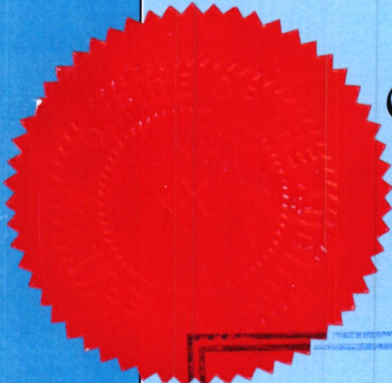



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2019	DAY: Wednesday
TABLED BY: Hon. Aden Duale, MP Chair	OF
OFFICIAL USE TABLE: Halima Ahmed	

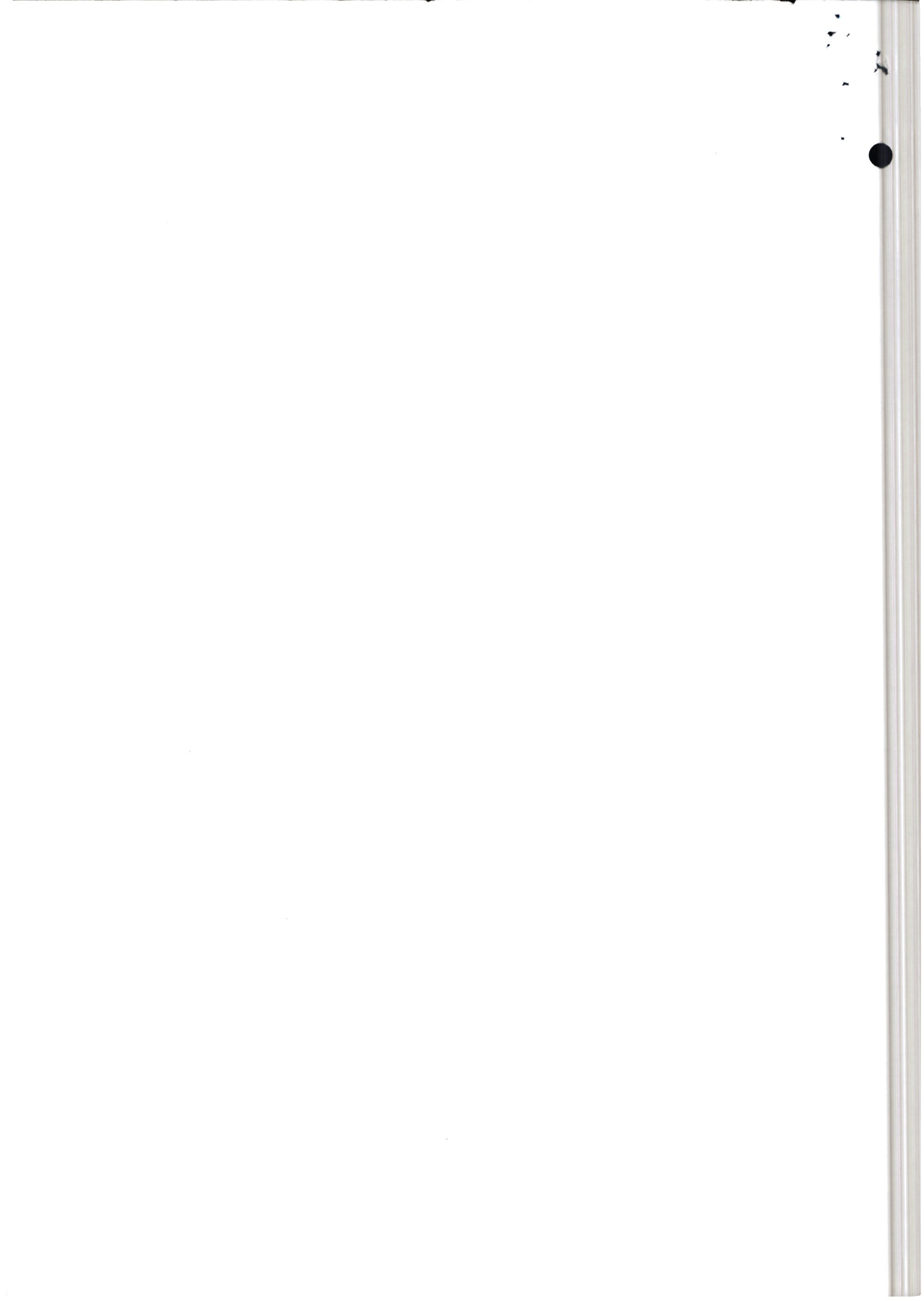
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THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KITUI RURAL CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**





AUDITOR GENERAL
P. O. BOX 30004 - 00100, NAIROBI
REGISTRY

29 SEP 2018

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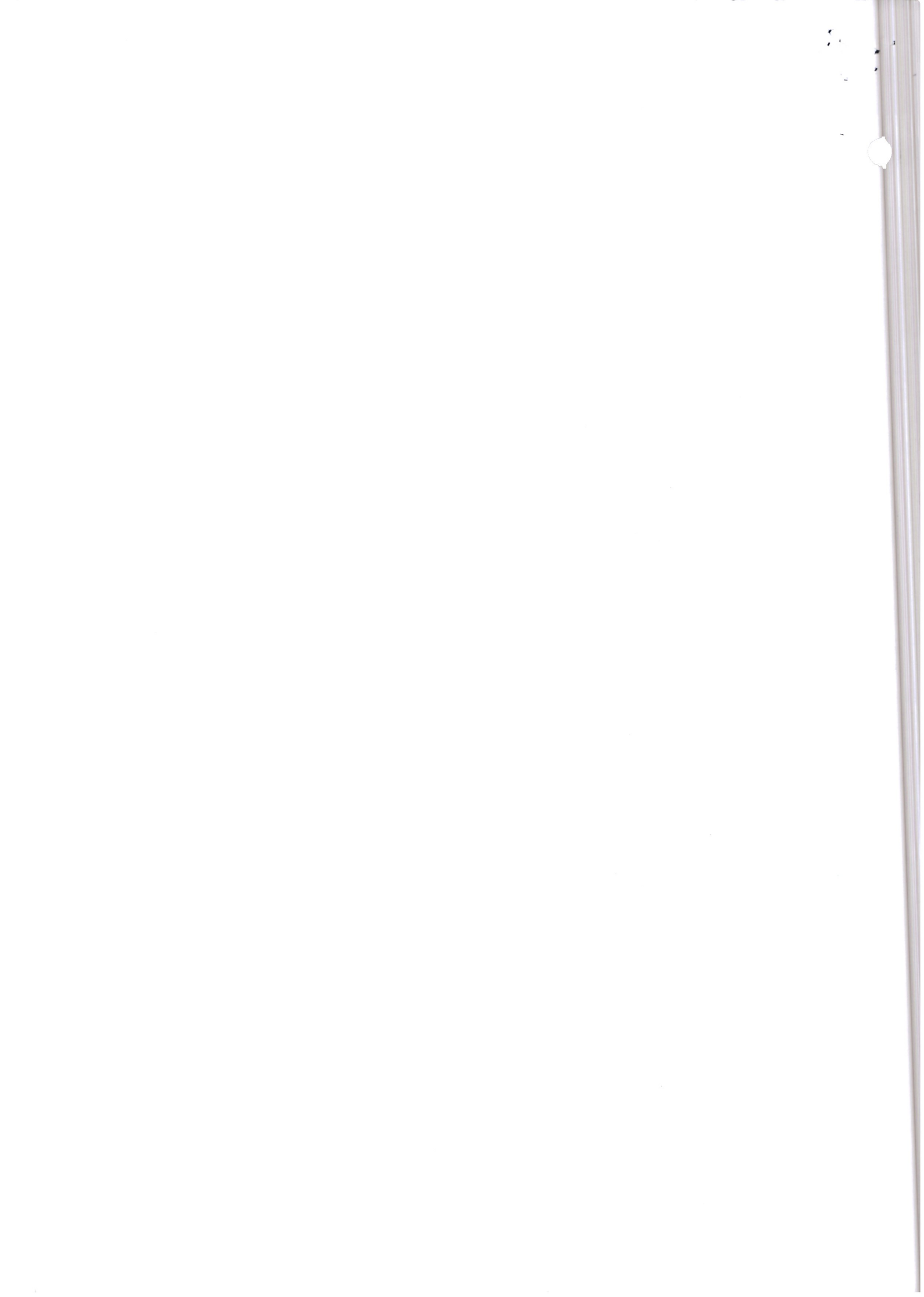
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KITUI RURAL
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

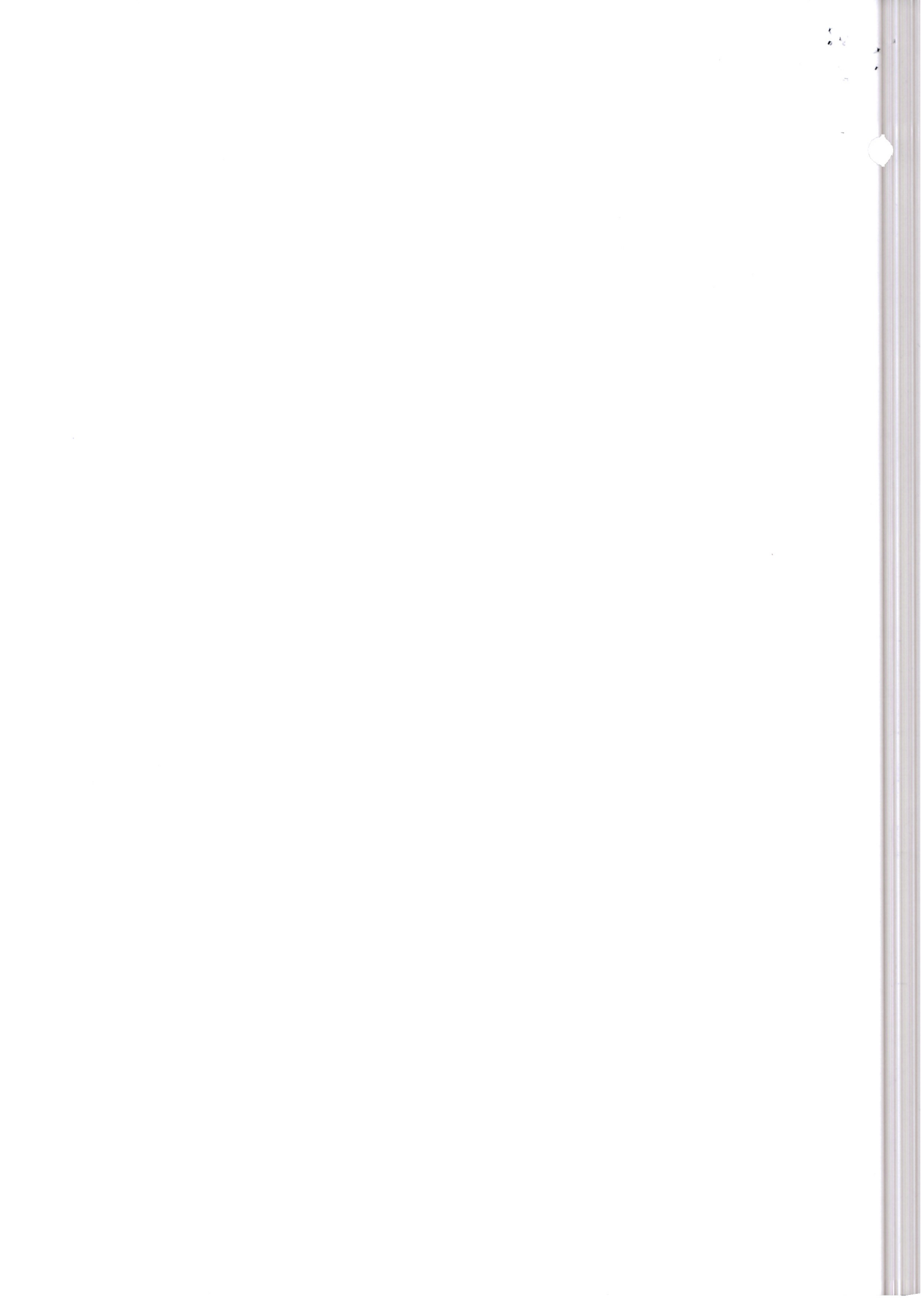
Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)

KENYA NATIONAL AUDIT OFFICE
EMBU HUB
04 OCT 2018
2590
Tel: 068 - 30260
P. O. BOX 113, EMBU



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

	Page
Table of Content	
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE NGCDF COMMITTEE CHAIRMAN	4
III. STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES.....	5
IV. STATEMENT OF RECEIPTS AND PAYMENTS	6
V. STATEMENT OF ASSETS AND LIABILITIES.....	7
VI. STATEMENT OF CASHFLOW	8
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	9
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	11
IX. NOTES TO THE FINANCIAL STATEMENTS.....	15



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

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:

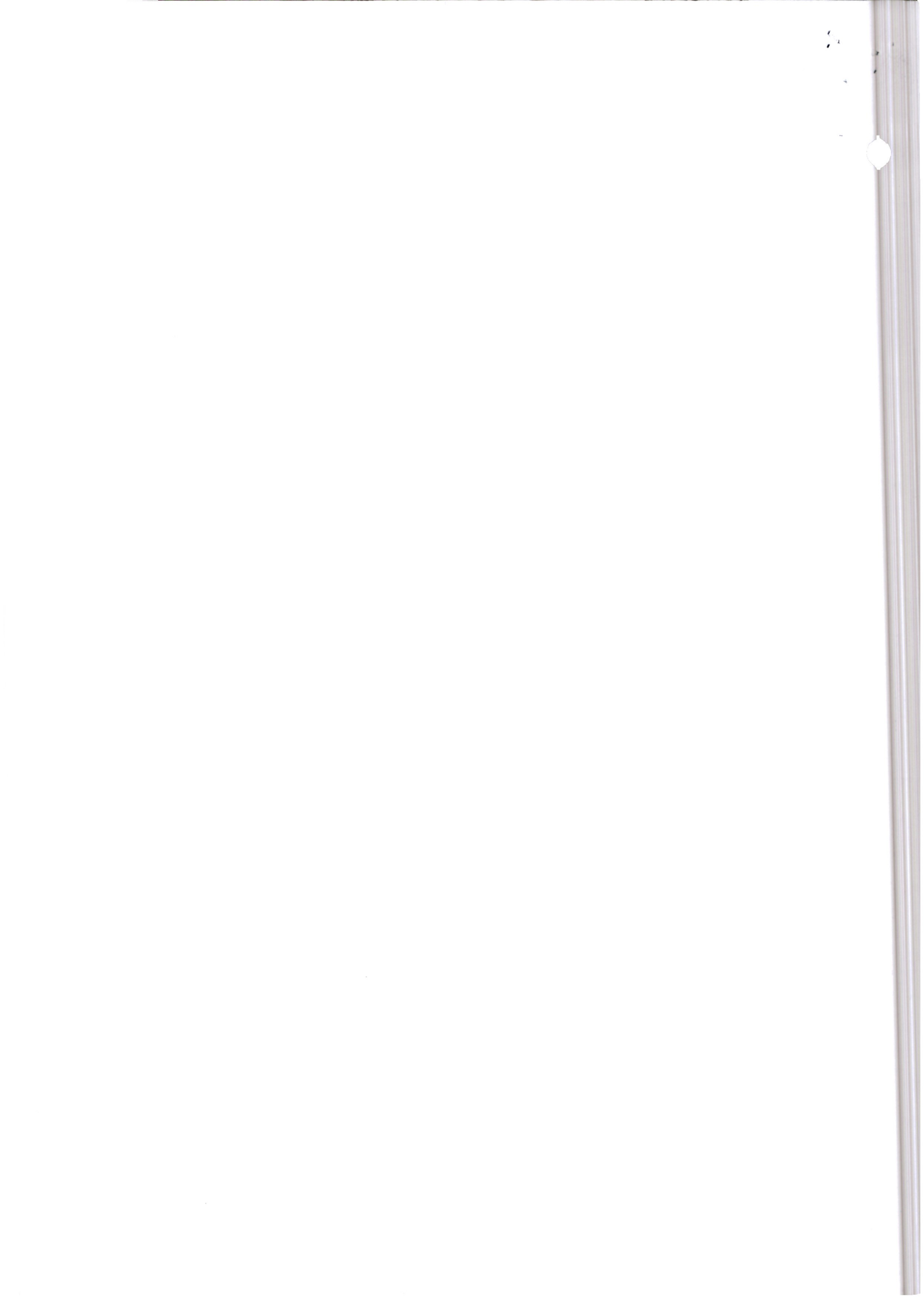
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide 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 (NG-CDF)
KITUI RURAL 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 NG-CDF Kitui Rural day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

