

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY
MEMBERS LAID
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REPORT
TUESDAY

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OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
CHESUMEI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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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 Chesumei 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	Harun Chebii
3.	Sub-County Accountant	Naomi Singa
4.	Chairman NGCDFC	Michael Munai
5.	Member NGCDFC	Dinah Maru

(d) Fiduciary Oversight Arrangements

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

Chesumei NGCDF Office,
P.O. Box 40-30300,
CITC Building,
Kapsabet- Kisumu Road
Kapsabet, KENYA

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

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF CHESUMEI Constituency Contacts

Telephone: (254) 0721524086, 0721317465

E-mail: chesumeicdf@ngcdf.go.ke/ hchebii@ngcdf.go.ke

Website: www.go.ke

(g) NGCDF CHESUMEI Constituency Bankers

Constituency CDF main banker:

Equity Bank, Kapsabet Branch

A/C No. 0490261189435

P.O Box 272-30300

Kapsabet, Kenya

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

During the year under review, the Constituency was able to absorb funds up to 80% of the available funds. This was mainly due to late receiving of funds from the Board.

Achievements and Major Undertakings

During the year, the Committee disbursed a total of Kshs 20,354,560 as bursary to needy students in secondary and tertiary institutions and this benefitted over 1500 students in various institutions. Major physical facilities funded are educational infrastructure such as classrooms, administration blocks, laboratories, dormitories and toilets. The committee is also funding the construction of Chiefs' offices as a way of enhancing security of our people. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions whilst increasing retention and transition rates while equally reducing the burden of education for low income families.

Budgetary Appropriations

During the financial year 2017/2018, the overall budget utilization stood at 95 percent based on the funds received. This was achieved due to expeditious disbursement of funds received to earmarked projects by the NGCDF Committee despite delay in disbursement from the NG-CDFB. During the period Kshs 43,405,172 was received against the total allocation of Kshs 98,189,655.16 which consists of Kshs 86,810,344.82 in normal funding and Kshs 11,379,310.34 in additional allocations.

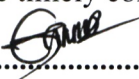
Development Planning

The National Government Constituency Development Funds continue to draw a lot of interest from the community and various stakeholders. This has seen the receipt of many proposals from the community spanning various sectors. To ensure focus and fast track Constituency development, the Committee is planning to develop a five-year strategic plan as a blue print that spells out where the Constituency is going over the next five years in project identification, implementation and management taking cognizance of the global Sustainable Development Goals, Kenya Vision 2030 and related County Integrated Development Plans. The NGCDF Committee is convinced that the strategic plan shall help the Constituency in setting priorities, focusing energy and resources, strengthening operations and ensuring that the Committee, its employees and other stakeholders are working towards a common goal.

Challenges

Despite the above impressive performance and plans, the Committee has noted various challenges in project implementation and management during the FY 2017/2018. These includes, inadequate record keeping by PMCs, failure by some project management committees to comply with the public procurement procedures and regulations as well as delayed submission of the required returns for funds disbursed. Another notable challenge is poor workmanship in some projects. To mitigate the above, the committee has employed a full time Clerk of works so as to check on the quality of the projects as well as giving the PMCs technical support. The NG-CDFC plans to continue with the capacity building as well as monitoring and evaluation programmes during the ensuing financial year.

Going forward, the NG-CDF Committee is committed to allocating sufficient funds to the projects so as to ensure timely completion of the same.


.....
Michael Munai
CHAIRMAN NGCDF COMMITTEE

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

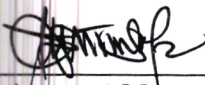
The Accounting Officer in charge of the NGCDF-Chesumei Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. 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-Chesumei 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-Chesumei 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.

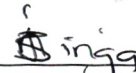
The Accounting Officer in charge of the NGCDF-Chesumei Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-Chesumei Constituency financial statements were approved and signed by the Accounting Officer on 23/4/2019



Fund Account Manager
Name: Harun Chebii



Sub-County Accountant
Name: Naomi Singa
ICPAK Member Number: 8816



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Chesumei National Government Constituency Development Fund set out on pages 6 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 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Chesumei NGCDF 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 CDF, Act 2015

Basis for Qualified Opinion

1.0 Sports Projects

Included in the other grants and transfer figure of Kshs.22,815,560 is sports projects expenditure of Kshs.361,000 out of which supporting documents for expenditure amounting to Kshs.111,000 were not availed for audit verification. Consequently, the accuracy and completeness of the sports project figure of Kshs.361,000 could not be confirmed.

2.0 Cash and Cash Equivalentents

The statement of assets and liabilities as at 30 June 2018 reflects bank balance of Kshs.10,510,238. However, a review of the bank reconciliation statement for the month of June 2018 indicated unrepresented cheques totaling to Kshs.591,697 that were already stale and had not been reversed in the cash book. Although available records indicate

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

that stale cheques amounting to Kshs.400,000 were replaced on 4 October, 2018, no action has been taken to the remaining stale cheques totaling to Kshs.191,697. In consequence, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,510,238 as at 30 June 2018 could not be confirmed.

3.0 Unutilized Funds

Annex 3 reflects unutilized funds balance of Kshs.65,294,721 which is at variance with the summary statement of appropriation figure of Kshs.64,994,722 resulting to unexplained variance of Kshs.299,999. Consequently, the accuracy and completeness of the unutilized funds balance of Kshs.65,294,721 could not be confirmed as at 30 June 2018.

4.0 PMC Account Balances

Annex 5 reflects Project Management Committees account balance of Kshs.2,207,635 as at 30 June 2018 in respect of outstanding balances in the respective Project Management Committees accounts. However, cash books and bank reconciliation statements were not provided for audit review.

