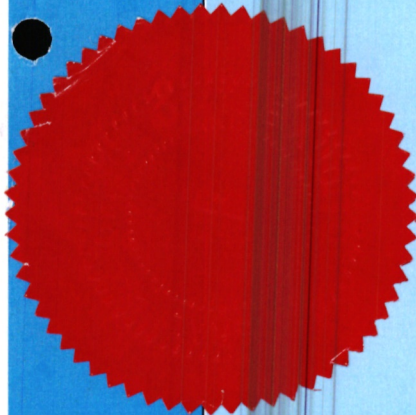


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

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OF

HON. JIMMY ANGENEN M.P.
DEPUTY LEADER OF MAJORITY
PARTY
A. Shubuku

OFFICE OF THE AUDITOR-GENERAL

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
EMUHAYA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
EMUHAYA CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund



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

Reports and Financial Statements

For the year ended June 30, 2018

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF GILGIL 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	CHARLES MOGENDI
3.	Sub-County Accountant	COLLINS O NUNDU
4.	Chairman NGCDFC	CHARLES OMUCHILO
5.	Member NGCDFC	GIDEON OYALO

(d) Fiduciary Oversight Arrangements

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

P.O. Box 67.50307
LUANDA BUSIA ROAD
NEXT TO DOS OFFICE LUANDA



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

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

(f) NGCDF EMUHAYA Constituency Contacts

Telephone: (254) 728 508 074
E-mail: cdfemuhaya@ngcdf.go.ke
Website: www.cdf.go.ke

(g) NGCDF EMUHAYA Constituency Bankers

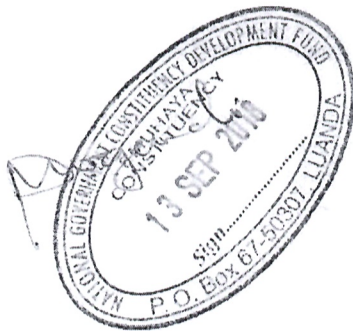
1. EQUITY BANK
LUANDA BRANCH
A/C NO..1120299846566
P.O.BOX 34 50307
LUANDA, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



Angenele

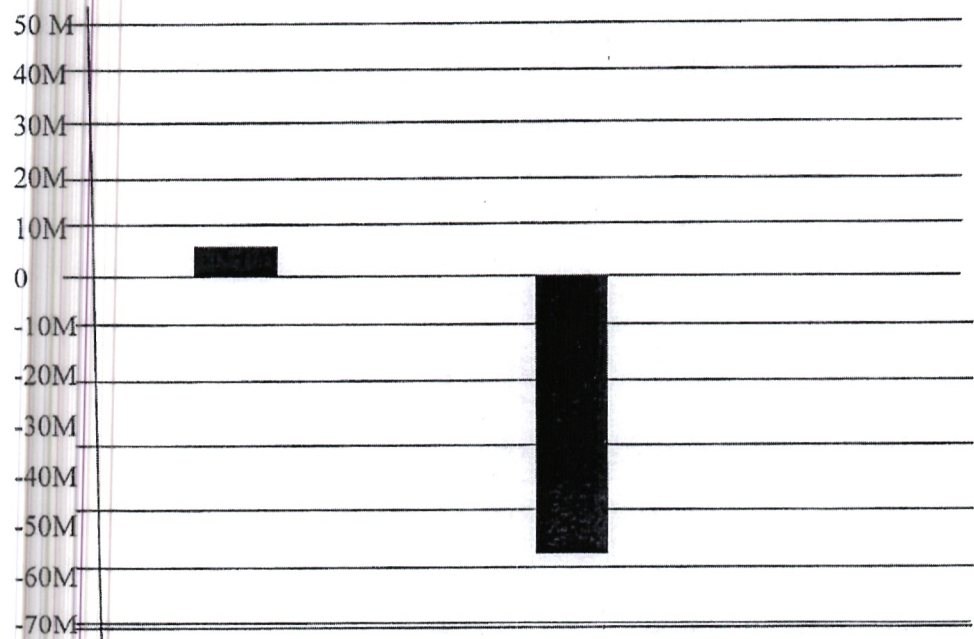
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Include among others the following:

- Mention in summary the budget performance against actual amounts for current year based on economic classification and programmes, *(under this section, include graphs, pie charts, figures and tables)*
- Detail key achievements for the entity *(under this section use pictorials to depict successful projects undertaken during the year),*
- List emerging issues related to the entity,
- List the implementation challenges and recommended way forward. *(Ensure that you include what the entity is doing to overcome the challenges noted).*

FORWARDED BY THE CHAIRMAN NG-CDF COMMITTEE.

Summary of the budget performance against actual amounts for current year based on economic classification and programs.



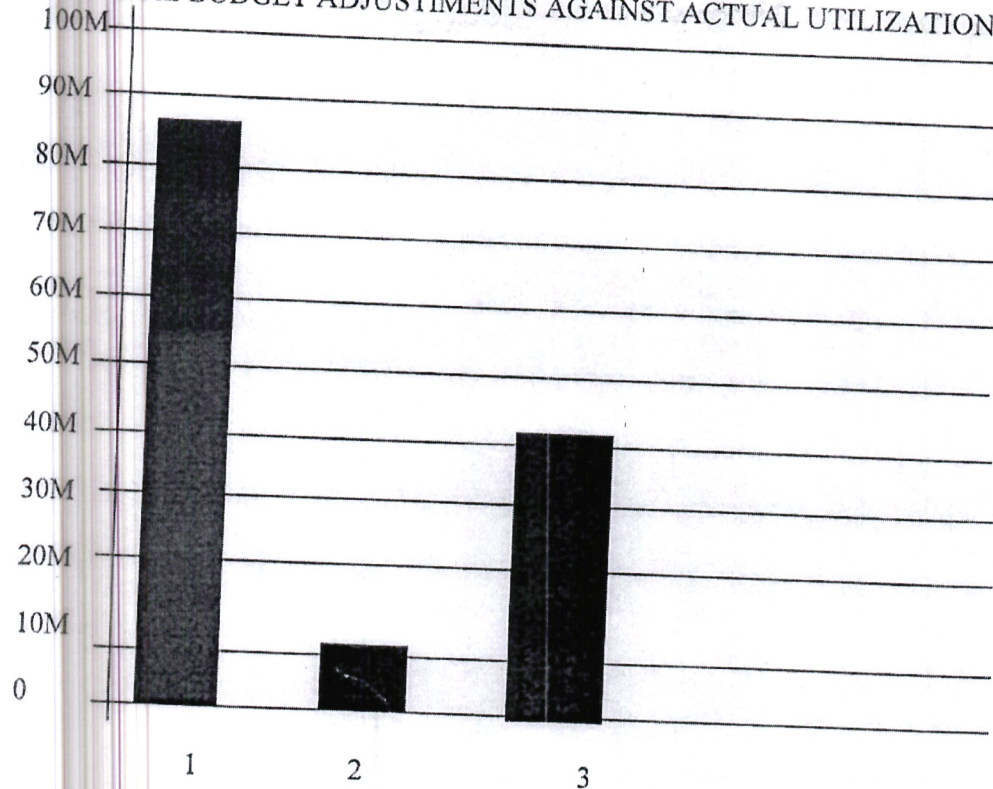
- KEY:
1. Surplus of F/Y 2017 /2018.
 2. Deficit of F/Y 2016/2017.

