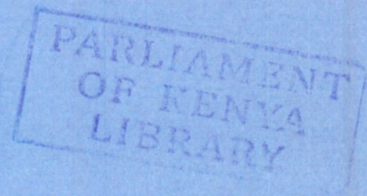




OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY PAPERS LAID		DATE: 20/2/19	Day: Wed
TABLED BY:	Hon. Aden	Date	
CLERK-AT THE TABLE:	h.o.m	Miriam Moko	



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
EMBAKASI NORTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



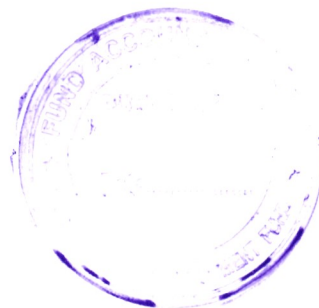


**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND-
EMBAKASI NORTH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

The *EMBAKASI NORTH Constituency's* day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Leah Waithera Guchu
3.	Accountant	Alois kimuyu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of EMBAKASI NORTH Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the Constituency Development Fund Committee (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) EMBAKASI NORTH NG-CDF Headquarters

**P.O Box 66984-00200
Nairobi
Living Goods Building 3rd Floor
Along Outering Road
Off Kariobang Round about
Adjacent KWFT Microfinance**

Reports and Financial Statements

For the year ended June 30, 2017

(f) EMBAKASI NORTH NG-CDF Contacts

Telephone: (254) 725 433 427
E-mail: embakasinorth@ng-cdf.go.ke
Website: www.ng-cdf.go.ke

(g) EMBAKASI NORTH NG-CDF Bankers

1. Equity Bank Limited

Kenyatta Avenue Branch
P.O.Box 75104

1300261118717

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(h) Independent Auditors

Auditor General
Kenya National Audit Office
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

**II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND
COMMITTEE (NG-CDFC)**

The NG-CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NG-CDF has improved the Education and Security infrastructures of Embakasi North.

However there have been emerging issues like insecurity, political, economic, social, legal and global challenges influencing the implementation of NG-CDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations

The NG-CDFCs wish that the issues of having the project on going for more than 2years be stopped and the NG-CDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Sign 

CHAIRMAN NG-CDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI NORTH
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NG-CDF 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 NG-CDF shall prepare financial statements in respect of that NG-CDF. 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 (*indicate actual name of the NG-CDF*) is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *NG-CDF*; (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 *NG-CDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

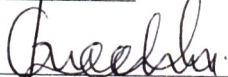
The Accounting Officer in charge of the (*name of the NG-CDF*) accepts responsibility for the *NG-CDF's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *NG-CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 20XX, and of the *NG-CDF's* financial position as at that date. The Accounting Officer charge of the (*Embakasi North NG-CDF*) further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the (*name of the NG-CDF*) confirms that the *NG-CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NG-CDF'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 *NG-CDF'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 *NG-CDF's* financial statements were approved and signed by the Accounting Officer on

June 2017.



Fund Account Manager





Chairman - NG-CDFC



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- EMBAKASI NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi North Constituency set out on pages 5 to 24, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flow and summary statement of appropriation 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund- Embakasi North Constituency as at 30 June 2017, 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 do not comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The following differences have been noted between balances in the financial statements and balances in the supporting schedules:

Account Details	Balances as per Financial Statements (Kshs)	Balance as per Supporting Schedule (Kshs)	Variance (Kshs)
Transfer to Other Government Entities	27,561,226	26,175,618	1,385,608
Other grants and transfers			
• Bursary	20,464,500	11,880,000	8,584,500
• Agriculture (market/boda boda sheds)	11,576,585	10,361,672	1,214,913

Report of the Auditor-General on the Financial Statements of National Government Constituency Development Fund - Embakasi North for the Year ended 30 June 2017

• Roads	24,133,047	25,308,182	(1,175,135)
• Environment	1,598,000	600,000	998,000
• Emergency projects	2,661,800	800,000	1,861,800
Use of Goods and services	8,528,025	6,903,365	1,624,660
Compensation of employees	2,046,677	2,009,774	36,903

Consequently, the accuracy of the financial statements for the year ended 30 June 2017 cannot be confirmed.

2. Failure to Withhold Retention Money for Projects

A review of contract records and payment vouchers for the year under review revealed that certificates of works attached did not include retention money. Contractors were instead paid gross contract sum less 6% VAT. This implied that any defects arising would be rectified by project beneficiaries. Payments amounting to Kshs.44,191,000 were made to contractors without withholding retention amounts. No explanation has been provided for this anomaly.

3. Full Payment for Partly Executed Projects

Contract for construction of two units of the proposed staff quarters at Dandora 1 Health Centre was awarded to Tresmu Investment Limited for a sum of Kshs.4,482,070 vide Local Service Order No. A583558 dated 27 March,2015 and an award letter drawn on the same date. An acceptance letter was issued on 30 March,2015. An invoice was raised on 30 December,2016 and a payment of Kshs.4,250,260 made to the contractor vide a voucher number 95 dated 12 January 2017. The Certificate of payment reflected purported valuation of the two units at a cost of Kshs.1,931,936.21 each exclusive of VAT.

Site visit revealed that the contractor did shoddy work and the only completed one unit was not in use. Further due to poor workmanship, the ceiling was already in need of rehabilitation even before occupation of the unit. The other unit was not constructed yet the contractor was paid the full amount. In the circumstances the contractor should be made to refund the constituency the money paid for non-executed works and rehabilitation of the unit done at the cost of the contractor.

Similarly, the following inconsistencies were noted for other projects visited:

Project Location	Project Description	Contract Sum (Kshs)	Findings
Dandora	Expansion of Administration Police Road	3,000,000	Project was said to have been done during the 2014/15 financial year. During the 2015/2016 financial year auditors were also taken to the same project as part of the projects implemented in 2015/2016 financial year.
James Gichuru Primary School	Supply of 100 desks	499,960	Management of the school confirmed receipt of 60 desks with the balance of 40 desks

			not accounted for. Goods received notes were not provided for verification.
Dandora Girls Sec school	Completion of installation of power in the kitchen and toilet, buying of 150 black boards and 150 desks and floor screening	2,300,000	Management of the school confirmed receipt of 100 desks with the balance of 50 desks not accounted for. Goods received notes were not provided for verification.

In the absence of physical evidence of completion of works and delivery of goods, it is not possible to confirm that the expenditure referred above was valid and a proper charge to public funds.

4. Implementation of Substandard Projects

Physical verification of road projects revealed that most of the roads implemented during the year under review were still in bad state. Some of the access roads said to have been maintained had deep troughs with no evidence of drainage works done as indicated in the Bills of Quantities. Projects with a total contract sum of Kshs.9,397,437 were not done to the expected standard. These projects included:

- i. Construction of Super Loaf Extension Road
- ii. Construction of Miwa Road
- iii. Construction of Gitari Maringo/Kinyago Road
- iv. Construction of Marphic Road

As at the time of verification, Nairobi City County had also engaged another contractor to carry out rehabilitation works on Gitari Maringo/Kinyago Road as per project board on site.

