</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TIGANIA EAST Constituency financial statements were approved on 30.6 2018 and signed by:

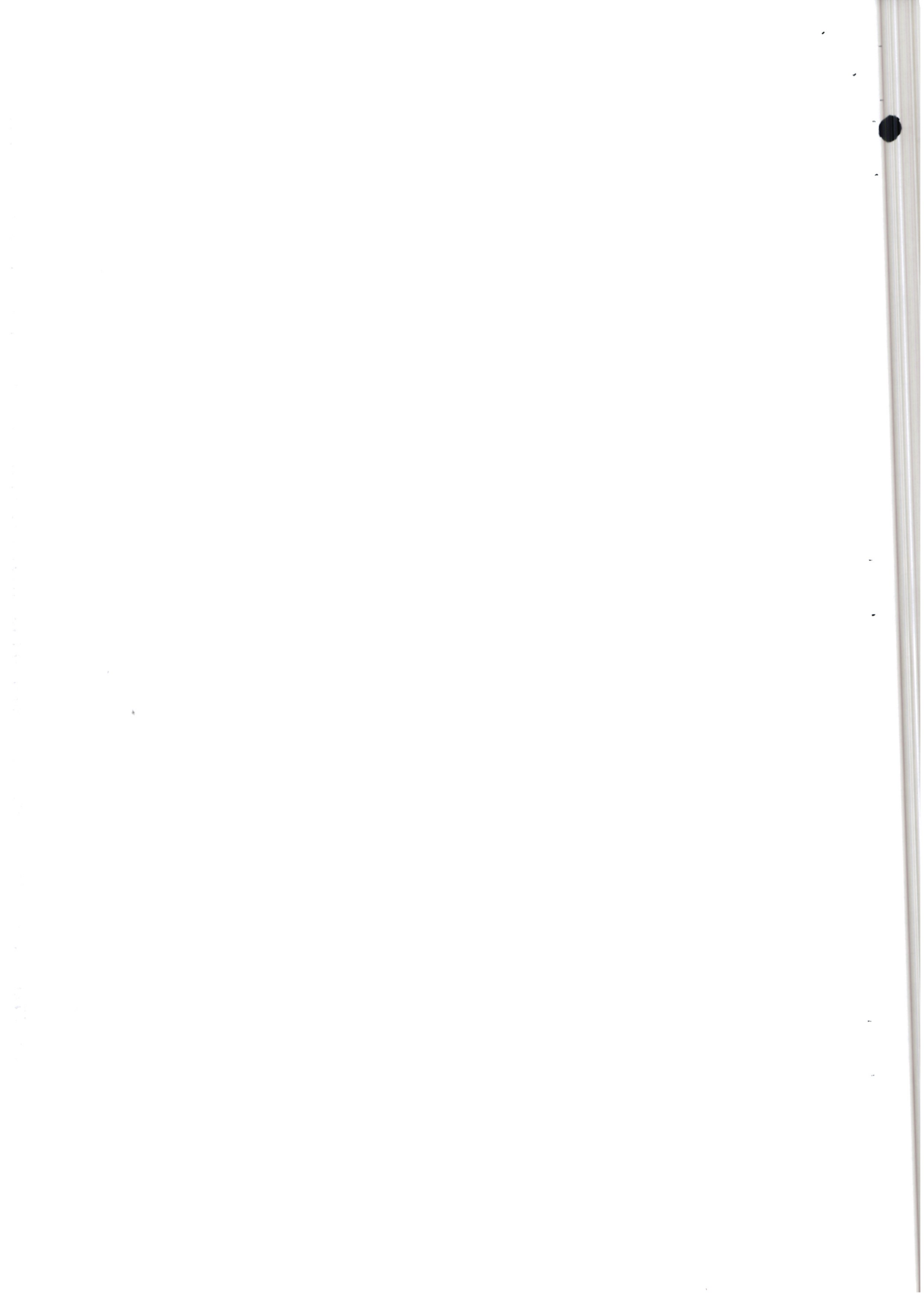
Fund Account Manager  
Name: Mphahwa Sitor

  
Sub-County Accountant  
Name: Paul O Oyoo  
ICPAK Member Number:

TIGANIA EAST  
NGCDF  
Date: .....

6376

**NATIONAL SUB-COUNTY ACCOUNTANT  
TIGANIA EAST  
P. O. Box 98 - 60602, KIANJAI**

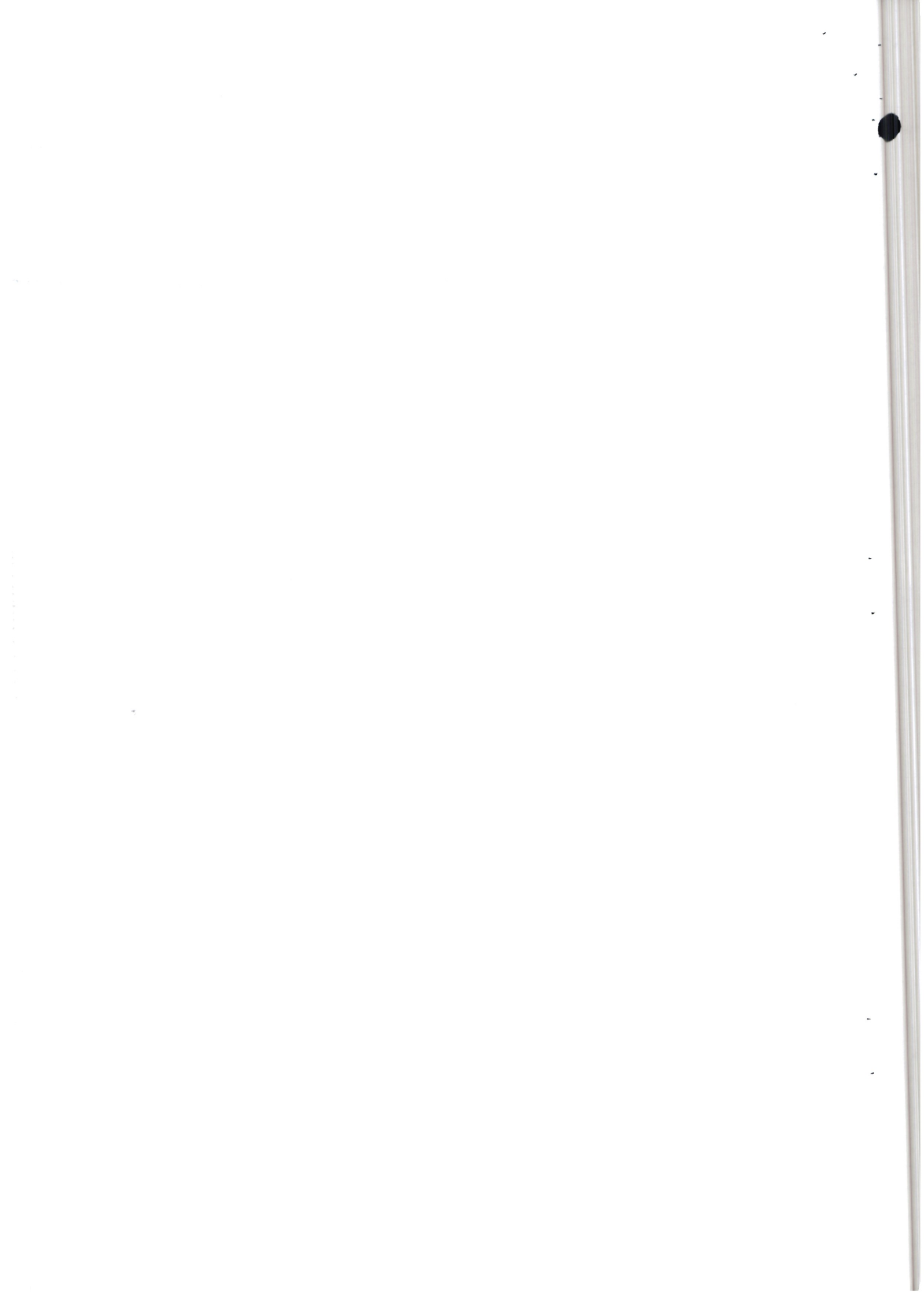


**NATIONAL GOVERNMENT CONSULTANCIES DEVELOPMENT FUND (NGCDF) – HIGANIA EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	15,631,804	102,442,149	87,562,838	14,879,311	85.48%
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
<b>TOTAL RECEIPTS</b>	<b>86,810,345</b>	<b>15,631,804</b>	<b>102,442,149</b>	<b>87,562,838</b>	<b>14,879,311</b>	<b>85.48%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,624,000	2,500,000	4,124,000	3,573,052	550,948	87%
Use of goods and services	9,688,930	2,776,632	12,465,562	10,887,808	1,577,754	87%
Transfers to Other Government Units	20,488,965	5,575,862	26,064,827	20,488,966	5,575,861	79%
Other grants and transfers	46,831,423	4,779,310	51,610,733	42,931,669	8,679,064	83%
Acquisition of Assets	3,500,000		3,500,000	3,500,000	-	100%
Other Payments	4,677,027		4,677,027		4,677,027	0.00%
<b>TOTAL</b>	<b>86,810,345</b>	<b>15,631,804</b>	<b>102,442,149</b>	<b>81,381,495</b>	<b>21,060,654</b>	<b>79.44%</b>

N/B: The final Budget its different form the original budget due to the adjustments of Ksh 11,379,310.34 which was a supplementary budget and Ksh. 4,252,494 which is the opening balance for the financial year 2017/2018.



- (a) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]
- i. Transfers from the Board had a utilisation of 85.48% hence leading to underutilization of 14.52% which is due to funds that have not yet been disbursed from the Board.
  - ii. Compensation of Employees was underutilized since staffs in the constituency were recruited in the months of September and October thus no salaries were paid for the months of July and August.
  - iii. Use of Goods and Services was underutilized due to delayed disbursement of funds from NG CDF Board and some funds that were allocated to the constituency towards the closure of the year and have since not been disbursed to the constituency.
  - iv. Transfers to Other Government Entities was underutilized due to delayed disbursement of funds from NG CDF Board and some funds that were allocated to the constituency towards the closure of the year and have since not been disbursed to the constituency.
  - v. Other grants and transfers was underutilized due to delayed disbursement of funds from NG CDF Board and some funds that were allocated to the constituency towards the closure of the year and have since not been disbursed to the constituency.

