

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

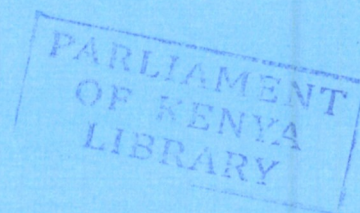
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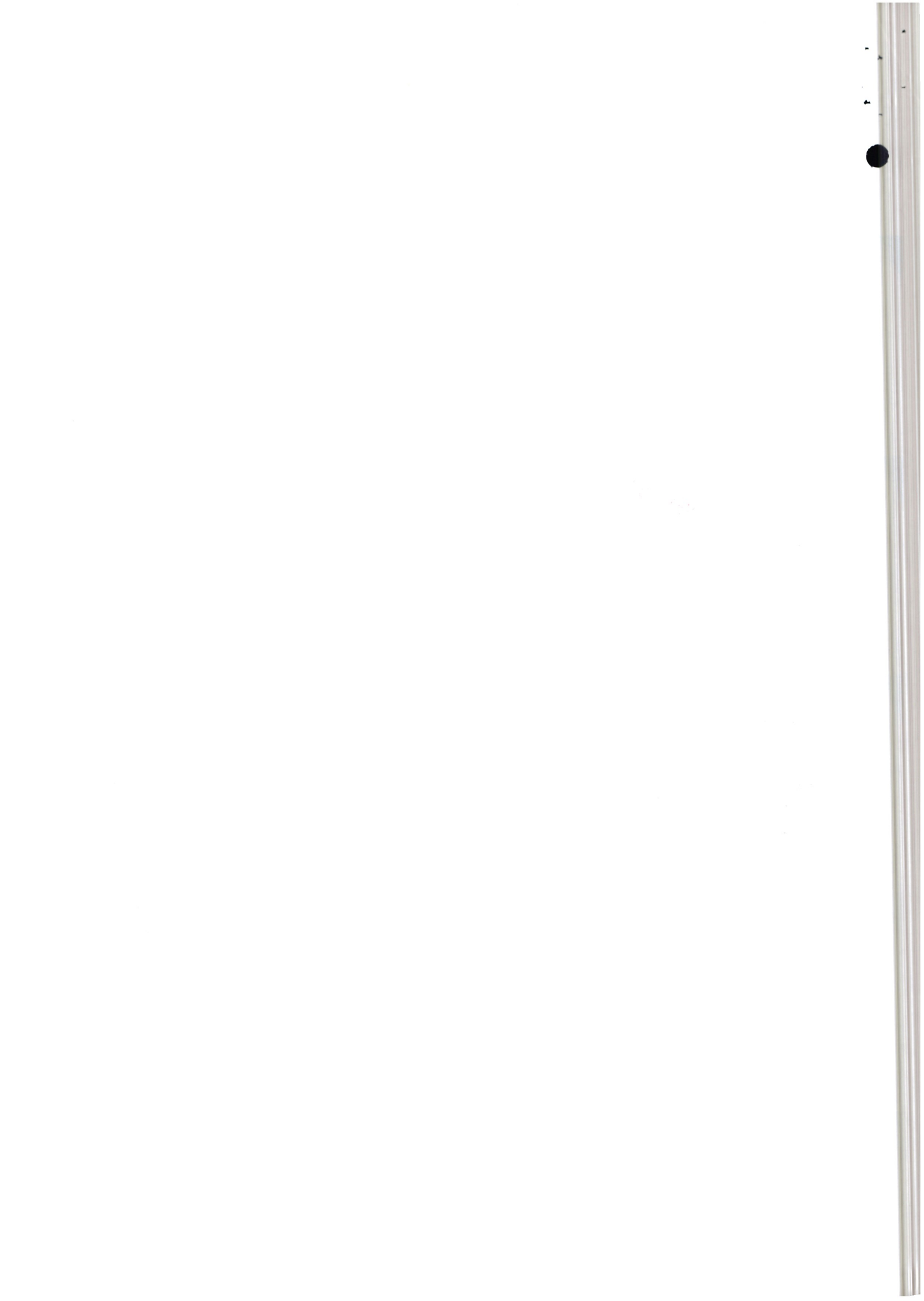
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KURESOI SOUTH CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018







NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND KURESOI
SOUTH 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KURESOI SOUTH 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KURESOI SOUTH 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 Kuresoi South 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	Sabilah Kimtai Moses
3.	Sub-County Accountant	Claytone Okeyo
4.	Chairman NGCDFC	Joseph Ngerechi
5.	Member NGCDFC	Peter Chepchilat

(d) Fiduciary Oversight Arrangements

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

NG CDF Office Building.
P.O Bo 643-10205
KURESOI SOUTH

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

KURESOI SOUTH CONSTITUENCY

Reports and Financial Statements

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(f) NGCDF Kuresoi South Constituency Contacts