Consequently, the constituents did not obtain value for money spent on the four road projects.

5. Variation Between Contract Price and Value of Works Certified

The Constituency Development Fund management engaged Hunyu Bush Clearing and Nurseries to install seven high mast floodlights in Dandora at a contract price of Kshs.10,000,000 according to a copy of Local Purchase Order (LPO) No. A583560. Value of work executed as per statement of payment dated 30 September 2016 was Kshs.7,999,997. The contractor was paid the amount of Kshs.7,999,997 vide payment voucher No. 088. Variation of Kshs.2,000,003 between the LPO value and the value of works executed and certified was not explained. Further, no disclosure has been made in the financial statements of any pending amount payable to the contractor as at 30 June 2017. Consequently, it is not clear whether the project was executed according to the requirements of the contract.

6. Un-supported Sports Equipment

Expenditure records show that the Constituency Development Fund management purchased sports equipment worth Kshs.2,000,000 during the year under review. The management explained that the equipment was distributed to various teams within the Constituency.

However, documentary evidence of the quantity purchased, received and distributed and details of the teams which received the equipment was not provided for audit verification. Consequently, it has not been possible to confirm the propriety of the expenditure and whether the equipment reached the intended beneficiaries.

7. Underpayment of Compensation of Employees

The statement of receipts and payments reflects total expenditure on compensation of employees of Kshs.2,046,677. However, and as noted in the previous year, examination of employee records revealed that the management was still not adhering to CDF Board/Circulars/Vol 1.1/166 as regards payment of the approved salaries to the employees as analyzed below:

Month	Payroll Amount (Kshs.)	Approved rates (Kshs.)	Under Payment (Kshs.)
July	112,041	142,551	52,352
August	112,041	142,551	52,352
September	112,041	142,551	52,352
October	112,041	142,551	52,352
November	112,041	142,551	52,402
December	112,041	142,551	52,402
January	112,041	142,551	52,402
February	90,199	142,551	52,402
March	90,199	142,551	30,510
April	90,199	142,551	30,510
May	90,199	142,551	30,510
June	90,199	142,551	30,510
	1,235,282	1,710,612	541,056

No explanation has been provided for the persistent failure to comply with NG-CDF Board circular. In the circumstances, the expenditure on compensation of employees for the year under review appear to be understated.

8. Payment for Unutilized Office Space

The statement of receipts and payments reflects expenditure of Kshs.8,528,025 in respect of use of goods and services. Included in the expenditure is office rent of Kshs.900,000 (2015/2016: Kshs.1,410,000). Rent for the months of April to June 2017 was not reflected in the ledgers. A visit to the office, and as noted in the previous year revealed that the Fund rented double the space the staff had been occupying at twice the initial cost.

Verification of the extra office space acquired revealed that it had not been put to use for three years since the date of the lease agreement and the Fund continued to pay for rent for the unoccupied office space. No proper explanation has been provided for paying rent for the unoccupied space. The public funds spent on the unoccupied space have, therefore, not been used in an economic, efficient and effective manner.

9. Net Financial Position

The statement of financial assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.3,175,714.76, being the difference between the brought forward fund balance of Kshs.25,009,599.73 and the deficit for the year of Kshs.21,833,884.97. No explanation has been provided for this anomaly.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Embakasi North Constituency management 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 adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the financial statements for the current year. Except for the matters described in the Basis for Adverse Opinion paragraph and Other Matter sections, I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Failure to Adhere to Public Procurement Act and Regulations

A review of expenditure records and payment vouchers for major projects implemented during the year revealed that the Fund procured most goods and works through request for quotations. Whereas the Constituency had a list of pre-qualified suppliers and contractors, there was no evidence to show that the pre-qualification was carried out competitively as required under Section 93(3) of the Public Procurement and Asset Disposal Act, 2015. It was further noted that quotations were received from two bidders and in some instances only one bidder responded. Based on sample examination of payment records provided, goods and works worth Kshs. 56,563,928 were procured through request for quotations as detailed below:

Project Location	Project Description	Contractor Name	Contract Price Kshs	Method of Procurement
Kariobangi North	Construction of superloaf extension road	Prime Nigel ltd	2,300,000	Use of quotations
Dadora Phase II	Construction of Cinema road Phase II	Tresmu investments ltd	12,000,000	Use of quotations. Only 2 bidders were received and evaluated
Kariobangi North	Construction of Miwa road	Mabaks enterprises	2,498,756	Use of quotations.

				Only 1 bidder was evaluated
Dadora	Expansion of Administration Police road	Hunyu bush clearing & nurseries	3,000,000	Use of quotations. Only 2 bidders were received and evaluated
Office	Purchase of sports equipment for tournament	Ndakaini hardware & property agencies	1,000,000	Use of request for quotations
Office	Purchase of sports equipment for tournament and facilitation	Hestroy enterprises	1,000,000	Use of request for quotations. Only 2 bidders were received and evaluated
Entire Constituency	Installation of 7 No. flood masts lights	Hunyu bush clearing & nurseries	9,999,999	Use of quotations. Only 3 bidders were received and evaluated
Dadora Girls Sec Sch	Electricals, furniture, and stationery	Hunyu Bush Clearing & Nurseries	1,692,393	Use of quotations. Only 3 bidders were received and evaluated. Quotations were not signed by the opening committee
Dadora	Construction of Gitari Maringo/Kinyago road	Ndakaini Hardware & Property Agencies	2,598,841	Use of quotations. Only 1 bidder was evaluated
Kariobangi North	Construction of Marphic road	Mwafi enterprises	1,999,840	Use of quotations. Only 1 bidder was evaluated
Ushirika Secondary Sch	Construction of administration block and 2 classrooms	Tresmu Investment Ltd	13,872,962	Use of quotations. Only 1 bidder was evaluated
James Gichuru Pri. Sch	Supply of desks	Prismart Enterprises Co Ltd	499,960	No of desks supplied not indicated in the invoice. No

				delivery note attached.
Kariobangi North	Completion of Kariobangi North Police station	Tresmu investment ltd	2,000,000	Use of request for quotations. Only 2 bidders were received and evaluated
Dadora 1 Secondary sch	Construction of Kitchen block	Mabaks enterprises	2,101,177	Use of request for quotations. Only 3 bidders were received and evaluated
Total			56,563,928	

Further, it was noted that three firms have been featuring prominently in most procurement since the Fund's inception namely; Mabaks Enterprises, Tresmu Investment Limited, and Hunyu Bush Clearing and Nurseries. It is not clear whether the management was keen to ensure that quotations were submitted in a way to avoid same firms quoting for the works as required by the law.