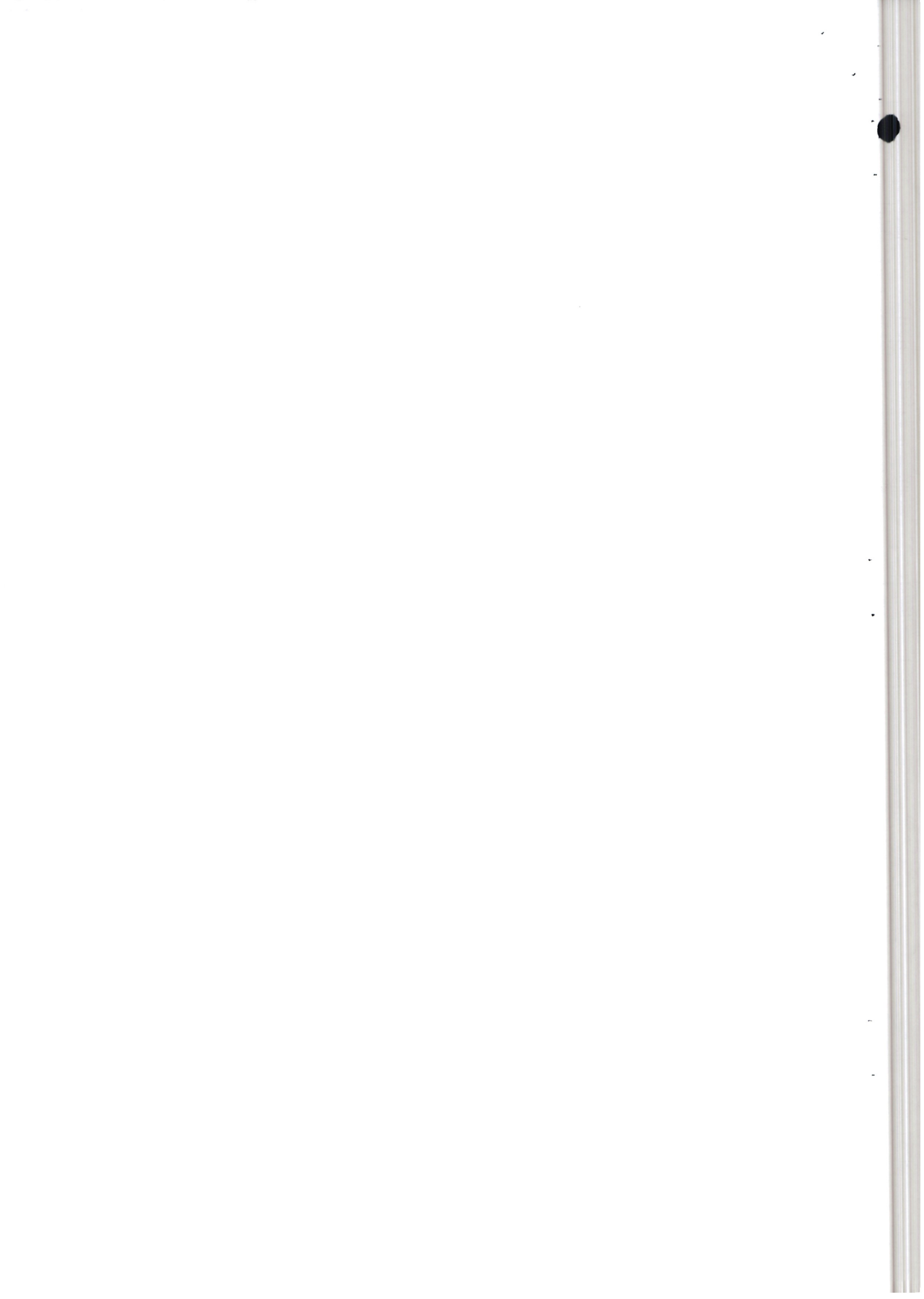
The NGCDF-TIGANIA EAST Constituency financial statements were approved on 30.6, 2018 and signed by:

Fund Account Manager  
Name: Hafizi Sika

**TIGANIA EAST**  
NG-CDF  
P.O. Box 98 - 60602, KIANJAI

Sub-County Accountant  
Name: Paul Sikiri  
ICPAK Member Number: 6376

**NATIONAL SUB-COUNTY ACCOUNTANT**  
**TIGANIA EAST**  
P. O. Box 98 - 60602, KIANJAI



## **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-TIGANIA EAST 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 Fund for all the years presented.

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

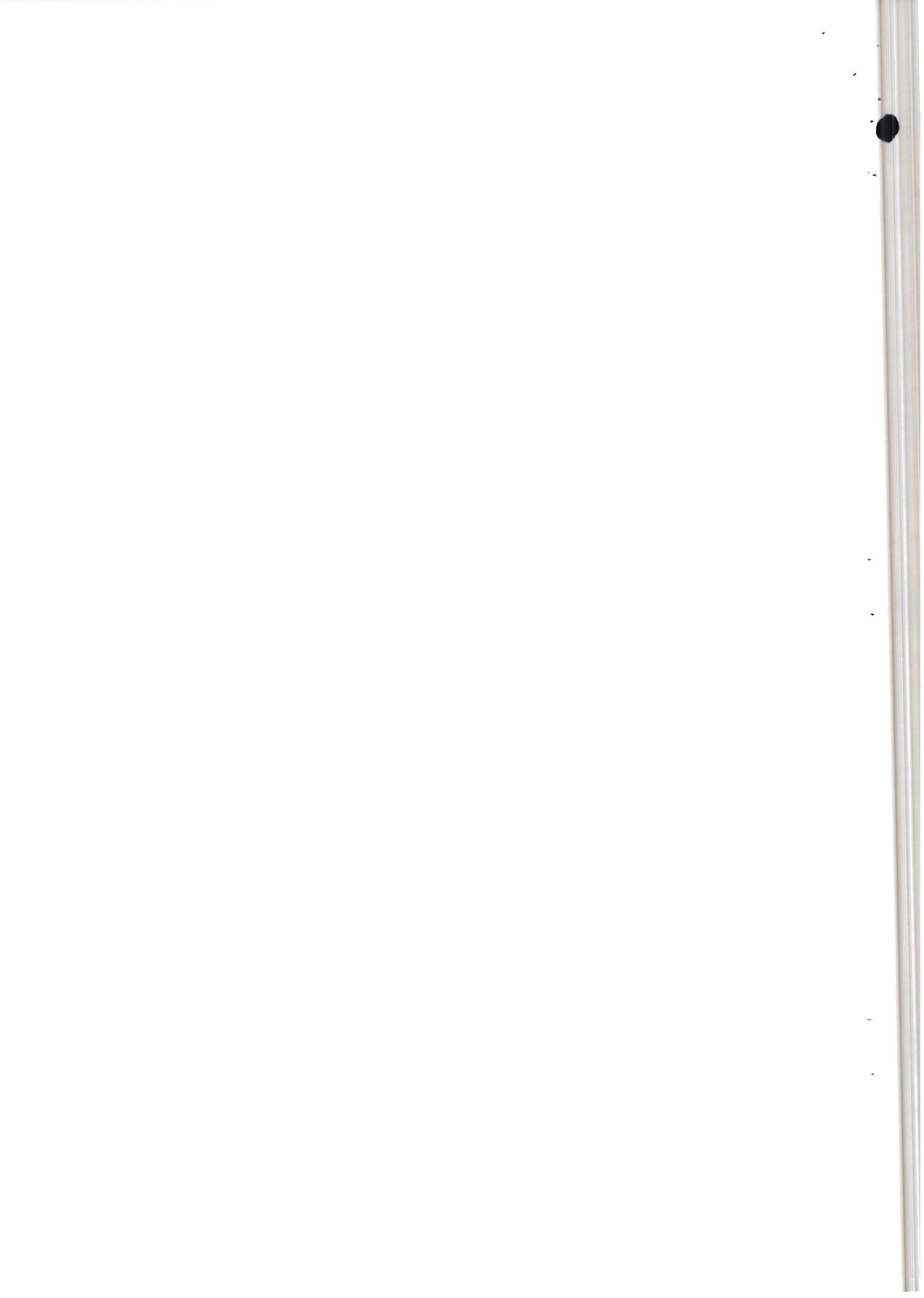
The Fund recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Fund.

##### **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.

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

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



**SIGNIFICANT ACCOUNTING POLICIES**

**External Assistance**

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

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

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

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

**Other receipts**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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



**SIGNIFICANT ACCOUNTING POLICIES**

**5. In-kind contributions**

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Fund 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 Fund 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 balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.