Telephone: (254) 0725169750
E-mail: cdkKURESOI SOUTH@cdf.go.ke

(g) NGCDF Kuresoi South Constituency Bankers

1. Equity Bank Kenya Ltd
P.O Box 112
Moro.

(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

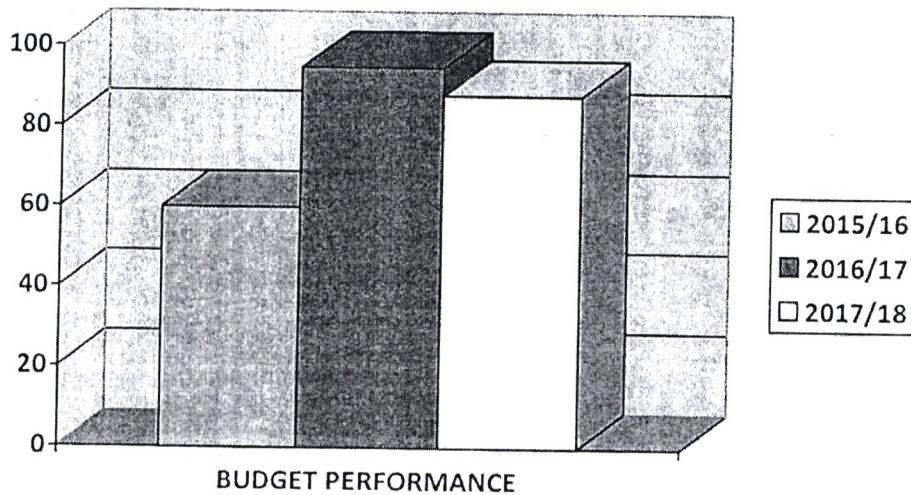
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KURESOI SOUTH CONSTITUENCY**

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II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Achievements of KURESOI SOUTH NG CDF

On behalf of the committee and management, I am pleased to inform you that KURESOI SOUTH NG CDF, managed to disburse of Kes.86 million towards various projects for the year under review. This translates to decrease in budget performance to 88% from the previous year's performance of 95% this therefore results to slow budget absorption. This is despite the uncertainty in politics, delayed disbursement of funds and late formation of NGCDFCs within the financial year,



Key Achievements

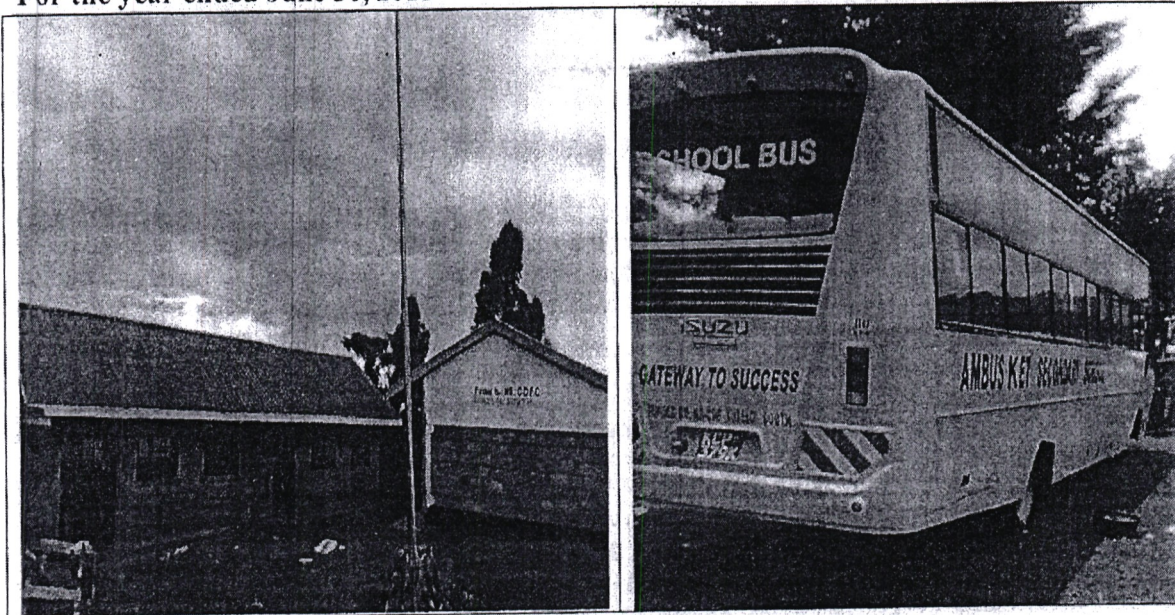
Within the year under review Kuresoi South NG-CDF has managed to fully sponsor 30 bright and needy students throughout their secondary education. Kuresoi South NGCDF has also been able to pay bursary fees for 4500 students in secondary school and 1000 students in tertiary institutions amounting to Ksh 21million. In terms of project implementation, 15 projects allocated during the first disbursement are fully completed and in use as shown below.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

KURESOI SOUTH CONSTITUENCY

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Sampled complete projects 2017/2018 that are in use.

Emerging issues relating to NG CDF

Kuresoi South like any other public institution is faced with emerging issues and this relates to increase in the bursaries request. We attribute this to the hard economic times parents are faced with as well as increase in the School fees. Most parents are finding it very hard to afford school fees for both secondary and tertiary education at the same time. This we find poses a great danger to our education sector and much effort is needed.

Implementation challenges and recommended way forward.

Project Management Committees procurement process still poses a greater challenge to the committee. We shall continuously endeavour to train and build PMCs capacity in order to appreciate the laws and regulations governing procurements.

Appreciation

The great progressive success that Kuresoi South NG CDFC has achieved has been because of invaluable support from Kuresoi South Constituents, and in this regard and on behalf of the NG CDFC, i wish to take this opportunity to thank you all and request you to continue with the same spirit for many years to come.

Allow me to also recognise and thank NGCDFB, KNAO, MP Hon. Joseph Tonui, MCAs and District heads in Kuresoi South who have given us support and all other stakeholders who stood with us all along. Finally, i would like to appreciate the contribution and individual dedication of Kuresoi South NG CDF staff towards our success.

Sign

CHAIRMAN NGCDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KURESOI SOUTH CONSTITUENCY**

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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.