Under the circumstances, the accuracy and existence of the Project Management Committees account balance of Kshs.2,207,635 as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Chesumei NGCDF 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 matter(s) 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 Budget Control and Performance

1.1 Budget Performance

The summary statement of appropriation: recurrent and development combined reflects approved budget of Kshs.106,688,019 while actual expenditure was Kshs.41,693,298 resulting to an under expenditure of Kshs.64,994,722 as indicated below:

No	Component	Approved Budget	Actual Expenditure	Under Absorption	% Underutilization
1	Compensation of Employees	3,082,163	1,305,913	1,776,250	58
2	Use of Goods and Services	8,683,184	6,171,824.98	2,511,359	29
3	Transfers to other Government Units	46,000,000	11,400,000	34,600,000	75
4	Other Grants and Transfers	46,422,273	22,815,560	23,606,713	51
5	Acquisition of Assets	0	400	400	-
6	Other Payments	2,500,000	0	2,500,000	0
	Total	106,688,019	41,693,298	64,994,722	61

However, it is evident from the above analysis that, there was an under absorption of Kshs.64,994,722 or 61% of the total approved budget.

1.2 Project Verification

During the year under review, sixteen (16) projects with a funding of Kshs.17,700,000 were verified and the status is as detailed under **Appendix 2**. Out of sixteen (16) projects, only three (3) were complete and in use, seven (7) of the projects with a cost of Kshs.6,900,000 were ongoing and six (6) projects costing Kshs.9,600,000 had stalled. No explanation has been provided to address the delays in completion of the projects and to explain the cause of stalled projects. In the prevailing circumstances, the citizens of Chesumei did not get optimal value from the appropriated funds.

1.3 Projects Implementation

During the financial year 2017/2018, an amount of Kshs.66,303,395 was disbursed towards implementation of eighty-nine (89) approved projects as shown under **Appendix 3**. However, analysis of projects status report indicated that forty-six (46)) projects costing a total of Kshs.40,654,560 were completed, forty-two (42) projects were ongoing and one (1) project budgeted for Kshs.4,677,027.20 had not started. The project that had not started was meant for the establishment of four (4) innovation hubs in the constituency. No explanation was provided on why the forty-two (42) projects had not been completed while one (1) had not started despite the allocation of adequate funding from the National Government CDF Committee.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Incomplete Project

The statement of receipts and payment for the year ending 30 June 2018 reflects transfers to other government units figure of Kshs.11,400,000.00. Included in this amount is an amount of Kshs.800,000.00 disbursed to Ngecheck High School for construction and completion of a dining hall at an estimated cost of Kshs.6,500,000.00. This project was approved in the year 2014 and funds have been disbursed as follows;

No.	Financial Year	Amount Disbursed (Kshs)
1	2014/2015	800,000.00
2	2015/2016	1,000,000.00
3	2016/2017	1,000,000.00
4	2017/2018	800,000.00
	Total	3,600,000.00

However, available information revealed that the project is 30% complete after four years of funding and hence the project not yet utilized as it was desired. No explanation was provided by the management for not completing the project in the stipulated period. Consequently, the objective of the project has not been achieved and no value for money has been obtained for the total expenditure of Kshs.3,600,000.

2.0 Stalled Projects

Examination of the records availed for audit revealed that projects with estimated cost of Kshs.28,800,000.00 and previous disbursement amounting to Kshs.9,600,000.00 were not funded in the year ended 30 June 2018 as shown below:

Project name	Approved Activities	Pending Activities	Estimated Cost (Kshs.)	Amount Disbursed (Kshs.)	Balance to Complete (Kshs.)
St Francis Girls	construction of Dining Hall	Roofing, walling and general finishes	10,000,000	2,800,000	7,200,000
Chemuswa secondary	Construction of Dining hall	Walling, windows, doors and painting	3,400,000	1,000,000	2,400,000
Kaptidil secondary	Construction of dining hall	walling, plastering and general finishes	3,400,000	800,000	2,600,000
Moi sirgoi sec	Construction of lab	External works, water and gas fittings	3,500,000	1,500,000	2,000,000
Namgoi mixed Day Secondary	Fixing of windows and, painting, floor finishing, plumbing and electricity installation.	Plumbing works, side stairs and ablution block	6,000,000	3,000,000	3,000,000

Project name	Approved Activities	Pending Activities	Estimated Cost (Kshs.)	Amount Disbursed (Kshs.)	Balance to Complete (Kshs.)
Assistant County Commissioner's Office-Kosirai	Construction of office - Foundation Works	walling, roofing, plastering and general finishes	2,500,000	500,000	2,000,000
Total			28,800,000	9,600,000	19,200,000

No explanation was provided as to why these projects were not funded to completion as it was envisaged in the original approval. Under the circumstances, the objectives of the projects have not been achieved and no value for money has been obtained for the total expenditure of Kshs.9,600,000 as at 30 June 2018.