## **SIGNIFICANT ACCOUNTING POLICIES**

### **11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

### **12. Comparative Figures**

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

### **13. Subsequent Events**

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

### **14. Errors**

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

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

### **15. Related Party Transactions**

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

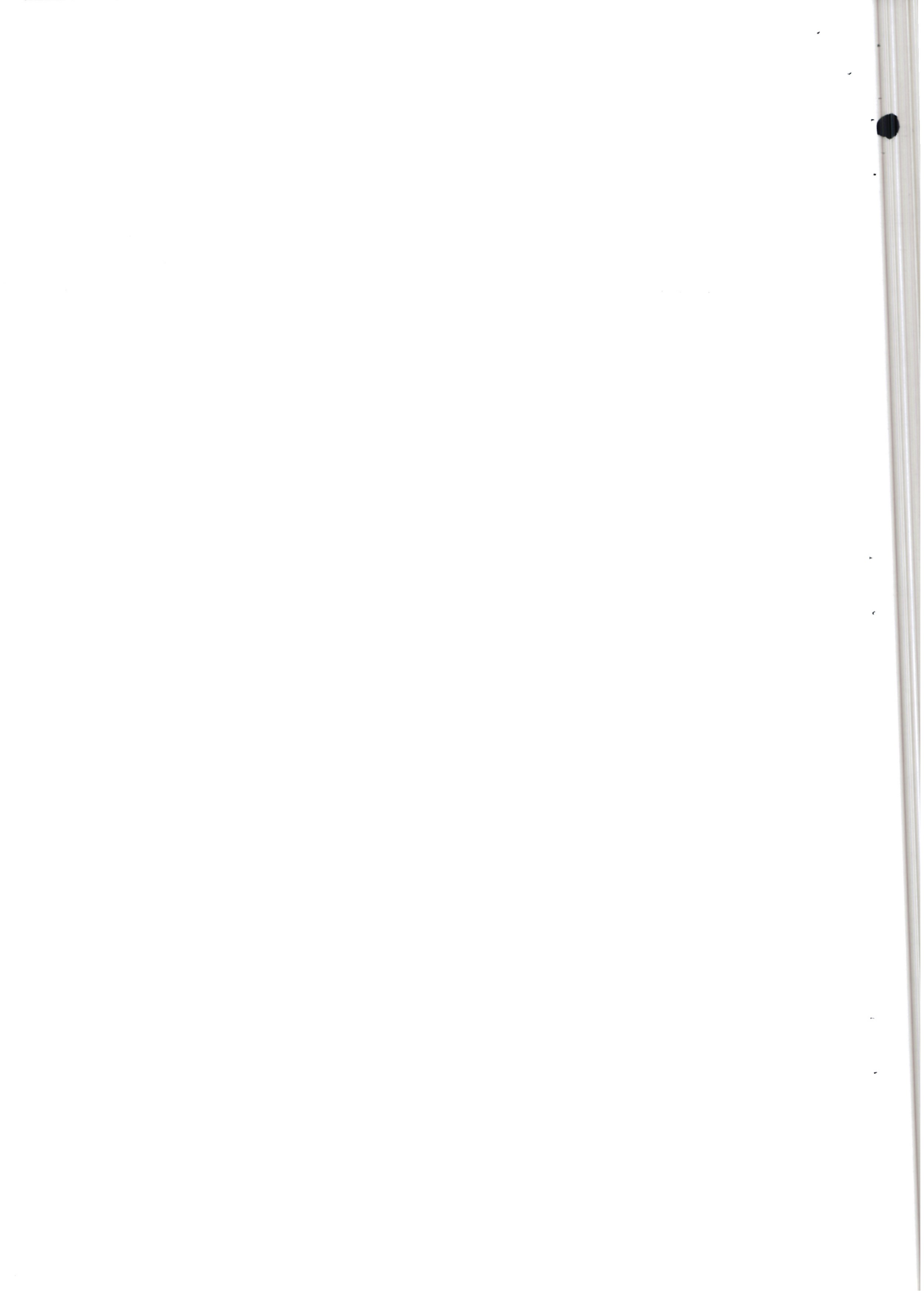


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018 Kshs	2016 - 2017 Kshs
Normal Allocation			
	AIE NO. A825894		58,969,376.00
	AIE NO. A839515		4,094,828.00
	AIE NO. A855133		36,853,449.00
	AIE NO. A855570		40,948,275.00
	AIE NO. A892524	5,500,000.00	
	AIE NO. A892907	37,905,172.00	
	AIE NO. A896850	21,000,000.00	
	AIE NO. A896920	18,905,172.80	
<b>TOTAL</b>		<b>83,310,344.80</b>	<b>140,865,928.00</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TIGANIA EAST CONSTITUENCY

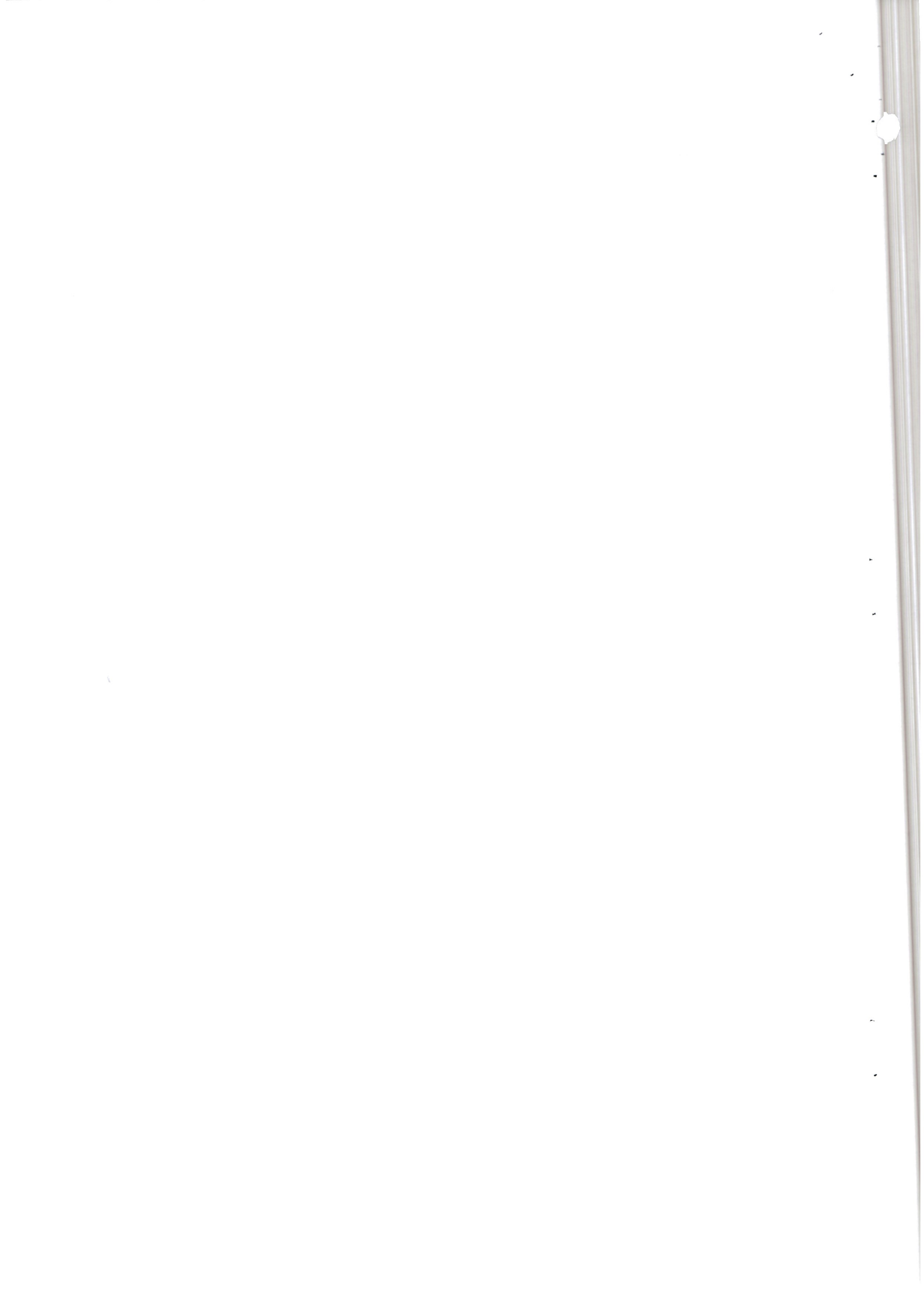
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

Description	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	2,015,152.00	1,932,352.00
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>		
Other personnel payments	52,400.00	
Employer contribution to NSSF	26,800.00	45,600.00
Gratuity-contractual employees	1,478,700.00	-
<b>TOTAL</b>	<b>3,573,052.00</b>	<b>1,977,952.00</b>