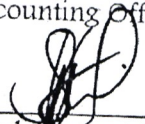
The Accounting Officer in charge of the NGCDF-Kuresoi South Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30,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



Fund Account Manager
Name:

Sub-County Accountant
Name:
ICPAK Member Number:

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kuresoi South Constituency set out on pages 7 to 30 which comprise the statement of Assets and Liabilities as at 30 June 2018, and the statement of Receipts and Payments, Statement of cash flows for the year then ended, Statement of Appropriation for the year 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1.0 Accuracy and Completeness of the Financial Statements

The financial statements for the year ended 30 June 2018 had errors and omissions as disclosed below;

Issue	Remarks
Statement of entity Management responsibility	Page 6 on management responsibility has quoted PFM Act of 2013 instead of 2012
Opening balances of 2017/18	The closing balances of 2016/17 which have been transferred to the 2017/18 financial statements as opening balances had the following misstatements; i. Page 8 on cash equivalents includes Kshs.50,000 as cash at hand, whereas the audited and certified accounts of 2016/17 has nil balance on cash at hand. ii. Page 9 on cash flow reflects use of goods and services as Kshs.6,099,358 while the audited and certified accounts of 2016/17 indicates Kshs.6,149,358

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

	<p>Also, cash and cash equivalents at beginning of the year is shown as Kshs.7,198,218 while the certified accounts of 2016/17 shows Kshs.7,148,218.</p> <p>Also, cash equivalents at end of year is indicated as Kshs.7,252,523 while the certified accounts of 2016/17 indicates Kshs.7,202,524</p> <p>iii. Note 7 on page 17 on bursary to special schools indicated as nil yet certified accounts of 2016/17 reflected Kshs.499,000</p> <p>iv. Note 8 on acquisition of assets reflects Kshs.700,000 for purchase of bicycles and motorcycles and Kshs.324,000 for acquisition of land respectively. However, the payments relate to construction of buildings as well as purchase of furniture and general equipment respectively as appears in 2016/17 certified accounts.</p> <p>v. Note 10 B on page 19 reflects Kshs.50,000 as cash on hand while the audited and certified accounts of 2016/17 indicates nil balance</p> <p>iv. Note 13 on balances brought forward indicates bank accounts balance of Kshs.7,252,524 while the audited and certified accounts of 2016/17 has a balance of Kshs.7,198,218</p> <p>vi. Note 15.4 page 23 on PMC account balance reflects nil balance for 2017/18 whereas 2016/17 audited accounts shows a balance of Kshs.432,027</p> <p>vii. Annex 4 on summary of fixed assets page 27 for 2017/18 indicates brought forward balance of Kshs.8,233,007 whereas the audited and certified accounts of 2016/17 reflects a balance of Kshs.5,089,980</p>
Headings of the financial statements	page VII summary statement of appropriation heading is indicated as Maragua constituency.
Summary statement of appropriation	<p>i. Transfers from CDF board for 2017/18 indicated as Kshs.91,862,868, whereas the actual transfer was Kshs.84,610,345. The difference of Kshs.7,202,524 relates to opening balance which ought to be reported separately.</p> <p>ii. Included under transfers to Other Government units under budget adjustments is Kshs.11,622,019 which includes Kshs.11,379,310 for supplementary budget whose approval was given on 24/7/2018. The adjustment should have been reported separately as unapproved projects as at 30 June 2018.</p>
Significant accounting policies	They are indicated as starting from page 11 instead of 12

Further, included in the statement of appropriation is an unexplained adjustment of Kshs.4,667,027 on other payments. In addition, breakdown of the adjusted amount and the opening balance of Kshs.7,252,524 was not presented for audit.

It has therefore not been possible to confirm the accuracy of the financial statements submitted by management for the year ended 30 June 2018.

2.0 Cash and Cash Equivalents

The financial statements under note 10A reflect cash and bank balance of Kshs.3,292,655 as at 30 June 2018. However, a review of the cash book revealed a figure of Kshs.4,148,499 leading to a difference of Kshs.855,844. Further, a perusal of the bank reconciliation statement as at 30 June 2018, reflected unrepresented cheques totaling Kshs.23,017,819 out of which Kshs.480,497.95 were stale cheques with some dating as far back as 2015. The bank reconciliation also included Kshs.5,000 being receipts in bank but not recorded in cashbook and which have continued unrecorded since June 2017.

In addition, bank confirmation certificate as at 30 June 2018 was not presented for audit. In the circumstances, the accuracy and completeness of the bank and cash balance of Kshs.3,292,655 as at 30 June 2018 could not be confirmed.

3.0 Misstatements of Bursaries

The financial statements under note 7 reported bursary to secondary schools and to Tertiary institutions of Kshs.13,853,961 and Kshs.7,958,970 respectively. However, payment vouchers presented for audit revealed the following variances: -

	Financial Statements	Actual Figures per Vouchers	Difference
Bursary to Secondary Schools	13,853,961.00	12,687,795.00	1,166,166.00
bursary to Tertiary Schools	7,958,970.00	7,420,036.00	538,934.00
TOTALS			1,705,100.00

Further, a comparison of schedules/ledgers presented for audit with the financial statements figures also revealed the following differences: -

Details	Amount in the Financial Statements	Amount in the Schedules	Difference
Bursary to Secondary schools	13,853,961.00	13,022,795.00	831,166.00
Bursary to Tertiary schools	7,958,970.00	7,000,000.00	958,970.00
Total			1,790,136.00

Based on the above circumstance therefore, the financial statements do not reflect the correct position.