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

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

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the Chesumei NGCDF ability to continue sustaining 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 Chesiumei NGCDF 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 Chesiumei NGCDF financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

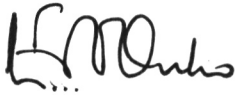
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

23 August 2019

Appendices

Appendix 1

Long outstanding Cheques			
Date	Chq No	Payee	Amount (Kshs)
14.11.2014	639	NSSF	800.00
27.11.2015	1372	NHIF	2,200.00
22.01.2016	1723	Commission of VAT	4,459.00
15.02.2016	1750	Commission of VAT	1,982.00
29.09.2016	2151	University	10,000.00
14.11.2016	2282	Commission of VAT	6,556.00
12.01.2017	2472	Sochoi High	10,000.00
17.01.2017	2518	Tigityo sec	8,000.00
17.01.2017	2549	Aic sajilioni girls	10,000.00
06.04.2017	2685	Kechire Primary	300,000.00
06.04.2017	2714	Kosirai High School	100,000.00
03.05.2017	2743	Moi University Ktale Campus	10,000.00
03.05.2017	2762	Cambridge Universal College	10,000.00
09.05.2017	2822	KU Kericho campus	20,000.00
09.05.2017	2847	KMTC - Bondo	10,000.00
09.05.2017	2922	Muranga Teachers College	10,000.00
09.05.2017	2945	Sigilai Vocational Training Centre	10,000.00
09.05.2017	2952	St. Luke Soskin Training Sch	7,700.00
09.05.2017	2958	St. Pauls University College	10,000.00
09.05.2017	2985	University of Eldoret	10,000.00
30.06.2017	3014	Embu University	10,000.00
30.06.2017	3042	Chuka University	10,000.00
03.05.2017	3084	Catholic University Nairobi	10,000.00
09.05.2017	3086	KMTC - Kitui	10,000.00
	Total		591,697.00

Appendix 2

Projects Verification

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Status
1	St Luke Preparatory	Completion of 2 classrooms-plastering, window panes and painting	2017/18	500,000	500,000	80% complete
2	Mutwot Secondary	Completion of classrooms-plastering, window panes, fixing of doors and painting	2017/18	400,000	400,000	Complete and in use
3	Kosirai High School	Completion of Science Lab-Roofing and plastering	2017/18	800,000	800,000	50% complete
4	AIC Kipkongorwo Secondary	Completion of Laboratory-plastering, window panes, fixing of doors and painting	2017/18	500,000	500,000	80% complete
5	Kaptidil Primary	Renovations- Replacement of broken window panes, floor repairs and painting (Kshs.300,000) /Construction of Toilets (Kshs.200,000)	2017/18	500,000	500,000	Complete and in use
6	Ngechek Chiefs Office	Construction of Chief Office-Foundation and walling	2017/18	600,000	600,000	30% complete
7	Biribiriet Chiefs Office	Completion of Chiefs Offices-ceiling works, wiring and painting	2017/18	300,000	300,000	Complete and in use
8	St Canisius Secondary	Completion of Laboratory-plastering, window panes, fixing of doors and painting	2017/18	500,000	500,000	80% complete
9	Holy Family Academy	Construction of 1 classrooms to completion	2017/18	500,000	500,000	about 90% complete

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Status
10	Ngechek Secondary	Completion of On-Going Dining Hall	2017/18	6,500,000	3,500,000	Ongoing
11	St Francis Girls	construction of Dining Hall	2016/2017	10,000,000	2,800,000	10% Complete and stalled
12	Chemuswa secondary	Construction of Dining hall	2016/2017	3,400,000	1,000,000	20% Complete and stalled
13	Kaptidil secondary	Construction of dining hall	2016/2017	3,400,000	800,000	10% Complete and stalled
14	Moi sirgoi sec	Construction of lab	2016/2017	3,500,000	1,500,000	40% complete and stalled
15	Namgoi mixed Day Secondary	Fixing of windows and, painting, floor finishing, plumbing and electricity installation.	2016/2017	6,000,000	3,000,000	50% complete and stalled
16	Assistant County Commissioner's Office-Kosirai	Construction of office	2016/2017	2,500,000	500,000	10% Complete and stalled
		Total		39,900,000	17,700,000	

Appendix 3

Project Implementation

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
1	Strategic Plan	Development of strategic plan for the constituency	2017/18	1,500,000	1,500,000	Ongoing
2	Constituency Innovation Hubs	Establishment of four (4) innovation Hubs in the Constituency	2017/18	4,677,027.20	0.00	Not started
3	Chesumei Sports Project	Carry out constituency sports tournament and the winning teams/schools to be awarded with trophies, balls and games kits	2017/18	1,148,835.00	1,148,835.00	Ongoing
4	Bursary Secondary Schools	Payment of bursary to needy students in secondary schools	2017/18	9,000,000.00	8,986,660.00	Disbursement done
5	Bursary Tertiary Schools	Payment of bursary to needy students in Tertiary institutions	2017/18	12,702,586.20	11,367,900.00	Disbursement done
6	Chemundu Primary	Completion of Administration block-ceiling works, floors and painting	2017/18	500,000.00	500,000.00	Complete
7	Baraton Primary-Mogoon	Completion of 2 Classrooms-plastering, window panes and painting	2017/18	500,000.00	500,000.00	Complete
8	Kamurguywo Primary School	Renovations of 3 classrooms- Replacement of broken window panes, floor repairs and painting (Kshs.300,000) & Construction of Toilets (Kshs.200,000)	2017/18	500,000.00	500,000.00	Complete
9	Baraton Academy	Completion of Dining Hall-Plastering and Painting	2017/18	500,000.00	500,000.00	Ongoing
10	Namgoi Primary	Completion of Toilets-Plastering, fixing of doors and painting	2017/18	400,000.00	400,000.00	about 90% complete