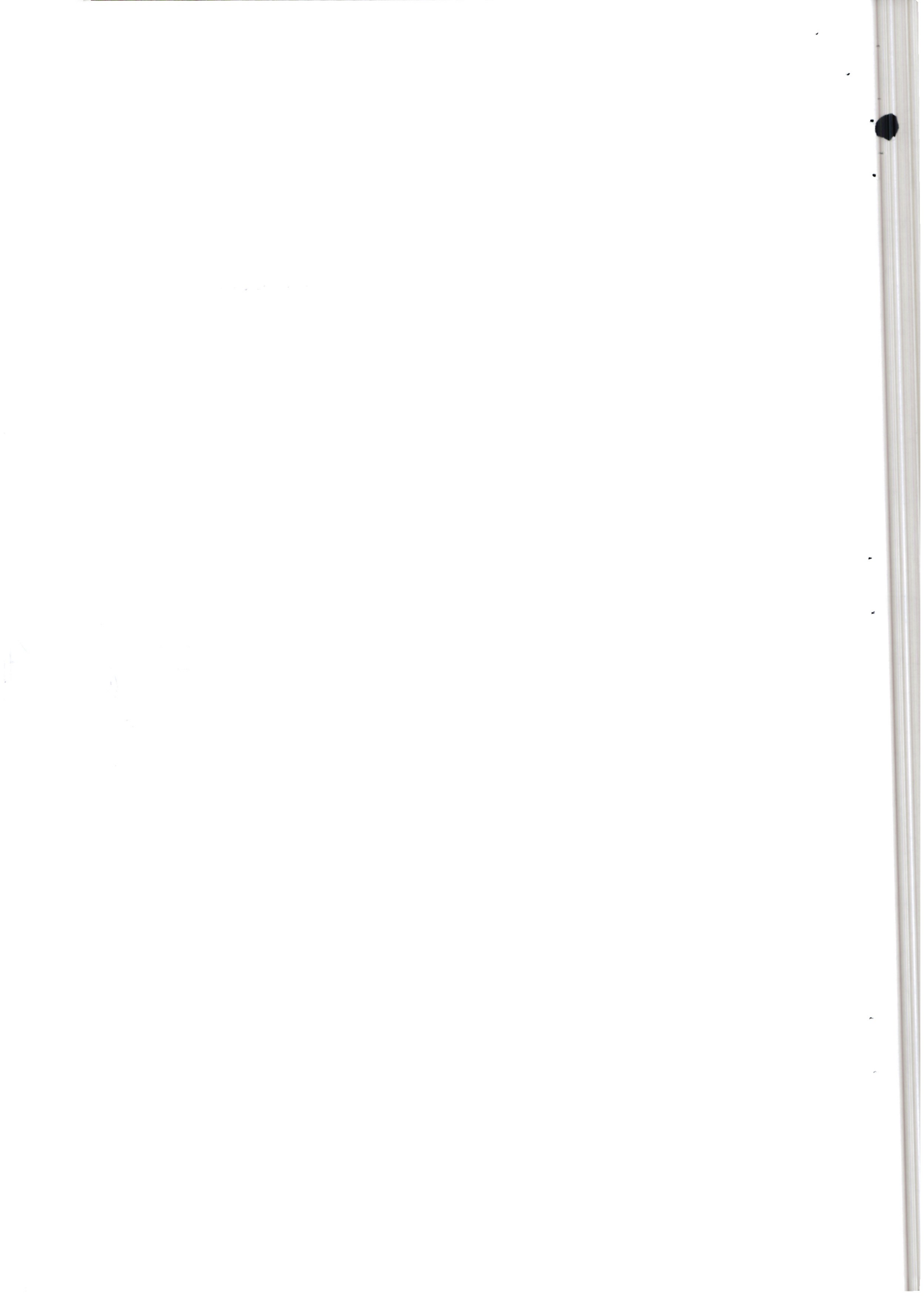


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Printing, advertising and information supplies & services	200,000.00	-
Training expenses	1,613,200.00	2,000,000.00
Other committee expenses	1,758,940.00	4,005,000.00
Committee allowance	936,000.00	-
Office and general supplies and services	477,570.00	148,060.00
Fuel , oil & lubricants	1,850,000.00	1,700,000.00
Other operating expenses	3,564,998.00	-
Routine maintenance - vehicles and other transport equipment	487,100.00	287,100.00
<b>TOTAL</b>	<b>10,887,808.00</b>	<b>8,140,160.00</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TIGANIA EAST CONSTITUENCY**

**Reports and Financial Statements**

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

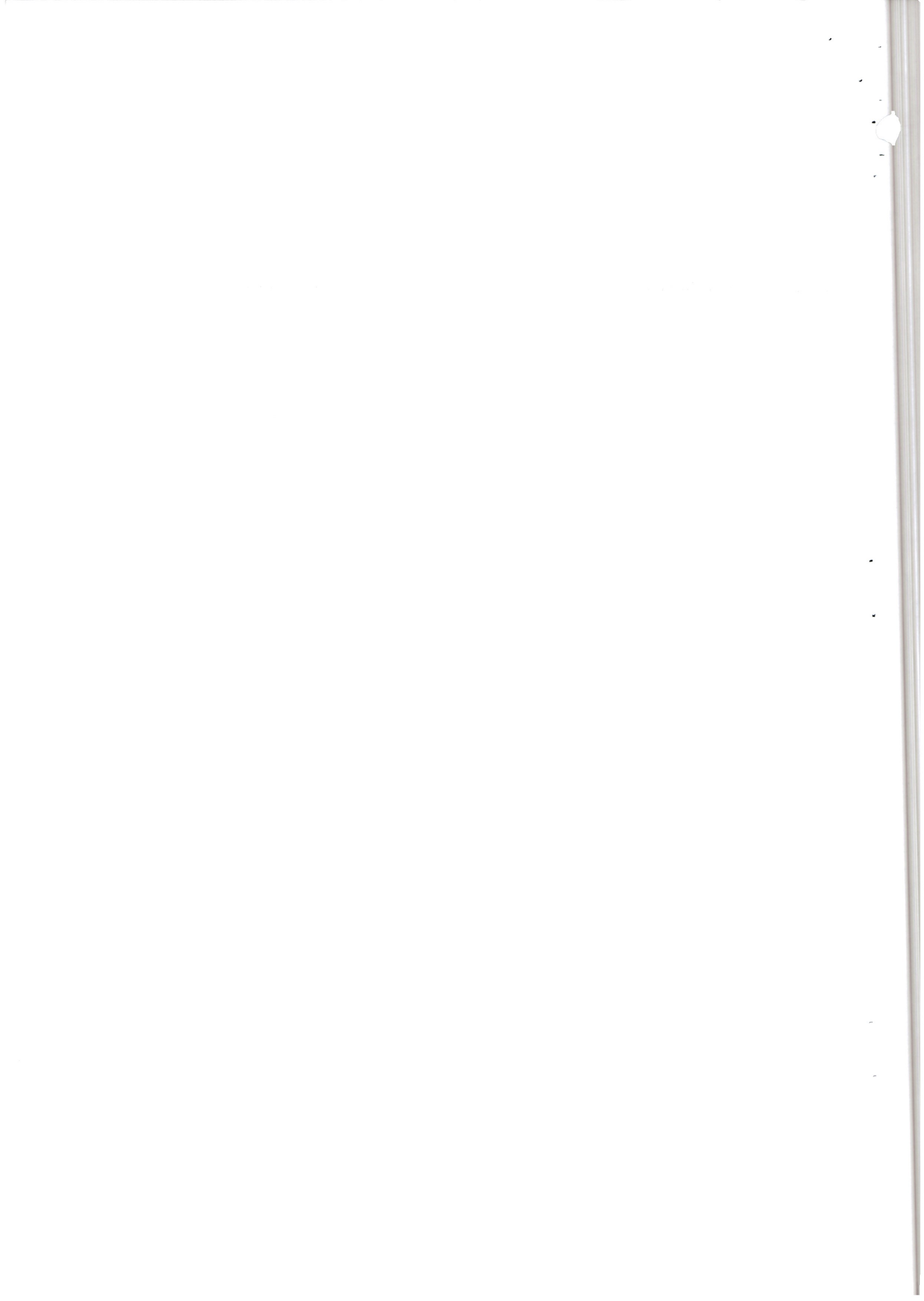
*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to Primary schools	10,388,965.51	45,405,173.00
Transfers to Secondary schools	10,100,000.00	7,550,000.00
Transfers to Tertiary institutions	-	10,000,000.00
<b>TOTAL</b>	<b>20,488,965.51</b>	<b>62,955,173.00</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