4.0 Overstatement of Committee Allowances

Note 5 of the financial statements reflects payments of Kshs.6,835,169 for use of goods and services as at 30 June 2018. Included in the figure is payments on committee allowances of Kshs.3,834,300 as at 30 June 2018. The audit schedule provided to

support the payment reflects a figure of Kshs.4,505,188. Review of the cashbook however indicates payments totaling to Kshs.3,230,700, occasioning a difference of Kshs.603,600.

In the circumstance therefore, the payment of Kshs.3,834,300 on committee allowances could not be confirmed.

5.0 Unexplained Adjustment in Statement of Appropriation

Included in the statement of appropriation is an adjustment of Kshs.4,667,027 on other payments where no explanation/breakdown was given on the projects that were to be undertaken with the funds. A breakdown of the opening balance of Kshs.7,252,524 was equally not provided.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources/Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1.0 Irregular Recruitment of Staff

The financial statement on Note 4 on Compensation of employees reported a figure of Kshs.1,477,336. However, out of this was one staff employed as Clerks of works beginning 1 February 2018. Scrutiny of the personal files availed for audit revealed that Mr. Thomas Tereget has a Bachelor's Degree Business and Information Technology and several attachments for his recommendations from fields of Information Technology. It was not clear why an individual with Bachelor's degree in Business and Information Technology would perform the work of Clerks of work whose requirements are a minimum of a Diploma in building and construction, an understanding of the buildings industry and knowledge on materials.

2.0 Misclassification on Training Expenses

The financial statements on Note 5 on Use of goods and Services reported a figure of Kshs.300,000 as Hospitality, supplies and services. However, scrutiny of the Payment voucher number 57 dated 28 June 2018 paid to Jarika County Lodge revealed that this payment was paid as training carried out during the financial year under review. It was not clear why it was miss-classified and should have been charged to the correct vote of training expenses.

3.0 Irregular Secondary Schools' Projects Implementation

Note 6 of the financial statements as at 30 June 2018 reflects Kshs.12,500,000 as transfers to secondary schools. However, audit review of sampled project files and

subsequent physical verification of the projects in April 2019 revealed the following anomalies: -

Project Name	Chq	Kshs	Remarks
Kapkeet Secondary School	04233	1,000,000.00	The school had a budget of Kshs.1 million for construction of one classroom to completion. However, the PMC constructed 2 classrooms which were not completed contrary to the project activity in the code list and no approval of change of activity was sought from the board. Extra project implemented without approval.
Tinet Kapkoi Secondary School	04236	800,000.00	Kshs.800,000 budget was approved for the year 2017/18 to construct an administration block. On physical verification it was noted the project was complete. However, no project design nor certificate of completion nor inspection and acceptance report were provided for audit review.
Sugutek Secondary School	04000	400,000.00	Kshs.1million had been budgeted with Kshs.400,000 for laboratory fixings and Kshs.600,000 for one new classroom construction. However, no classroom was done apart from gas and water fixtures in lab. Further no inspection and acceptance report for works done nor PMC bank account statement were provided for audit review.
Kapngorot Secondary School	3996	500,000.00	Budget of Kshs.500,000 was approved for plastering, flooring, painting, windows and door fixing of a classroom done earlier. However, audit inspection revealed the PMC did a different activity of installation of lab equipment. No authority on change of activity was sought from the CDF board.
Kimororoch Secondary School	04241	1,200,000.00	Budget set was Kshs.1.2 million and code list indicated the amount was to construct two classrooms to completion. Though the PIS indicated the project as complete, physical verification done on 10/4/19 confirmed that the project was not complete as no painting was done and no stone keys done on the walls. Further, the walls and floor were cracking and the windows were very small also. No certificate of payment nor building plan was provided to confirm that the class measurements were done as provided. Also no inspection and acceptance report was produced for audit.
Chemaner Secondary School	04237	1,600,000.00	Project was budgeted for construction of one classroom at Kshs.600,000 and another Kshs.1 million for construction of a dormitory. Though the works were quite good, no design plan nor inspection and acceptance report as well as completion certificate from department of works was provided for audit review.

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

Tinet kabongoi girls Secondary School	n/a	n/a	The school was fully funded in earlier years as a model school and classes, laboratory, administration block as well as dormitories were constructed and finalized in 2016/17. During physical verification of an adjacent primary school in which they share a compound, it was noted that the school is not fully utilized as a board member confirmed it only had 17 students out of a possible 180 from form one to form four. The reason for the poor student enrolment was cited as lack of TSC teachers who cannot be posted to the school as it has not been registered as a public school by the Ministry of Education. The CDF therefore funded a school that was not registered.
		5,700,000	

As a result, therefore, value for money for the implemented projects may not have been achieved.

4.0 Unsupported Expenditure-Other Operating Expenses

Note 5 to the financial statements reported Use of Goods and services amounting Kshs.6,835,139. Included in this figure was Kshs.259,621 for other operating expenses and Kshs.1,257,041 for Routine maintenance-vehicles and other transport equipment. However, only schedules amounting to Kshs.1,33,350 for routine maintenance were presented for audit. Further, payment voucher(s) and supporting documents were provided for audit verification.

In absence of the above documents it was not possible to ascertain the propriety of expenditure.

5.0 Failure to Comply with the Laid Down Laws During Projects Implementation

Note 6 to the financial statements reported Transfers to other Government Agencies of Kshs.38,600,000. Included in this figure was Kshs.26,100,000 for primary schools projects.

Audit review of the projects files maintained at Kuresoi South-NGCDF office revealed that some of the projects implemented differed with the ones approved by the board. Secondly, some projects were not implemented even after changing the project activity without approval of the board as per the contract agreements. Details are as tabulated here below.