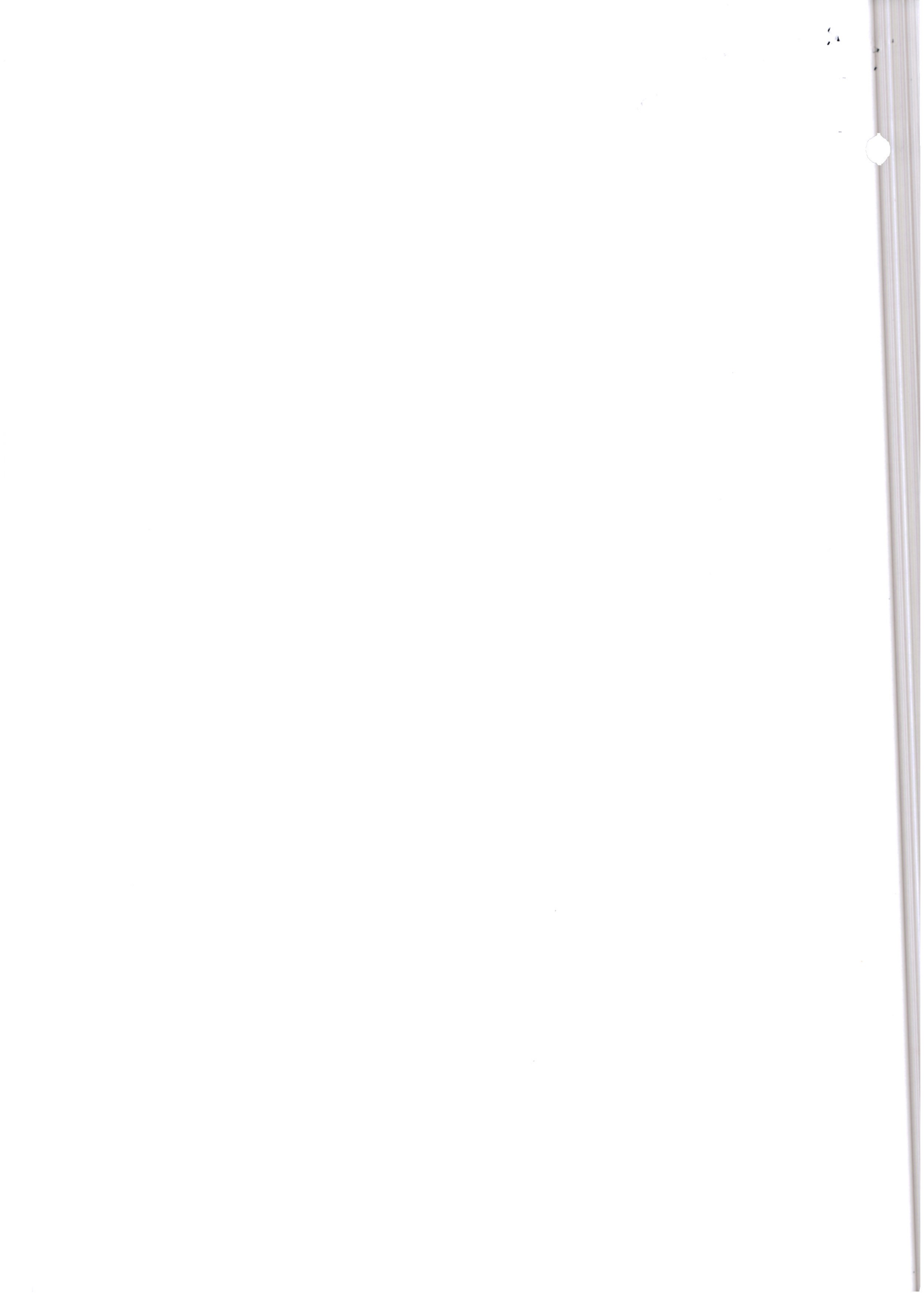
No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	PAUL MUGWE
3.	Sub-County Accountant	PAUL NYORO
4.	Chairman NG-CDFC	MUEMA MUNYWOKI
5.	ALTERNATE SIGNATORY	ANGELINA MUTHEU

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of NG-CDF –Kitui Rural Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF 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 KITUI RURAL Constituency Headquarters

P.O. Box 1422-90200, Kitui
ESTHER HOUSE
Kitui - Machakos Road
Kwa Vonza Market, KITUI



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KITUI RURAL CONSTITUENCY**

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

(f) NG-CDF KITUI RURAL Constituency Contacts

Telephone: (254) 721640726
E-mail: kwavonzaoffice@gmail.com
Website:

(g) NG-CDF KITUI RURAL Constituency Bankers

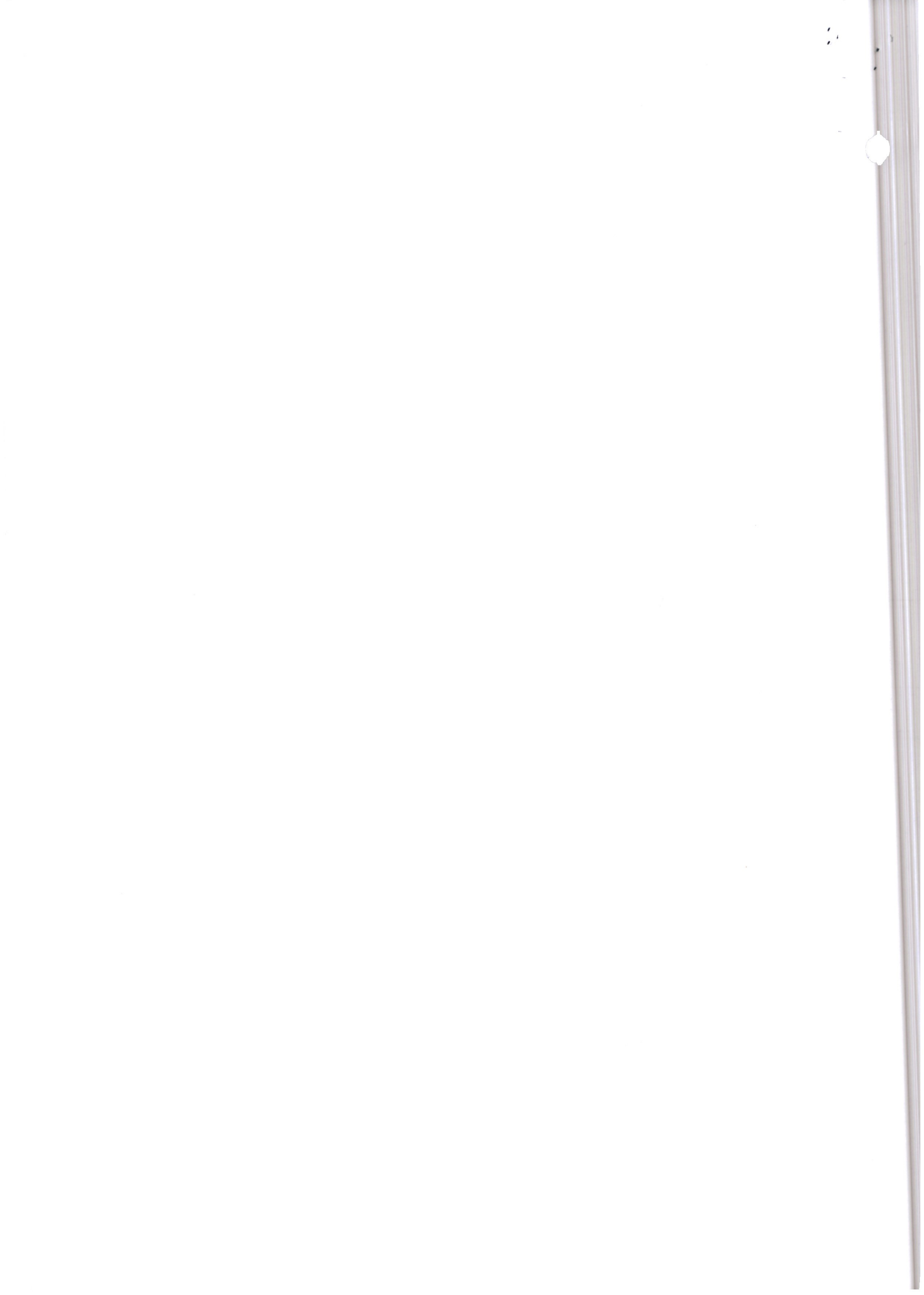
1. Equity Bank
Kitui BRANCH
ACCOUNT NO: 0720 261 934 286
Kitui Town

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KITUI RURAL CONSTITUENCY**

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

II.FORWARD BY THE CHAIRMAN NG-CDF COMMITTEE

The Kitui Rural National Government Constituency Development Fund in the financial year 2017/2018 was allocated Kshs. 81,310,335 (Eighty One million three hundred and ten thousand three hundred and thirty five shillings only)

During the financial year 44% of the allocation was disbursed to the constituency. Therefore the constituency received a total amount of Kshs.43, 405,172 (Forty Three Million Four Hundred and Five Thousand One Hundred and Seventy Two Shillings Only)

The NG-CDFC was able to timely transfer the disbursed funds to project management committees. The NG-CDFC has also been able to carry out monitoring and evaluation to over 70% of the funded projects.

Kitui Rural NG-CDF key Achievements

The following are key achievements for Kitui rural Constituency

1. Access of education by poor and needy students through bursary
2. Improvement of learning Facilities
3. Increased enrolment in Schools and improved performance through creation of conducive learning environment
4. Community Empowerment through community employment in full and labour based contracts.

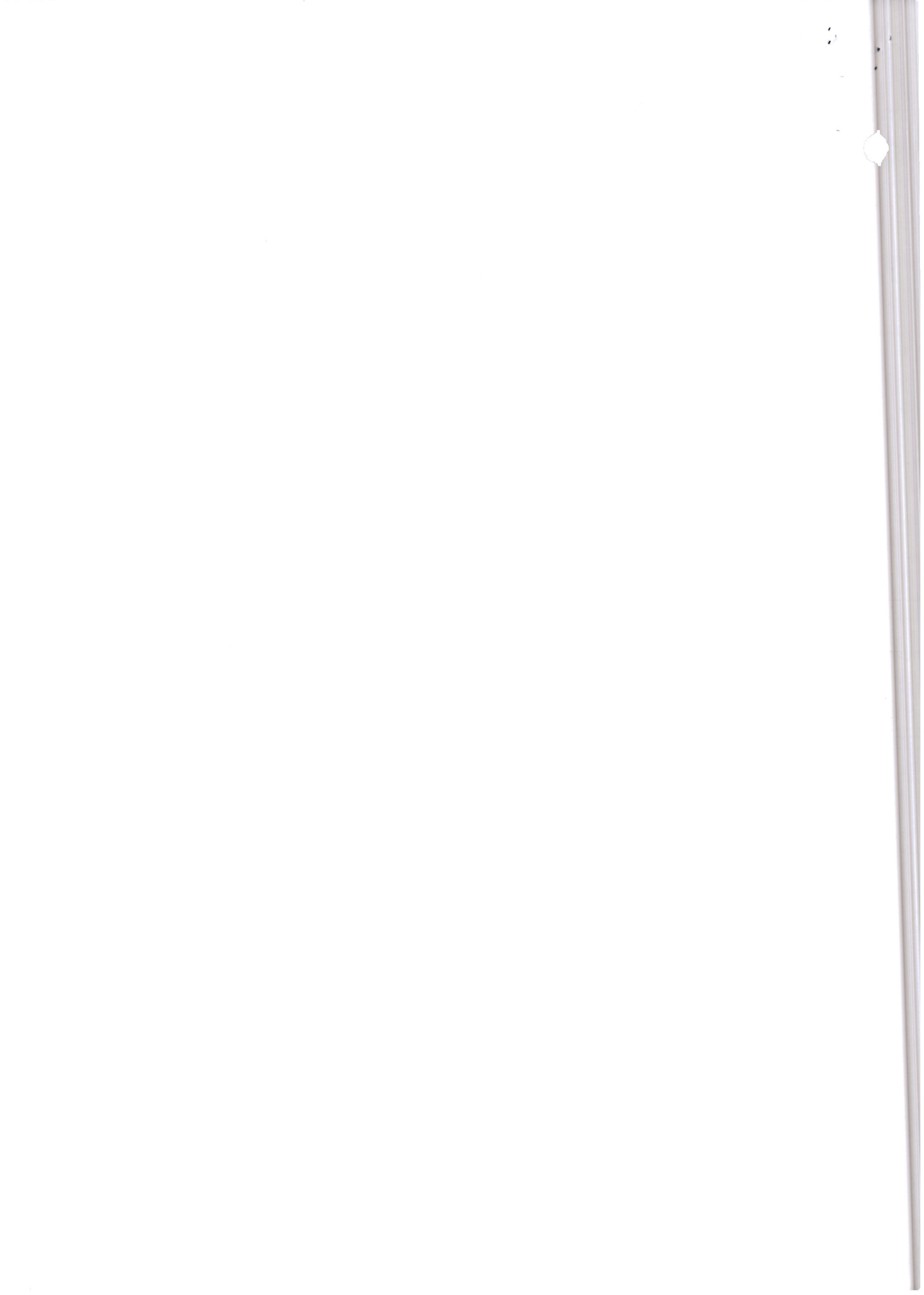
Implementation challenges and way forward

1. Insufficient funds to cater for the community demands.NG-CDF funds should be increased.
2. Inadequacy of qualified NG-CDFC staff .The NG-CDF Board should employ and deploy more staff to the constituency to assist the fund account manager in project implementation and reports preparation.
3. Inadequate NG-CDFC facilitation. Sitting allowances for committees to be revised to improve motivation.



Sign

CHAIRPERSON NG-CDF COMMITTEE



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 NG-CDF-Kitui Rural 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 NG-CDF-Kitui Rural Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NG-CDF-Kitui Rural 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.

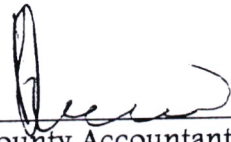
The Accounting Officer in charge of the NG-CDF-Kitui Rural Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the 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 NG-CDF-Kitui Rural Constituency financial statements were approved and signed by the Accounting Officer on 20/08/ 2018.



Fund Account Manager
PAUL MUGWE



Sub-County Accountant
CPA.PAUL NYORO



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 (NG-CDF) –KITUI RURAL CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituency Development Fund (NG-CDF) – Kitui Rural Constituency set out on pages 6 to 33 which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund (NG-CDF) – Kitui Rural Constituency as at 30 June 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with National Government Constituency Development Fund Act, 2015.