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
11	Nandi Primary	Renovations of classrooms- Replacement of broken window panes, floor repairs and painting	2017/18	500,000.00	500,000.00	5 classrooms renovated
12	AIC Kapserton Primary	Construction of 1 classrooms (Kshs.450,000) and Toilets (Kshs.150,000)	2017/18	600,000.00	600,000.00	Ongoing
13	Bishop Birech Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	Complete
14	St Emmanuel Kipkoimet Primary	Completion of 2 classrooms- plastering, window panes and painting	2017/18	400,000	400,000	Complete
15	Kombe Aic Primary	Construction of 1 classrooms to completion (Kshs.450,000) and Toilets (Kshs.150,000)	2017/18	600,000.00	600,000.00	Complete
16	St Stephen Kapkurjo Primary	Completion of 2 Classrooms- plastering, window panes, fixing of doors and painting	2017/18	400,000.00	400,000.00	Complete
17	St. Marks Kabaa Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	Complete
18	Chepkober Primary	General Renovation- Replacement of broken window panes, floor repairs and painting	2017/18	500,000.00	500,000.00	Complete
19	Fr Toror Primary	Completion of 2 classrooms- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	Complete
20	Sironoi Primary	Completion of 2 classrooms- plastering, window panes, fixing of doors and painting	2017/18	400,000.00	400,000.00	Complete

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
21	Kapngingich Primary	Completion of 3 classrooms- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	about 90% complete
22	Kapkemel Primary	Completion of 2 classrooms- plastering, window panes, fixing of doors and painting	2017/18	400,000.00	400,000.00	Complete
23	Aic Saniak Academy	Completion of Dining Hall- walling and plastering	2017/18	500,000.00	500,000.00	Ongoing
24	Simatwet Primary	Completion of 4 classrooms- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	about 80% complete
25	Kiboswa Primary	Construction of Dormitory-roofing	2017/18	400,000.00	400,000.00	Ongoing
26	Itigo primary	Completion of 4 classrooms- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	Complete
27	Tironin Primary	Construction of 2 classroom to completion	2017/18	800,000.00	800,000.00	about 90% complete
28	Kapsile Primary	Completion of 2 classrooms- plastering, window panes, fixing of doors and painting	2017/18	400,000.00	400,000.00	Complete
29	Mosoriot Primary	Renovations of 4 classrooms- Replacement of broken window panes, floor repairs and painting	2017/18	500,000.00	500,000.00	about 90% complete
30	Kaptien Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	about 90% complete
31	Kapnyemisa Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	Ongoing

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
32	Kipchunu Primary	Completion of 2 classrooms- plastering, window panes, fixing of doors and painting	2017/18	400,000.00	400,000.00	Complete
33	Ngechek Primary	Completion of 2 classrooms- plastering, window panes, fixing of doors and painting	2017/18	400,000.00	400,000.00	Complete
34	Lelboinet Primary	Completion of 3 classrooms- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	about 90% complete
35	Biribiriet Primary	Land Purchase- Completion of outstanding balance	2017/18	350,000.00	350,000.00	Complete
36	St Luke Preparatory	Completion of 2 classrooms- plastering, window panes and painting	2017/18	500,000.00	500,000.00	about 95% complete
37	SDA Mlango Primary	Construction of 2 classrooms to completion	2017/18	800,000.00	800,000.00	Ongoing
38	Lelmokwo Primary	Renovation of 5 Classrooms- Replacement of broken window panes, floor repairs and painting	2017/18	500,000.00	500,000.00	Complete
39	St Luke Mogoiywet Primary	Completion of 3 classrooms- plastering, window panes and painting	2017/18	500,000.00	500,000.00	Ongoing
40	Holy Family Academy	Construction of 1 classrooms to completion	2017/18	500,000.00	500,000.00	about 90% complete
41	Lelmokwo Academy	Construction of Dormitory (Foundation & walling)	2017/18	600,000.00	600,000.00	Ongoing
42	Tuiyobei Primary School	Construction of 1 classroom to completion	2017/18	400,000.00	400,000.00	Complete

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
43	Kechire Primary School	Renovations- Replacement of broken window panes, floor repairs and painting (Kshs.150,000) /Construction of Toilets (Kshs.150,000)	2017/18	300,000.00	300,000.00	Complete
44	Sikisiket Primary	Completion of 1 Classroom-Roofing, plastering, painting and general finishes	2017/18	400,000.00	400,000.00	Complete
45	Tuloi Primary	Construction of 1 classrooms to completion	2017/18	500,000.00	500,000.00	Complete
46	Kapkitara Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	Complete
47	Kiptuiya Primary	General Renovation- Replacement of broken window panes, floor repairs and painting	2017/18	400,000.00	400,000.00	Complete
48	Mwein Primary	Completion of 2 classrooms- plastering, window panes and painting	2017/18	400,000.00	400,000.00	Complete
49	Kaptabongen Primary	construction of special needs (PWDs) Toilets	2017/18	250,000.00	250,000.00	Complete
50	Kimondi Primary school	- Replacement of broken window panes, floor repairs and painting (Kshs.150,000)/Construction of Toilets (Kshs.150,000)	2017/18	300,000.00	300,000.00	Complete
51	Chebil Primary school	Completion of 3 classrooms- plastering, window panes and painting	2017/18	500,000.00	500,000.00	Ongoing
52	Rongit Primary	Construction of 1 classrooms to completion	2017/18	500,000.00	500,000.00	Complete
53	Kapcheluch Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	about 80% complete