[Handwritten signature]



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

ORIGINAL BUDGET ADJUSTMENTS AGAINST ACTUAL UTILIZATION OF FUNDS.



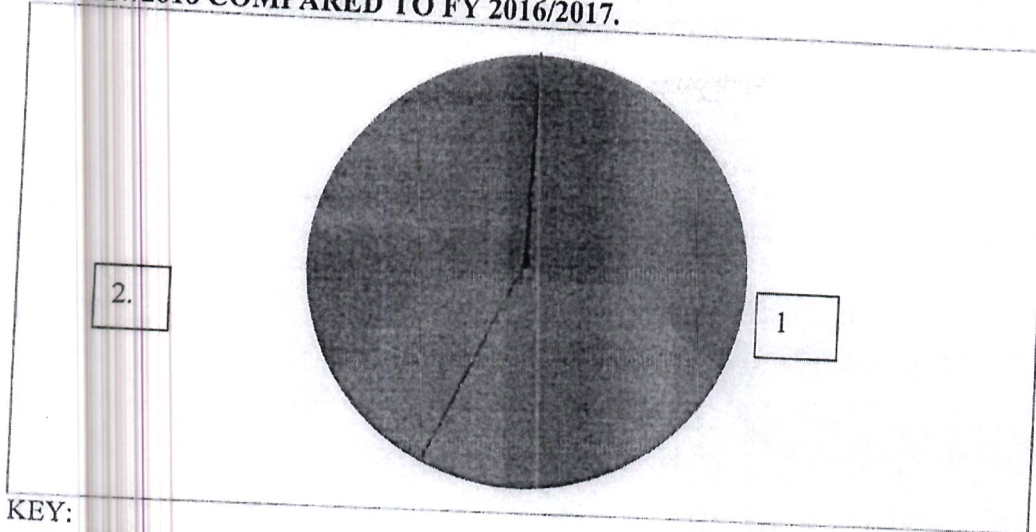
KEY:

1. original budget allocation during 2017/2018 F/Y.
2. Total adjustment allocation during the 2017/2018
3. Total actual on comparable basis ie the total funds allocated during the year was implemented at 41% comparatively before the year additional.



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

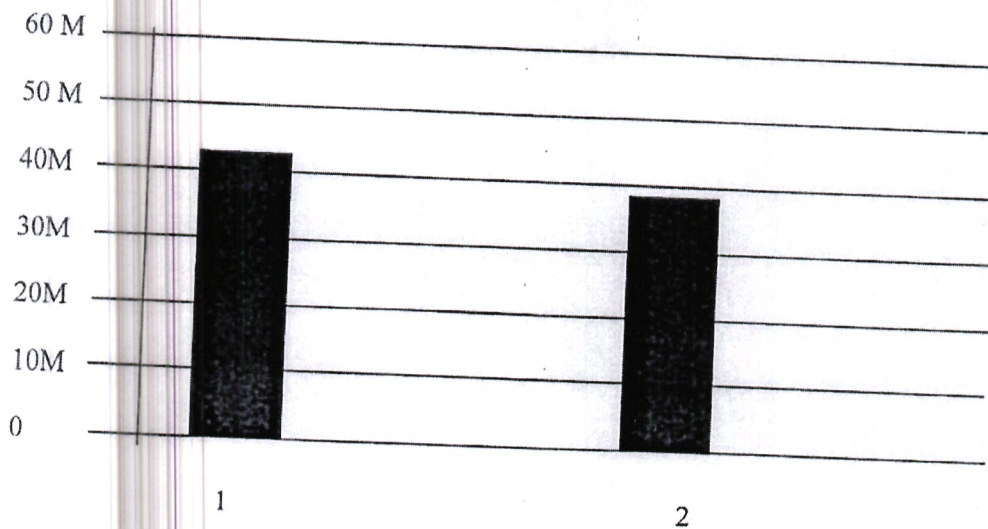
FY 2017/2018 COMPARED TO FY 2016/2017.



KEY:

1. F/Y 2017/2018 showing great improvement on financial year allocation.
2. F/ Y 2016/2017 allocation which shows less funds than the current year allocation.

Bar graphs for receipts and payments F/Y 2017/2018.