2. Budget and Budgetary Control

2.1. Previous Years' Allocation Brought Forward

Examination of the Fund's records revealed that it had an opening bank balance of Kshs.25,000,600 at the beginning of the 2016/2017 financial year. During the year 2016/17 the Constituency received Kshs.50,787,696 in respect of allocation for the previous financial years not disbursed. However, the list of specific projects implemented using the opening cash balance of Kshs.25,000,600 and disbursements for the previous years of Kshs.50,787,696 was not provided for audit verification in order to track the implementation of previous years' budgets.

2.2. Under Expenditure

The following projects with a total budget of Kshs.32,761,833 in 2016/2017 were implemented at a total cost of Kshs.22,297,552 resulting to under-expenditure of Kshs.10,464,282 as detailed below:

Project Location	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs.)	Under-Exp. (Kshs.)
Dadora Sec. Sch., Ushirika Sec. Sch. Dadora Pri Sch. Kariobangi North Pri Sch. and Kariobangi North Sec. Sch.	1,000,000	600,000	400,000
Embakasi North Constituency	19,474,137	11,880,000	7,594,137
Construction of boda boda and market shades	12,287,696	9,817,552	2,470,145
Total	32,761,833	22,297,552	10,464,282

No satisfactory reason has been given for the under-expenditure.

2.3. Over-Expenditure

Further, three projects with a total budget of Kshs.6,000,000 in 2016/2017 were implemented at a total cost of Kshs.10,097,591 resulting in an over-expenditure of Kshs.4,097,591 as detailed below:

Project Location	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	Over-Expenditure (Kshs)
Ushirika Secondary School- Completion of school administration block	2,000,000	4,999,994	2,999,994
Rehabilitation of Gitari Maringo road	2,000,000	2,598,841	598,841
Rehabilitation of Miwa Road	2,000,000	2,498,756	498,756
	6,000,000	10,097,591	4,097,591

No approval or explanation has been provided for the over expenditure.

2.4. Expenditure Without Budgetary Provision

The following projects totalling Kshs.5,392,837 did not have budgetary allocation during the year under review:

Project Description	Actual Amount Spent (Kshs.)
Construction of staff quarters	4,482,092
Rehabilitation of Wangu Road	910,745
Total	5,392,837

No explanation has been given for this anomaly.

2.5. Non Implemented Projects

Projects included in the approved budget with a total budget of Kshs.4,600,000 had not started as at the time of audit as detailed below:

Project Location	Project Description	Budgeted Amount (Kshs)
Embakasi North Constituency	Payment of examination preparation of papers to secondary schools	1,000,000
Kariobangi North Primary School	Construction of perimeter wall	800,000
Wangu Primary School	Renovation of perimeter wall, purchase of 200 classroom desks	300,000
Dandora Primary School	Construction of classroom block	2,500,000
Total		4,600,000

Consequently, the constituents did not obtain the intended benefits from these projects.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis Basis) and for such 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.

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 management 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Fund 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 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 sustaining 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 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

23 October 2018

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	91,735,972.60	92,464,294.50
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		91,735,972.60	92,464,294.50
PAYMENTS			
Compensation of employees	4	2,046,677.32	1,242,570.00
Use of goods and services	5	8,528,025.00	5,274,160.00
Transfers to Other Government Units	6	27,561,225.95	4,801,664.20
Other grants and transfers	7	75,433,929.30	74,998,094.07
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		113,569,857.57	86,316,488.27
SURPLUS/DEFICIT		(21,833,884.97)	6,147,806.23

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI NORTH NG-CDF financial statements were approved on June 2017 and signed by:

Pamuel
Chairman - NG-CDFC



Quella
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI NORTH
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

II. STATEMENT OF FINANCIAL ASSETS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	3,175,714.76	25,009,599.73
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	10C	-	-
TOTAL FINANCIAL ASSETS		3,175,714.76	25,009,599.73
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	25,009,599.73	18,861,793.50
Surplus/Defict for the year		(21,833,884.97)	6,147,806.23
Prior year adjustments	12	-	-
NET LIABILITIES		3,175,714.76	25,009,599.73

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI NORTH NG-CDF financial statements were approved on June 2017 and signed by:

Donald

Chairman NG-CDFC



Caella

Fund Account Manager


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI NORTH
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**


IV. SUMMARY STATEMENT OF CASH FLOW

CASHFLOW STATEMENT		2016-2017	2015-2016
		Kshs	Kshs
Receipts for operating income			
Transfers from CDF Board	1	91,735,972.60	92,464,294.50
Other Receipts	3	-	-
		91,735,972.60	92,464,294.50
Payments for operating expenses			
Compensation of Employees	4	2,046,677.32	1,242,570.00
Use of goods and services	5	8,528,025.00	5,274,160.00
Transfers to Other Government Units	6	27,561,225.95	4,801,664.20
Other grants and transfers	7	75,433,929.30	74,998,094.07
Other Payments	8	-	-
		113,569,857.57	86,316,488.27
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		(21,833,884.97)	6,147,806.23
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(21,833,884.97)	6,147,806.23
Cash and cash equivalent at BEGINNING of the year	15	25,009,599.73	18,861,793.50
Cash and cash equivalent at END of the year	16	3,175,714.76	25,009,599.73

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI NORTH NG-CDF financial statements were approved on June 2017 and signed by:


Chairman - NG-CDFC




Fund Account Manager

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

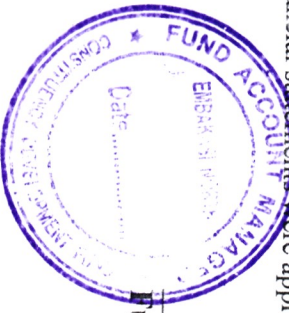
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,551.72	55,509,599.73	137,406,151.45	116,745,572.33	20,660,579.12	85%
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	2,413,793.10	-	2,413,793.10	2,046,677.32	367,115.78	84.8%
Use of goods and services	4,700,000.00	4,000,000.00	8,700,000.00	8,528,025.00	171,975.00	98.0%
Transfers to Other Government Units	17,713,793.10	10,000,000.00	27,713,793.10	27,561,225.95	152,567.15	99.4%
Other grants and transfers	57,068,965.52	41,509,599.73	98,578,565.25	75,433,929.30	23,144,635.95	76.5%
Acquisition of Assets						
Other Payments						0.0%
TOTALS	81,896,551.72	55,509,599.73	137,406,151.45	113,569,857.57	23,836,293.88	82.7%

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
 (b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

The EMBAKASI NORTH NG-CDF financial statements were approved on June 2017 and signed by:


 Chairman NG-CDF

 Fund Account Manager



VI. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NG-CDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *NG-CDF*.

2. Recognition of revenue and expenses

The *NG-CDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *NG-CDF*. In addition, the *NG-CDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *NG-CDF*.

3. In-kind contributions

In-kind contributions are donations that are made to the *NG-CDF* 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 *NG-CDF* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY

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various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 *NG-CDF* 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.

5. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NG-CDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *NG-CDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

6. Comparative figures

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

7. 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 June 30, 2017.