Basis for Adverse Opinion

1.0 Bursary Funds

Note 7 to the financial statements reflects Kshs.28,852,000 in respect to other grants and other payments which includes Kshs.18,360,000 and Kshs.6,403,000 in respect to bursaries to secondary schools and tertiary institutions respectively both totaling to Kshs.24,763,000 and which have not been acknowledged as having been received by the recipient institutions. In addition, records relating to how the beneficiaries were identified, the vetting criteria, the list of total and successful applicants were not availed for audit review.

In the circumstances, it has not possible to ascertain whether Kshs.24,763,000 in respect to bursaries for the year ended 30 June 2018 was issued for the intended purpose.

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund (NG-CDF) – Kitui Rural Constituency for the year ended 30 June 2018

2.0 Cash and Cash Equivalents

2.1 Stale Cheques

Note 10A to the financial statements reflects Kshs.15,477,276 in respect to bank balances as at 30 June 2018. However, the respective bank reconciliation statement reflects Kshs.5,072,664 in respect to unpresented cheques out of which Kshs.2,057,322 had become stale as at the time of this audit in February 2019 but the same had not been replaced or reversed in the cash book thereby understating the cashbook balance as at 30 June 2018 by the same amount.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.15,477,276 reflected in the financial statements as at 30 June 2018 could not be confirmed.

2.2 Lost Cash

Note 10A to the financial statements reflects Kshs.15,477,276 in respect to bank balances as at 30 June 2018. However, the bank reconciliation statements reflected Kshs.1,025,231 in respect to payments in the bank but not recorded in the cash book as at 30 June 2018 which included Kshs.970,000 in respect to a payment made to a firm by the bank in March 2017 through forged signatures. Although the matter was reported to the police, the funds had not been recovered as at the time of the audit in February 2019.

In the circumstances, the recoverability of the Kshs.970,000 cash loss as at 30 June 2018 could not be ascertained.

3.0 Committee Expenses

Note 5 to the financial statements reflect Kshs.5,737,000 in respect to use of goods and services which include Kshs.3,547,000 in respect to committee expenses which further included Kshs.1,961,000 expenditure and whose supporting documents including attendance registers and minutes of the committee meetings were not availed for audit review.

In addition, included in the Kshs.3,547,000 is Kshs.197,600 paid to a firm whose justification for payments was not availed for audit review.

In the circumstances, the validity and propriety of Kshs.1,961,000 and Kshs.197,600 both totaling Kshs.2,158,600 in respect to committee expenses as at 30 June 2018 could not be confirmed.

4.0 Unsupported Fuel Expenditure

Note 5 to the financial statements reflects Kshs.5,737,000 in respect to use of goods and services which include Kshs.310,300 in respect to fuel, oil and lubricants and which further includes Kshs.150,000 paid to a firm for supply of fuel. However, documents to show how the fuel was consumed including work tickets, detail orders and fuel register were not availed for audit review.

In the circumstances, the propriety of Kshs.310,300 in respect to fuel, oil and lubricants could not be confirmed.

5.0 Other Grants and other Payments

Note 7 to the financial statements reflects Kshs.28,852,000 in respect to other grants and other payments which includes Kshs.1,929,000 in respect to mock and continuous assessment tests (CAT) expenses which was incurred to facilitate Kitui Rural primary schools head teachers to attend Kenya Primary Schools head teachers Association meetings in Mombasa. Included in Kshs.1,929,000 were two payments of Kshs.555,000 and Kshs.674,000 both totaling to Kshs.1,229,000 which were paid by the Fund manager through imprest without evidence that the project management committee was involved contrary to Section 36 of NG-CDF Act 2015 which states that Projects under the Act shall be implemented by the Project Management Committees (PMC).

Further, included in Kshs.1,929,000 was Kshs.406,000 said to have been spent on servicing and fueling of the buses hired during the meeting in Mombasa whose supporting documents including work tickets were not availed for audit review.

In the circumstances, the accuracy and value for money for the Kshs.1,929,000 in respect to Mocks and CAT could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kitui Rural NG - CDF 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.

Key Audit Matters

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

Other Matters

1.0 Budget Control and Performance

1.1 Receipt Analysis

The Fund's summary statement of appropriation: recurrent and development combined for the year ended 30 June 2018 reflects an approved receipt budget of Kshs.113,804,275 and actual receipts of Kshs.58,519,801 resulting to budget shortfall of Kshs.55,284,474.

Overall, the Fund failed to actualize its budget by Kshs.55,284,474 or 48.6% an indication that some of the programmes and activities that had been planned were not implemented. There is need therefore for Constituency Development Fund management to review its

budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Kitui Rural Constituency.

1.2 Expenditure Analysis

The statement of appropriation: recurrent and development combined for the year ended 30 June 2018 reflects a budgeted expenditure of Kshs.113,804,274 and actual expenditure of Kshs.43,042,525 resulting in to an under-expenditure of Kshs.70,761,749 (62%) on four (4) items as shown below:

Items	Budget (Kshs)	Actual (Kshs)	Under (Kshs)	% under
Compensation of employees	1,420,760	1,227,459	193,301	14%
Use of goods and services	8,104,385	5,737,000	2,367,385	29%
Transfers to other Government units	39,862,034	6,031,034	33,831,000	85%
Other grants and transfers	64,417,095	30,047,032	34,370,063	53%
Total	113,804,274	43,042,525	70,761,749	62%

The under-spending of the budget by Kshs.70,761,749 reflected equivalent services expected and not delivered to the residents of Kitui Rural constituency. This is an indicator of improper budget planning process. There is need therefore for the management to relook at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the residents of Kitui Rural Constituency.

2.0 Other Payments

Note 9 to the financial statements reflects Kshs.1,195,032 in respect to other payments which was meant for developing a five year (2018-2022) strategic plan for Kitui Rural Constituency Development Fund. The contract for developing the strategic plan was signed on 25 May 2018 between the Fund and a firm at a contract sum of Kshs.2,987,580 and a contract period of 20 working days. The Kshs.1,195,032 was paid to the firm on 6 June 2018 in accordance with the contract which stipulated that 40% of the contract price to be paid after the inception report. However, as at the time of audit in February 2019, the strategic plan had not been developed almost seven (7) months after the expiry of the contract period. No explanation was given for the delay.

In the circumstances, it has not been possible to establish whether the Fund will get value for money for the Kshs.1,195,032 paid for developing a strategic plan.

3.0 Project Implementation Status Report

Note 6 and 7 to the financial statements for the year under review reflects transfers to other Government entities and other grants and other payments of Kshs.6,031,034 and Kshs.28,852,000 respectively both totaling to Kshs.34,883,034 which is earmarked to implement projects. However, it has not been possible to ascertain the status of the

projects worth Kshs.34,883,034 as important details such as location of projects, total funds allocated per project, funds disbursed, date of completion and project status were not produced for audit verifications.

In the circumstances, it has not been possible to ascertain the implementation status of projects worth Kshs.34,883,034 for the year ended 30 June 2018.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Project Management Committee (PMC) Balances

Note 6 and 7 to the financial statements reflects Kshs.6,031,034 and Kshs.28,852,000 in respect to transfer to other government units and other grants and transfers both totaling to Kshs.34,883,034 and which was transferred to various projects implementation committees (PMC) to implement various projects in the Constituency. Although the respective project's supporting documents were not availed for audit review, a physical verification of the projects done on eight (8) projects revealed that six (6) of them were incomplete. However, the Fund did not include any unutilized funds in respect to these projects in the financial statements as Project Management Committee (PMC) bank balances.

In the circumstances, it was not possible to ascertain the amount of cash held by the various PMC in respect to the ongoing and not started projects.

2.0 Presentation of the Financial Statements

The financial statements for the year under review did not include a separate summary statement of appropriation for recurrent and development and a budget execution by programmes and sub- programmes. This is contrary to the Public Sector Accounting Standards Board (PSASB) which stipulates that these statements should be included in the financial statements for any National Government entity. Further, the PSASB stipulate that the Fund should include a statement of assets and liabilities and not the statement of assets as reflected in the financial statements for the year under review. In addition, the Board stipulates that the head of finance should indicate his/her Institute of Certified Public Accountant (ICPAK) membership number in the financial statements. However, this membership number was not included in the financial statements for the year ended 30 June 2018.

In the circumstances, the presentation of the financial statements for the year under review was not in accordance with the recommended PSASB format.

3.0 Progress on Follow up of Auditors Recommendations

The financial statements for the year under review at Page 32 and 33 reflects a progress on follow up of Auditors recommendations showing that all the issues/observations have been resolved. However, this progress on follow up of Auditors recommendations is not correct as the issues reflected therein do not relate to any of the previous Auditor-General's reports.

In the circumstances, the accuracy of the information contained in the progress on follow up of Auditor recommendations included in the financial statements for the year ended 30 June 2018 could not be ascertained.

4.0 Transfer to other Government Entities

Note 6 to the financial statements reflect Kshs.6,031,034 in respect to transfer to government entities which comprised of Kshs.5,331,034 and Kshs.700,000 transferred to primary schools and secondary schools respectively.

A physical verification carried out in the month of February 2019, revealed anomalies on six (6) projects worth Kshs.3,931,034 as shown below;

S.No	Project Name	Project Activities	Approved allocation (Kshs)	Amount disbursed (Kshs)	Status	Audit observations
1	Itooma Primary School	Construction of class-room to completion	500,000	500,000	On-going	<ul style="list-style-type: none"> plastering, floor, windows and door are not done Bank statement not provided
2	Nzambia Primary School	Construction of 2 class-room to completion	731,034	731,034	On-going	<ul style="list-style-type: none"> Fully paid but Floor, plastering, painting windows and doors not complete Bank statement not provided.
3	Kalulini Primary school	Construction of 1 class-room to completion	700,000	700,000	Complete	Project file and bank statements were not availed for audit review
4	Mavindini Secondary school	completion of two classrooms and an office block	700,000	700,000	Complete	<ul style="list-style-type: none"> Evidence to show how a firm was identified to carry out the works of fabrication of Doors, windows and grills for Kshs.134,000 and ,

S.No	Project Name	Project Activities	Approved allocation (Kshs)	Amount disbursed (Kshs)	Status	Audit observations
						<p>requests for quotations, the evaluation and contract award were not availed for audit review.</p> <ul style="list-style-type: none"> Material worth Kshs.93,190 for flooring, plastering of walls, piping and electrical wiring. However, office block and classrooms had not been painted, the plastering of wall and floors was on- going.
5	Katwala Secondary school	Emergency expenditure to reconstruct a burnt down dormitory and purchase of metallic boxes for students	1,000,000	1,000,000	Complete	<ul style="list-style-type: none"> Details on how the contractor was identified, payment vouchers and bank statements availed for audit review. The boxes were single sourced at a cost of Kshs.200,000 and procure by the Fund instead of the PMC
6	Kwa Vonza AP line	Construction of 3 AP staff house	300,000	300,000	Complete	<ul style="list-style-type: none"> The amount was not in the budget of 2017/2018. The project was not labelled as required by NG- CDF regulations 2016 Section 11(1)
	Total		3,931,034	3,931,034		

In the circumstances, it has not been possible to confirm whether value for money for the Kshs.3,9,31,034 was achieved on the six (6) projects.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

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

that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern or to sustain its services.

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

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

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



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

Nairobi

10 April 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KITUI RURAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

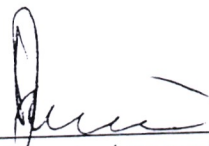
IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2018

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NG-CDF board	1	43,405,172.00	110,051,585.70
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	=	=
TOTAL RECEIPTS		43,405,172.00	110,051,585.70
		0	0
PAYMENTS			
Compensation of employees	4	1,227,459.00	1,464,040.00
Use of goods and services	5	5,737,000.00	9,713,572.95
Transfers to Other Government Units	6	6,031,034.10	43,450,000.00
Other grants and transfers	7	28,852,000.00	53,562,398.50
Acquisition of Assets	8		515,000.00
Other Payments	9	1,195,032.00	=
TOTAL PAYMENTS		43,042,525.10	108,705,011.45
SURPLUS/(DEFICIT)		<u>362,646.90</u>	<u>1,346,574.25</u>

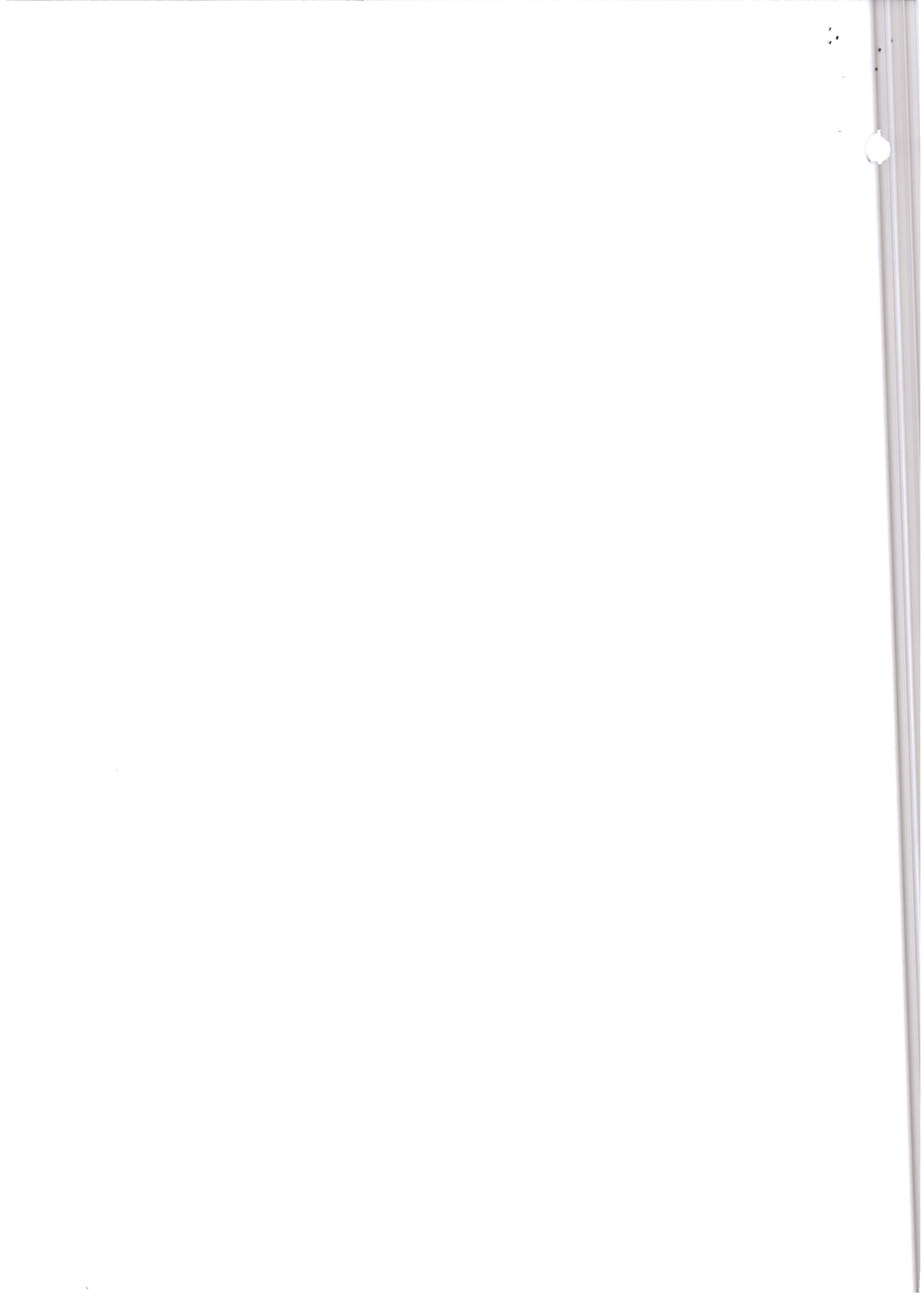
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-Kitui Rural Constituency financial statements were approved on 20/08/2018 and signed by:



Fund Account Manager
PAUL MUGWE



Sub-County Accountant
CPA. PAUL NYORO

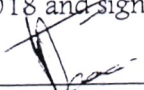



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KITUI RURAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

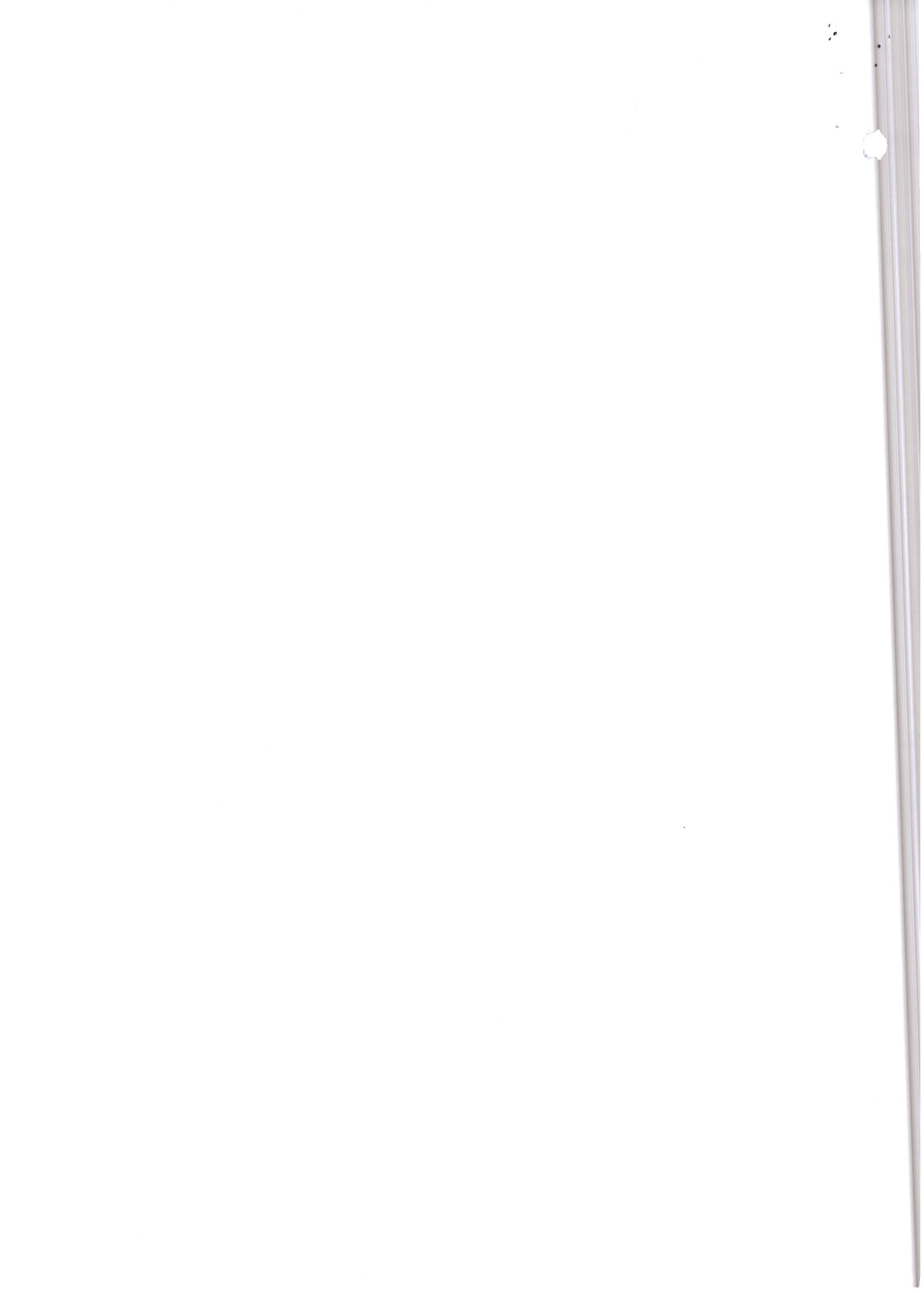
- V. STATEMENT OF ASSETS AS AT JUNE 30, 2018

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	15,477,276.08	13,358,629.18
Cash Balances (cash at hand)	10B		
Sub total Cash and Cash Equivalents			
Current Receivables			
Outstanding Imprests	11		1,756,000.00
TOTAL FINANCIAL ASSETS		<u>15,477,276.08</u>	<u>15,114,629.18</u>
Current Payable - Retention	12		
Fund balance b/fwd. 1st July...	13	15,114,629.18	13,768,054.93
Surplus/Deficit for the year		362,646.90	1,346,574.25
Prior year adjustments	14		
NET LIABILITIES		<u>15,477,276.08</u>	<u>15,114,629.18</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-Kitui Rural Constituency financial statements were approved on 20/08/ 2018 and signed by:


Fund Account Manager
PAUL MUGWE


Sub-County Accountant
CPA.PAUL NYORO



KITUI RURAL CONSTITUENCY

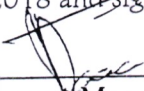
Reports and Financial Statements

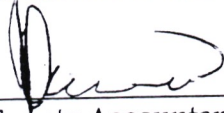
For the year ended June 30, 2018

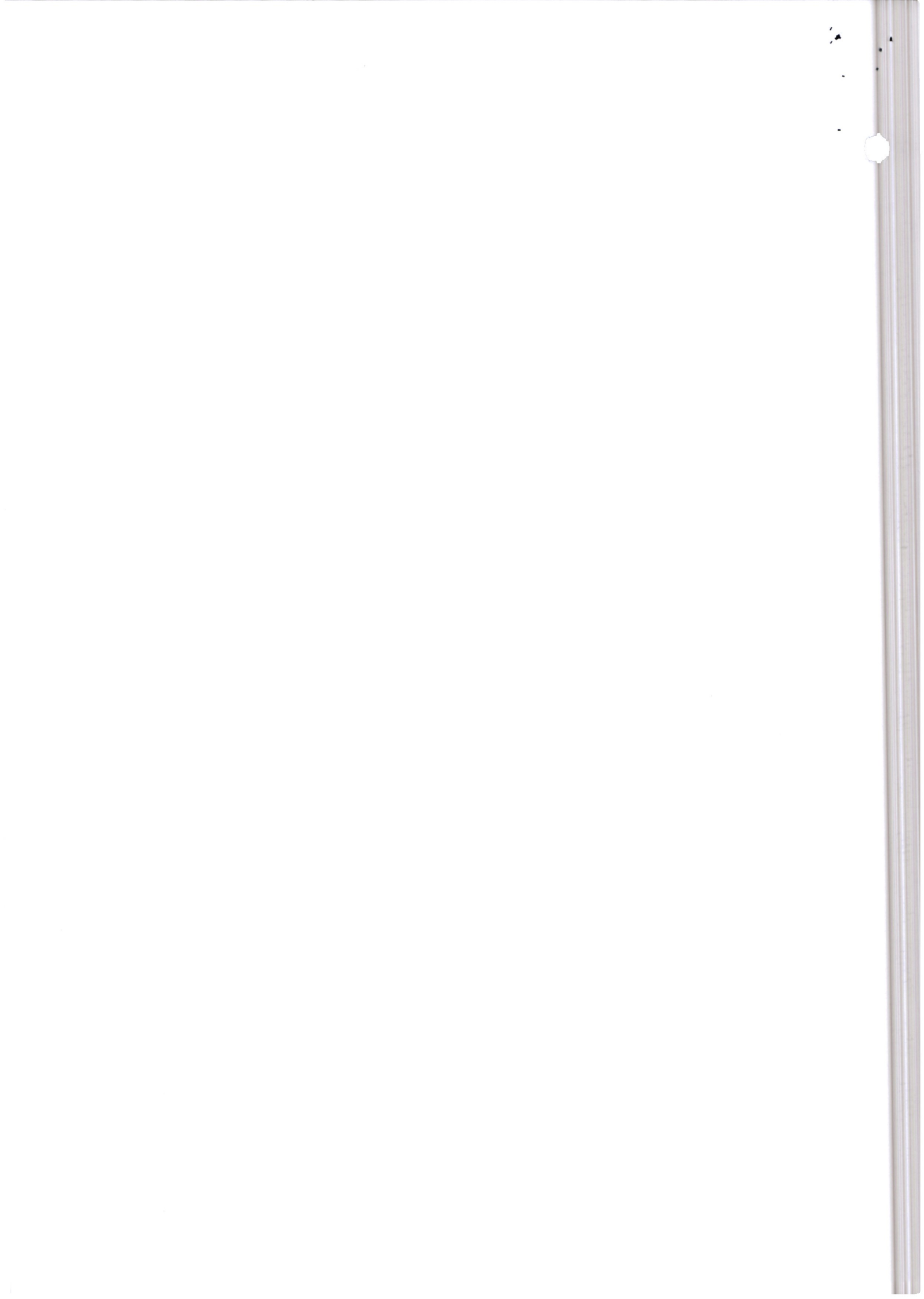
VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2018

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from NGCDF Board	1	43,405,172.00	110,051,585.70
Other Receipts	3	=	=
		43,405,172.00	110,051,585.70
Payments for operating expenses			
Compensation of Employees	4	1,227,459.00	1,464,040.00
Use of goods and services	5	5,737,000.00	9,713,572.95
Transfers to Other Government Units	6	6,031,034.10	43,450,000.00
Other grants and transfers	7	28,852,000.00	53,562,398.50
Other Payments	9	1,195,032.00	-
		(43,042,525.10)	(108,190,011.45)
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		1,557,678.90	1,861,574.25
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(515,000.00)
Net cash flows from Investing Activities		-	
NET INCREASE IN CASH AND CASH EQUIVALENT		362,646.90	1,346,574.25
Cash and cash equivalent at BEGINNING of the year	13	15,114,629.18	13,768,054.93
Cash and cash equivalent at END of the year		<u>15,477,276.08</u>	<u>15,114,629.18</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-Kitui Rural Constituency financial statements were approved on 20/08/ 2018 and signed by:


Fund Account Manager
PAUL MUGWE


Sub-County Accountant
CPA.PAUL NYORO



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

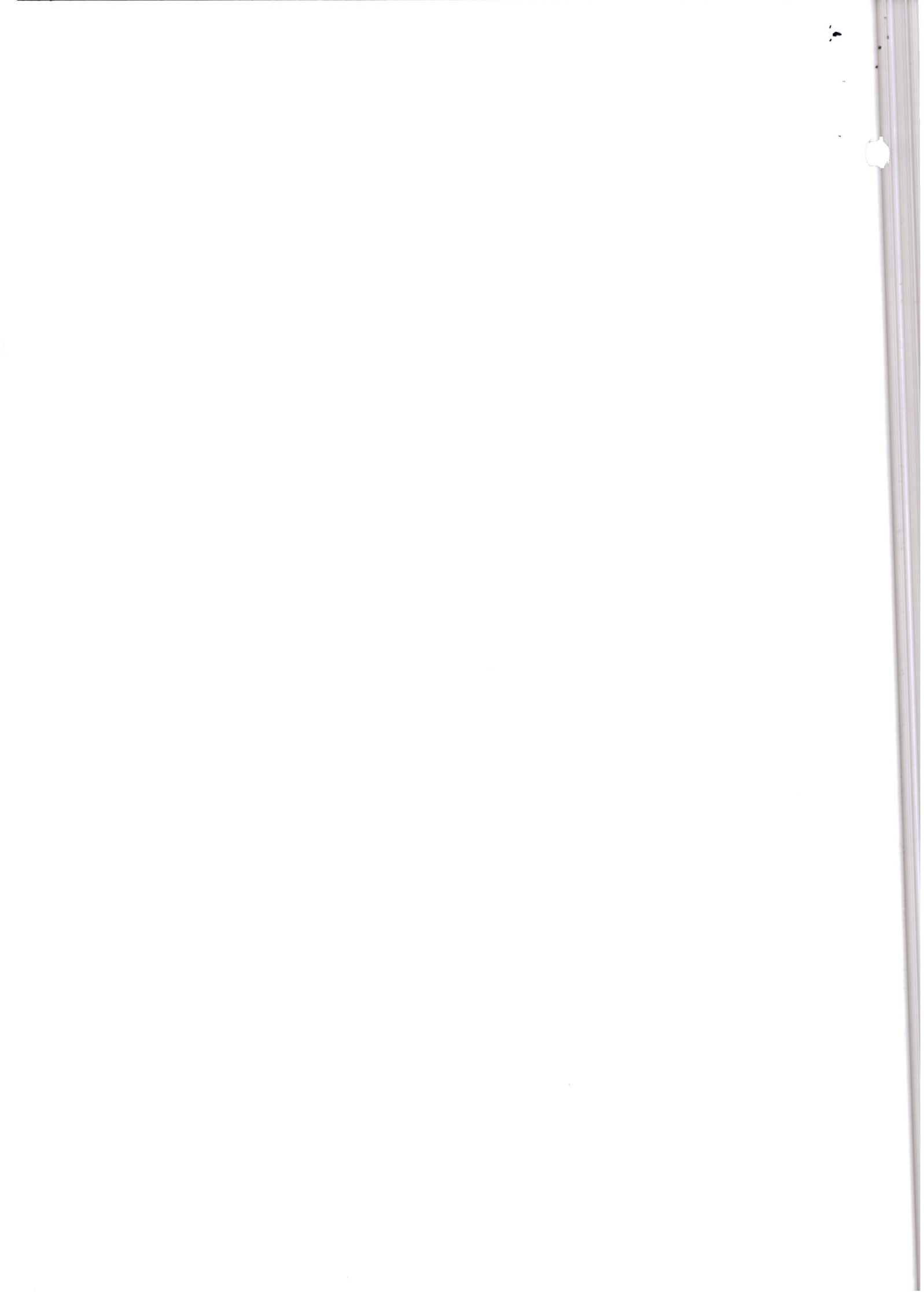
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget 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	86,810,335	26,993,940	113,804,275	58,519,801	55,284,474	38
Proceeds from Sale of Assets						
Other Receipts						
TOTAL RECEIPTS	86,810,335	26,993,940	113,804,275	58,519,801	55,284,474	38
PAYMENTS						
Compensation of Employees	1,280,000	140,760	1,420,760	1,227,459	193,301	86
Use of goods and services	6,532,930	1,571,455	8,104,385	5,737,000	2,367,385	70
Transfers to Other Government Units	35,331,000	4,531,034	39,862,034	6,031,034	33,831,000	15
Other grants and transfers	43,666,405	20,750,691	64,417,095	30,047,032	34,370,064	47
Acquisition of Assets	-----	-----	-----	-----	-----	-----
Other Payments	-----	-----	-----	-----	-----	-----
TOTALS	86,810,335	26,993,940	113,804,274	43,042,525	70,761,750	

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant under-utilization (below 90% of utilization) and any overutilization (above 100%)]

- i. There was no AIA during the financial year
- ii. There was under utilization on use of goods and services because of non-disbursements of funds by NG-CDF Board. Half of the funds had not been disbursed at the close of the financial year.
- iii. There was underutilization on transfer to other Government units, other grants and transfer and other payments because of non-disbursement of all funds by NG-CDF Board at the close of the financial year.
- iv. The changes between the original and final budget is as a result of opening balances at the start of the financial year.