KEY

1. Total receipts during the year from the NG-CDF Board.
2. Total expenditure during the year in NG-CDF Emuhaya

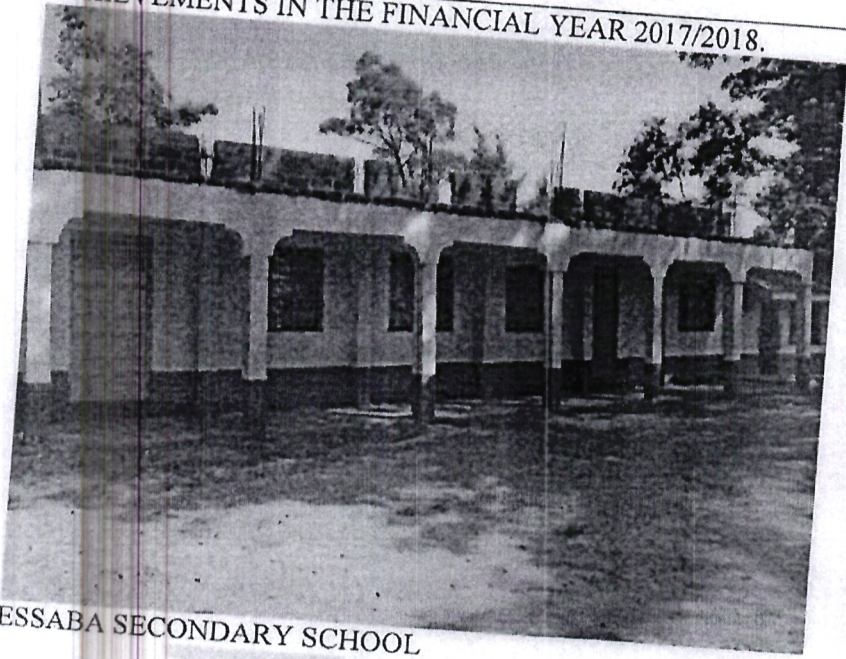


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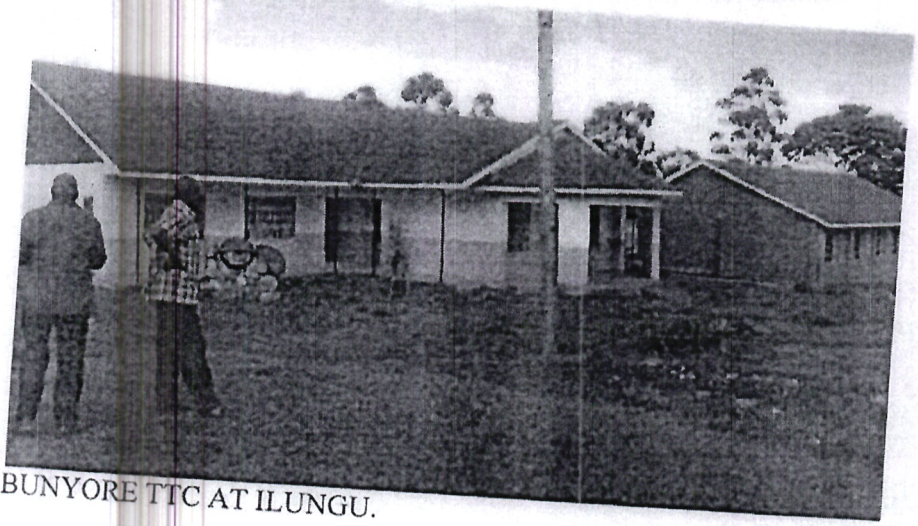
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMUHAYA CONSTITUENCY**

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

ACHIEVEMENTS IN THE FINANCIAL YEAR 2017/2018.



ESSABA SECONDARY SCHOOL



BUNYORE TTC AT ILUNGU.

IMPLEMENTATION CHALLENGES:

Disbursement were done late and as a result we did not receive all the funds meant for 2017/2018. However, despite this, we managed to spend / absorb what we had received from the board.

Mr. Charles Omuchilo.
Chairman NG-CDF Emuhaya.



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

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

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

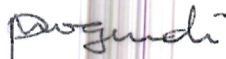
The Accounting Officer in charge of the NGCDF-EMUHAYA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018.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

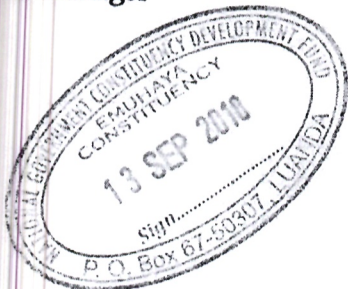
The Accounting Officer in charge of the NGCDF-EMUHAYA Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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.

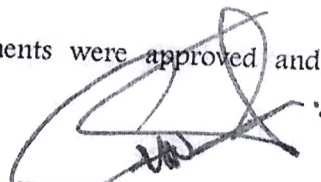
Approval of the financial statements

The NGCDF-EMUHAYA Constituency financial statements were approved and signed by the Accounting Officer on 24/5/18 2018.



Fund Account Manager
Name:





Sub-County Accountant
Name:
ICPAK Member Number:

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Emuhaya Constituency as set out on pages 9 to 39, which comprise the statement of financial assets as at 30 June 2018, and the statement of receipts and payments, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Emuhaya Constituency National Government Constituency Development Fund as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituency Development Fund Act, 2015 and any other Laws of Kenya.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Unreconciled Balance of Use of Goods and Services

Included in use of goods and services balance of Kshs.4,926,260 in the financial statements are committee expenses of Kshs.1,688,656 as at 30 June 2018. The schedule made available to support committee expenses amounted to Kshs.1,688,656 however payment vouchers made available for audit examination amounted to Kshs.759,170 thus leading to unsupported and unreconciled expenditure of Kshs.929,486.

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

1.2 Unsupported Expenditure

Included in use of goods and services balance of Kshs.4,926,259 as disclosed in the financial statements is training expenses figure of Kshs.903,920 for the year ended 30 June 2018. However, included in training figure is expenses of Kshs.57,540 not supported by payment vouchers. Therefore, the accuracy and completeness of training expenses of Kshs.903,902 cannot be confirmed.

1.3 Unsupported Other Operating Expenses

Examination of the payment vouchers made available to support other operating expenses balance of Kshs.463,880 disclosed in the financial statements as at 30 June 2018 amounted to Kshs.223,028 resulting into a difference of Kshs.240,852. No explanation was offered on how the difference arose.

1.4 Failure to Prepare the Trial Balance

The management of Emuhaya NGCDF failed to prepare the trial balance for the year ended 30 June 2018 and it was not possible to confirm the accuracies of balances taken to the financial statements.

1.5 Unexplained Variance between the Notes and Statement of Receipts and Payments Figure

The management under other grants and transfers disclosed a balance of Kshs.26,042,107 on the statement of receipts and payments, while explanatory note 7 on the same reflected a balance of Kshs.25,141,174 thereby creating an unexplained difference of Kshs.900,933.

1.6 Failure to Maintain Constituency's Cash Book

The management of Emuhaya NGCDF failed to maintain cash book for a period of 7 months during the year under review and as such the accuracy and validity of the cash and cash equivalents balance of Kshs.3,456,500 cannot be confirmed. Further, bank reconciliation statements prepared for the months of July 2017 to January 2018 could not be verified. In addition, bank reconciliation statement for the month of September 2017 was not made available for audit review. The list of payments in bank statement attached to the bank reconciliation statement was doubtful since most of the payees were reflected in the form of cheque numbers instead of names of payees. The bank reconciliation statements contained unrepresented stale cheques amounting to Kshs.296,229 which had not been reversed in the cash book as shown below;

UNPRESENTED STALE CHEQUES

Date	Chq No.	Payee	Amount (Kshs.)
31/7/2016	3429	Kilingili Secondary	1,300
31/08/2016	3546	Crystal Valuers	28,420
30/09/2016	3612	Value Added Tax (VAT)	259
31/01/2017	3806	Income Tax	2,393

Date	Chq No.	Payee	Amount (Kshs.)
31/01/2017	3823	VAT	2,763
20/04/2017	3932	Hobunaka Sec. School	121,000
20/04/2017	3990	Anestar Premiur High School	3,000
20/04/2017	4021	Chemuchane Secondary	3,000
20/04/2017	4027	Crown of Hope High	6,000
20/04/2017	4125	E.A. Institute of Certified Studies	4,000
20/04/2017	4150	Int. Teaching Training Centre	4,000
20/04/2017	4243	Madui Secondary	3000
20/04/2017	4308	Moi University	5,000
20/04/2017	4367	Tsavo Institute of Technology	4,000
22/06/2017	4707	Moi Girls Vokoli	5,000
27/06/2017	4769	NSSF	12,546
28/06/2017	4509	St. Judes	10,000
28/06/2017	4085	Kaimosi Girls High School	40,673
28/06/2017	4110	Boyani Theology College	4,000
28/06/2017	4486	Karima Sec. School	20,000
28/06/2017	4445	St. Oda School for the Deaf	6,000
28/06/2017	4056	Lwanda Secondary	6,000
28/06/2017	3626	Deliverance Church Kawangware	3,875
		TOTAL	296,229