Description	2017-2018	2016-2017
	Kshs	Kshs
Bursary --Secondary	10,090,000.00	14,880,500.00
Bursary --Tertiary	8,569,800.00	12,165,300.00
Bursary-Special schools	1,312,000.00	-
Mocks & CAT	4,000,000.00	-
Water	-	200,000.00
Security	17,223,662.45	14,450,000.00
Roads and Bridges	-	15,000,000.00
Sports	1,736,206.90	3,861,965.00
Environment	-	3,861,965.00
Emergency Projects	-	5,167,647.00
<b>TOTAL</b>	<b>42,931,669.35</b>	<b>69,587,377.00</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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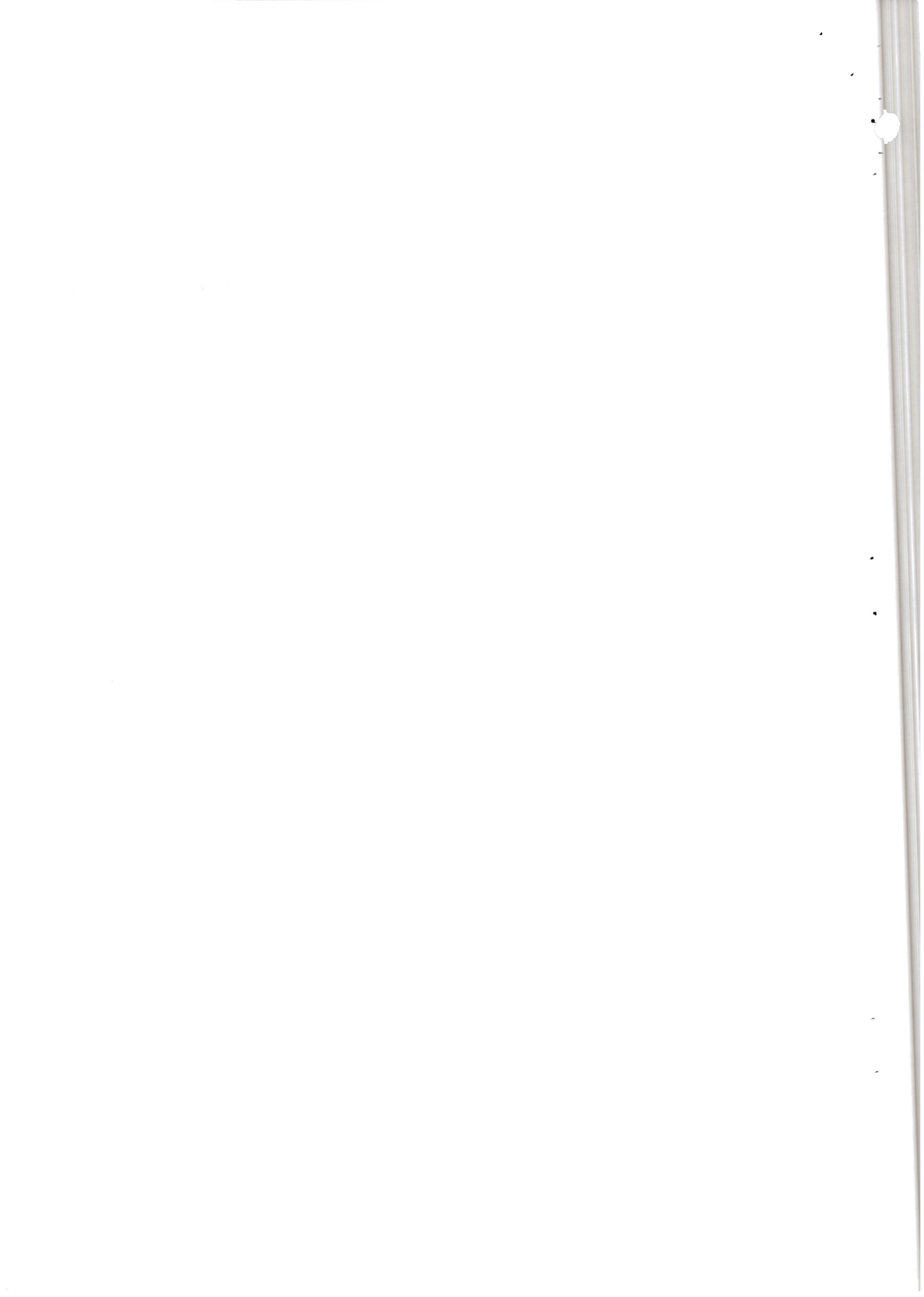
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2017-2018	2016-2017
	Kshs	Kshs
Construction of Buildings	-	3,000,000
Refurbishment of Buildings	2,000,000	-
Purchase of Vehicles	-	9,864,512
Purchase of office furniture and fittings	1,500,000	-
Purchase of computers ,printers and other IT equipment	-	150,000
Purchase of other office equipment	-	857,128
Purchase of soft ware	-	227,000
Acquisition of Land	-	1,000,000
<b>TOTAL</b>	<b>3,500,000</b>	<b>15,098,640</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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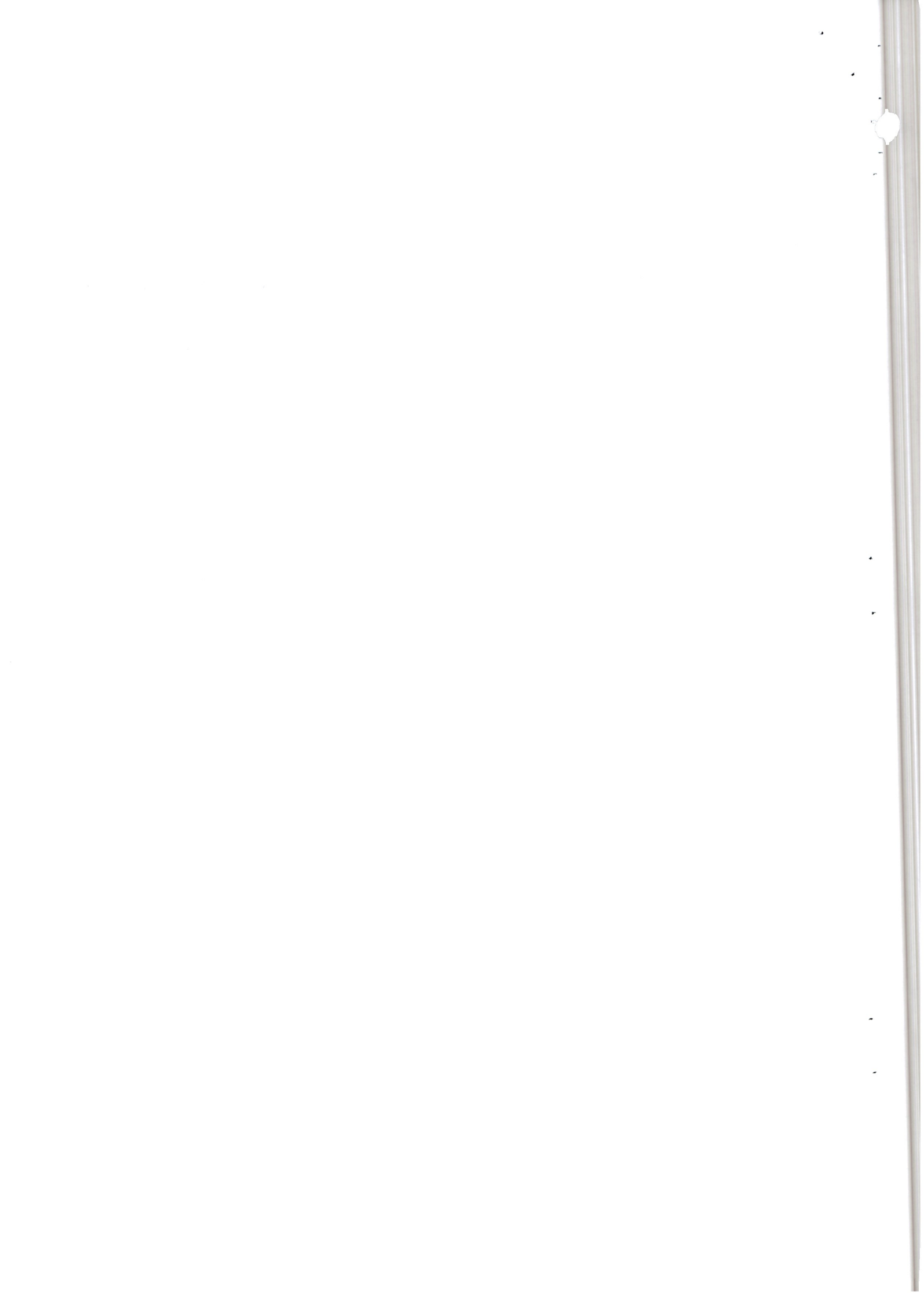
**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**7A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	Account Number	2017-2018	2016-2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
<i>Co – operative Bank Makutano Branch</i>	<i>A/C no.01120378126000</i>	<b>8,143,035.51</b>	<b>4,252,493.57</b>
<b>7B: CASH IN HAND)</b>			
		2017- 2018	2016 - 2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
<b>TOTAL</b>		-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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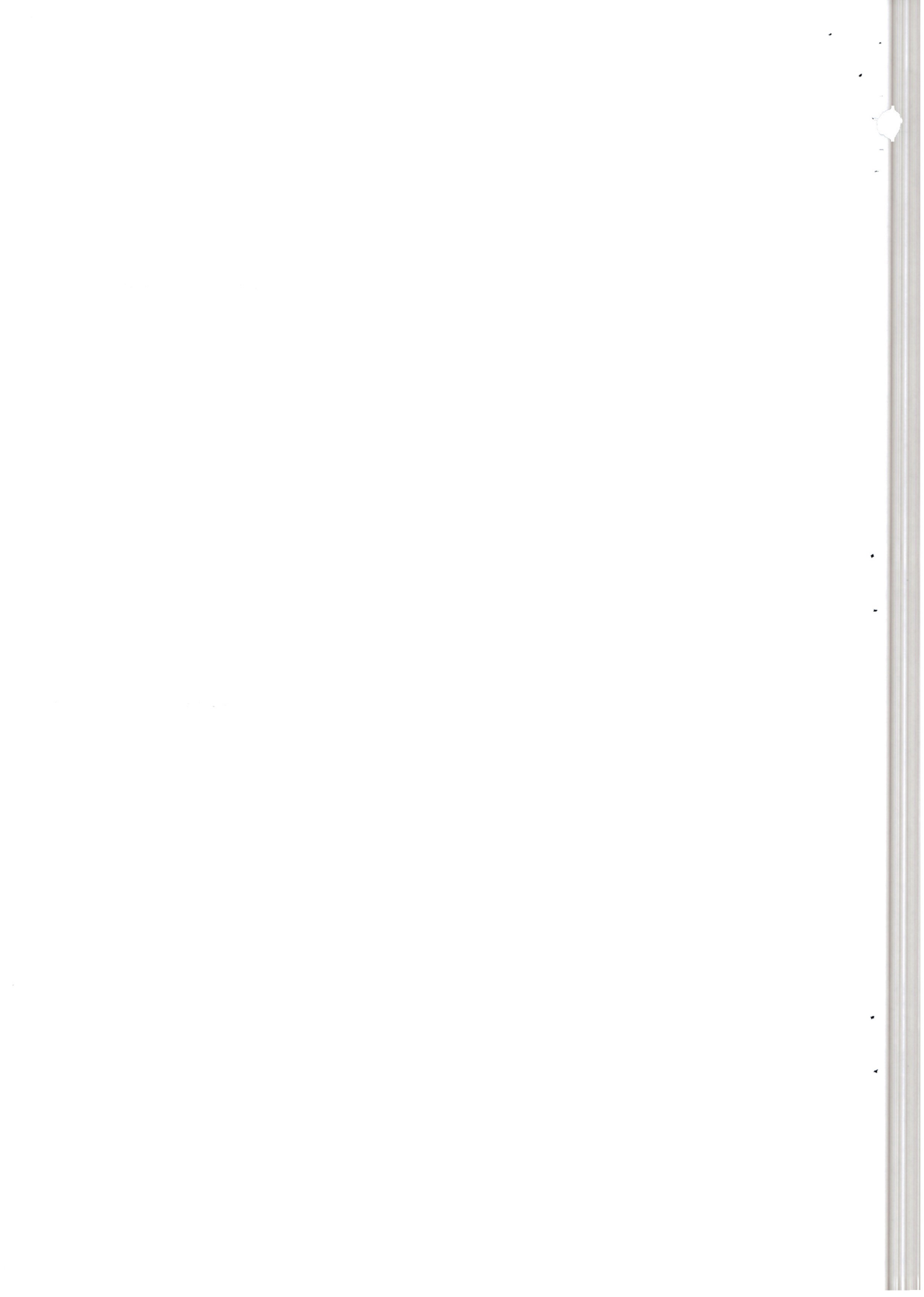
**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. BALANCES BROUGHT FORWARD**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs (1/7/2018)</b>	<b>Kshs (1/7/2017)</b>
Bank accounts	4,252,493.57	4,411,587.00
Cash in hand		
Imprest		
<b>TOTAL</b>		