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

I. NOTES TO THE FINANCIAL STATEMENTS					
GFS CODES					
1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES					
	Description		2016 - 2017	2015 - 2016	
			Kshs	Kshs	
			1,500,000.00	31,952,807.50	
133040 7	Normal Allocation		29,000,000.00	12,511,487.00	
			4,094,827.60	10,000,000.00	
		839587	20,287,696.00	10,000,000.00	
		855182	36,853,449.00	28,000,000.00	
133040 8	Conditional grants		-	-	
133040 9	Receipt from other Constituency		-	-	
	TOTAL		91,735,972.60	92,464,294.50	
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS					
351000 0	Description		2016 - 2017	2015 - 2016	
			Kshs	Kshs	
351020 2	Receipts from the Sale of Buildings		-	-	

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
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351060 1	Receipts from the Sale of Vehicles and Transport Equipment		-	-	
351080 1	Receipts from the Sale Plant Machinery and Equipment		-	-	
351080 3	Receipts from the Sale of office and general equipment		-	-	
			-	-	
			-	-	
		Total			
140000 0	3 OTHER RECEIPTS				
	Description		2016 - 2017	2015 - 2016	
			Kshs	Kshs	
141010 7	Interest Received		-	-	
141040 5	Rents		-	-	
142060 1	Sale of tender documents		-	-	
145020 7	Other Receipts Not Classified Elsewhere (specify)		-	-	
	Total		-	-	
211000 0	4 COMPENSATION OF EMPLOYEES				
	Description		2016 - 2017	2015 - 2016	
			Kshs	Kshs	
211020 1	Basic wages of contractual employees		1,081,631.60	1,221,770.00	
211020 2	Basic wages of casual labour		-	-	

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

	Personal allowances paid as part of salary		-	-	
2110301	House allowance		-	-	
2110314	Transport allowance		-	-	
2110320	Leave allowance		-	-	
2110320	Employer contribution to NSSF		14,000.00	20,800.00	
2110326	Other personnel payments				
2710120	gratuity		951,045.72		
	Total		2,046,677.32	1,242,570.00	
2200000	5 USE OF GOODS AND SERVICES				
	Description		2016 - 2017	2015 - 2016	
			Kshs	Kshs	
2210100	Utilities, supplies and services		300,000.00	413,000.00	
2210104	Office rent		900,000.00	1,410,000.00	
2210200	Communication, supplies and services		150,000.00	100,000.00	
2210300	Domestic travel and subsistence		180,000.00	200,000.00	
2210500	Printing, advertising and information supplies & services		250,000.00	200,000.00	
2210600	Rentals of produced assets			-	
2210700	Training expenses		2,903,305.00	-	
221080	Other committee				



NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

2	expenses		1,836,000.00	1,266,000.00		
2210809	Committee allowance		1,858,375.00	1,368,000.00		
2210800	Hospitality supplies and services			-		
2210900	Insurance costs			-		
2211000	Specialised materials and services			-		
2211100	Office and general supplies and services		134,500.00	300,000.00		
2211200	Fuel ,oil & lubricants					
2211300	Other operating expenses		15,845.00	17,160.00		
2220100	Routine maintenance -- vehicles and other transport equipment			-		
2220200	Routine maintenance -- other assets			-		
	Total		8,528,025.00	5,274,160.00		
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES					
	Description		2016 - 2017	2015 - 2016		
			Kshs	Kshs		
2630204	Transfers to primary schools		4,099,960.00	1,337,835.00		
2630205	Transfers to secondary schools		18,979,173.25	3,463,829.20		
2630206	Transfers to Tertiary institutions			-		

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
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263020 7	Transfers to Health institutions		4,482,092.70	-	
	TOTAL		27,561,225.95	4,801,664.20	
264000 0	7 OTHER GRANTS AND OTHER PAYMENTS				
	Description		2016 - 2017	2015 - 2016	
			Kshs	Kshs	
264010 1	Bursary - Secondary		16,000,000.00	17,760,000.00	
264010 2	Bursary -Tertiary		4,464,500.00	-	
264010 4	Bursary-Special schools			-	
264010 5	Mocks & CAT			-	
264050 4	water			-	
264050 5	Agriculture (market /boda boda sheds)		11,576,584.66	-	
264050 6	Electricity projects			-	
264050 7	Security		12,999,998.15	-	
264050 8	Roads		24,133,046.60	53,057,569.57	
264050 9	Sports		2,000,000.00	-	
264051 0	Environment		1,598,000.00	-	
264051 0	Other capital grants and transfer			4,180,524.50	
264020 0	Emergency Projects (specify)		2,661,799.89		
	Total		75,433,929.30	74,998,094.07	

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

000 0		8 ACQUISITION OF ASSETS			
<u>Non Financial Assets</u>		2016 - 2017	2015 - 2016		
		Kshs			
311010 2	Purchase of Buildings	-	-		
311020 2	Construction of Buildings	-	-		
311030 2	Refurbishment of Buildings	-	-		
311070 1	Purchase of Vehicles	-	-		
311070 4	Purchase of Bicycles & Motorcycles	-	-		
311080 1	Overhaul of Vehicles	-	-		
311100 1	Purchase of Office furniture and fittings	-	-		
311100 2	Purchase of computers ,printers and other IT equipments	-	-		
311100 5	Purchase of photocopier	-	-		
311100 9	Purchase of other office equipments	-	-		
311111 2	Purchase of soft ware	-	-		
313010 1	Acquisition of Land	-	-		
	OTHERS- STRATEGIC PLAN	-	-		
	Total	-	-		
	9	2016 - 2017	2015 - 2016		
	specify	Other Payments	-	-	
	specify		-	-	
	specify		-	-	

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
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TOTAL		-	-
10A: Bank Balances (cash book bank balance)			
Name of Bank, Account No. & currency		2016 - 2017	2015 - 2016
	Account Number	Kshs (30/6/2017)	Kshs (30/6/2016)
EQUITY BANK		3,175,714.76	25,009,599.73
			-
			-
			-
Total		3,175,714.76	25,009,599.73
10B: CASH IN HAND)			
		2016 - 2017	2015 - 2016
		Kshs (30/6/2016)	Kshs (30/6/2015)
Location 1		-	
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
			-
Total		-	-
		<i>[Provide cash count certificates for each]</i>	
10C: OUTSTANDING IMPRESTS			

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

		2016 - 2017	2015 - 2016
Bank accounts		Kshs	Kshs
Cash in hand		-	-
Imprest		-	-
		-	-
Total		-	-
13			
OTHER IMPORTANT DISCLOSURES			
13.1: PENDING ACCOUNTS PAYABLE (See Annex 1)			
		2016 - 2017	2015 - 2016
		Kshs	Kshs
Construction of buildings		-	-
Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	-
TOTAL		-	-
13.2: PENDING STAFF PAYABLES (See Annex 2)			
		2016 - 2017	2015 - 2016
		Kshs	Kshs
Senior management			
Middle management		-	-
Unionisable employees		-	-
Others (specify)		-	-
		-	-
13.3: OTHER PENDING PAYABLES (See Annex 3)			
		2016 - 2017	2015 - 2016