In the circumstances, the cash and cash equivalents balance of Kshs.3,456,500 as at 30 June 2018 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1.0 Budget Implementation Performance

1.1 Non Implementation of Approved Budgeted Projects

Analysis of the approved budget of Emuhaya National Government Constituency Development Fund and the actual expenditure revealed the following,

- i. Three projects although budgeted for were not implemented at all (Sports project Kshs.1,736,206, Strategic Plan Kshs.3,000,000 and Constituency Innovation hub Kshs.4,677,027).
- ii. Committee expenses was overspent by one hundred and twenty-two percent (122%).

iii. Various projects were not fully implemented as per the approved budget

1.2 Absorption of Budget

Further, during the year under review Emuhaya NG-CDF had a total budget of Kshs.96,845,270 against a total expenditure of Kshs.40,554,287 resulting into 42% budget absorption. In addition, the entity under absorbed the budget on compensation to employees at 52%, transfer to other government units 79%, other Grants and Transfers 44%.

Audit Component	Budgeted Amount (Kshs)	Actual Amount (Kshs)	Variance (Kshs)	Absorption %
Transfer from CDF Board	98,795,270	44,010,787	54,784,483	45%
Compensation to Employees	3,582,812	1,732,020	1,850,792	48%
Use of Goods and Services	8,859,872	4,926,260	3,933,612	56%
Transfer to other Government Units	37,604,214	7,853,900	29,750,314	21%
Other Grants and Transfers	46,798,372	26,042,107	20,756,265	56%
Total	96,845,270	40,554,287	56,290,983	42%

The under absorption on some items means the citizen of the constituency did not receive the expected value for money due to non-delivery of services.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, a description of how the audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit* section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC MONEY

Conclusion

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

Basis for Conclusion

1. Transfer of Funds to Bunyore Teachers Training

Included in transfers to other government entities balance of Kshs.7,853,900 as disclosed in the accounts are transfers to tertiary institutions balance of Kshs.5,305,000.00. In support of the payment voucher were inspection and acceptance report, interim payment certificate number 5 and a letter from Emuhaya National Government Constituency Development Fund reference number EMU/NG-CDFC/CORRES/02/05/18/008 of 2/5/2018.

As at the time of the audit exercise a total of Kshs.18,105,000 had been paid for the project as shown below:

1st payment Certificate- Kshs.4,400,000
2nd Payment Certificate-Kshs.4,400,000
3rd payment Certificate- Kshs.3,000,000
4th Payment Certificate- Kshs.1,000,000
5th Payment Certificate- Kshs.5,305,000

Total **Kshs.18,105,000**

A contract agreement dated 23rd November 2016 was entered into between Emuhaya National Government Constituency Development Fund and M/S Rhonde General Contractors of Post office Box 108, Emuhaya to carry the works of erection and completion of Bunyore TTC at Ilungu in Vihiga County at a contract sum of Kshs.26,438,737. The contract period was 36 weeks from the date of the contract signing.

From the examination of the payment voucher of transfer of funds to Bunyore TTC of Kshs.5,305,000, project returns file and physical verification of the project revealed, an administration block had been completed, four lecture rooms and 2 ablution blocks constructed. Wiring and plumbing works had been carried out. However,

- i. The contract period had long elapsed and no extension period had been requested by the contractor (The contract period was to run for 36 weeks after signing of the contract agreement. It was to run up to 23rd August 2017).

- ii. No approved procurement plan and work plan by the National Government Constituency Development Fund office for the implementation of the project was made available for audit examination as per the requirement of National Government Constituency Development Fund Regulations 2016 section 25 paragraph 1 to 3 stated above.
- iii. The Management did not implement the project through a Project Management Committee (PMC) as per the requirement of the National Government Constituency Development Fund Act 2015-part VI section 36 paragraph 1 stated above.
- iv. No signed professional opinion by the head of the procurement function of a procuring entity was made available for review as per the requirement of the Public Procurement and Asset Disposal Act, 2015 section 84 paragraph 1 stated above.
- v. Interim Payment Certificate (IPC) number 5 totaled Kshs.8,000,000 but only Kshs.5,305,000 was paid vide payment voucher number 01 of 21/5/2018. No detailed breakdown was made available for audit examination to establish what were the measured works that totaled Kshs.8,000,000 as per the certificate from the department of Public Works or the paid works of Kshs.5,305,000.
- vi. As per the Bill of Quantities (BQ), the contractor was to provide a performance bond of five (5) percent of the contract sum totaling Kshs.500,000 before signing of the contract agreement but no evidence was availed as to whether the contractor gave the performance bond.
- vii. Included in prime cost and provisional sums as detailed in the Bill of Quantities were the following:
 - Allow a prime cost sum of Kenya shillings six hundred thousand (Kshs.600,000.00) only for electrical installation works to be executed by a nominated sub-contractor-Kshs.600,000.
 - Allow for attendance-Kshs.50,000.
 - Allow a provisional sum of Kenya shillings five hundred thousand for contingencies-Kshs.500,000.
 - Allow a provisional sum of Kenya shillings one million two hundred fifty thousand (Kshs.1,250,000) for construction of 2No. pit latrines and drainage works-Kshs.1,250,000.
 - Allow a provisional sum of Kenya shillings one hundred sixty-eight thousand (Kshs.168,000) for project management expenses.

No detailed breakdown as to how the above provisional and prime sums had been expended was provided for audit scrutiny.

- viii. The contractor was not on site as at the time of physical verification on 08/04/2019 and no works were ongoing.
- ix. Interim Payment Certificate number 5 had a retention sum of Kshs.800,000, however no evidence was provided to prove the existence of the retention money.

2. Failure to Provide Project Returns

Included in transfers to other government entities balance of Kshs.7,853,900 are transfers to secondary schools of Kshs.2,214,000 which in turn includes a disbursement of Kshs.800,000 to ACK-Bishop Oketch Essunza Secondary School. The transfer of Kshs.800,000 was for the payment for balance towards purchase of land. The funds of Kshs.800,000 were transferred to the school vide payment voucher number 02 of 7/06/2018. In support of the payment voucher was an approved budget, project management committee minutes, and title deed among others. Examination of the payment voucher and physical verification of the project revealed that the land was purchased but no project returns documents were filed in the project file contrary to the requirement of the Act and the regulations.

3. Re-allocation of Funds without Board Approval

Included in transfers to other government entities figure of Kshs.7,853,900 in the financial statements is transfer to primary schools figure of Kshs.334,900. However, included in transfer to primary schools balance of Kshs.334,900 is Kshs.101,600 which relates to purchase of land for Emuhaya divisional police headquarters and therefore the fund is wrongly allocated to security projects.