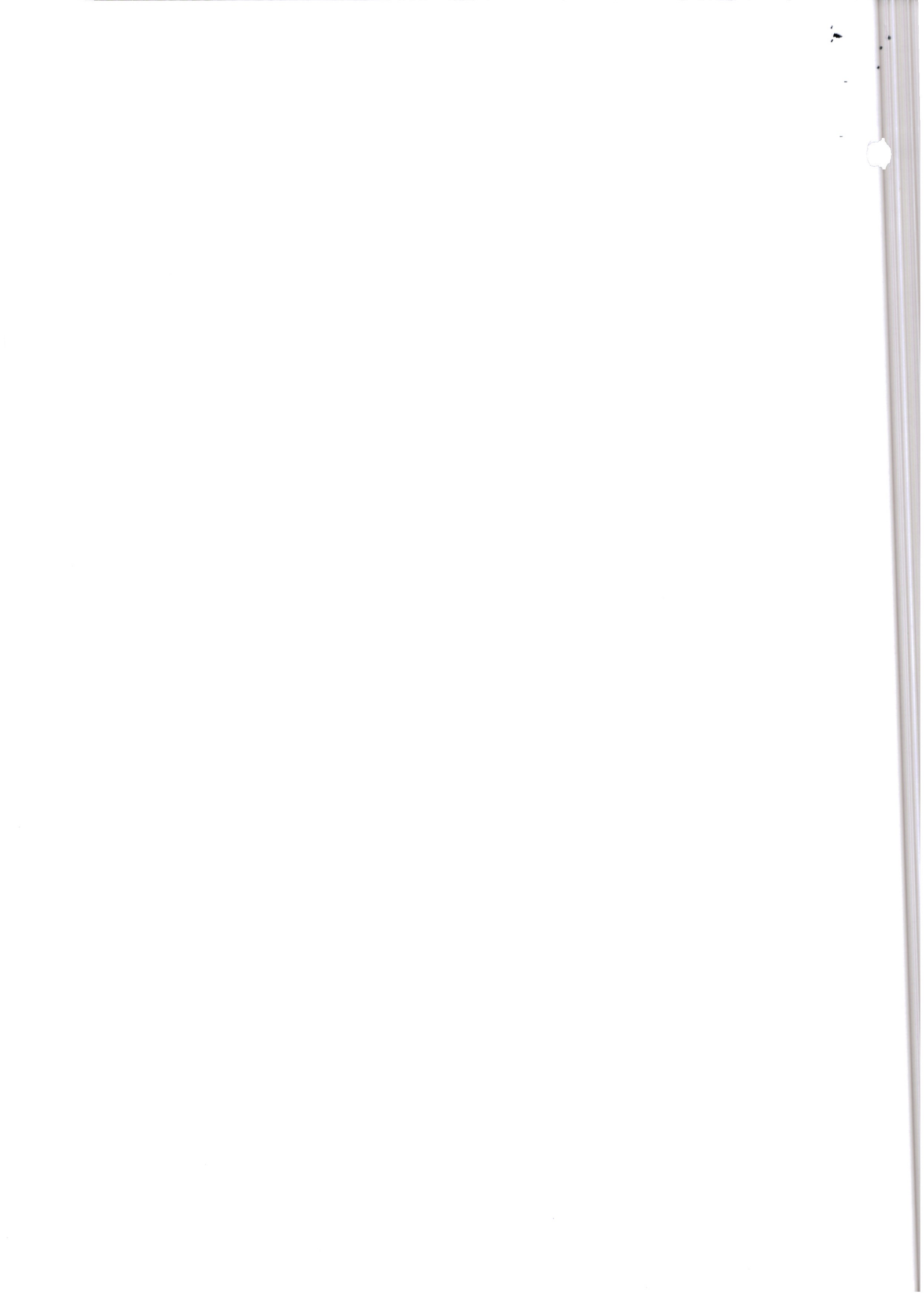
**Reports and Financial Statements
For the year ended June 30, 2018**

(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-Kitui Rural Constituency financial statements were approved on 20/08/2018 and signed by:


Fund Account Manager
PAUL MUGWE


Sub-County Accountant
CPA.PAUL NYORO



NATIONAL GOVERNMENT CONSTITUTIONAL DEVELOPMENT FUND-KITUI RURAL
Reports and Financial Statements
For the year ended June 30, 2018

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-Kitui Rural 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

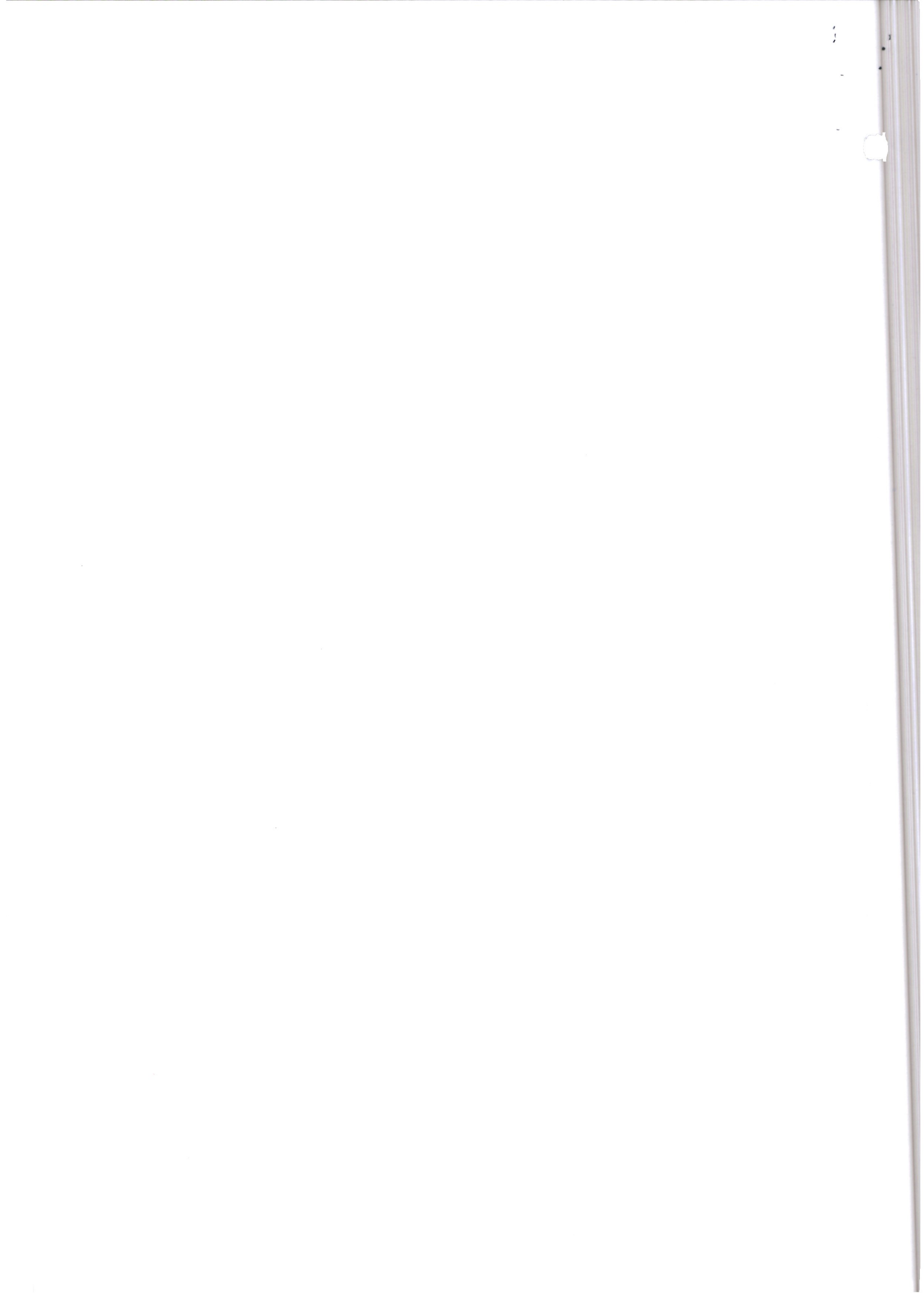
The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

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)



NATIONAL GOVERNMENT ENTITY *(indicate actual name of the entity)*
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

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.

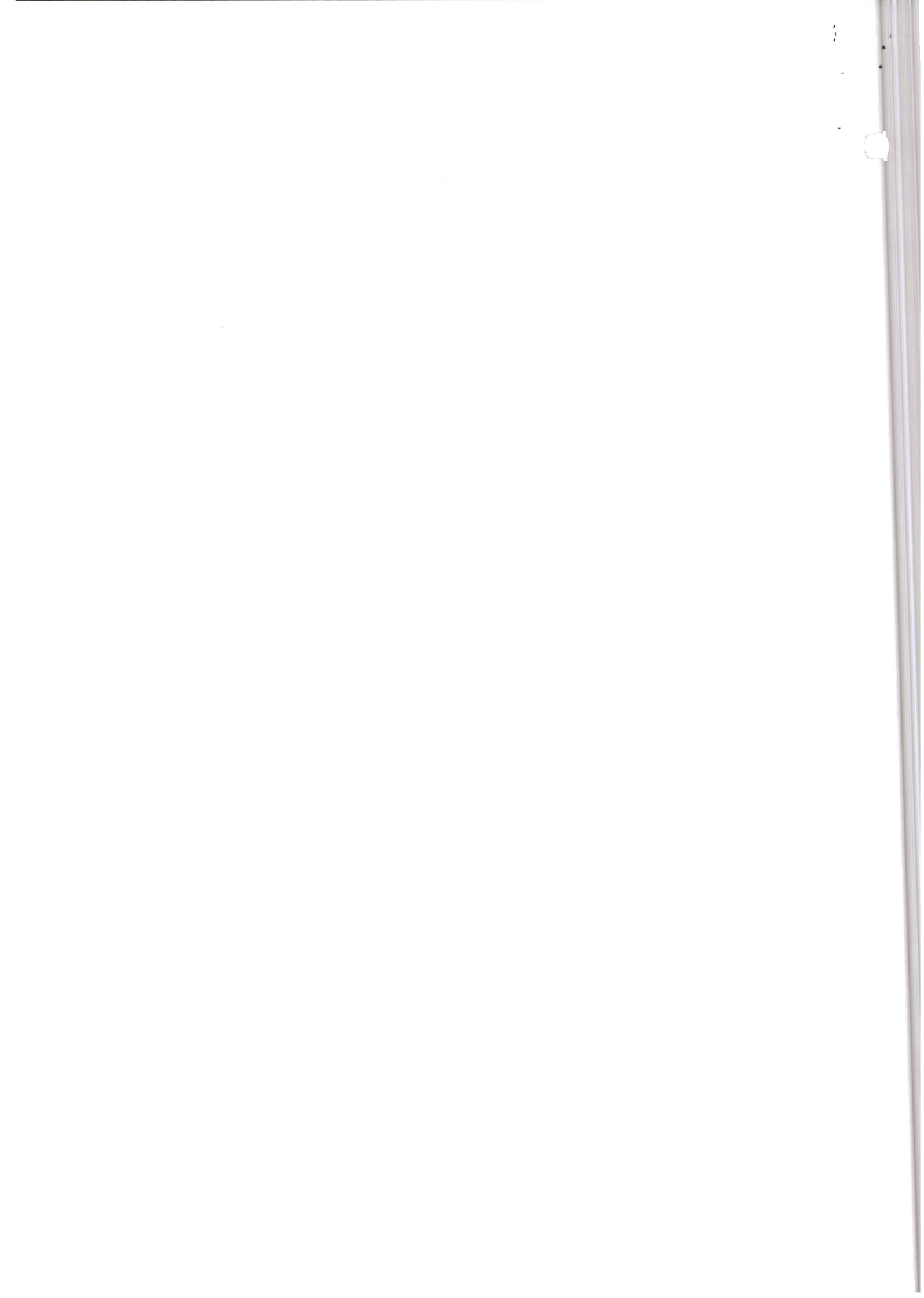
During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

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.



NATIONAL GOVERNMENT ENTITY *(indicate actual name of the entity)*

Reports and Financial Statements

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

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.

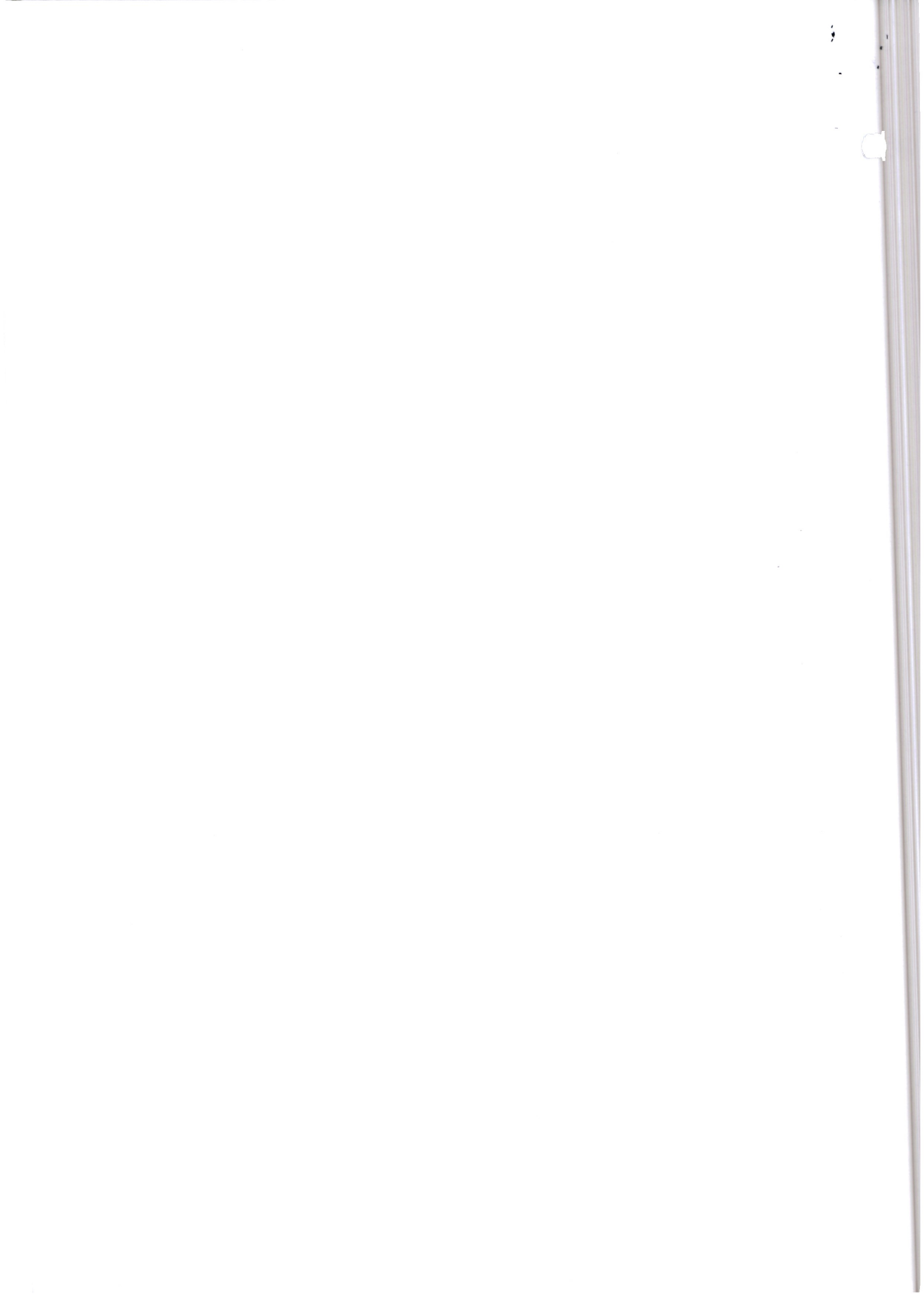
SIGNIFICANT ACCOUNTING POLICIES

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.