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

Amounts due to other Government entities (see attached list)		Kshs	Kshs		
Amounts due to other grants and other transfers (see attached list)		-			
Others (specify)		-			
		-			

13.4: PMC Account balances (see Annex 5) kshs10,598,307.10

13.4: Amount due from the Board- kshs 40,948,275.12

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Comments
	a	b		2,014 d=a-c	
Construction of buildings	-	N/A	-	-	N/A
1.	-	N/A	-	-	N/A
2.	-	N/A	-	-	N/A
3.	-	N/A	-	-	N/A
Sub-Total	-	N/A	-	-	N/A
Construction of civil works	-	N/A	-	-	N/A
4.	-	N/A	-	-	N/A
5.	-	N/A	-	-	N/A



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6.	-	N/A	-	-	N/A
Sub-Total	-	N/A	-	-	N/A
Supply of goods	-	N/A	-	-	N/A
7.	-	N/A	-	-	N/A
8.	-	N/A	-	-	N/A
9.	-	N/A	-	-	N/A
Sub-Total	-	N/A	-	-	N/A
Supply of services	-	N/A	-	-	N/A
10.	-	N/A	-	-	N/A
11.	-	N/A	-	-	N/A
12.	-	N/A	-	-	N/A
Sub-Total	-	N/A	-	-	N/A
Grand Total	-	N/A	-	-	N/A

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Outstanding Balance	
				2,015	2,014
				c	d=a-c
Senior Management	N/A	-	N/A	-	-
1.	N/A	-	N/A	-	-
2.	N/A	-	N/A	-	-
3.	N/A	-	N/A	-	-
Sub-Total	N/A	-	N/A	-	-
Middle Management	N/A	-	N/A	-	-
4.	N/A	-	N/A	-	-
5.	N/A	-	N/A	-	-
6.	N/A	-	N/A	-	-
Sub-Total	N/A	-	N/A	-	-
Unionisable Employees	N/A	-	N/A	-	-
7.	N/A	-	N/A	-	-
8.	N/A	-	N/A	-	-

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
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9.	N/A	-	N/A	-	-
Sub-Total	N/A	-	N/A	-	-
Others (specify)	N/A	-	N/A	-	-
10.	N/A	-	N/A	-	-
11.	N/A	-	N/A	-	-
12.	N/A	-	N/A	-	-
Sub-Total	N/A	-	N/A	-	-
Grand Total	N/A	-	N/A	-	-

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Outstanding Balance	Outstanding Balance
Amounts due to other Government entities					
1.					
2.					
3.					
Sub-Total					
Amounts due to other grants and other transfers					
4.					
5.					
6.					
Sub-Total					
Others (specify)					
7.					
8.					
9.					
Sub-Total					
Grand Total					

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost			
	(Kshs)	(Kshs)			
	2016 - 2017	2015 - 2016			
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings	605,325.00	605,325.00			
ICT Equipment, Software and Other ICT Assets	604,000.00	604,000.00			
Other Machinery and Equipment					
Heritage and cultural assets					
Intangible assets	-	-			
Total	1,209,325.00	1,209,325.00			

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
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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 issue 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:	Timeframe:																																
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)																																
OAG/CDF/2015/2016MGT/9/1.1	<p>The statement of receipts and payments reflects total expenditure on compensation of employees of Kshs.1, 242,570 while the actual payment was confirmed as Kshs.1, 169,556 as per the payment vouchers resulting to unreconciled variance of Kshs.73, 014. Examination of employee records revealed that the management were not adhering to CDF Board/Circulars/Vol 1.1/166 circular. There were under payments under employees costs as analyzed below:-</p> <table border="0"> <tr> <td>Month</td> <td>Payroll</td> <td></td> </tr> <tr> <td></td> <td>Amount(Kshs.)</td> <td>Approved</td> </tr> <tr> <td></td> <td></td> <td>Under</td> </tr> <tr> <td></td> <td>Payment (Kshs.)</td> <td></td> </tr> <tr> <td>July</td> <td>90,199</td> <td></td> </tr> <tr> <td></td> <td>142,551</td> <td></td> </tr> </table>	Month	Payroll			Amount(Kshs.)	Approved			Under		Payment (Kshs.)		July	90,199			142,551		<p>During the financial year ending 31st June 2016, all the financial statements for Embakasi north constituency were prepared in accordance with the Kenyan government regulations and the International Public Sector Accounting Standards (IPSAS).</p> <p>Compensation of employees was kshs 1,242,570 as evidenced by the attached summary.</p> <p>4 COMPENSATION OF EMPLOYEES</p> <table border="0"> <tr> <td>PAYEES NAME</td> <td>DATE</td> </tr> <tr> <td></td> <td>PV NO</td> </tr> <tr> <td></td> <td>CHEQUE NO</td> </tr> <tr> <td></td> <td>AMOUNT</td> </tr> <tr> <td>EQUITY - STAFF</td> <td></td> </tr> <tr> <td>SALARIES</td> <td></td> </tr> <tr> <td></td> <td>30/07/2015</td> </tr> </table>	PAYEES NAME	DATE		PV NO		CHEQUE NO		AMOUNT	EQUITY - STAFF		SALARIES			30/07/2015	Leah Waitira Guchu	Resolved	
Month	Payroll																																				
	Amount(Kshs.)	Approved																																			
		Under																																			
	Payment (Kshs.)																																				
July	90,199																																				
	142,551																																				
PAYEES NAME	DATE																																				
	PV NO																																				
	CHEQUE NO																																				
	AMOUNT																																				
EQUITY - STAFF																																					
SALARIES																																					
	30/07/2015																																				

NATIONAL GOVERNMENT ENTITY - EMBAKASI NORTH CONSTITUENCY

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For the year ended June 30, 2017

52,352		O105	3994
August	90,199		
	142,551	78,349.00	
52,352		N.H.I.F	30/07/2015
September		O105	3995
90,199	142,551		
52,352		3,000.00	
October	90,199	P.A.Y.E	30/07/2015
	142,551	O105	3997
52,352			
November		7,250.00	
90,149	142,551	EQUITY BANK-SALARIES	
52,402			30/08/2015
December		O2	4364
90,149	142,551		
52,402		78,349.00	
January	90,149	PAYE	30/08/2015
	142,551	O2	4365
52,402			
February		7,250.00	
90,149	142,551	NHIF	30/08/2015
52,402		O2	4367
March	112,041		
	142,551	3,000.00	
30,510		EQUITY	
April	112,041	BANK(SALARIES)	
	142,551		30/09/2015
30,510		O6	4374
May	112,041		
	142,551	78,349.00	
30,510		PAYE	30/09/2015
June	112,041	O6	4375
	142,551		
30,510		7,250.00	
	1,169,556	NHIF	30/09/2015
		O6	4377
1,710,612			
541,056		3,000.00	
		equity bank ltd(salary)	
			30/10/2015
		O10	4013
		78,299.00	
		PAYE	30/10/2015
		O10	4014
		7,250.00	
		NHIF	30/10/2015
		O10	4016
		3,000.00	
		EQUITY BANK-SALARY	