Primary School	Works Approved by Board as per Code List	Amount Paid (Kshs)	Works done as per Physical Verification	Works not Completed	Remarks after PV
Chepkiswet Primary School	Construction of two classrooms to completion	1,200,000	Construction of two classrooms	Metal pillars not installed to support the roof in front of the classroom	Works not completed but fully paid for

Primary School	Works Approved by Board as per Code List	Amount Paid (Kshs)	Works done as per Physical Verification	Works not Completed	Remarks after PV
Kabongoi Primary School	Construction of two classrooms to completion	1,200,000.00	Construction of three classrooms	1. Not painted 2. Ceiling not installed 3. Not being utilized	Works not completed but fully paid for
Kabongoi Primary School	Construction of one classrooms to completion	600,000.00			
Kipsotet Primary school	Completion of 3 classrooms (plastering, walling, painting windows and doors)	500,000.00	None	1. Construction of one classroom as per the contract agreement which was change of activity without Board approval 2. Failure to brand the CDF project which is clear manifestation of misappropriation of funds	The three classrooms seem were constructed by the same donor ie. Better World as per the explanation by clerk of works hence the money was not utilized for the intended purpose.
Siwot Primary School	Completion of four classrooms (roofing, ceiling, plastering and installation of doors and windows)	600,000.00	None	1. Construction of two permanent classrooms and verandah as per the contract agreement which was change of activity without Board approval 2. Failure to brand the CDF project which is clear manifestation of misappropriation of funds	The roof of the classrooms purported to have been built had rusty iron sheets and windows. The verandah shared with adjacent classrooms betrayed the explanation that the verandah was done for the two classrooms. The only thing that happened according to the school administration was plastering of the floor & walls, painting and installation of two metal doors.

Primary School	Works Approved by Board as per Code List	Amount Paid (Kshs)	Works done as per Physical Verification	Works not Completed	Remarks after PV
Tegat Primary School	Completion of two classrooms, Plastering, walling, floor painting and door	500,000.00	Construction of four classrooms but floor not plastered	1. Floor plastering 2. Failure to deliver four classrooms as was approved by the Board to renovate the eight classrooms	Cost of the four classrooms deliberately varied by Kshs.922,520 without approval of the Board as the contract cannot be awarded based on the BQs but the budgeted and approved amount.
	Renovation of six classrooms (plastering, walling, floor painting and doors)	1,400,000.00			
Tendwet Primary School	Completion of four toilets (roofing, ceiling, plastering and doors fixing)	600,000.00	Construction of mini wall around 8 toilets	Completion of 4 toilets (plastering, roofing, door fixing and painting)	Mini wall cost cannot be equivalent to a standard classroom cost of Ksh. 600,000. Misappropriation of funds.

In addition, it was observed that withholding tax amounting to Kshs.783,000 was not deducted from the contractual fees on construction works carried out and paid for. Further, examination of project bank statements revealed that in some instances retention money was paid before expiry of six months.

In addition, examination of the code lists also revealed that implementation costs varied for similar projects especially on completion of classroom works (roofing, ceiling, plastering and doors fixing).

As a result of the above observations it was not possible to ascertain whether Kuresoi South CDF obtained value for money utilized in primary school projects.

6.0 Unsupported Expenditure-Purchase of Office Furniture and Fittings

The financial statements under note 8 reported Kshs.3,143,027 as purchase of office furniture and fittings. However, perusal of records revealed that the expenditure was not budgeted for, no explanation was provided regarding the source of funds used.

Further, the payment voucher(s) and their supporting documents were not presented for audit verification and it was therefore difficult to confirm the existence of the assets.

In the absence of the above documents it was not possible to ascertain the amount was used for the intended purpose.

7.0 Irregular Project Procurement and Execution

Note 7 of the financial statements for the year ended 30 June 2018 reflects Kshs.2,500,000 disbursed towards security projects. The budget indicates Kshs.1,000,000 was for construction of DO's office in Kiptangich while Kshs.1,500,000 was for construction of police offices at Keringet. However, the management did not provide for audit the Bills of quantities prepared by the public works to confirm project cost for the DOs office. Also no tender advertisement, tender opening minutes, evaluation minutes and contract agreement were provided to confirm the procurement process. Further, the client did not also provide the project management committee bank statement making it difficult to confirm the actual payments made to the contractor. It has therefore not been possible to confirm the project cost and the scope of work as at the time of project verification on 09.04.2019 despite the project being almost complete with roofing having been done.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for [Conclusion of Internal Controls, Risk Management and Governance /Disclaimer of Opinion] section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

Basis for Conclusion

1.0 Outstanding Imprests

The Financial statements under Note 11 reported a nil balance on outstanding imprests as at 30.06.2018. However, scrutiny of the cash book revealed a figure of Kshs.2,660,388 as un-surrendered Imprest. Further, list of Imprest holders was not provided for audit verification. It was therefore not clear why the outstanding imprests had not been disclosed in the financial statements and why it remained outstanding at the end of that financial year.

As a result, the possibility of loss of funds may not be ruled out.