4. Construction of a Dining Hall and Kitchen at Ebusiloli Secondary

Included in transfer to other government entities balance of Kshs.7,853,900 were transfers to secondary schools balance of Kshs.2,214,000. Further, included in the balance of transfers to secondary schools balance of Kshs.2,214,000 was a transfer of Kshs.1,400,000 to Ebusiloli Secondary School. In support of the payment voucher was an approved budget from the board and unreferenced letter from Ebusiloli Secondary School dated 4/6/2018. The Kshs.1,400,000 was for the construction of dining/kitchen (storied) casting first (1st) floor slab/general finishes at ground level as per the approved budget. From the examination of the payment voucher and physical verification of the project at the school on 08/04/2019, the following were revealed:

- i. The project has gone for four years without any progress being made at all in the project. Only pillars had been constructed and reinforcement bars have started rusting because of exposure to the vagaries of the weather. The project implementation status report was misleading because during 2015/2016 financial year, it stated that the project was complete and in use while in the year under review, the report states that the project will be completed by 31st March 2019. Physical, verification during the audit established that only pillars stood on the ground with exposed rusty reinforcement bars.

- ii. The amount of Kshs.1,400,000 that was transferred to the school for the construction of a dining hall was still lying idle in the project management committee account as was observed from the bank statement for the period starting 01/June/2018 to 10/June/2018.
- iii. No Bill of Quantities (BQ), plans and architectural drawings certified by the ministry of public works for the construction of the dining hall and kitchen were made available for audit verification.

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

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to **sustainability of services** and using the **cash** basis of accounting

unless the **National Government** 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 ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

23 August 2019

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

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	43,405,172.00	81,896,551.72
TOTAL RECEIPTS		43,405,172.00	81,896,551.72
PAYMENTS			
Compensation of employees	2	1,732,020.27	3,242,693.85
Use of goods and services	3	4,926,259.90	4,704,059.85
Transfers to Other Government Units	4	7,853,900.00	61,008,853.00
Other grants and transfers	5	26,042,106.70	70,589,032.50
TOTAL PAYMENTS		40,554,286.87	139,544,639.20
SURPLUS/(DEFICIT)		<u>2,850,885.13</u>	<u>(57,648,087.50)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMUHAYA Constituency financial statements were approved on 24/9/2018 2018 and signed by:

Progundi
Fund Account Manager
Name:

[Signature]
Sub-County Accountant
Name:
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMUHAYA 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	3,456,500.13	583,616.00
Cash Balances (cash at hand)	10B	00	00
Outstanding Imprests			00
	11	00	22,000.00
TOTAL FINANCIAL ASSETS		<u>3,456,500.13</u>	<u>605,615.00</u>
REPRESENTED BY			
Retention			
Fund balance b/fwd 1st July...	12	00	00
Surplus/Deficit for the year	13	605,615.00	58,253,702.50
Prior year adjustments		2,850,885.13	(57,648,087.50)
	14	00	00
NET LIABILITIES		<u>3,456,500.13</u>	<u>605,615.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMUHAYA Constituency financial statements were approved on 24/1/18 and signed by:

Progenji
Fund Account Manager
Name:

[Signature]
Sub-County Accountant
Name:
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 EMUHAYA 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 NGCDF Board	1	43,405,172.00	81,896,551.70
Other Receipts		00	00
		43,405,172.00	81,896,551.70
Payments for operating expenses			
Compensation of Employees	2	1,732,020.27	3,242,693.85
Use of goods and services	3	4,926,259.90	4,704,059.85
Transfers to Other Government Units	4	7,853,900.00	61,008,853.00
Other grants and transfers	5	26,042,106.70	70,589,032.50
		40,554,286.87	139,544,639.20
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities	7	2,850,885.13	(57,648,087.20)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		00	00
Acquisition of Assets	8	00	00
Net cash flows from Investing Activities		2,850,885.13	(57,648,087.20)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		2,850,885.13	(57,648,087.50)
Cash and cash equivalent at BEGINNING of the year	9	605,615.00	58,253,702.50
Cash and cash equivalent at END of the year	10	3,456,500.13	605,615.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMUHAYA Constituency financial statements were approved on 24/12/18 2018 and signed by:

Agendi
 Fund Account Manager
 Name:

[Signature]
 Sub-County Accountant
 Name:
 ICPAK Member Number:

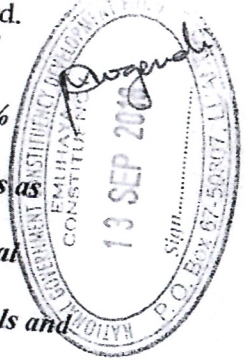


VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345.00	11,984,925.00	98,795,270.00	44,010,787.00	54,784,483.00.	45%
Proceeds from Sale of Assets						
TOTAL RECEIPT	86,810,345.00	11,984,925.00	98,795,270.00	44,010,787.00	54,784,483.00	45%
PAYMENTS						
Compensation of Employees	3,167,595.00	415,217.00	3,582,812.00	1,732,020.00	1,850,792.00	48.8%
Use of goods and services	7,645,336.00	1,214,536.00	8,859,872.00	4,926,260.00	3,933,612.00	56%
Transfers to Other Government Units	30,804,214.00	6,800,000.00	37,604,214.00	7,853,900.00	29,750,314.00	21%
Other grants and transfers	45,193,200.00	1,605,172.00	46,798,372.00	26,042,107.00	20,756,265.00	56%
Allocation awaiting approval		1,950,000.00	1,950,000.00		1,950,000.00	
TOTALS	86,810,345.00	11,984,925.00	98,795,270.00	40,544,287.00	58,240,983.00	42%

N/B: KSh 1,950,000.00 Budgeted for Bursaries, is awaiting for approval by the board after clarification of issues raised by the board.
(a) [For the revenue items, indicate whether they form part of the ALA by inserting the "ALA" alongside the revenue category.]

- (b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100% budgeted for)]
- Compensation to employees *There was underutilization of below 90% .since the board had not disbursed all funds as*
 - Use of goods and services *There was underutilization of below 90% because the board had not submitted the total allocations ie money meant for strategic plan had not been disbursed by the board*
 - Transfer to other government *There was underutilization of below 90% because funds budgeted for mostly schools and security projects and security projects had not been received from the board*
 - Other Grants and transfers *Underutilization was due late disbursement of funds eg ICT HUB ,Sports,Emergency&sports*



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

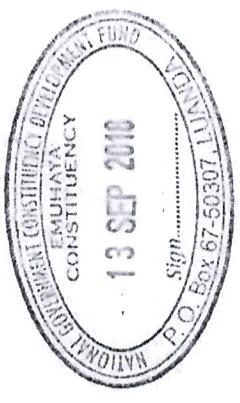
PARLIAMENTARY EMBUWAIYA A CONSTITUENCY

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

The NGCDF-LUANDA Constituency financial statements were approved on 24 July 2018 and signed by:

Dozendi
Fund Account Manager
Name:

[Signature]
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-EMUHAYA 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

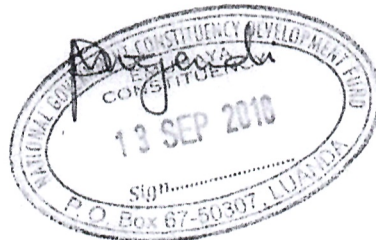
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

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.