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		31/12/2015			
		O14	4039		
		78,299.00			
		P.A.Y.E	31/12/2015		
		O14	4040		
		7,250.00			
		N.H.I.F	31/12/2015		
		O14	4042		
		3,000.00			
		EQUITY			
		BANK(SALARIES)			
			31/12/2015		
		O19	4061		
		78,349.00			
		PAYE	31/12/2015		
		O19	4062		
		7,250.00			
		NHIF	31/12/2015		
		O19	4064		
		3,000.00			
		Equity bank ltd			
			18/02/2016		
		O9	4068		
		78,299.00			
		Nhif	18/02/2016		
		O9	4069		
		3,000.00			
		Paye	18/02/2016		
		O9	4071		
		7,250.00			
		Equity bank ltd			
			18/02/2016		
		O9	4073		
		78,299.00			
		Nhif	18/02/2016		
		O9	4074		
		3,000.00			
		Paye	18/02/2016		
		O9	4076		
		7,250.00			

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		N.H.I.F 31/01/2016 010 4067			
		9,600.00			
		EQUITY BANK LTD - SALARIES			
		18/02/2016			
		09 5716			
		97,360.00			
		P.A.Y.E 18/02/2016			
		09 5717			
		8,931.00			
		N.H.I.F 18/02/2016			
		09 5719			
		3,750.00			
		EQUITY BANK LTD - SALARIES			
		18/02/2016			
		09 5801			
		97,360.00			
		N.H.I.F 18/02/2016			
		09 5802			
		3,750.00			
		P.A.Y.E 18/02/2016			
		09 5805			
		8,931.00			
		PAYE 30/03/2016			
		09 5774			
		7,250.00			
		PAYE 30/03/2016			
		09 5775			
		7,250.00			
		PAYE 30/03/2016			
		09 5776			
		7,250.00			
		PAYE 30/03/2016			
		09 5777			
		7,250.00			
		PAYE 30/03/2016			
		09 5778			
		19,914.00			



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		EQUITY BANK LTD 31/05/2016 09 5818 97,360.00 NHIF 31/05/2016 09 5821 3,750.00 PAYE 31/05/2016 09 5828 8,931.00 EQUITY Bank ltd(salaries) 30/06/2016 12 5837 97,360.00 NHIF 30/06/2016 12 5838 3,750.00 PAYE 30/06/2016 12 5840 8,931.00 PAYE 30/06/2016 12 5842 7,250.00 PAYE 30/06/2016 12 5843 7,250.00 N.S.S.F 30/07/2015 0105 3996 1,600.00 NSSF 30/08/2015 02 4366 1,600.00 NSSF 30/09/2015 06 4376 1,600.00 NSSF 30/10/2015 010 4015 1,600.00 N.S.S.F 31/12/2015			
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		<p>O14 4041</p> <p>1,600.00</p> <p>NSSF 31/12/2015</p> <p>O19 4063</p> <p>1,600.00</p> <p>NSSF 18/02/2016</p> <p>O9 4070</p> <p>1,600.00</p> <p>NSSF 18/02/2016</p> <p>O9 4075</p> <p>1,600.00</p> <p>N.S.S.F 18/02/2016</p> <p>O9 5718</p> <p>2,000.00</p> <p>N.S.S.F 18/02/2016</p> <p>O9 5803</p> <p>2,000.00</p> <p>NSSF 31/05/2016</p> <p>O9 5820</p> <p>2,000.00</p> <p>NSSF 30/06/2016</p> <p>12 5839</p> <p>2,000.00</p> <p>TOTAL</p> <p>1,242,570.00</p> <p>2. Employees' salaries are determined by the NG-CDFC, through the NG-CDF Board of which they are minuted. Consultations with the NG-CDF Board will be done and the increments in salaries will done</p>			
OAG/CDF/2015/2016MGTL/9/1.2	<p>The statement of financial assets had a cash book balance of Kshs.25,009,600 out of which un presented cheques amounted to Kshs.6,955,028. However it was noted</p>	<p>The above stale cheques amounting to kshs 4,627,472 had been adjusted in the cashbook in the month of July 2016 to reflect the correct cash and cash equivalents, the</p>	Leah Waithira Guchu	Resolved	

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	that cheques worth Kshs.4,627,472 (see annexure i) were stale and had not been adjusted in the cashbook.	cashbook is available for audit purposes.			
OAG/CDF/2015/2016MGTL/9/2.1	Review of unrepresented cheques revealed existence of long outstanding cheques for statutory deductions. These included deductions for Pay as You Earn, VAT, withholding tax and National Hospital Insurance Fund. Cheques worth Kshs.2,912,056 (See annexure ii) issued between 1 July 2015 and June 2016 had not been presented as at 30 June 2016. No justification was provided for non-remittance of the statutory cheques.	<ul style="list-style-type: none"> • Withholding tax cheques amounting to kshs 2,827,582- upon NG-CDF processing payments, its statutory for the constituency to deduct a withholding tax of 6% at source, of which it's the obligation of the provincial Accountants office in the provincial headquarters in Nyayo house to submit the above payments to KRA & NG-CDF has no control or authority to submit the withholding taxes. • N.H.IF Cheque no 3995 amounting to kshs 3,000 was reversed and replaced in the cash book. • Other cheques for P.A.Y.E amounting to kshs 74,874 and N.H.I.F kshs 9,600 has been presented for payments and have cleared from the month of July 2016. 	Leah Waithira Guchu	Resolved	
OAG/CDF/2015/2016MGTL/9/2.2	Annex 4 to the financial statement did not disclose the fixed assets as per the requirements of the accounting standards. Examination of fixed assets schedule provided for audit as at the end of financial year reflected fixed assets worth Ksh.1,500,825. Further the fixed asset register schedule did not contain serial number to	1. In the financial year 2015/2016, there were no assets acquired by Embakasi north constituency development fund as evidenced by the financial statements presented for audit, the same applies in the financial year 2014/2015 and the constituency cannot reflect anything we	Leah Waithira Guchu	Resolved	



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	<p>each asset which is supposed to be the unique identifier.</p>	<p>have not acquired in the financial statements which was presented for audit.</p> <p>2. The assets acquired was in the financial year 2013/2014 amounting to kshs 903,048.00 which are reflected in the financial statements with a historical cost of the same amount and the financial statements were presented for audit with the same amount. Including this amount in the financial statements of 2015/2016 will understate the cash and cash equivalents and overstate the true position of the assets.</p> <p>3. The asset register has been amended with the assets serial numbers which is available for Audit purposes.</p>			
OAG/CDF/2015/2016MGTL/9/3.1	<p>The constituency made payment for construction of roads to various payees whose documentation could not be confirmed because the Project files were delivered to the Ethics and Anti-Corruption Commission pending investigation for alleged fraud on road construction as follows:-</p> <p>a. Cinema Road Dandora Phase II, Tresmu Investment paid Kshs.12,566,278</p> <p>b. AP Road in Dandora Phase V, Mabaks Enterprises paid Kshs.11,691,772</p> <p>c. Maitu Njeri Dandora</p>	<p>The Ethics and Anti-Corruption Commission is a public body which has the power to— (a) acquire, hold, charge and dispose movable and immovable property; and (b) do or perform all such other things or acts for the proper discharge of its functions under the Constitution, this Act or any written law, as may lawfully be done or performed by a body corporate. (3) The Commission shall ensure access to its services in all parts of the Republic in accordance with Article</p>	Leah Waithira Guchu	Not resolved	