NATIONAL GOVERNMENT ENTITY *(indicate actual name of the entity)*

Reports and Financial Statements

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

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

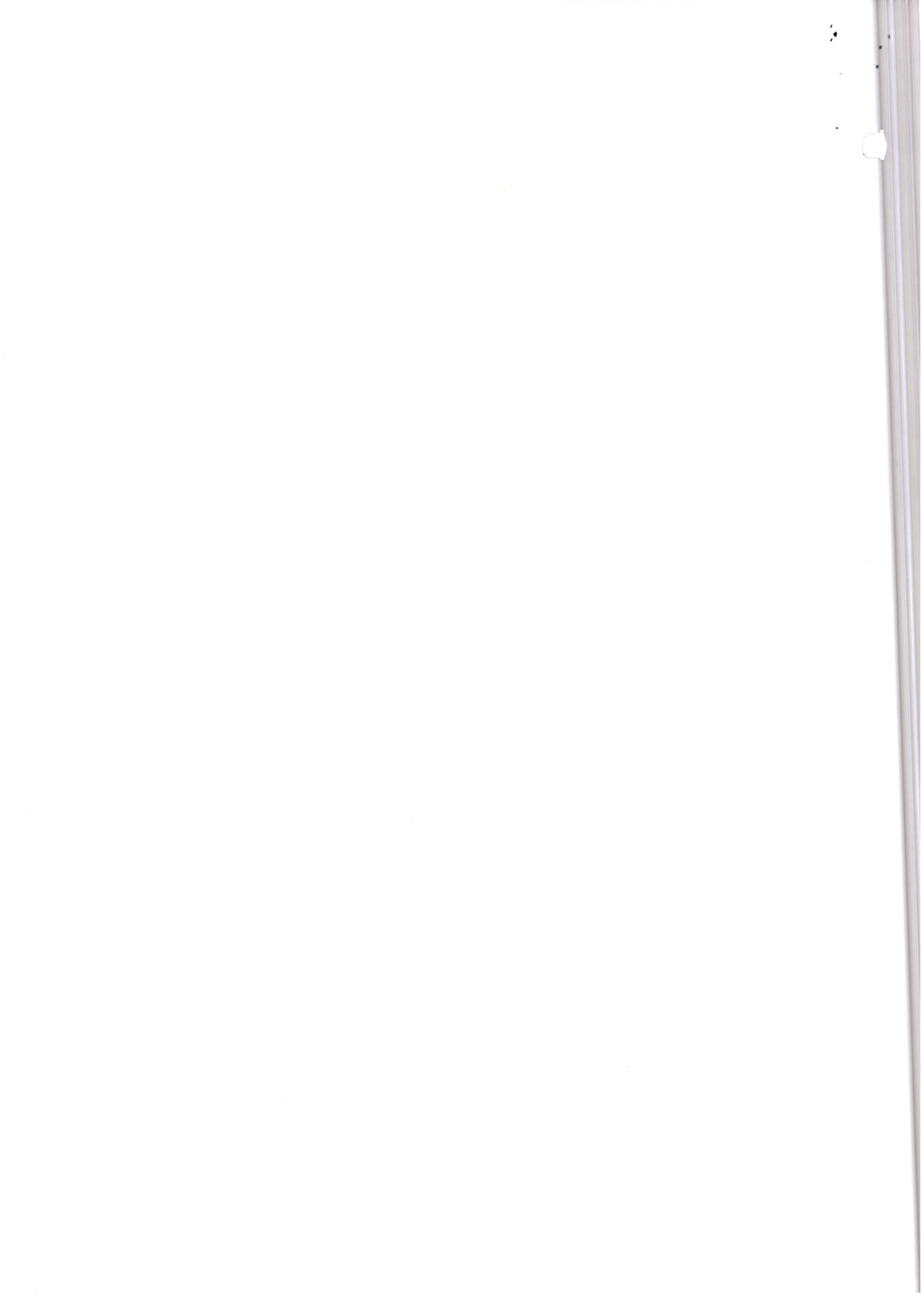
Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense 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



NATIONAL GOVERNMENT ENTITY (indicate actual name of the entity)

**Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)**

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.

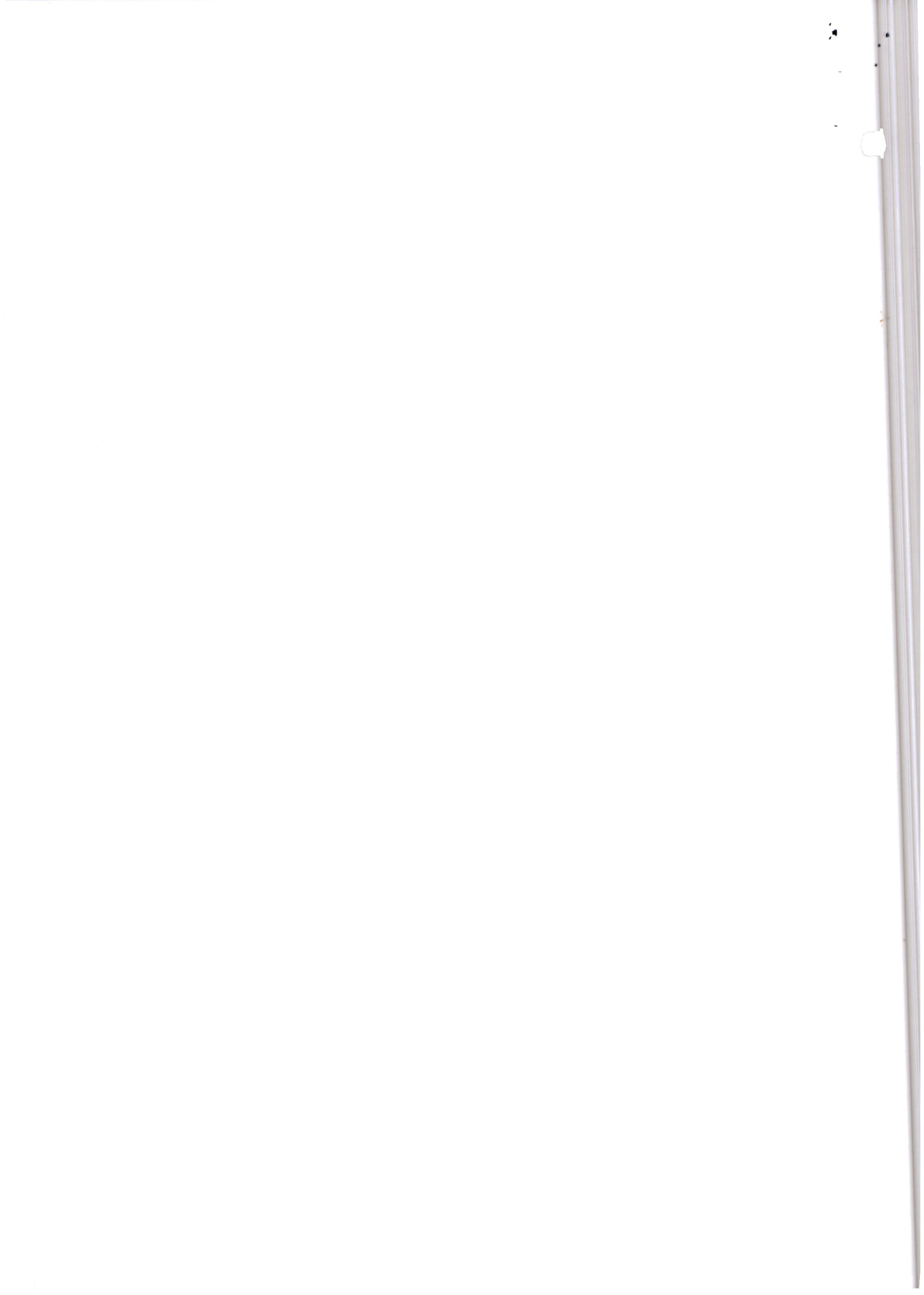
14. Errors

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 ENTITY (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

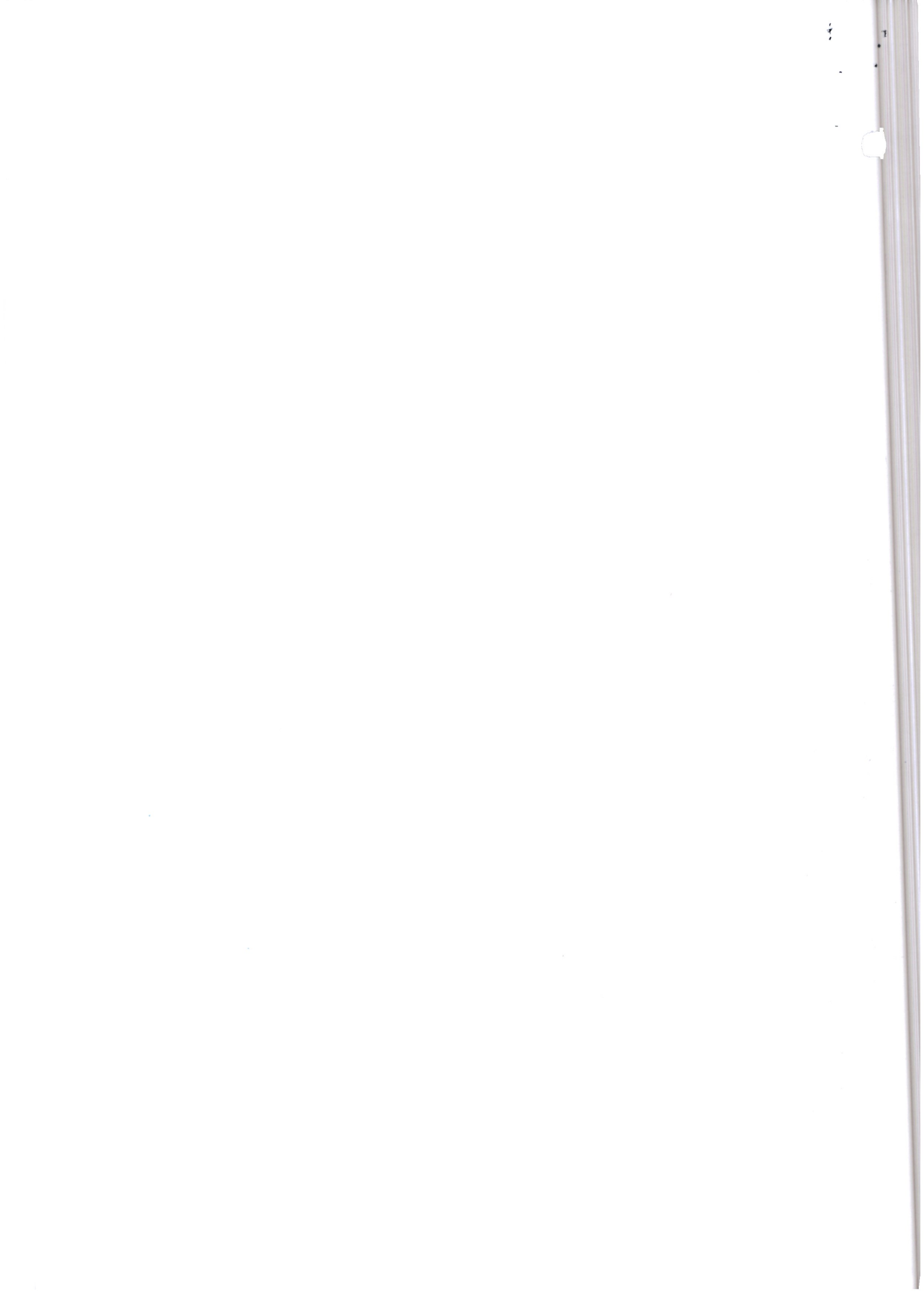
IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017-2018		2016-2017	
		Kshs		Kshs
NGCDF Board				
AIE NO.A825676	1		28,155,034.00	
AIE NO.A829622	2		4,094,827.60	
AIE NO.A855043	3		36,853,449.00	
AIE NO.A855722	4		40,948,275.10	
AIE NO.A855880	1	5,500,000.00		
AIE NO.A892854	2	37,905,172.00		
TOTAL		43,405,172.00	110,051,585.70	

2. PROCEEDS FROM SALE OF ASSETS

	2017-2018		2016-2017	
		Kshs		Kshs
Receipts from sale of Buildings				
Receipts from the Sale of Vehicles and Transport Equipment	-		-	
Receipts from sale of office and general equipment	-		-	
Receipts from the Sale Plant Machinery and Equipment	-		-	
Total	-		-	



NATIONAL GOVERNMENT ENTITY ...indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

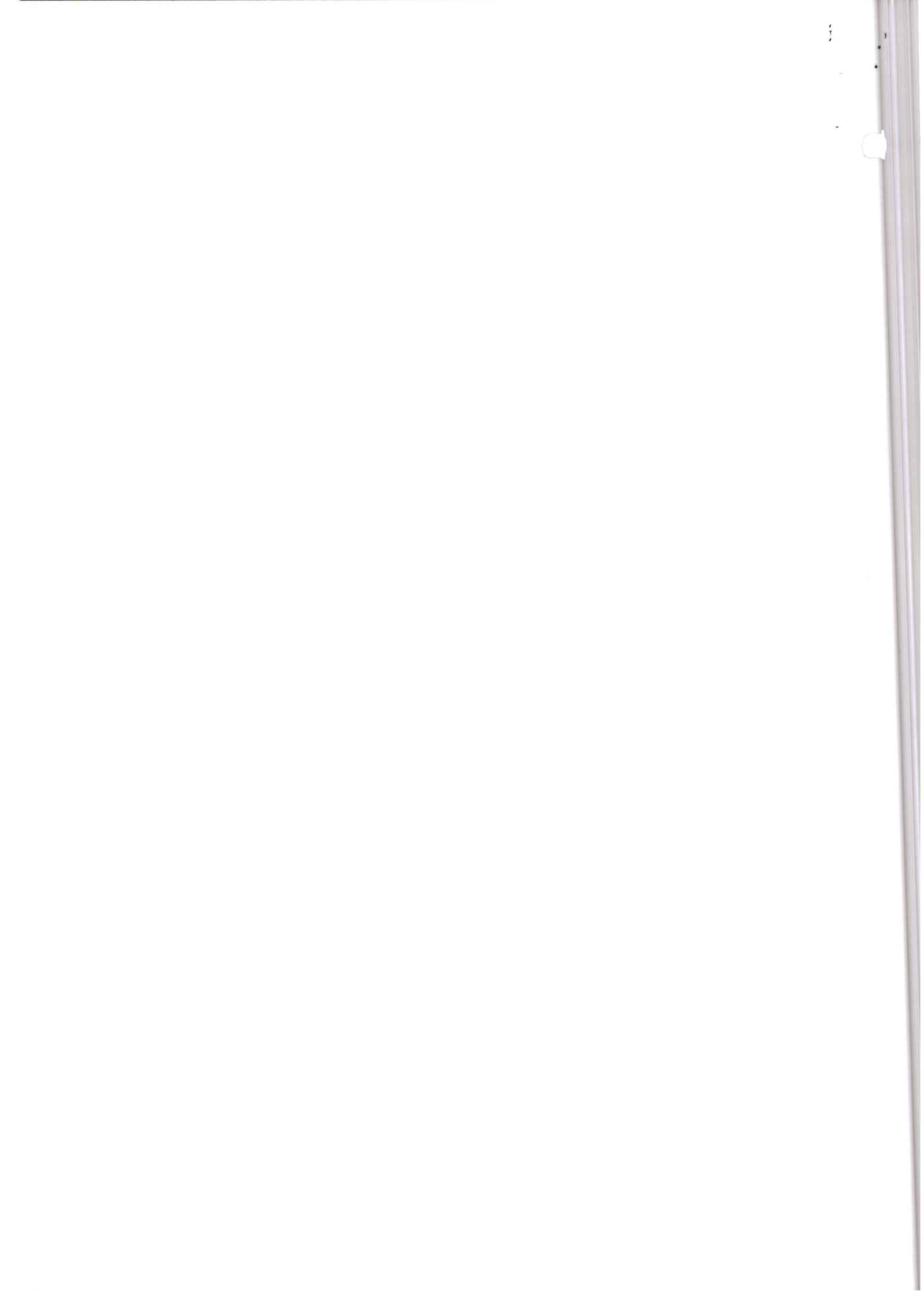
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,227,459.00	1,464,040.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	1,227,459.00	1,464,040.00