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 and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the 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 financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 NG-CDF Kuresoi South ability to continue 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 NG-CDF to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of NG-CDF Kuresoi South 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

9 August 2019

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

KURESOI SOUTH CONSTITUENCY

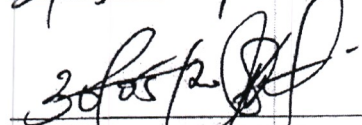
Reports and Financial Statements

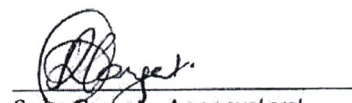
For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	84,610,345	139,426,497
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		84,610,345	139,426,497
PAYMENTS			
Compensation of employees	4	1,505,336	3,052,799
Use of goods and services	5	6,835,169	6,099,358
Transfers to Other Government Units	6	38,600,000	82,850,000
Other grants and transfers	7	38,486,682	46,346,035
Acquisition of Assets	8	3,143,027	1,024,000
Other Payments	9	-	-
TOTAL PAYMENTS		88,570,214	139,372,192
SURPLUS/DEFICIT		(3,959,869)	54,305

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kuresoi South Constituency financial statements were approved on 30/05 2019 and signed by:


 Fund Account Manager
 Name:


 Sub-County Accountant
 Name:
 ICPAK Member Number:

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

V. STATEMENT OF ASSETS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	3,292,655	7,202,524
Cash Balances (cash at hand)	10B	-	50,000
Total cash and cash Equivalent		<u>3,292,655</u>	<u>7,252,524</u>
Accounts receivables - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		<u>3,292,655</u>	<u>7,252,524</u>
FINANCIAL LIABILITIES			
Accounts payable - Retention	12	-	-
NET FINANCIAL ASSETS		<u>3,292,655</u>	<u>7,252,524</u>
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	7,252,524	7,198,218
Surplus/Deficit for the year		(3,959,869)	54,305
Prior year adjustments	14	-	-
NET LIABILITIES		<u>3,292,655</u>	<u>7,252,523</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kuresoi South Constituency financial statements were approved on 30/06/2018 and signed by:

Fund Account Manager
Name:

Sub-County Accountant
Name:
ICPAK Member Number:

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KURESOI SOUTH CONSTITUENCY

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

VI. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from CDF Board	1	84,610,345	139,426,497
Other Receipts	3	-	-
		84,610,345	139,426,497
Payments for operating expenses			
Compensation of Employees	4	1,505,336	3,052,799
Use of goods and services	5	6,835,169	6,149,358
Transfers to Other Government Units	6	38,600,000	82,850,000
Other grants and transfers	7	38,486,682	46,346,035
Other Payments	9	-	-
		85,427,187	138,348,192
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(816,842)	1,078,305
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	3,143,027	1,024,000
Net cash flows from Investing Activities		(3,143,027)	(1,024,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		(3,959,869)	54,305
Cash and cash equivalent at BEGINNING of the year	13	7,202,524	7,198,218
Cash and cash equivalent at END of the year		3,292,655	7,252,523

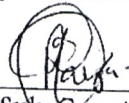
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KURESOI SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kuresoi South Constituency financial statements were approved on 30/06/2018 and signed by:

Fund Account Manager
Name:



Sub-County Accountant
Name:
ICPAK Member Number:

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – MARARGUA 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 CDF Board	86,810,345.00	18,631,834.00	105,442,179.00	91,862,868.80	13,579,310.20	87%
Proceeds from Sale of Assets	-	-	-	-	-	#DIV/o!
Other Receipts	-	-	-	-	-	#DIV/o!
TOTAL RECEIPTS	86,810,345.00	18,631,834.00	105,442,179.00	91,862,868.80	13,579,310.20	87%
PAYMENTS						
Compensation of Employees	1,520,000.00	-	1,520,000.00	1,505,336.00	14,664.00	99%
Use of goods and services	7,880,724.00	750,000.00	8,630,724.00	6,835,169.00	1,795,555.00	79%
Transfers to Other Government Units	37,471,275.00	11,622,019.00	49,093,294.00	38,600,000.00	10,493,294.00	79%
Other grants and transfers	36,795,319.00	1,592,788.00	38,388,107.00	38,486,681.66	(98,574.66)	100%
Acquisition of Assets	3,143,027.00	-	3,143,027.00	3,143,027.00	-	100%
Other Payments	-	4,667,027.00	4,667,027.00	-	4,667,027.00	0%
TOTAL	86,810,345.00	18,631,834.00	105,442,179.00	88,570,213.66	16,871,965.34	84%

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

The NGCDF-Kuresoi South Constituency financial statements were approved on 30th Sept 2019 and signed by:



Fund Account Manager
Name:



Sub-County Accountant
Name:
ICPAK Member Number:

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-Kuresoi South 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) –
KURESOI SOUTH CONSTITUENCY
Reports and Financial Statements
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.

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 end 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.

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS:

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Normal Allocation	A 855888	5,500,000	
	A 896759	37,905,172	
	A 896941	41,205,173	
	A 825870		56,029,945
	A 829630		4,094,828
	A 855045		36,853,449
	A 855604		40,948,275
	A 839651		1,500,000
Conditional grants			-
Receipt from other Constituency			-
TOTAL		84,610,345	139,426,497
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS			
Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Receipts from the Sale of Buildings		-	-
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	-
Receipts from the Sale of Office and General Equipment		-	-
TOTAL		-	-
3 OTHER RECEIPTS			
Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Interest Received		-	-
Rents		-	-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
KURESOI SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