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.



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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

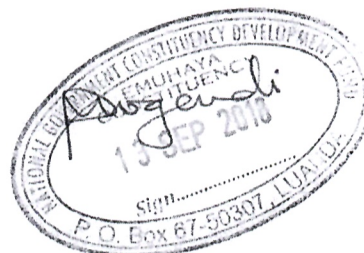
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations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

9. Pending Bills

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

10. Unutilized Funds

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



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 CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -
 EMUHAYA CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018		2016-2017	
			Kshs		Kshs
NGCDF Board					
AIE NO A829541	1				
AIE NO A839588	2			4,094,827.60	
AIE NO A855671	3			36,853,449.00	
AIE NO A855796	1			40,948,275.10	
AIE NO	2		5,500,000.00		
AIE NO	3		37,905,172.00		
TOTAL			43,405,172.00		81,896,551.70



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. OTHER RECEIPTS

	2017- 2018 Kshs	2016-2017 Kshs
Interest Received	00.00	00.00
Rents	00.00	00.00
Receipts from Sale of tender documents	00.00	00.00
Other Receipts Not Classified Elsewhere	00.00	00.00
Total	00.00	00.00

3. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,320,433.27	3,130,120.97
National Social Security Fund	236,384.00	24,472.88
Wages to casual labours	175,000.00	88,100.00
Total	1,732,020.27	3,242,693.85



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	1,688,656.00	1,632,450.00
Communication, supplies and services and newspaper	416,884.00	144,935.70
Printing, advertising and information supplies & services	228,240.00	00
Utilities supplies and services	78,721.00	45,255.15
Hospitality supplies and services	75,000.00	00
Insurance costs	00	00
Office and general supplies and services	954,799.00	1,095,951.00
Other operating expenses	463,880.00	423,640.00
Routine maintenance – vehicles and other transport equipment	116,159.90	491,978.00
Training expenses	903,920.00	869,950.00
Total	4,926,259.90	4,704,059.85



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to primary schools (see attached list)	334,900.00	22,250,000.00
Transfers to secondary schools (see attached list)	2,214,000.00	19,547,333.70
Transfer to health institutions	00	381,649.30
Transfers to tertiary institutions (see attached list)	5,305,000.00	18,829,870.00
TOTAL	7,853,900.00	61,008,853.00

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see attached list)	14,100,450.00	23,832,518.00
Bursary – tertiary institutions (see attached list)	5,934,000.00	7,909,900.00
environment (see attached list)	00	300,000.00
Mock & CAT (see attached list)	00	493,020.00
Security projects (see attached list)	3,106,724.00	32,518,254.00
Water projects (see attached list)	00	1,534,799.00
Emergency projects (see attached list)	2,000,000.00	3,800,541.50
Agriculture	00	200,000.00
Total	25,141,174.00	70,589,032.50



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -
 EMUHAYA CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018 Kshs	2016-2017 Kshs
Construction of Buildings	00	00
Refurbishment of Buildings	00	00
Purchase of Office curtains	00	00
Total	00	00

9. OTHER PAYMENTS

	2017-2018 Kshs	2016-2017 Kshs
ICT Hub	00	00
	00	00



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -
 EMUHAYA CONSTITUENCY
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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
EQUITY BANK LUANDA 1120299846566	3,456,500.13	583,615.00
Total	3,456,500.13	583,615.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -
 EMUHAYA CONSTITUENCY
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 For the year ended June 30, 2018**

12. RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1	00	00
Supplier 2	00	00
Supplier 3	00	00
Total	00	00

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	583,615.00	58,253,702.50
Imprests	22,000.00	00
Total	605,615.00	58,253,702.50

[Provide short appropriate explanations as necessary]



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

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	00	00
Cash in hand	00	00
Imprest	00	00
Total	00	00

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

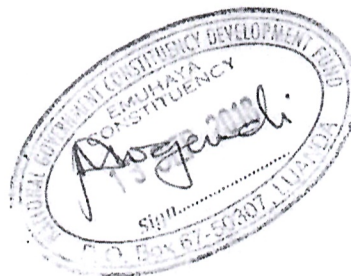
	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	2,695,500.00	00
Construction of civil works	00	00
Supply of goods	00	00
Supply of services	00	00
	2,695,000.00	00

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Gratuity to employees	1,190,843.61	00
	1,190,843.61	00

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,850,791.92	00
Use of goods and services	3,933,612.29	605,615.00
Amounts due to other Government entities (see attached list)	29,750,314.10	00
Amounts due to other grants and other transfers (see attached list)	22,706,264.90	00
	58,240,983.21	605,615.00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -
 EMUHAYA CONSTITUENCY**

**Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

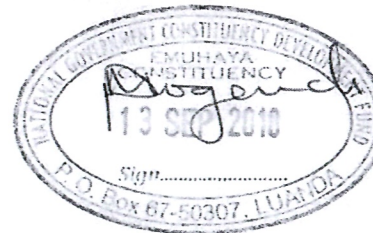
	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	2,495,102.40	9,175,723.10
TOTAL	2,495,102.40	9,175,723.10



NATIONAL GOVERNMENT ENTITY - (EMUHAYA CDF)
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	A	B	C	d=a-c		
Construction of buildings						
1. Rhonde G Contractors	8,000,000.00	5/5/18	5,305,000.00	2,695,000.00		
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	8,000,000.00		5,305,000.00	2,695,000.00		Will be paid when funds are available



NATIONAL GOVERNMENT ENTITY - EMUHAYACDF)
 Reports and Financial Statements
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ANNEX 2 - ANALYSIS OF PENDING STAFF SALARY AND GRATUITY

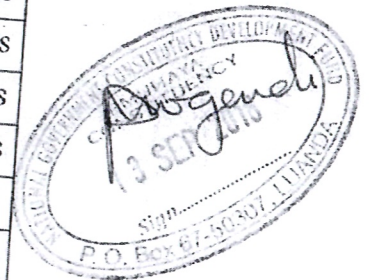
Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018 d=a-c	Outstanding Balance 2017	Comments
		A	b	c			
CHRIS AMWAYI		113,482.00	1/7/18	00	113,482.00	113,482.00	Yet to be paid
TITUS OPEYWA		109,769.76	1/7/18	00	109,769.76	109,769.76	Yet to be paid
MORRISON OSANYA		71,881.56	1/7/18	00	71,881.56	71,881.56	Yet to be paid
AGGRY OTIATO		38,368.08	1/7/18	00	38,368.08	38,368.08	Yet to be paid
WASHINGTON OLANDO		295,576.63	1/8/14	00	295,576.63	295,576.63	Yet to be paid
DANNY APWOKA		185,404.80	1/9/14	00	185,404.80	185,404.80	Yet to be paid
AYUB EBOLE		287,549.18	1/9/14	00	287,549.18	287,549.18	Yet to be paid
DAMARY AWINJA		88,811.28		00	88,811.28	88,811.28	Yet to be paid
Sub-Total		1,190,843.61		00	1,190,843.61	00	
Grand Total		1,190,843.61		00	1,190,843.61	00	