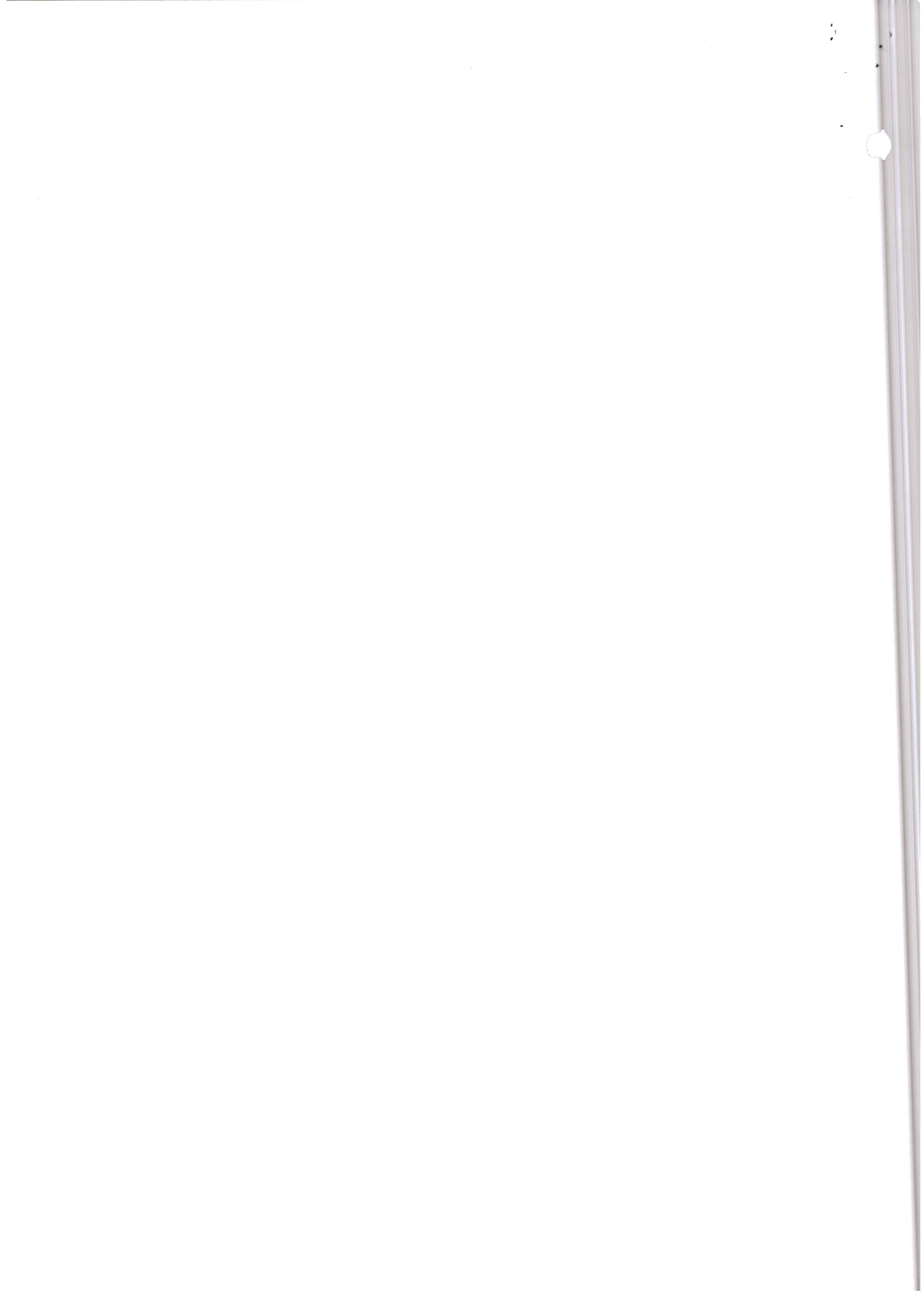


NATIONAL GOVERNMENT ENTITY *(indicate actual name of the entity)*
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018 Kshs	2016-2017 Kshs
Committee Expenses	3,547,000.00	4,698,345.00
Utilities, supplies and services	140,000.00	619,519.95
Communication, supplies and services	115,400.00	306,960.00
Domestic travel and subsistence	152,000.00	350,480.00
Printing, advertising and information supplies & services	286,500.00	249,520.00
Rentals of produced assets	-	-
Training expenses	2,121,155.00	-
Hospitality supplies and services	489,000.00	-
Insurance costs	-	180,850.00
Specialized materials and services	-	-
Office and general supplies and services	341,800.00	702,091.00
Other operating expenses	-	-
Fuel, oil and lubricants	310,300.00	376,226.00
Routine maintenance – vehicles and other transport equipment	355,000.00	108,426.00
Routine maintenance – other assets	-	-
Total	5,737,000.00	9,713,572.95



NATIONAL GOVERNMENT ENTITY *(indicate actual name of the entity)*
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

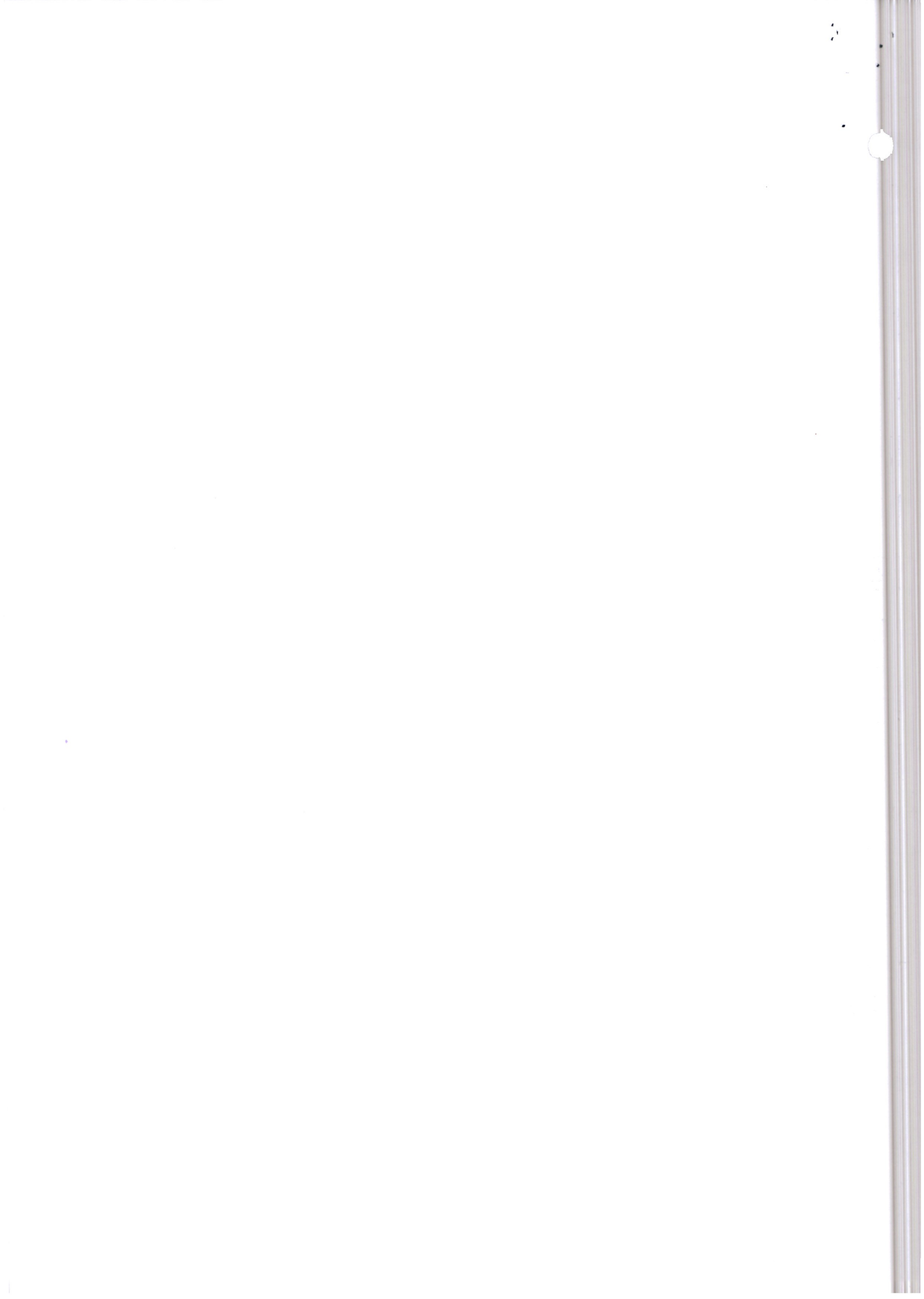
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	5,331,034.10	41,450,000.00
Transfers to secondary schools (see attached list)	700,000.00	2,000,000.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	1,600,000
TOTAL	6,031,034.10	43,450,000.00

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see attached list)	18,360,000.00	17,021,424.50
Bursary – tertiary institutions (see attached list)	6,403,000.00	17,021,424.50
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	1,929,000.00	1,063,758.50
Security projects (see attached list)	900,000.00	7,600,000.00
Roads projects	-	-
Sports projects (see attached list)	-	1,637,931.00
Environment projects (see attached list)	-	3,891,000.00
Emergency projects (see attached list)	1,260,000.00	5,326,860.00
Total	28,852,000.00	53,562,398.50

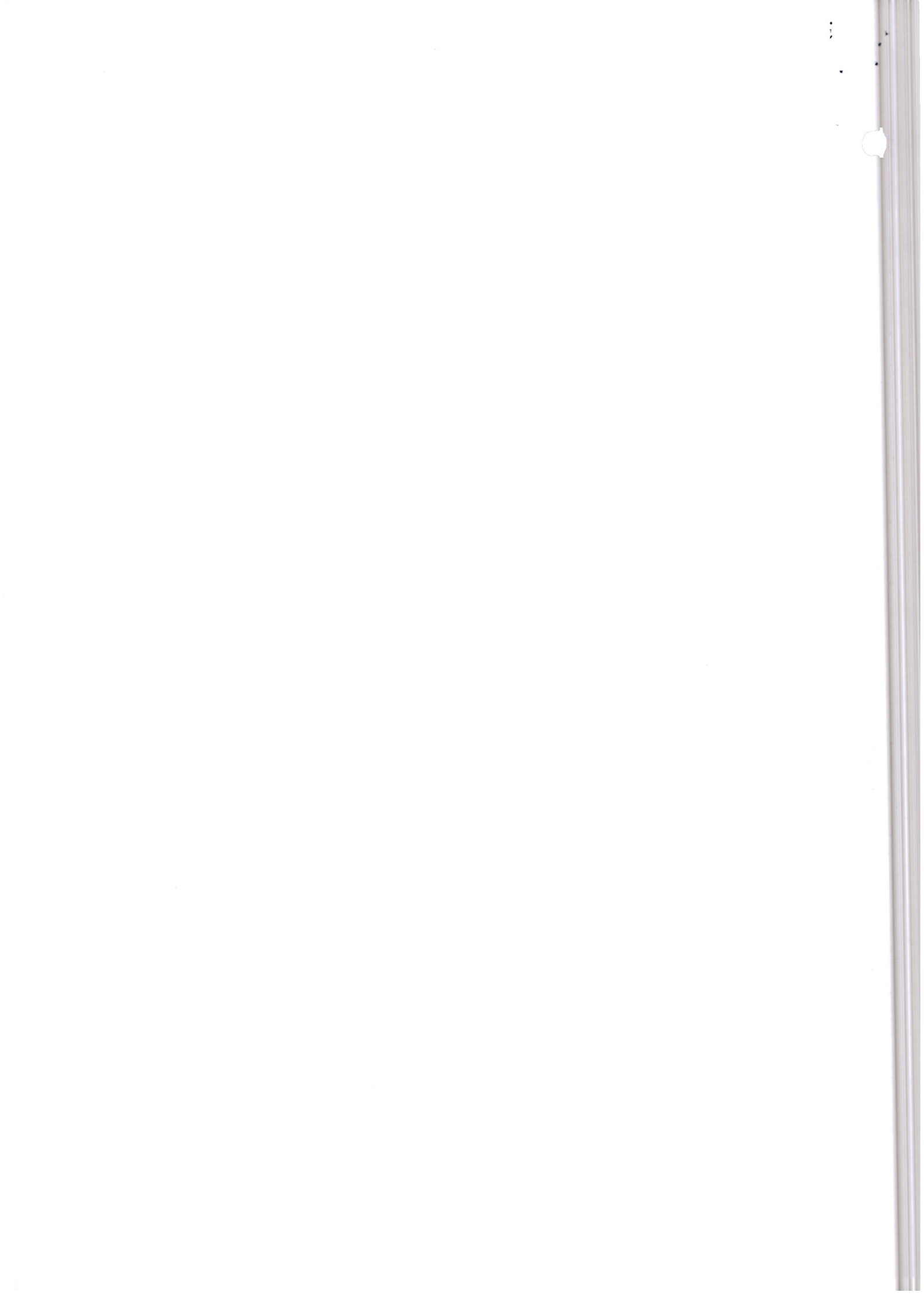


NATIONAL GOVERNMENT ENTITY (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