Sale of Tender Documents		-	-
Other Receipts Not Classified Elsewhere (specify)		-	-
TOTAL		-	-
4 COMPENSATION OF EMPLOYEES			
Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Basic wages of contractual employees		1,477,336	2,014,584
Basic wages of casual labour			
Personal allowances paid as part of salary			
House allowance		-	-
Transport allowance		-	-
Leave allowance		-	-
Other personnel payments		-	-
Employer contribution to NSSF		28,000	-
Gratuity-contractual employees		-	1,038,215
TOTAL		1,505,336	3,052,799
5 USE OF GOODS AND SERVICES			
Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Utilities, supplies and services		52,287.00	292,604.00
Electricity		-	-
Water & sewerage charges		-	-
Office rent		-	-
Communication, supplies and services		21,920.00	200,000.00
Domestic travel and subsistence		-	364,900.00
Printing, advertising and information supplies & services		-	-
Rentals of produced assets		-	-
Training expenses		-	1,127,000.00
Hospitality supplies and services		300,000.00	-

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

Other committee expenses	850,000.00	1,203,000.00
Committee allowance	3,834,300.00	1,032,500.00
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	-	726,810.00
Fuel , oil & lubricants	260,000.00	1,000,000.00
Other operating expenses	259,621.00	25,394.00
Bank service commission and charges	-	-
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	1,257,041.00	127,150.00
Routine maintenance- other assets	-	-
TOTAL	6,835,169	6,099,358
6 TRANSFER TO OTHER GOVERNMENT ENTITIES		
Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to Primary schools	26,100,000	55,950,000
Transfers to Secondary schools	12,500,000	24,500,000
Transfers to Tertiary institutions	-	500,000
Transfers to Health institutions	-	1,900,000
TOTAL	38,600,000	82,850,000
7 OTHER GRANTS AND OTHER PAYMENTS		
Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	13,853,961	9,179,800
Bursary -Tertiary	7,958,970	5,451,200
Bursary-Special schools	-	-
Mocks & CAT	-	4,685,000
Water	-	2,400,000

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

Food security		-	4,300,000
Electricity		-	-
Security		2,500,000	7,000,000
Roads and Bridges		-	1,900,000
Sports		1,736,207	2,531,035
Environment		1,736,207	2,500,000
Cultural Projects		-	-
Other capital grants and transfers		5,677,027	2,500,000
Emergency Projects		5,024,310	5,900,000
TOTAL		38,486,682	46,346,035
8 ACQUISITION OF ASSETS			
Non Financial Assets		2017 - 2018	2016 - 2017
		Kshs	Kshs
Purchase of Buildings		-	-
Construction of Buildings		-	-
Refurbishment of Buildings		-	-
Purchase of Vehicles		-	-
Purchase of Bicycles & Motorcycles		-	700,000.00
Overhaul of Vehicles		-	-
Purchase of office furniture and fittings		3,143,027	-
Purchase of computers ,printers and other IT equipments		-	-
Purchase of photocopier		-	-
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	324,000.00
TOTAL		3,143,027	1,024,000
9 Other Payments			
ICT Hubs		2017 - 2018	2016 - 2017
		-	-
TOTAL		-	-
10A: Bank Balances (cash book bank balance)			

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Name of Bank, Account No. & currency	Account Number	2017 - 2018	2016 - 2017
		Kshs (30/6/2017)	Kshs (30/6/2016)
Kenya Commercial Bank, Oyugis Branch . Kasipul NG-CDF	A/C no.1146215614	3,292,655	7,202,524
Total		3,292,655	7,202,524
10B: CASH IN HAND)			
		2017 - 2018	2016 - 2017
		Kshs (30/6/2017)	Kshs (30/6/2016)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
TOTAL		-	50,000
		<i>[Provide cash count certificates for each]</i>	
11: OUTSTANDING IMPRESTS			
<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>
	<i>Date imprest taken</i>	<i>Kshs</i>	<i>Kshs</i>
		-	-
		-	-
		-	-
12 Retention	PV No.	2017 - 2018	2016 - 2017
Supplier/Contractor			
xxx		-	-
xxx		-	-
TOTAL		-	-

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13 BALANCES BROUGHT FORWARD			
		2017 - 2018	2016 - 2017
		Kshs (1/7/2017)	Kshs (1/7/2016)
Bank accounts		7,148,218	7,148,218
Cash in hand		50,000.00	50,000.00
Imprest		-	-
TOTAL		7,252,524	7,198,218
	<i>[Provide short appropriate explanations as necessary]</i>		
14 PRIOR YEAR ADJUSTMENTS			
		2017 - 2018	2016 - 2017
		Kshs	Kshs
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
TOTAL		-	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	<u>-</u>	<u>-</u>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-

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Middle management	-	-
Union sable employees	-	-
Others (<i>specify</i>)	-	-

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	14,664.00	-
Use of goods and services	1,795,555.00	1,252,524
Amounts due to other Government entities (see attached list)	10,493,294.00	1,000,000
Amounts due to other grants and other transfers (see attached list)	(98,574.66)	5,000,000
Acquisition of assets	-	-
Others (<i>specify</i>)	4,667,027.00	-
	16,871,965.34	7,252,524

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15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	26,125,431	-
TOTAL	26,125,431	-

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2016 d=a-c	Outstanding Balance 2017	Comments
Construction of buildings					423,027	
1. Cdf office drainage						
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						

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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						

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Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Sub-Total				
Grand Total		16,871,965.34	7,252,524	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	89,980	-	-	89,980
Buildings and structures	1,000,000	-	-	1,000,000
Transport equipment	1,000,000	-	-	1,000,000
Office equipment, furniture and fittings	1,000,000	3,143,027	-	1,000,000
ICT Equipment, Software and Other ICT Assets	2,000,000	-	-	2,000,000
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	5,089,980	3,143,027	-	8,233,007