NATIONAL GOVERNMENT ENTITY - (EMUHAYA CDF)
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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	Payment of staff salaries	1,850,791.92	00	ONGOING
Use of goods & services	Purchase of fuel repairs and maintenance stationery office tea etc	3,933,612.29	605,615.00	ONGOING
Sub-Total				
Amounts due to other Government entities		5,784,404.21	605,615.00	
Esalwa sec pri school	Construction of 1 classroom	500,000.00	00	WAITING FUNDS
Ebututi pri school	Administration block	800,000.00	00	WAITING FUNDS
Assebu pri school	Purchase of land	700,000.00	00	WAITING FUNDS
Ebucheli pri school	Administration blo	800,000.00	00	WAITING FUNDS
Elununi pri school	Purchase of land	500,000.00	00	WAITING FUNDS
Ebulamba pri school	Completion of 1 class roo	300,000.00	00	WAITING FUNDS
Ebusiratsti pri school	Construction of Library	500,000.00	00	WAITING FUNDS
Ebhaya pri school	1 classroom	500,000.00	00	WAITING FUNDS
EmmukunziPRI School	1 classroom	500,000.00	00	WAITING FUNDS
Emwatsi pri school	Completion	300,000.00	00	WAITING FUNDS
Ebukobelo pri school	Fencing of school	200,000.00	00	WAITING FUNDS
Ebukobelo pri school	1 Classroom	500,000.00	00	WAITING FUNDS
Ebukobelo pri school	3 Door toilets	200,000.00	00	WAITING FUNDS
Ebukoolo pri school	1 Classroom	500,000.00	00	WAITING FUNDS
Ebukanga pri school	1 Classroom	500,000.00	00	WAITING FUNDS
Ebbisti pri school	1 classroom	500,000.00	00	WAITING FUNDS



NATIONAL GOVERNMENT ENTITY - EMUHAYA CDF)
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Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Amounts due to other grants and other transfers				
Busary to sec schools	Pay for busaries	4,658,170.71	00	WAITING FUNDS
Bursaries for tatiaries	Pay for buursarie	4,366,000.00	00	WAITING FUNDS
Constituency Sports Tourment	Sports activities	1,963,792.66	00	WAITING FUNDS
Constituency Innovation Hubs	Construction of 4 sites	4,677,027.02	00	WAITING FUNDS
Emergency	Unforeseen Occurences	3,137,931.03	00	WAITING FUNDS
Sub-Total		18,802,921.42	00	WAITING FUNDS
Sub-Total		33,653,657.58	00	WAITING FUNDS
Sub-Total		5,784,404.21	605,615.00	WAITING FUNDS
Grand Total		58,240,983.21	605,615.00	WAITING FUNDS



NATIONAL GOVERNMENT ENTITY - EMUHAYA CDF)
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	2,300,000.00	00	00	2,300,000.00
Buildings and structures	41,293,933.20	00	00	41,293,933.20
Transport equipment	7,005,545.00	00	00	7,005,545.00
Office equipment, furniture and fittings	1,452,442.00	00	00	1,452,442.00
ICT Equipment, Software and Other ICT Assets	2,176,175.00	00	00	2,176,175.00
Other Machinery and Equipment	00	00	00	.00
Total	54,228,095.26	00	00	54,228,095.26

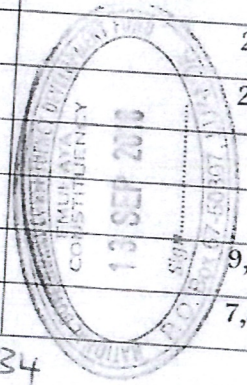


NATIONAL GOVERNMENT ENTITY - (EMUHAYA CDF)
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ANNEX 4 -PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
EBULAMBA PRI SCHOOL	EQUITY LUANDA	1120298729815	3,687.00	3,522.00
MUCHULA PRI SCHOOL	KCB LUANDA	1132448648	553.00	18,553.00
ESALWA PRI SCHOOLL	KCB LUANDA	1128768704	14,277.50	22,538.00
MUNGOYE PRI SCHOOL	EQUITY LUANDA	1120270719075	2,315.00	607.00
ESSUMBA PRI SCHOOL	EQUITY LUANDA	112029757567	610.00	610.00
ESIBAKALA PRI SCHOOL	KCB LUANDA	1128917890	2,920.00	29,400.00
ESSABA PRI SCHOOL	KCB LUANDA	1128504030	937.00	360,197.00
MWITUHA PRI SCHOOL	EQUITY LUANDA	112027145863	905.00	905.00
EBUHAYA PRI SCHOOL	KCB LUANDA	1135727392	2,444.00	2,559.50
EBUTUTI PRI SCHOOL	KCB LUANDA	112026152603	4,306.50	4,306.50
EBUCHELI PRI SCHOOL	EQUITY LUANDA	112026261493	135.00	288,195.00
EMMUKUNZI PRI SCHOOL	KCB LUANDA	1135372268	1,169.50	1,169.50
ELUNUNI PRI SCHOOL	KCB LUANDA	1156281598	2,042.00	51,803.00
AMATSULI PRI SCHOOL	KCB LUANDA	1172327785	2,042.00	2,042.00
EMUSUTWI PRI SCHOOL	EQUITY LUANDA	112029557413	478.00	478.00
MWITUHO PRI SCHOOL	KCB LUANDA	11374432227	756.00	10756.00
EBUNANGWE PRI SCHOOL	EQUITY LUANDA	112026632864	9,090.60	9,090.60
EMUHONDO PRI SCHOOL	KCB LUANDA	1156096154	7,849.00	233.00



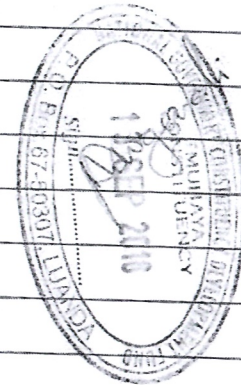
NATIONAL GOVERNMENT ENTITY - EMUHAYA CDF)
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 For the year ended June 30, 2018 (Kshs'000)