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

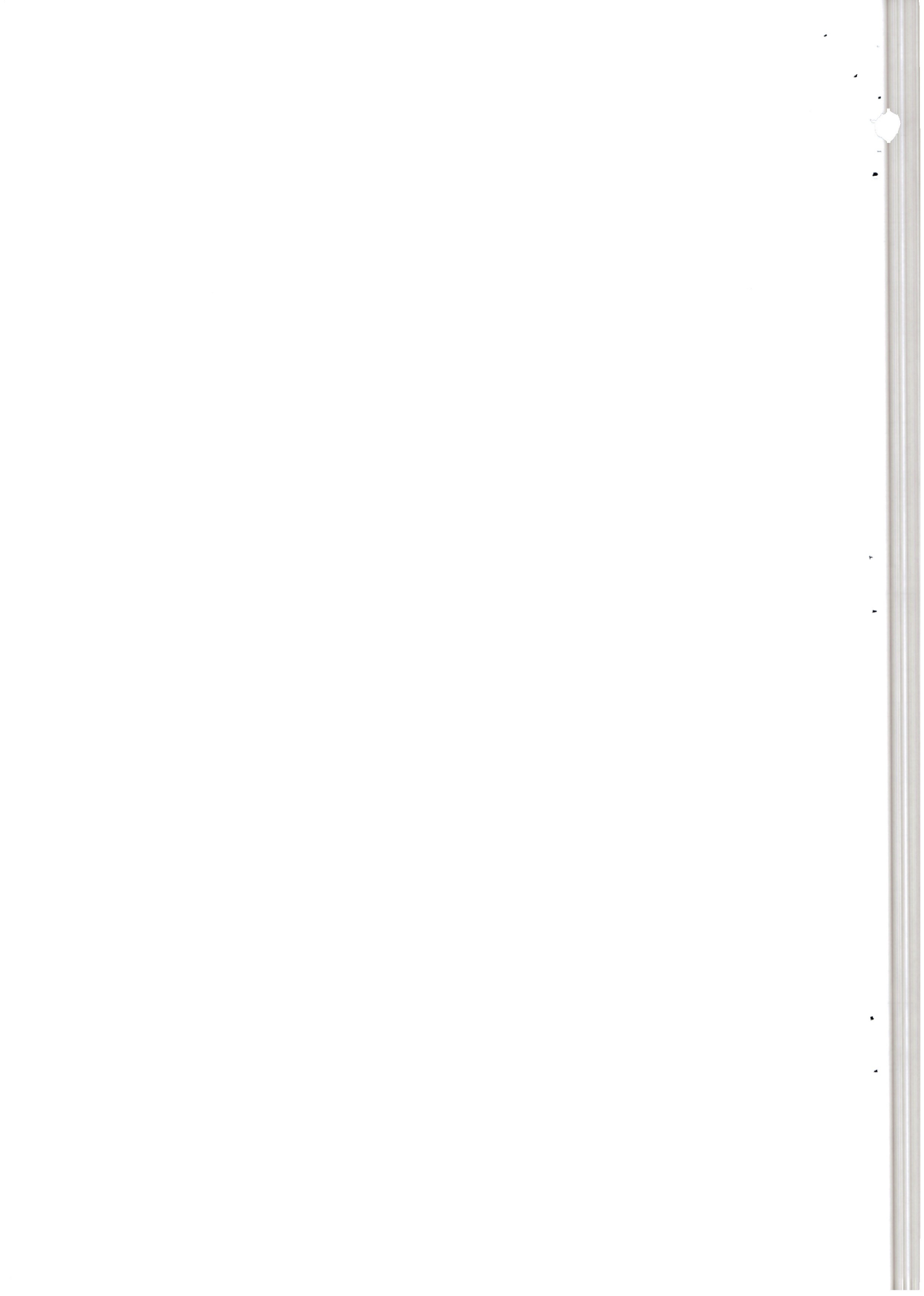
**9. PRIOR YEAR ADJUSTMENTS**

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank accounts		
Cash in hand	1,961,692.00	1,635,641.00
Imprest	-	-
<b>TOTAL</b>	<b>1,961,692.00</b>	<b>1,635,641.00</b>

**10. OTHER IMPORTANT DISCLOSURES**

**10.1: UNUTILIZED FUNDS (See Annex 1)**

	Kshs	Kshs
Compensation of employees	550,948	-
Use of goods and services	1,577,754	-
Amounts due to other Government entities (see attached list)	5,575,861	-
Amounts due to other grants and other transfers (see attached list)	8,679,064	-
Acquisition of assets	-	-
Others ( <i>specify</i> )	4,677,027	-
	<b>21,060,654</b>	<b>-</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TIGANIA EAST CONSTITUENCY**

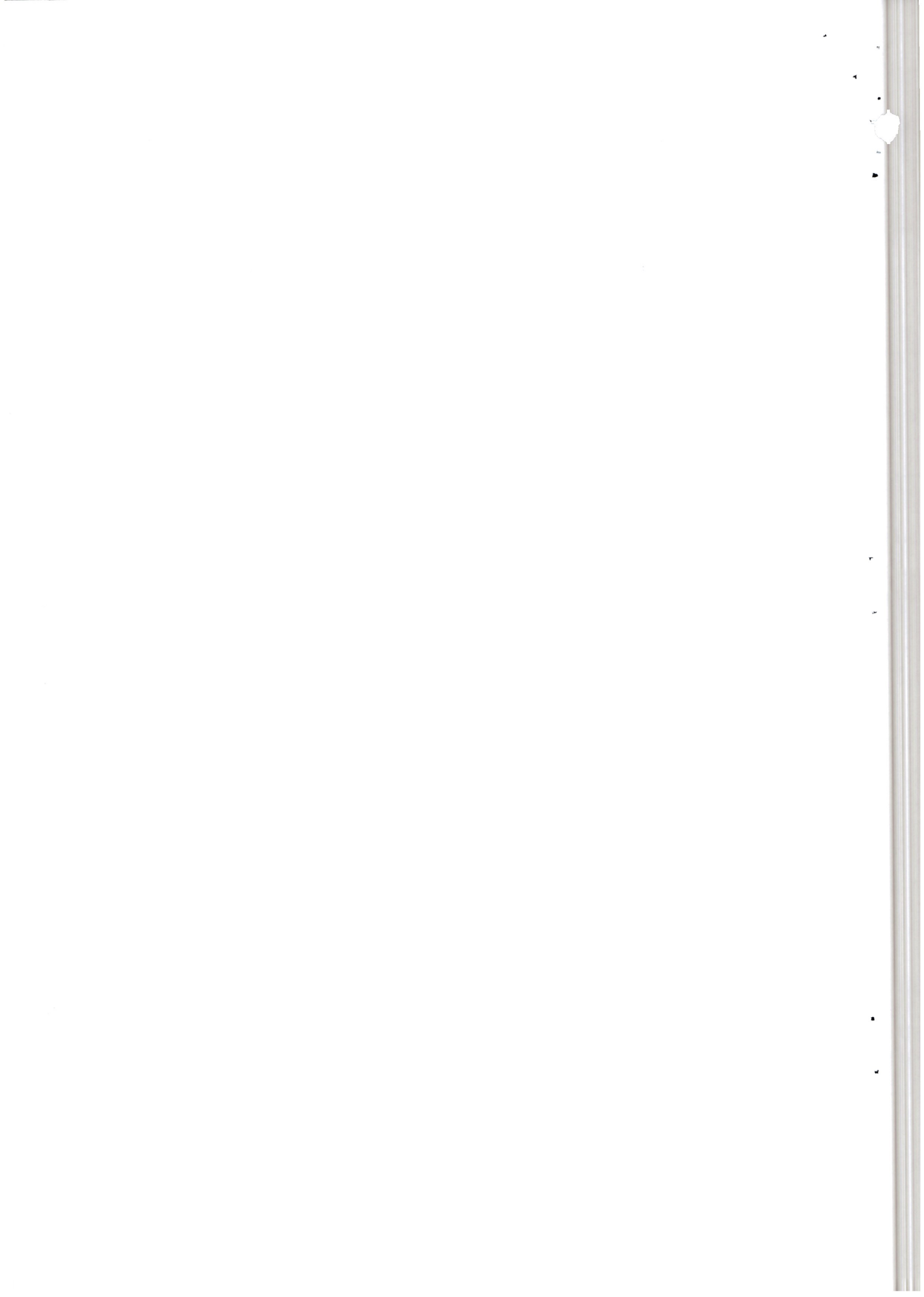
**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10.2: PMC account balances (See Annex 3)**

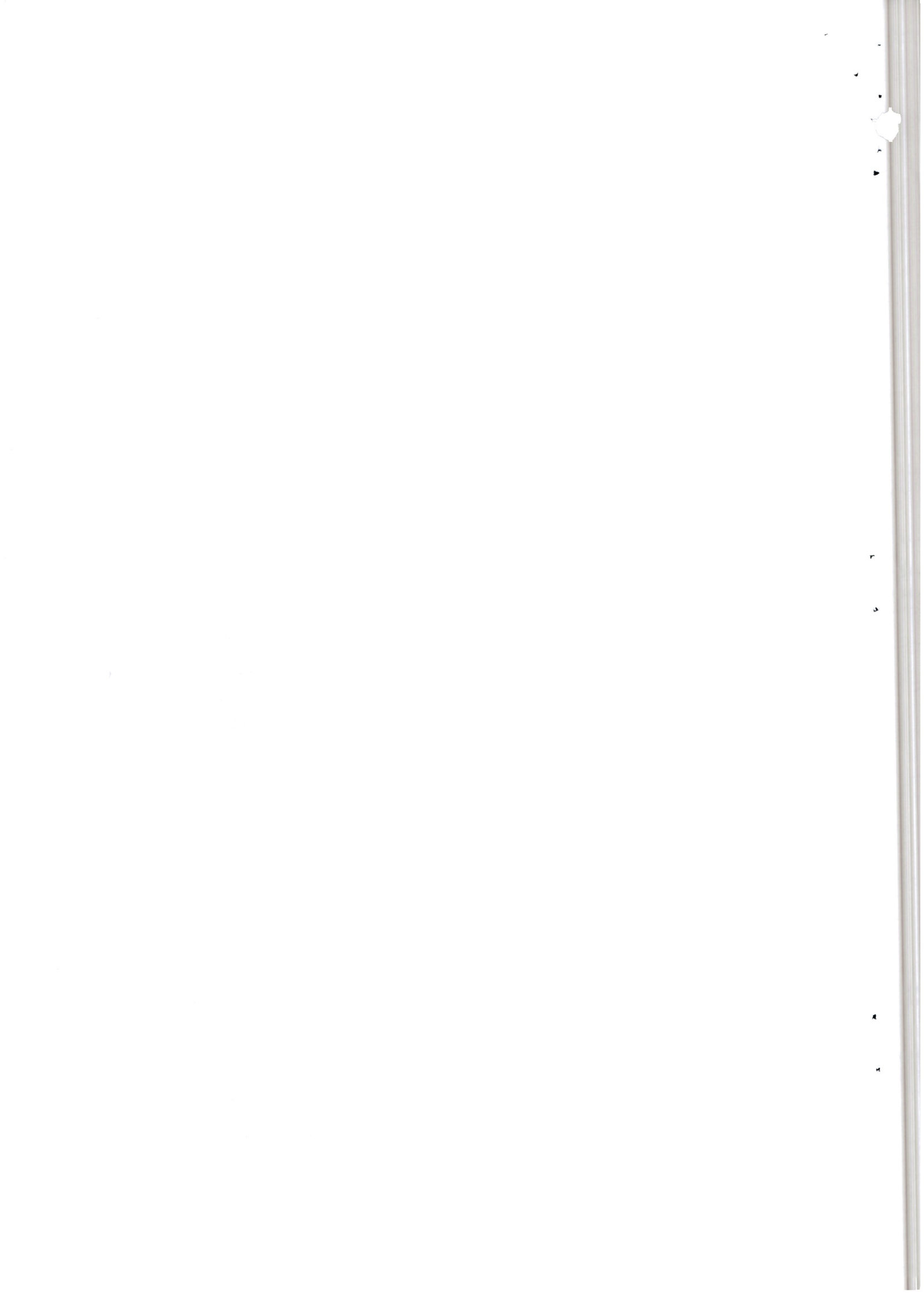
	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	8,744,295	-
	<b>8,744,295</b>	<b>-</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - TIGANIA EAST CONSTITUENCY**  
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**ANNEX 1 -- UNUTILIZED FUNDS**