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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Do's Office Kiptagich	Equity		1,000,000	
Keringet Police Station	Equity		1,500,000	
Mwangate Primary School	Equity	0230162852186	800,000	
Tegat Primary School	Equity	0230190223963	500,000	
Tendwet Primary School	Equity	0230162562984	600,000	
Saptet Primary School	Equity	0230162456069	300,000	
Lelaibei Primary School	Equity	0230170341976	600,000	
Tebwo Primary School	Equity	0230162957350	600,000	
Tuiyobey primary school	Equity	0230016290962	500,000	
Bararget Primary School	Equity	0230167040638	1,000,000	
Kiptulwo Primary School	Equity		600,000	
Kibangui Primary School	Equity	0230169555635	600,000	
Baraka Primary School	Equity	0230171832673	1,800,000	
Kabeer Primary School	Equity	0230162247934	400,000	
Kaptembwo Primary School	Equity	0230171488676	900,000	
Ruaget Primary School	Equity	0230172873672	600,000	
Kabongoi Primary School	Equity		1,200,000	
Korao Primary School	Equity	0230162877299	600,000	
Tirigoi Primary School	Equity	0230263589393	600,000	
Angurwet Primary School	Equity	0230162803553	600,000	

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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Kiptongoton Primary School	Equity	0230161741076	600,000	
Lelechwet Primary School	Equity		1,200,000	
Cheram Primary School	Equity	0230263814511	600,000	
Boron Primary School	Equity	0230166650375	600,000	
Geticha Primary School	Equity	0230264108637	400,000	
Kamwaura Primary School	Equity	0230177470198	600,000	
Sigowet Primary School	Equity	0230162799287	500,000	
Kabigeriet Primary School	Equity	0230162804058	600,000	
Lelkoita Primary School	Equity	0230177396472	600,000	
Kwendo Primary School	Equity		600,000	
Olunguruone DEB Day Primary School	Equity	0230172813632	500,000	
chebara Primary School	Equity	0230162552968	500,000	
Ketitui Central Primary School	Equity	0230162406746	600,000	
Saoset Primary School	Equity	0230162463959	600,000	
Irongo Primary School	Equity	0230162472902	300,000	
Kiplemeiywo Primary School	Equity	0230162804155	600,000	
Kiptenden primary school	Equity	0230177115471	500,000	
Kibirechi primary school	Equity	0230162804058	600,000	
Konoin Primary School	Equity	0230162804155	600,000	
Chebotoi Primary School	Equity	0230162810306	600,000	
Wamkong Primary School	Equity	0230171624592	600,000	

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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Chepkiswet Primary School	Equity	0230162541864	1,200,000	
Kapkeet Secondary School	Equity		1,000,000	
Cherokyet Secondary School	Equity		600,000	
KoraoGirls Secondary School	Equity	0230166761621	600,000	
Kapngorot Secondary School	Equity	0230162481404	500,000	
TinetKapkoi Secondary School	Equity	0230263734007	800,000	
Chemaner Secondary School	Equity	0230162050130	1,600,000	
Amani Secondary School	Equity	0230162459935	600,000	
Kaplamboi Secondary School	Equity		1,200,000	
Sinendet Secondary School	Equity		600,000	
Chigamba Mixed Day Secondary School	Equity	0230162828247	500,000	
Chebotoi Secondary School	Equity	0230162468425	600,000	
KiptagichSecondarySchool	Equity	0230162865543	1,200,000	
Sugutek Secondary School	Equity	0230166848818	1,000,000	
Kapsimbeiywo Secondary School	Equity	0230199768023	500,000	
Kimororoch secondary school	Equity	0230177418078	1,200,000	
Ambusket Secondary School	Equity	0230170420484	2,000,000	
Kuresoi south pwd office	Equity	0230163295171	200,000	

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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)
	Adjustments are made to reflect the correct position of financial statements	Adjustments are made to reflect the correct position because the financial statement had balances brought forward from the previous financial year hence the overstated as for receipts which is ksh 6,997,218.00 and the use of goods and services was ksh, 50,000.00	FUND ACCOUNT MANAGER	NOT RESOLVED	30 TH SEPTEMBER 2018
	The management should explain the circumstances under which the tenders were opened before the stated dateline	Kapsimbeywo secondary school was a beneficiary of financial year 2016/2017 and Normal procedures were followed of	FUND ACCOUNT MANAGER	NOT RESOLVED	30 TH SEPTEMBER 2018

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
		advertising for the tenders if constructions, one week was enough for the advert. Opening of tenders was done after the advert elapsed, but the school management PMCs mistyped the date error instead of correcting and editing it, all the other suppliers were not locked out of the process.			
	The management should explain the circumstances leading to underutilization of funds	All funds were not received by the stated date, NG-CDFBOARD releases funds in tranches as per the attached AIEs thus the kuresoi south	FUND ACCOUNT MANAGER	NOT RESOLVED	30TH SEPTEMBER 2018

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
			committee could not minute or disburse funds which they had not received as per code list attached, all funds received as per financial statements were from board, bank statement and AIEs are hereby attached.		
	The management should explain why the technical department were not involved in supervision and designing of the project		The projects were not implemented because in the entire Nakuru County we only have one public works officer who is being shared from county government to national government which has eleven constituencies. We raised the issue with the concerned	FUND ACCOUNT MANAGER	NOT RESOLVED 30 TH SEPTEMBER 2018

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>authorities to check up the matter and take due course to help delegate or appoint every sub county public works officer. Attached is the evidence letter we wrote to the county for assistance on the same issue, however we have taken measures to correct the same not to occur again and wrote to public work to carry his own mandate. All Projects funded followed the right procedures of implementation as it has every file.</p>			