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
ESIBUYE PRI SCHOOL	KCB LUANDA	1127963317	2,477.00	77,998.00
EBUSIRATSI PRI SCHOOL	EQUITY LUANDA	112029754343	2,999.45	2,999.45
ASSEBU PRI SCHOOL	EQUITY LUANDA	112026159387	1,890.00	501,119.00
ESIRULO PRI SCHOOL	KCB LUANDA	1110441711	2,999.45	513.00
EMUHAYA ADM CENTRE	KCB LUANDA	112026336402	5,675.00	5,675.00
EMAKAYA POLICE POST	KCB LUANDA	1184254990	1,500.00	152,305.00
ELUHOBE PRI SCHOOL	KCB LUANDA	1134640811	51,552.00	1,021,200.00
EBUKANGA SEC SCHOOL	KCB LUANDA	1135492557	2,287.00	5,496.00
KILINGILI PRI SCHOOL	EQUITY LUANDA	1120298825557	2,287.00	2,287.00
ESIBILA PRI SCHOOL	KCB LUANDA	1128440121	449.50	449.50
ESSABA SEC SCHOOL	EQUITY LUANDA	1120261600376	194,909.00	17,644.50
EMUSIRE PRI SCHOOL	KCB LUANDA	1129105326	1,793.00	1,793.00
MUNDICHIRI PRI SCHOOL	KCB LUANDA	1135268096	529.00	529.00
EBUSILOLI SEC SCHOOL	EQUITY LUANDA	1120297669043	1,433,145	33,145.00
ESSUNZA PRI SCHOOL	KCB LUANDA	1135400210	5,434.00	5,00434
MUNGOYE SEC SCHOOL	EQUITY LUANDA	1120262677491	607.00	607.00
EBUHAYA SEC SCHOOL	KCB LUANDA	1132346576	13,083.00	13,083.00
EMUREMBE PRI SCHOOL	KCB LUANDA	1128390361	573.00	573.00



NATIONAL GOVERNMENT ENTITY - EMUHAYA CDF)
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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
MWITUHA SCE SCHOOL	EQUITY LUANDA	1120263402646	23,541.00	23,541.00
EBUSIRATSI SEC SCHOOL	EQUITY LUANDA	1120261705382	852.00	852.00
EMMUKUNZI SEC SCHOOL	KCB LUANDA	1135372268	1,169.00	1,169.00
ESSUNZA SEC SCHOOL	KCB LUAND	1184431043	00	892,505.00
ST PETERS SEC SCHOOL	KCB LUANDA	1133420842	170.00	170.00
EBUNANGWE SEC SCHOOL	EQUITY LUANDA	1120264795411	6,639.00	6,639.00
EBUYALU PRI SCHOOL	KCB LUANDA	11137362308	1,680.00	1,680.00
EBUKOOLO SEC SCHOOL	EQUITY LUANDA	1120299446123	1,475.00	1,475.00
MWICHIO POLICE POST	KCB LUANDA	1130293610	1,363.00	1,363.00
EBUKOOLO AP CAMP	EQUITY LUANDA	1120266296005	5,770.00	5,770.00
EMANYINYA AP CAMP	EQUITY LUANDA	1120298713446	315.00	315.00
EBUSIRATSI AP CAMP	EQUITY LUANDA	1120266392380	831.00	831.00
ILUNGU AP CAMP	EQUITY LUANDA	1120297411756	293.00	293.00
EBUKANGA AP CAMP	EQUITY LUANDA	1120299089561	88.50	88.50
ESSABA AP CAMP	KCB LUANDA	1120342856	7,109.50	7,109.50
ESIRULO AP CAMP	EQUITY LUANDA	1120299431944	47,483.50	47,483.50
ASSABA DISPENSARY	EQUITY LUANDA	112026216948	2,322.50	2,322.50
NZALWA POLYTCHNICH	EQUITY LUANDA	1120261642955	7,624.00	7,624.00
EMMUKUNZI POLYTECHNIC	KCB LUANDA	1120142938	504.00	504.00



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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
EBUKANGA TTI	EQUITY LUANDA	1120246516476	572,933.00	5,506,637.00
LUANDA TEA BUYING	EQUITY LUANDA	1120198554185	1,364.90	1,364.90
ESIREMBELA TEA BUYING	EQUITY LUANDA	112029751296	15,920.00	15,920.00
EMWASTI PRI SCHOOL	KCB LUANDA	11287889264	8,651.00	00
IKUMU PRI SCHOOL	KCB LUANDA	1128789264	8,090.00	00
Total			2,495,102.40	9,175,723.10



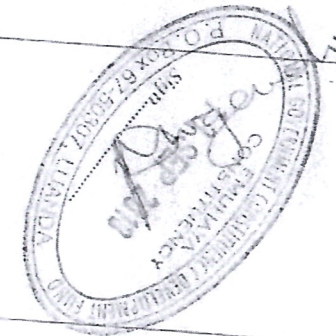
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

NATIONAL GOVERNMENT ENTITY - EMUHAYA CDF)
 Reports and Financial Statements

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

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)
2016/17-1-010215-09	Irregular use of unspent funds for F/Y 2015/16	Kindly refer to corrected financial statements and management response	Paul c Mogendi FAM	Resolved	N/A
2016-2017-1-01-0215-09	Discrepancy between sale agreement and valuation report on purchase of land for construction of Bunyore TTC	Kindly refer to the response and attached supportive documents	Paul C Mogendi	Resolved	N/A
2016-2017-1-01-0215-09	Loopholes in the records of Ksh 1,500,000.00 for construction of 3 no classrooms at Emwasti pri school	NGCDF EMUHAYA noted the concern of the auditor as regards to poor workmanship and poor record management .I would like to confirm that the PMC for Emwasti pri was instructed to repeat the work and avail the documentations in the office	Paul C Mogendi	Resolved	N/A
2016-2017-1-01-0215-09	Anomalies in fencing works at Ebukanga TTI	Kindly refer to the response The project was allocated Ksh 1000,000.00 this amount could only do fencing using timber posts not concrete poles. out of this allocation we managed to erect and completed steel gate and a sentry box However Emuhaya	Paul C Mogendi	Resolved	N/A



NATIONAL GOVERNMENT ENTITY - EMUHAYA CDF)
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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)
		NGCDF Will consider allocating sufficient amount for concrete poles in future			
2016-2017-1-01-0215-09	Lack of Acknowledgement for Bursary Funds Ksh 9,474,432.00	Kindly refer to response EMUHAYA NGCDF, Usually writes to relevant institutions to acknowledge receipts for bursary, However it has been noted there has been delay for these acknowledgement letters reaching our office. I have instructed my staff to go round collecting acknowledgement letters from the schools around, and for the schools. not within this locality, I have reminded them to do so in writing	Paul C Mogendi	Resolved	N/A
2016-2017-1-01-0215-09	Un approved expenditure of Ksh 276,646.00. from Emergency	Emuhaya NGCDF Had notified the board for approval ,the board is yet to respond ,however I written to the board for a reminder	Paul C Mogendi	Resolved	N/A

Mogendi

Mogendi
 Prepared by
 Paul Charles Mogendi
 FAM EMUHAYA