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
54	Chemare Primary	General Renovation- Replacement of broken window panes, floor repairs and painting	2017/18	300,000.00	300,000.00	Complete
55	Karrel Primary	General Renovation- Replacement of broken window panes, floor repairs and purchase of desks	2017/18	300,000.00	300,000.00	Complete
56	Masaba- Chepsogor Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	Complete
57	AGC Ngeny Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	Complete
58	Kaptidil Primary	Renovations- Replacement of broken window panes, floor repairs and painting (Kshs.300,000) /Construction of Toilets (Kshs.200,000)	2017/18	500,000.00	500,000.00	Complete
59	Kunurter Primary	Construction of 1 Classroom to completion	2017/18	500,000.00	500,000.00	about 80% complete
60	Tabongenik Primary	Construction of 1 classroom to completion	2017/18	500,000.00	500,000.00	Ongoing
61	Segut Primary	Construction of 1 Classroom to completion	2017/18	500,000.00	500,000.00	Ongoing
62	Chepterit Primary	Renovations- Replacement of broken window panes, floor repairs and painting (Kshs.300,000) & Construction of Toilets (Kshs.200,000)	2017/18	500,000.00	500,000.00	Complete
63	Kapkechui Girls	Construction of Dormitory-From window level to roofing	2017/18	500,000.00	500,000.00	Complete
64	Samoo Secondary School	Construction of 1 classroom to completion	2017/18	600,000.00	600,000.00	Complete

No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
65	Moi Kapkuto Secondary	Construction of 1 classroom to completion	2017/18	600,000.00	600,000.00	Ongoing
66	Kapchepkok Secondary	Completion of 2 Classrooms- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	Complete
67	Sironoi Secondary	Construction of 1 classroom to completion	2017/18	600,000.00	600,000.00	95% complete
68	Tamboiyo Secondary	Completion of 3 Classrooms- Roofing, plastering, window panes, fixing of doors and painting	2017/18	800,000.00	800,000.00	Complete
69	Itigo Day Sec School	Construction of 1 classroom to completion	2017/18	600,000.00	600,000.00	80% complete
70	AIC Mosoriot Secondary	Construction of Administration Block from window level up to lintel	2017/18	600,000.00	600,000.00	At lintel stage
71	Mutwot Secondary	Completion of classrooms- plastering, window panes, fixing of doors and painting	2017/18	400,000.00	400,000.00	Complete
72	Ngechek Secondary	Completion of On-Going Dining Hall	2017/18	800,000.00	800,000.00	Ongoing
73	St Canisius Secondary	Completion of Laboratory- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	80% complete
74	AIC Kipkongorwo Secondary	Completion of Laboratory- plastering, window panes, fixing of doors and painting	2017/18	500,000.00	500,000.00	80% complete
75	Kiptuiya Secondary	Completion of 2 classrooms (Window panes and painting works)	2017/18	300,000.00	300,000.00	Complete
76	Kimondi sec school	completion of 3 classrooms- plastering, window panes and painting	2017/18	500,000.00	500,000.00	Complete

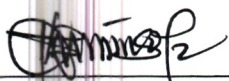
No.	Project Name	Sub Project/Activities	F/Y	Allocation	Disbursement	Implementation Status
77	Kosirai High School	Completion of Science Lab-Roofing and plastering	2017/18	800,000.00	800,000.00	50% complete
78	Masaba Secondary	Construction of 2 classrooms to completion	2017/18	1,100,000.00	1,100,000.00	Complete
79	St Jude Kokwet Sec School	Construction of Dining Hall-walling	2017/18	800,000.00	800,000.00	About 60% complete
80	Cheptwolio Secondary School	Construction of Dining Hall-Foundation & walling	2017/18	700,000.00	700,000.00	Ongoing
81	Kapmonjil Secondary	Completion of Laboratory-ceiling works and painting	2017/18	500,000.00	500,000.00	Complete
82	Kaptel Chiefs Office	Completion of Chiefs Offices-Roofing and plastering	2017/18	500,000.00	500,000.00	about 50% complete
83	Kombe Chiefs Office	Completion of Chiefs Offices-ceiling works, window panes and painting	2017/18	400,000.00	400,000.00	Ongoing
84	Kamoiyo Chiefs Camp	Completion of Chiefs camp- plastering, window panes and painting	2017/18	300,000.00	300,000.00	about 90% complete
85	Ngechek Chiefs Office	Construction of Chief Office-Foundation and walling	2017/18	600,000.00	600,000.00	At lintel stage
86	Biribriet Chiefs Office	Completion of Chiefs Offices-ceiling works, wiring and painting	2017/18	300,000.00	300,000.00	Complete
87	Kiptuiya Chiefs Office	Completion of Chiefs Offices- plastering, window panes and painting	2017/18	500,000.00	500,000.00	about 80% complete
88	Kokwet Chiefs Office	Construction of Chiefs Offices-Foundation and Walling	2017/18	500,000.00	500,000.00	Ongoing
89	Chesumei NG-CDFC office	Construction of CDF Offices (additional Allocation)	2017/18	2,000,000.00	2,000,000.00	Works Ongoing
	Total				66,303,395	

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

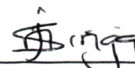
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	43,405,172.00	136,076,292.00
Proceeds from Sale of Assets	2	0.00	0.00
Other Receipts	3	0.00	0.00
TOTAL RECEIPTS		43,405,172.00	136,076,292.00
PAYMENTS			
Compensation of employees	4	1,305,913.00	1,598,046.00
Use of goods and services	5	6,171,825.00	11,525,683.00
Transfers to Other Government Units	6	11,400,000.00	71,200,000.00
Other grants and transfers	7	22,815,560.00	47,841,313.00
Acquisition of Assets	8	0.00	399,600.00
Other Payments	9	<u>0.00</u>	0.00
TOTAL PAYMENTS		41,693,298.00	132,564,642.00
SURPLUS/(DEFICIT)		<u>1,711,874.00</u>	<u>3,511,650.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHESUMEI Constituency financial statements were approved on 23/4/2019 and signed by:



Fund Account Manager
Name: Harun Chebii



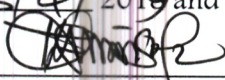
Sub-County Accountant
Name: Naomi Singa
ICPAK Member Number: 8816

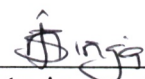
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHESUMEI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	10,510,238.00	8,498,364.00
Cash Balances (cash at hand)	10B	0.00	0.00
Total Cash and cash equivalents		10,510,238.00	8,498,364.00
Current Receivables-outstanding imprests	11	0.00	0.00
TOTAL FINANCIAL ASSETS		<u>10,510,238.00</u>	<u>8,498,364.00</u>
FINANCIAL LIABILITIES			
Accounts Payable-Retention	12	0.00	0.00
NET FINANCIAL ASSETS		<u>10,510,238.00</u>	
REPRESENTED BY			
Fund balance b/fwd 1st July 2017	13	8,498,364.00	4,986,714.00
Surplus/Deficit for the year		1,711,874.00	3,511,650.00
Prior year adjustments	14	<u>300,000.00</u>	<u>0.00</u>
NET FINANCIAL POSITION		<u>10,510,238.00</u>	<u>8,498,364.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Chesumei Constituency financial statements were approved on 23/4/2019 and signed by:


Fund Account Manager
Name: Harun Chebii

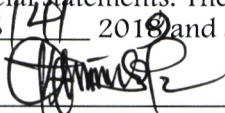

Sub-County Accountant
Name: Naomi Singa
ICPAK Member Number: 8816

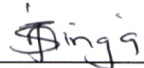
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHESUMEI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	43,405,172.00	136,076,292.00
Other Receipts	3	<u>0.00</u>	0.00
		43,405,172.00	136,076,292.00
Payments for operating expenses			
Compensation of Employees	4	1,305,913.00	1,598,046.00
Use of goods and services	5	6,171,825.00	11,525,683.00
Transfers to Other Government Units	6	11,400,000.00	71,200,000.00
Other grants and transfers	7	22,815,560.00	47,841,313.00
Other Payments	9	0.00	0.00
		41,693,298.00	132,564,642.00
Adjusted for:			
Adjustments during the year	14	300,000.00	0.00
Net cash flow from operating activities		2,011,874.00	3,911,250.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0.00	0.00
Acquisition of Assets	9	0.00	399,600.00
Net cash flows from Investing Activities		0.00	(399,600.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		2,011,874.00	3,511,650.00
Cash and cash equivalent at BEGINNING of the year	13	8,498,364.00	4,986,714.00
Cash and cash equivalent at END of the year		<u>10,510,238.00</u>	8,498,364.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHESUMEI Constituency financial statements were approved on 23/4 2018 and signed by:


Fund Account Manager
Name: Harun Chebii


Sub-County Accountant
Name: Naomi Singa
ICPAK Member Number: 8816

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHESUMEI 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 %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	19,877,674	106,688,019	51,903,536.00	54,784,483.00	49
Proceeds from Sale of Assets	-			-	-	
Other Receipts	-			-	-	
TOTAL RECEIPTS	86,810,345	19,877,674	106,688,019	51,903,536.00	54,784,483	49
PAYMENTS						
Compensation of Employees	1,900,000	1,182,163	3,082,163	1,305,913.00	1,776,250.00	42
Use of goods and services	5,912,931	2,770,253	8,683,184	6,171,824.98	2,511,359.00	71
Transfers to Other Government Units	38,600,000	7,400,000	46,000,000	11,400,000.00	34,600,000.00	25
Other grants and transfers	37,897,414	8,524,859	46,422,273	22,815,560.00	23,606,713.00	49
Acquisition of Assets		400	400	-	400.00	0
Other Payments	2,500,000	-	2,500,000	-	2,500,000.00	0
TOTALS	86,810,345	19,877,674	106,688,019.00	41,693,298.00	64,994,722.00	39

Brief explanations on underutilization:

The total receipts from the NGCDF Board for the financial year 2017/2018 was at 44% (i.e Ksh 43,405,173 out of the total allocation of Ksh 98,189,655) hence affecting the overall utilization.

On compensation of employees, 42% of the budget was spent since there were additional funds from the previous year and the constituency had anticipated to employ more staff.

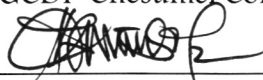
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHESUMEI CONSTITUENCY

Reports and Financial Statements

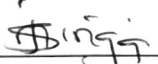
For the year ended June 30, 2018

On the use of goods and services, Transfers to Other Government Units, Other grants and Transfers and other payments, the underutilization is due to the underfunding by the NGCDF Board. As earlier mentioned, by close of the financial year, the constituency had received only 44% of the total allocation for the year.

The NGCDF-Chesumei Constituency financial statements were approved on 23/4/2019 and signed by:



Fund Account Manager
Name: Harun Chebii



Sub-County Accountant
Name: Naomi Singa
ICPAK Member Number: 8816

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-Chesumei Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
CHESUMEI CONSTITUENCY
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For the year ended June 30, 2018**

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.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
CHESUMEI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

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 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.