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	<p>Phase I, Mabaks Enterprises paid Kshs.13,999,520 d. D.O Road Dandora Phase III, Paid Kshs.7,600,000 The constituency further paid Kshs.1,200,000 out of a budget of Kshs.1,700,000 to Tresmu Investment in respect of grading and murraming of Cardinal Otunga Road 0.6 Kms long in the year 2015/2016. In the year 2014/2015 a budget of Kshs.5, 000,000 for the same road was made for tarmacking, drainage and sideways paths and payment amounting to Kshs.4, 782,349 was paid. The road was complete and was in use during the project verification done in 2014/2015. Physical verification for the same road revealed that there was no grading and murraming done to support the payment. Further it was not possible for the constituency to grade and murram already tarmacked road.</p>	<p>6(3) of the Constitution. 4 Since the above files are under investigations by the anti-corruption authority, the constituency has no power to recall them for audit, once the commission is through with the investigations, they will be available for audit purposes.</p>			
<p>OAG/CDF/2015/2016MGT/9/3.2</p>	<p>The constituency made payment of Kshs.1,088,870 within a budget of Kshs.3,000,000 to Tresmu Investment for construction of perimeter wall in Ushirika Secondary School during 2015/2016. However, the constituency transferred to the PMC account Kshs.625,000</p>		<p>Leah Waithira Guchu</p>	<p>Resolved</p>	



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	<p>and Kshs.3,074,700 respectively in 2013/2014 and 2014/2015. Physical verification in 2014/2015 and 2015/2016 revealed that there were no notable changes for the construction of the perimeter wall. Further the documents pertaining the payment of Kshs.1,088,870 have not been provided for audit.</p> <p>The constituency also made payment worth Kshs.1,530,968 in respect of construction of kitchen at Dandora Girls Sec School in the year 2015/2016. No documents in respect to the payment for the construction was provided for audit.</p>				
<p>OAG/CDF/2015/2016MGTL/9/3.3</p>	<p>The constituency made payment of Kshs.1,900,000 to cater for emergency-fire outbreak at Kariobangi North. The amount was for purchase of iron sheets, mattresses and jericans. There was no approved budget, no schedule of distribution of the items and signatures from the beneficiaries. 900 units of mattresses, iron sheets, and jericans were not matching the number of victims in the first instance. Further, the photos attached did not relate to mattresses and iron sheets. In addition Kshs.100,000 was spent to purchase necessities for the fire victims at Kariobangi</p>	<p>The above payment of kshs 1,900,000 was made from an emergency kitty which had a budget allocation of kshs 5,767,647.00, the payment was made through NG-CDFC resolution which was minuted as part of the budget.</p> <p>Please make arrangements to visit the constituency and verify the above.</p>	<p>Leah Waithera Guchu</p>	<p>Resolved</p>	

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	without approved budget, schedule of item and list of beneficiaries was not provided for audit.				
OAG/CDF/2015/2016MGTL/9/3.4	The constituency paid Kshs.956,018 for painting and electrical fitting of Dandora Sec School Dining Hall in the year 2015/2016. During inspection of the Dining Hall it was found out that there was no electrification done and painting related to the previous contract of Kshs.12,000,000. Hence payment of Kshs.956,018 could not be accounted for.		Leah Waithira Guchu	Resolved	
OAG/CDF/2015/2016MGTL/9/3.5	During the year under review, Transfers to other Government Units and Other Grants and Transfers had an expenditure of Kshs.4,801,664.00 and Kshs.74,998,094.00. The constituency did not provide tender documents to show how the contractors were sourced contrary to the threshold matrix which requires to be advertised in a newspaper of general nationwide circulation. Analysis of the expenditure revealed that 69% (Kshs.55,344,289.20) of the expenditure were done by three contractors as analyzed below:- PV NO. Date Project Name Payee Amount Kshs.	The tender documents are available for audit and since they are bulky, the audit unit should make arrangements to visit the constituency and verify.	Leah Waithira Guchu	Resolved	



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11 30/11/2015 DANDORA GIRLS SEC HUNYU BUSH CLEARING 1,448,764.20				
18 31/12/2015 KADUNA TOILET BLOCK HUNYU BUSH CLEARING 2,065,139.50				
4 31/12/2015 MUTITU ROAD CONSTRUCTION HUNYU BUSH CLEARING 5,689,655.20				
12 30/11/2015 D.O ROAD CONSTRUCTION HUNYU BUSH CLEARING 7,206,896.50				
16,410,455.40 16 31/12/2015 DANDORA SEC SCHOOL- HALL MABAKS ENTERPRISES 863,504.45				
104 30/07/2015 AP ROAD CONSTRUCTION MABAKS ENTERPRISES 4,608,762.20				
5 30/09/2015 AP ROAD CONSTRUCTION MABAKS ENTERPRISES				



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6,290,136.50				
12				
30/11/2015				
MAITU NJERI				
ROAD CONSTRUCTION				
MABAKS				
ENTERPRISES				
7,586,206.90				
9				
31/05/2016				
MAITU NJERI				
ROAD CONSTRUCTION				
MABAKS				
ENTERPRISES				
5,689,200.00				
25,037,810.05				
103				
30/09/2015				
CINEMA ROAD				
CONSTRUCTION				
TRESMU				
INVESTMENT LTD				
7,111,694.55				
105				
30/08/2015				
USHIRIKA SEC				
SCHOOL TRESMU				
INVESTMENT LTD				
1,037,167.20				
17				
31/12/2015				
CARDINAL				
OTUNGA RAOD				
TRESMU				
INVESTMENT LTD				
1,137,931.05				
10				
30/07/2015				
CINEMA ROAD				
CONSTRUCTION				
TRESMU				
INVESTMENT LTD				
4,609,230.95				
13,896,023.75				
Total				
55,344,289.20				