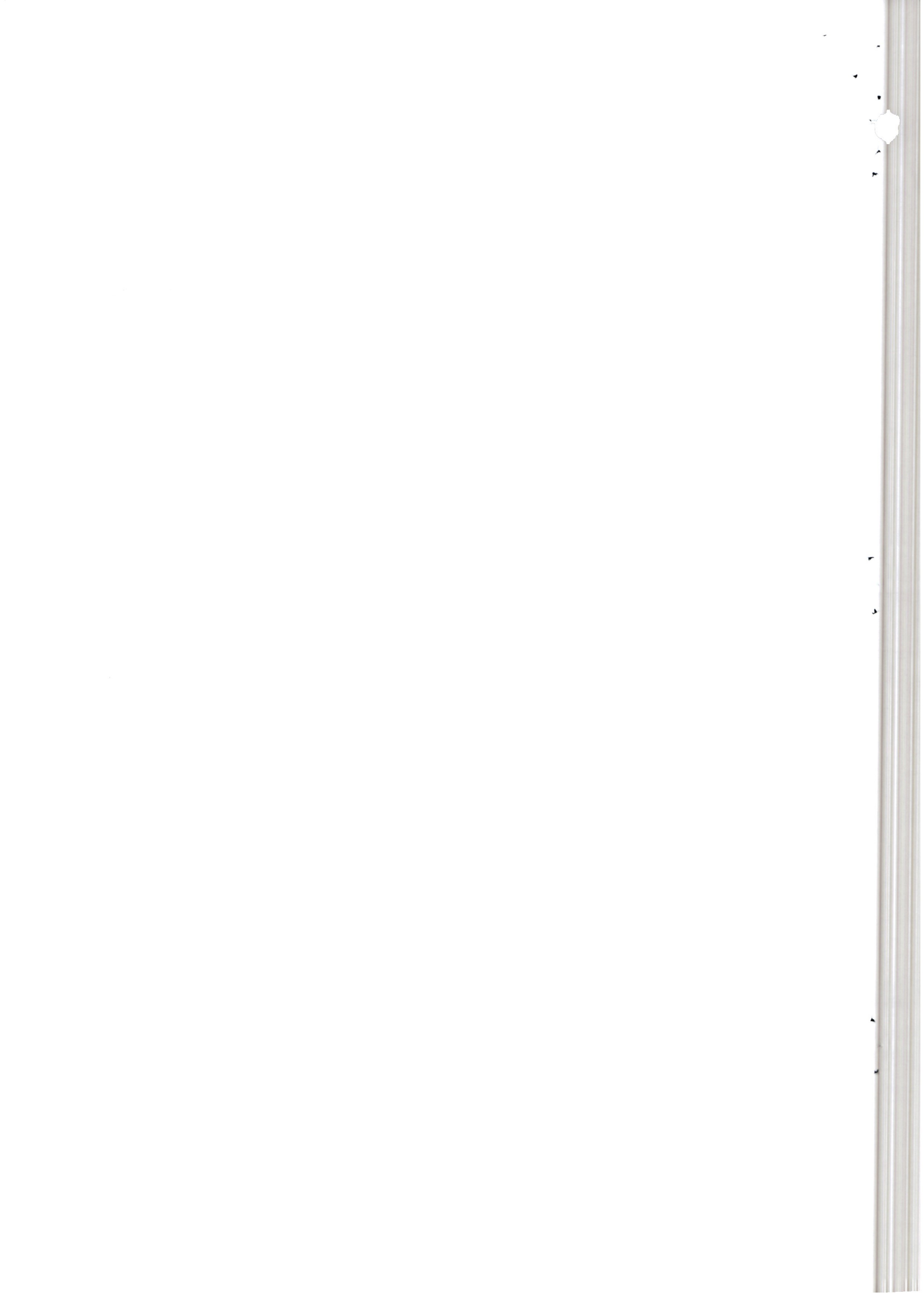
Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		550,948		
Use of goods & services		1,577,754		
Amounts due to other Government entities		5,575,861		
Sub-Total				
Amounts due to other grants and other transfers		8,679,064		
Sub-Total		8,679,064		
Acquisition of assets				
Sub-Total				
Others ( <i>specify</i> )				
ICT hubs		4,677,027		
Sub-Total				
Grand Total		21,060,654		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TIGANIA EAST CONSTITUENCY**  
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**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

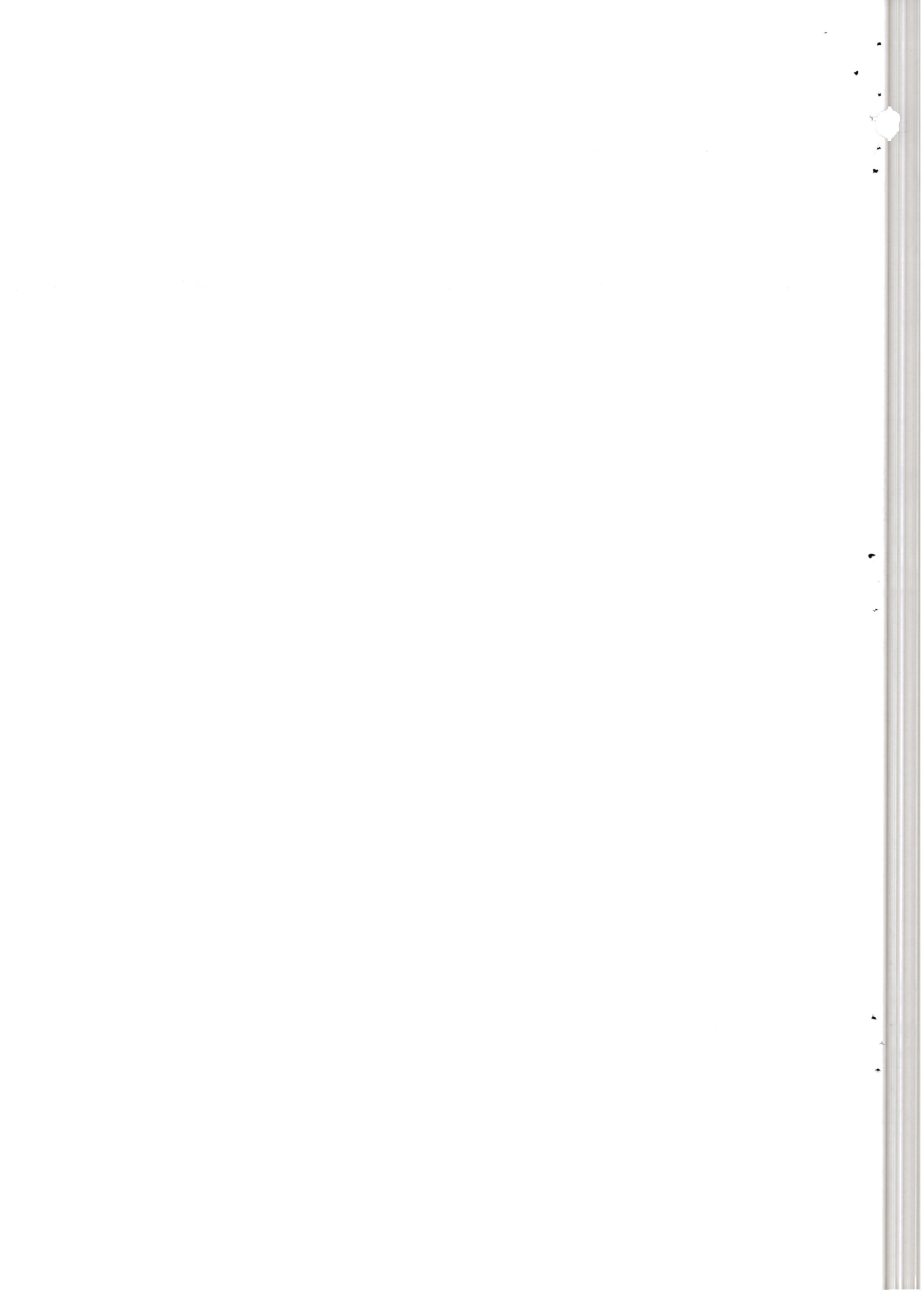
Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	1,000,000			1,000,000
Buildings and structures	3,000,000	3,500,000		6,500,000
Transport equipment	9,864,512			9,864,512
Office equipment, furniture and fittings	-			
ICT Equipment, Software and Other ICT Assets	377,000			377,000
Other Machinery and Equipment	857,128			857,128
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>15,098,640</b>	<b>3,500,000</b>		<b>18,598,640</b>