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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 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO. A825842	1		54,179,740.00
AIE NO.A829528	2		4,094,828.00
AIE NO.A839648	3		36,853,449.00
AIE NO.A855694	4		40,948,275.00
AIE NO A855783	1	5,500,000.00	
AIE NO A896795	2	37,905,172.00	
TOTAL		43,405,172.00	136,076,292.00

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	0.00	0.00
Receipts from sale of office and general equipment	0.00	0.00
Receipts from the Sale Plant Machinery and Equipment	0.00	0.00
	0.00	0.00
Total	0.00	0.00

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

3. OTHER RECEPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	0.00	0.00
Rents	0.00	0.00
Receipts from Sale of tender documents	0.00	0.00
Other Receipts Not Classified Elsewhere(Error of double payment in previous Year)	300,000.00	0.00
Total	300,000.00	0.00

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,305,913.00	1,598,046.00
Basic wages of casual labour	0.00	0.00
Personal allowances paid as part of salary	0.00	0.00
House allowance	0.00	0.00
Transport allowance	0.00	0.00
Leave allowance	0.00	0.00
Gratuity	0.00	0.00
Other personnel payments	0.00	0.00
Total	1,305,913.00	1,598,046.00

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

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	4,131,380.00	6,429,430.00
Utilities, supplies and services	0.00	0.00
Communication, supplies and services	0.00	0.00
Domestic travel and subsistence	0.00	0.00
Printing, advertising and information supplies & services	0.00	500,000.00
Office rent	225,000.00	360,000.00
Training expenses	0.00	0.00
Hospitality supplies and services	0.00	0.00
Insurance costs	0.00	0.00
Specialized materials and services	0.00	0.00
Office and general supplies and services	1,078,165.00	3,509,516.00
Fuel, oils & Lubricants	550,000.00	600,000.00
Routine maintenance – vehicles and other transport equipment	187,280.00	126,737.00
Routine maintenance – other assets	0.00	0.00
Total	6,171,825.00	11,525,683.00

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

6. **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	7,900,000.00	43,800,000.00
Transfers to secondary schools (see attached list)	3,500,000.00	27,400,000.00
Transfers to tertiary institutions (see attached list)	0.00	0.00
Transfers to health institutions (see attached list)	0.00	0.00
TOTAL	11,400,000.00	71,200,000.00

7. **OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see attached list)	8,986,660.00	8,600,000.00
Bursary – tertiary institutions (see attached list)	11,367,900.00	22,469,278.00
Bursary – special schools (see attached list)	0.00	0.00
Mock & CAT (see attached list)	0.00	931,035.00
Security projects (see attached list)	1,900,000.00	5,100,000.00
Sports projects (see attached list)	361,000.00	2,781,000.00
Environment projects (see attached list)	0.00	2,600,000.00
Emergency projects (see attached list)	200,000.00	5,160,000.00
Agriculture projects (see attached list)	0.00	200,000.00
TOTAL	22,815,560.00	47,841,313.00

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

8. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	0.00	0.00
Construction of Buildings	0.00	0.00
Refurbishment of Buildings	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	0.00	0.00
Overhaul of Vehicles and Other Transport Equipment	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	0.00	0.00
Purchase of Office Furniture and General Equipment	0.00	0.00
Purchase of ICT Equipment, Software and Other ICT Assets	0.00	399,000.00
Purchase of Specialised Plant, Equipment and Machinery	0.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	0.00	0.00
Acquisition of Land	0.00	0.00
Acquisition of Intangible Assets	0.00	0.00
Total	0.00	399,000.00

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0.00	0.00
ICT Hub	0.00	0.00
TIVET	0.00	0.00
	0.00	0.00

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

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Equity Bank, Kapsabet A/C No. 049261189435</i>	10,510,238.00	8,498,364.00
Total	10,510,238.00	8,498,364.00
10B: CASH IN HAND		
Location 1	0.00	0.00
Location 2	0.00	0.00
Location 3	0.00	0.00
Other Locations (<i>specify</i>)	0.00	0.00
	0.00	0.00
Total	0.00	0.00

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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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>	N/A	0.00	0.00	0.00
Total				0.00

12. RETENTION

	2017 - 2018	2016-2017
	Kshs	Kshs
Supplier 1	0.00	0.00
Supplier 2	0.00	0.00
Supplier 3	0.00	0.00
Total	0.00	0.00

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	8,498,364.00	4,597,534.30
Cash in hand	0.00	0.00
Imprest	0.00	389,180.00
Total	8,498,364.00	4,986,714.30

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

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	300,000.00	0.00
Cash in hand	0.00	0.00
Imprest	0.00	0.00
Total	300,000.00	0.00

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	0.00	0.00
Construction of civil works	0.00	0.00
Supply of goods	0.00	0.00
Supply of services	0.00	0.00
	0.00	0.00

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0.00	0.00
Middle management	0.00	0.00
Unionisable employees	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	0.00	0.00

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,776,250.00	1,182,163.00
Use of goods and services	3,255,778.00	1,746,115.00
Amounts due to other Government entities (see attached list)	34,900,000.00	500,000.00
Amounts due to other grants and other transfers (see attached list)	22,862,293.00	5,069,686.00
Acquisition of assets	0.00	400.00
Others (<i>Strategic Plan</i>)	2,500,000.00	0.00
	65,294,721.00	8,498,364.00

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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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)	2,207,635.00	3,720,639.00
	2,207,635.00	3,720,639.00

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – CHESUMEI CONSTITUENCY

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
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.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – CHESUMEI CONSTITUENCY
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – CHESUMEI CONSTITUENCY
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	0.00	0.00	0.00	0.00
Buildings and structures	0.00	0.00	0.00	0.00
Transport equipment	5,750,000.00	0.00	0.00	5,750,000.00
Office equipment, furniture and fittings	473,000.00	0.00	0.00	473,000.00
ICT Equipment, Software and Other ICT Assets	792,800.00	0.00	0.00	792,800.00
Other Machinery and Equipment	0.00	0.00	0.00	0.00
Heritage and cultural assets	0.00	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00	0.00
Total	7,015,800.00	0.00	0.00	7,015,800.00