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	Further, from the above analysis the constituency is single sourcing most of the contract works hence no competition.																											
OAG/CDF/2015/2016MGT/9/4.0	<p>The statement of receipts and payments reflects receipts from CDF Board totaling to Kshs.92,464,295 against a budget amount of Kshs.88,787,696 on recurrent and development resulting to over and under expenditure as analyzed below:-</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Budgeted Amount</th> <th>Actual Expenditure</th> <th>Under/Over Expenditure</th> </tr> </thead> <tbody> <tr> <td>Compensation of Employees</td> <td>Kshs. 1,314,720</td> <td>Kshs. 1,169,556</td> <td>145,164</td> </tr> <tr> <td>Use of goods and Services</td> <td>Kshs. 5,267,633</td> <td>Kshs. 5,274,160</td> <td>(6,527)</td> </tr> <tr> <td>Transfers to Other Govnt.</td> <td>Kshs. 12,450,000</td> <td>Kshs. 4,801,664</td> <td>7,648,336</td> </tr> <tr> <td>Other Grants and Transf.</td> <td>Kshs. 69,755,343</td> <td>Kshs. 74,998,094</td> <td>(5,242,751)</td> </tr> <tr> <td>Acquisition of Assets</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Item	Budgeted Amount	Actual Expenditure	Under/Over Expenditure	Compensation of Employees	Kshs. 1,314,720	Kshs. 1,169,556	145,164	Use of goods and Services	Kshs. 5,267,633	Kshs. 5,274,160	(6,527)	Transfers to Other Govnt.	Kshs. 12,450,000	Kshs. 4,801,664	7,648,336	Other Grants and Transf.	Kshs. 69,755,343	Kshs. 74,998,094	(5,242,751)	Acquisition of Assets	0	0	0	<p>The above projects could not be done in time due to the reasons given hereunder:-</p> <ul style="list-style-type: none"> • Non- funding from CDF Board since there was no committee. 	Leah Waithira Guchu	Resolved
Item	Budgeted Amount	Actual Expenditure	Under/Over Expenditure																									
Compensation of Employees	Kshs. 1,314,720	Kshs. 1,169,556	145,164																									
Use of goods and Services	Kshs. 5,267,633	Kshs. 5,274,160	(6,527)																									
Transfers to Other Govnt.	Kshs. 12,450,000	Kshs. 4,801,664	7,648,336																									
Other Grants and Transf.	Kshs. 69,755,343	Kshs. 74,998,094	(5,242,751)																									
Acquisition of Assets	0	0	0																									



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	<p>0 Other Payment - 0 0 Total 88,787,696 86,243,474 2,544,222</p>																			
OAG/CDF/2015/2016MGT/9/5.0	<p>The Constituency budgeted to spend Kshs.12,450,000 on Transfers to Other Government Entities during 2015/16 as per the records provided but spent Kshs.4,801,664 resulting to under expenditure of Kshs.7,648,336 and unexplained difference of Kshs.13,500,000.00 between the budget total in summary statement of appropriation and the records supporting the budget.</p> <p>The projects approved for funding as per the 2015/2016 were as below:-</p> <table border="1"> <thead> <tr> <th>Project</th> <th>Year Budgeted</th> <th>Amount Actual Expenditure</th> <th>Over/Under Expenditure</th> </tr> </thead> <tbody> <tr> <td>Dandora Girls Sec School</td> <td>2015/2016</td> <td>5,150,000</td> <td>1,462,005</td> </tr> <tr> <td>Ushirika Sec School</td> <td>2015/2016</td> <td>5,000,000</td> <td>1,088,870</td> </tr> <tr> <td>Dandora Secondary School</td> <td>2015/2016</td> <td>3,911,130</td> <td></td> </tr> </tbody> </table>	Project	Year Budgeted	Amount Actual Expenditure	Over/Under Expenditure	Dandora Girls Sec School	2015/2016	5,150,000	1,462,005	Ushirika Sec School	2015/2016	5,000,000	1,088,870	Dandora Secondary School	2015/2016	3,911,130		<p>The above projects could not be done in time due to the reasons given hereunder:-</p> <ul style="list-style-type: none"> • Non- funding from CDF Board since there was no committee. • Change of office from CDF to NG-CDF and CDFC to NG-CDFC which delayed payments since there was no committee from February to May 2016 hence no signatories. • Late disbursement of funds from CDF BOARD. • Liquidity problems in the Constituency • Lengthy tendering and procurement procedure. 	Leah Waithira Guchu	Resolved
Project	Year Budgeted	Amount Actual Expenditure	Over/Under Expenditure																	
Dandora Girls Sec School	2015/2016	5,150,000	1,462,005																	
Ushirika Sec School	2015/2016	5,000,000	1,088,870																	
Dandora Secondary School	2015/2016	3,911,130																		



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	<p>2015/2016 1,000,000 912,954 87,046 Kariobangi North Girls Sec 2015/2016 1,000,000 0 1,000,000 James Gichuru Pri School 2015/2016 300,000 0 300,000 Tom Mboya Pri School 0 1,337,835 (1,337,835) Total 12,450,000 4,801,664 7,648,336</p>			
<p>OAG/CDF/2015/2016MGT/9/5.1</p>	<p>The Constituency budgeted to spend Kshs.69,755,343 on Other Grants and Transfers as per the records but spent Kshs.74,998,094 resulting to over expenditure of Kshs.5,242,752 and unexplained difference of Kshs.34,952,808 between the records provided supporting budget and total in summary statement of appropriation. The projects approved for funding and performance are as below:- Project Budgeted Amount Actual Expenditure Over/ Under Expenditure Bursary/CATs/ Mocks 17,000,000</p>	<p>In the financial year under audit, the constituency had a budget of kshs 69,755,343 on Other Grants and Transfers, referring to the summary statement of appropriation presented for audit, there was a balance of kshs 34,952,807.50 from the financial year 2014/2015 under Other Grants and Transfers, giving a total final budget of kshs 104,708,150.50, leaving a budget utilization of kshs 29,710,056.43 and not an over expenditure of kshs 5,242,752. Please refer to the summary statement of appropriation presented for audit.</p>	<p>Leah Waithira Guchu</p>	<p>Resolved</p>



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	<p>17,760,000 760,000 Emergency 5,767,647 4,180,525 (1,587,122) Roads and Bridges 30,700,000 53,057,570 22,357,570 Security projects 12,287,696 0 (12,287,696) Environment activities 1,500,000 0 (1,500,000) Sports 1,000,000 0 (1,000,000) Market Shades 1,500,000 0 (1,500,000) Total as per Records 69,755,343 74,998,095 5,242,752</p>			
<p>OAG/CDF/2015/2016MGT/9/6.0</p>	<p>The statement of receipts and payments had an expenditure of Kshs.5,274,160 under Use of goods and services, included in the expenditure is office rent which increased from Kshs.450,000(213%) in 2014/2015 to Ksh.1,410,000 in 2015/2016. The increment was caused by a review of lease agreement which stipulated that the Embakasi North NGCDF will occupy double the space they had been</p>	<p>Embakasi north NG-CDFC is in the process of vacating the premises soon since it's too costly to the constituency</p>	<p>Leah Waithira Guchu</p>	<p>Resolved</p>



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occupying at twice the initial cost. Verification of the extra office space acquired revealed that, it had not been occupied upto date, 2years since the date of the lease agreement and the NCGDF continued to pay for office rent on unoccupied space.				
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