*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18
Urru Water Projects	Dhabiti Sacco	4918-402-02641	3,938.00
Kirima Water Projects	Dhabiti Sacco	4918-409-05560	133.00
Angili Primary School	Dhabiti Sacco	4918-409-08141	229,194.00
Kailutha Mixed Day Sec School	Dhabiti Sacco	4918-409-09739	14,367.00
Kiithe Primary School	Dhabiti Sacco	4918-409-10349	299,131.00
Mukuani Primary School	Dhabiti Sacco	4918-409-12054	93.00
St. Marys Mbaranga Secondary School	Dhabiti Sacco	4918-409-12101	998,606.00
MCK Luthie Primary	Dhabiti Sacco	4918-409-12133	161,038.00
Lubuathiarwa Primary School	Dhabiti Sacco	4918-409-13165	198,987.00
Muciumukuru Mixed Day Secondary	Dhabiti Sacco	4918-409-13236	40,976.00
Mukuuro Primary School	Dhabiti Sacco	4918-409-13245	398,791.00
Kalothera Assistant Chiefs Office	Dhabiti Sacco	4918-409-16995	20,590.00
Thuuria Day Secondary	Dhabiti Sacco	4918-409-13919	702,226.00
Anthuanuu Assistant Chief	Dhabiti Sacco	4918-409-17462	498,700.00
Nthamiciu Chiefs Camp	Dhabiti Sacco	4918-409-17463	498,700.00
Ntangaria AP post	Dhabiti Sacco	4918-409-17461	4,498,100.00
Luuma day secondary	Dhabiti Sacco	4918-409-09096	180,725.00
Total			8,744,295.00

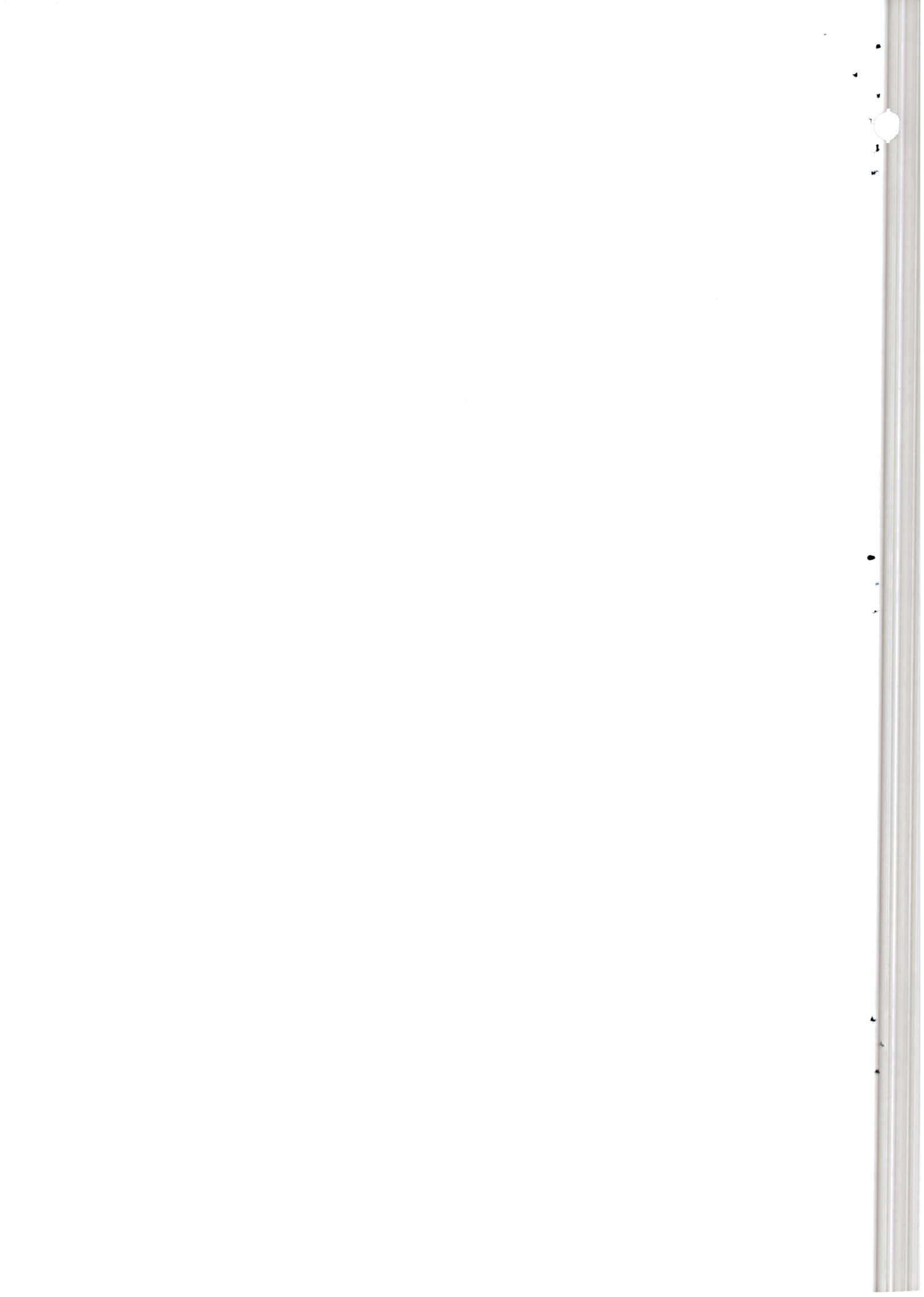


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TIGANIA EAST CONSTITUENCY  
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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

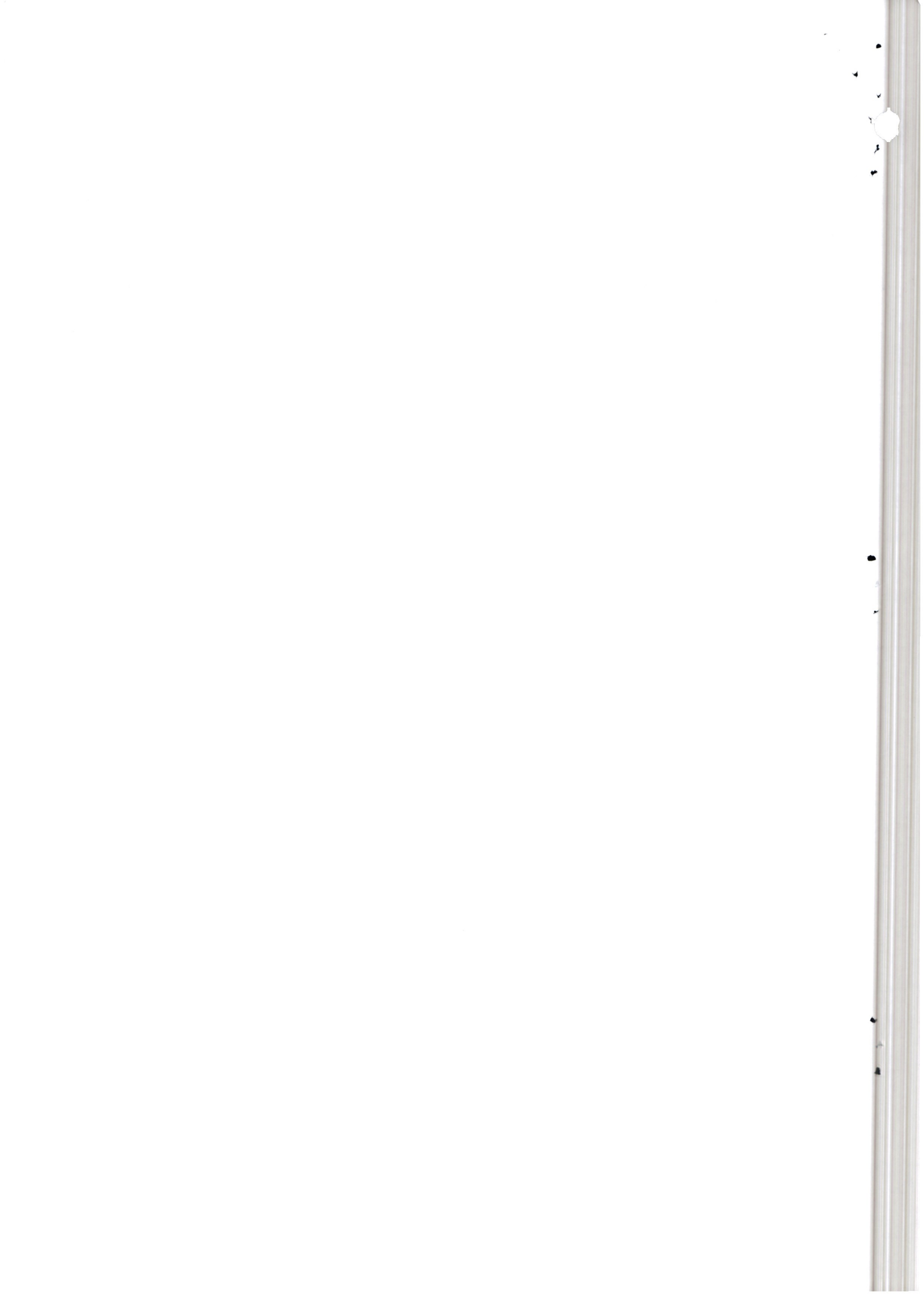
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)	Time frame: (Put a date when you expect the issue to be resolved)
1.	<p><b>Presentation of Financial Statements.</b> During the period under review the financial statements prepared and presented for audit did not comply with the format as prescribed by the Public Sector Accounting standards Board as the following statements were not included in the financial statements as required;</p> <p>i) Summary Statement of Appropriation: Recurrent</p> <p>ii) Summary Statement of</p>	All the necessary amendments for the financial statements in question have since been reviewed and corrected	FAM	Resolved	



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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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 date when you expect the issue to be resolved)
	Appropriation: Development				
2.	<p><b>Inaccuracies in Financial Statements.</b> The Fund presented for audit financial statements prepared as required by section 81 of the Public Finance Management Act, 2012. However, variances were noted between the financial statements and supporting documents and schedules</p>	The accuracy of the financial statements in question has since been reviewed and corrected.	FAM	Resolved	
	During the financial year under review, the Fund had an approved budget of Kshs.146,084,721 comprising of Kshs.81,896,552 for financial year 2016/2017 funds and Kshs.64,188,169 being funds brought forward from financial	<p>The unutilized funds were mainly due late disbursement of funds by the NG-CDF board in the financial year 2016/2017.</p> <p>Also the utilization of funds was affected by the long</p>	FAM	Resolved	



▶ **NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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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)	Time frame: (Put a date when you expect the issue to be resolved)
	year 2015/2016. The total expenditure by the Fund in the financial year 2016/2017 was Kshs. <b>142,660,662</b> representing an absorption rate of 98% of the total approved budget	electioneering period.			