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
CHEMUNDU PRIMARY	EQUITY BANK	0490299848778	4,000.00	
KAMURGUYWO PRIMARY SCHOOL	EQUITY BANK	0490299789145	36,000.00	
NAMGOI PRIMARY	EQUITY BANK	0490299787037	1,500.00	
KAPTEL CHIEFS OFFICE	KCB	1209110709	1,715.00	
ST EMMANUEL KAPKOIMET PRIMARY	EQUITY BANK	0490270221085	200,000.00	
ST STEPHEN KAPKURUNJO PRIMARY	EQUITY BANK	0490297419299	1,600.00	
KAPCHEPKOK SECONDARY	CO-OP BANK	1139327432403	2,350.00	
SIRONOI PRIMARY	NATIONAL BANK	01024055673901	500,000.00	
KAPNGINGICH PRIMARY	EQUITY BANK	0490299877011	16,450.00	
KIBOSWA PRIMARY	SIDIAN BANK	01008030010435	70,540.00	
TIRONIN PRIMARY	EQUITY BANK	0490262784427	25,050.00	
MUTWOT SECONDARY	EQUITY BANK	0490261189435	150,450.00	
KIPCHUNU PRIMARY	CO-OP BANK	01139441374500	20,000.00	
NGECHEK CHIEFS OFFICE	EQUITY BANK	04902777366397	500.00	
BIRIBIRIET PRIMARY	SIDIAN BANK	01008030011121	0.00	
ST. CANISIUS SEC. SCHOOL	CO-OP BANK	01139328444701	67,000.00	
BIRIBIRIET CHIEFS OFFICE	EQUITY BANK	0490270261875	60,000.00	
AIC KIPKONGORWO SECONDARY	NATIONAL BANK	01025064793901	120,540.00	
TUIYOBELI PRIMARY SCHOOL	EQUITY BANK	0490262106496	4,900.00	
KECHIRE PRIMARY SCHOOL	NATIONAL BANK	1024558274601	40,000.00	
SIKISIKET PRIMARY	EQUITY BANK	0490269996421	750.00	
KIPTUIYA SECONDARY	NATIONAL BANK	01025058785901	54,290.00	
KAPTABONGEN PRIMARY	CO-OP BANK	01139329211500	20,000.00	
KOSIRAI HIGH SCHOOL	NATIONAL BANK	0102555657802	300,000.00	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
KAPTIDIL PRIMARY	FAMILY BANK	097000013254	200,000.00	
KAPMONJIL SECONDARY	EQUITY BANK	0490299057445	110,000.00	
CHEPTERIT PRIMARY	NATIONAL BANK	01022055527500	200,000.00	
Total			2,207,635.00	

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Bank Balances (Cash and Cash Equivalents)	(i) Most of the stale cheques were in respect to bursaries to needy students but who did not collect or presented the same in time. The bank reconciliation for the ensuring months shows that several cheques had gone through Bank. The copies of bank reconciliations are available for verification. (ii) The stale cheques highlighted in your management letter are being reversed in the cash book.	Harun Chebii-FAM	Resolved	Sept 2018
4.2	Security Projects	The project was implemented using labour based contract i.e purchase of materials and sourcing of a contractor (Fundi). However, although there were quotations for the supply of materials, the contracted fundi seem to have been single sourced contrary to the procurement procedures. The PMC has since been advised to strictly follow procurement procedures while implementing the project going forward.	Harun Chebii-FAM	Resolved	Sept 2018

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

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)
4.3	Unsupported Expenditure	<p>4.3.1 Emergency Project The projects in question was identified by the committee (NG-CDFC) as emergency in nature since most of them were toilets which had collapsed and could not wait until the next financial year without harming the common good of the community. Nonetheless, the committee will endeavour to adhere to the provisions of the act going forward.</p> <p>4.3.2 Purchase of Land. The committee indeed allocated and disbursed funds to various projects for purchase of land as observed in your audit findings. The parcels of land were sold on the basis of willing buyer willing seller. The PMCs entered into an agreement with the land owners by signing a land sale agreement after getting valuation reports from registered land valuers. The PMCs are in the process of acquiring the title deeds for the parcels purchased following the due process of land transfer. The NG-CDFC will make a follow up to ensure that the process is expedited.</p>	Harun Chebii-FAM Michael Munai – NGCDFC Chair	Not Resolved	Dec. 2018

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

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)
4.4	PMCs Account Balances	The underutilization of funds by the PMCs is as a result of delay in disbursement of funds from the board. However the CDF committee is committed to ensuring that funds are disbursed to the PMCs as soon as the same is received from the board.	Harun Chebii-FAM	Resolved	Sept. 2018
4.5	Budget Control and Performance	The constituency received all the funding for the financial year and the same was disbursed to the approved projects and activities. However at the end of the financial year an amount of Ksh. 11,498,359 remained unspent. This amount includes an allocation of Ksh 4,000, 000 which was meant for the construction of CDFC office block which had not started by the close of the financial year. The remaining amount was meant for statutory activities such as Emergency reserve, payment of salaries, Monitoring and evaluation and administration expenses.	Harun Chebii-FAM	Resolved	Sept 2018
4.6	Project Implementation	As noted earlier, the delay in implementation of projects is occasioned by delay in disbursement of funds by the CDF Board. However, the NG-CDFC will always ensure timely disbursement of funds to PMCS – as soon as funding is received.	Harun Chebii-FAM, M. Munai-NGCDFC Chair	Resolved	Sept 2018