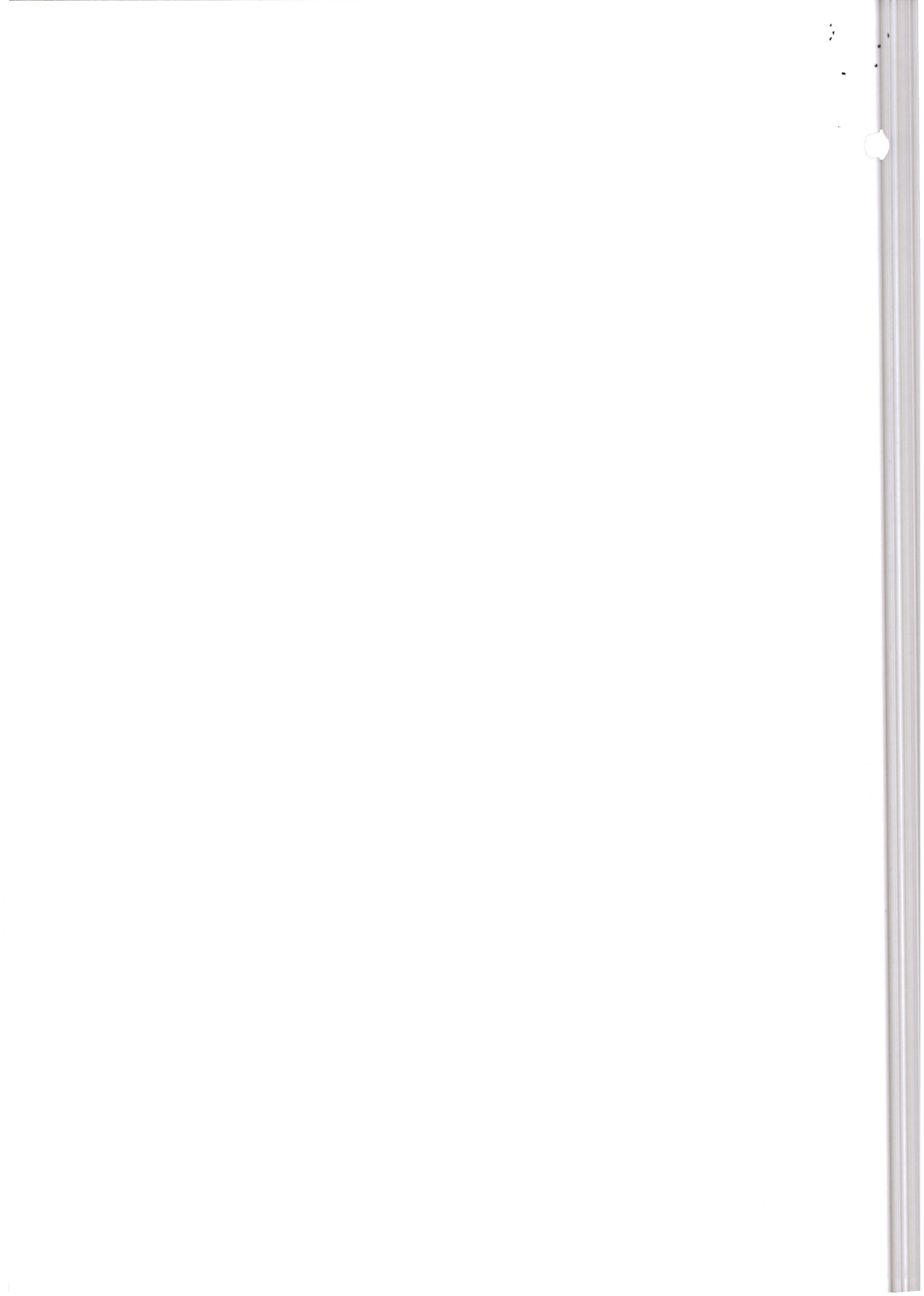
NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS	2017-2018 Kshs	2016-2017 Kshs
<u>Non Financial Assets</u>		
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	175,000.00-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	250,000.00
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	90,000.00-
Total	-	515,000.00

9. OTHER PAYMENTS	2017-2018 Kshs	2016-2017 Kshs
Strategic plan	1,195,032.00	-
	-	--
	-	-
	1,195,032.00	



NATIONAL GOVERNMENT ENTITY *(indicate actual name of the entity)*
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

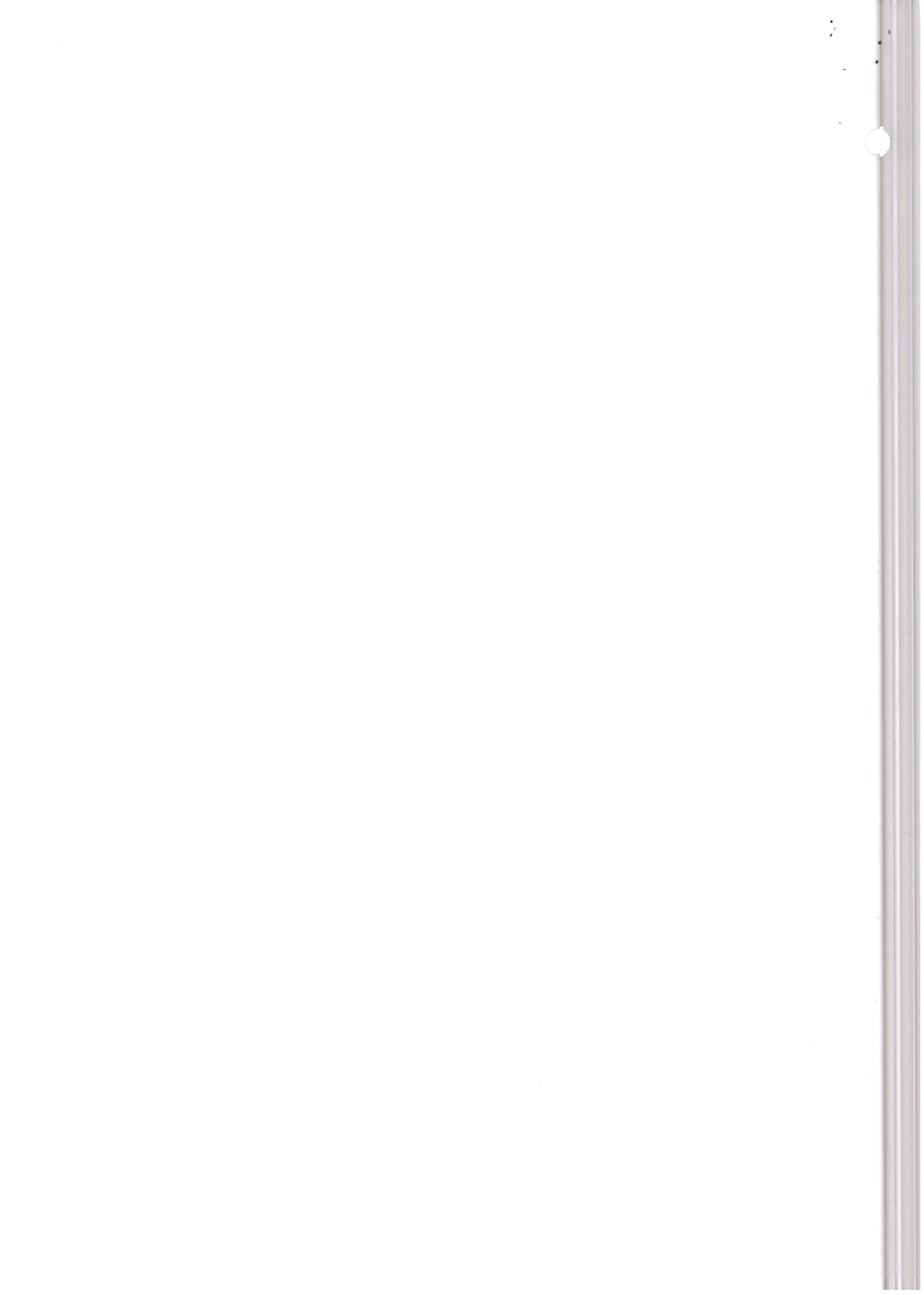


NATIONAL GOVERNMENT ENTITY (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>EQUITY Bank-KitUI Branch A/C NUMBER</i>	15,477,276.08	15,114,629.18
0720 261 934 286	-	-
	-	-
Total	15,477,276.08	15,114,629.18
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		



NATIONAL GOVERNMENT ENTITY (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

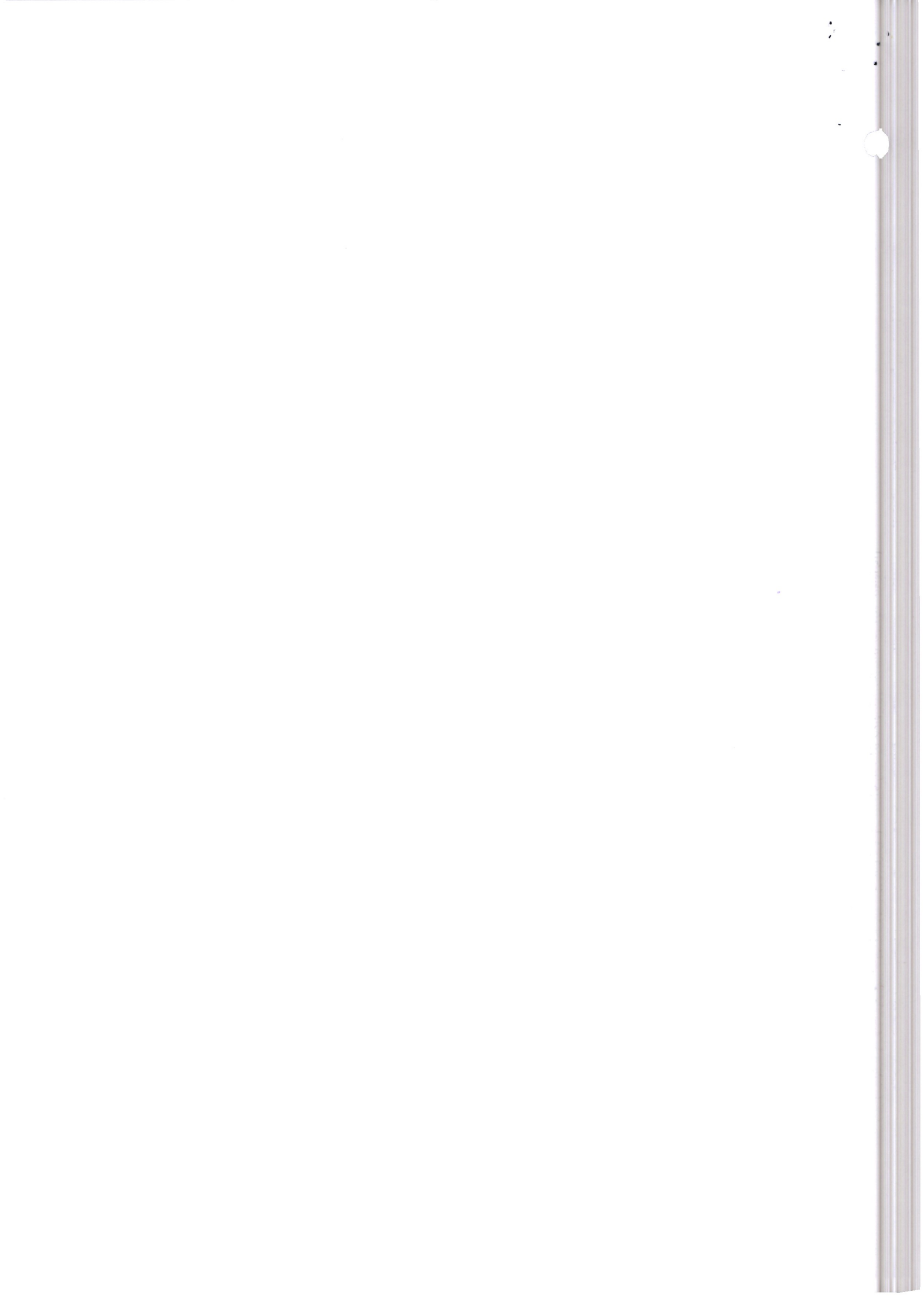
<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
Total				

[Include an annex of the list is longer than 1 page.]

12: RETENTION

	<i>2017 - 2018</i>	<i>2016-2017</i>
	<i>Kshs</i>	<i>Kshs</i>
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total		

[Provide short appropriate explanations as necessary]

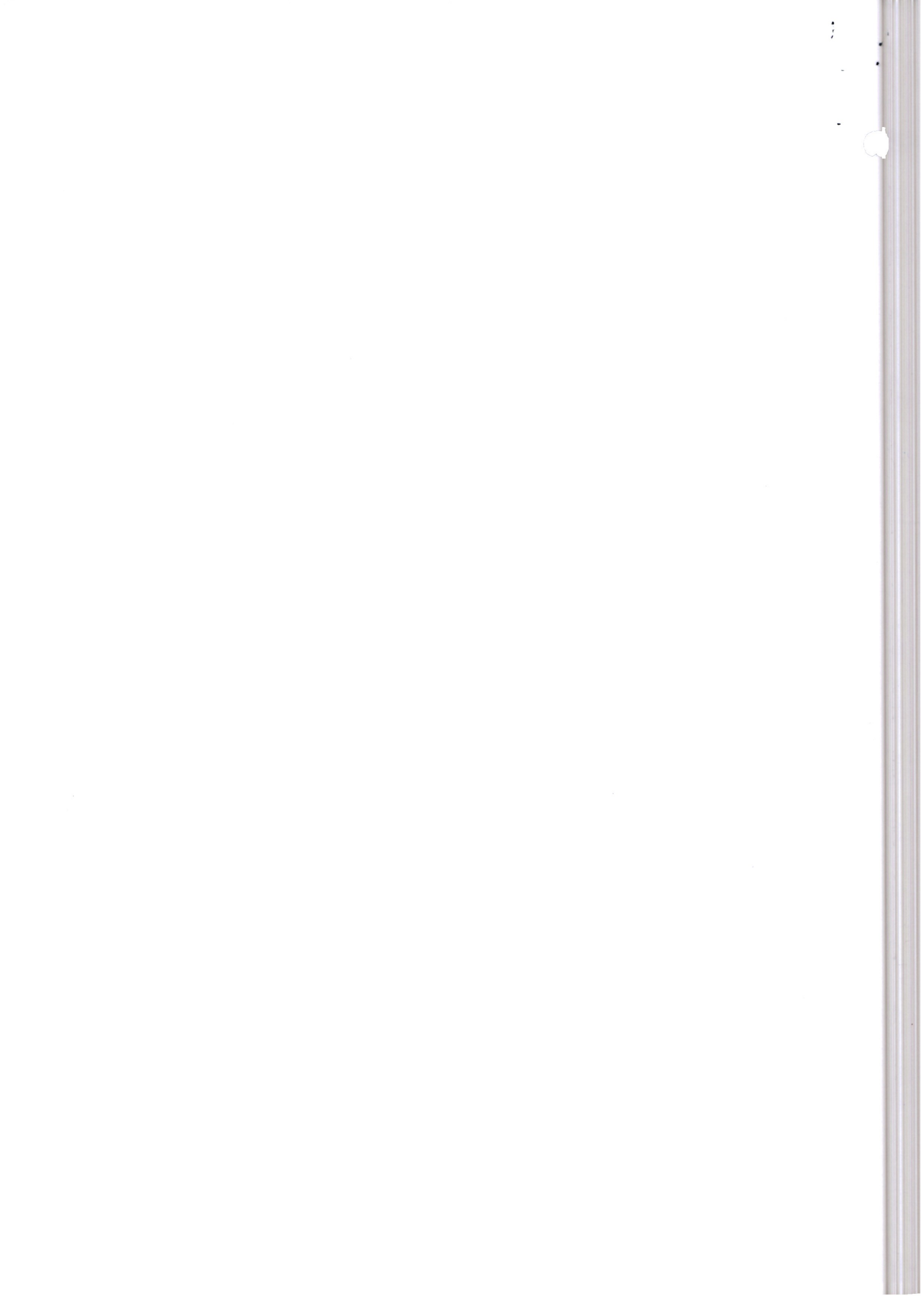


NATIONAL GOVERNMENT ENTITY (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	15,114,629.18	13,768,054.93
Cash in hand	-	-
Imprest	-	-
Total	15,114,629.18	13,768,054.93

[Provide short appropriate explanations as necessary]



NATIONAL GOVERNMENT ENTITY _____ (*indicate actual name of the entity*)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)
NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

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

15. OTHER IMPORTANT DISCLOSURES

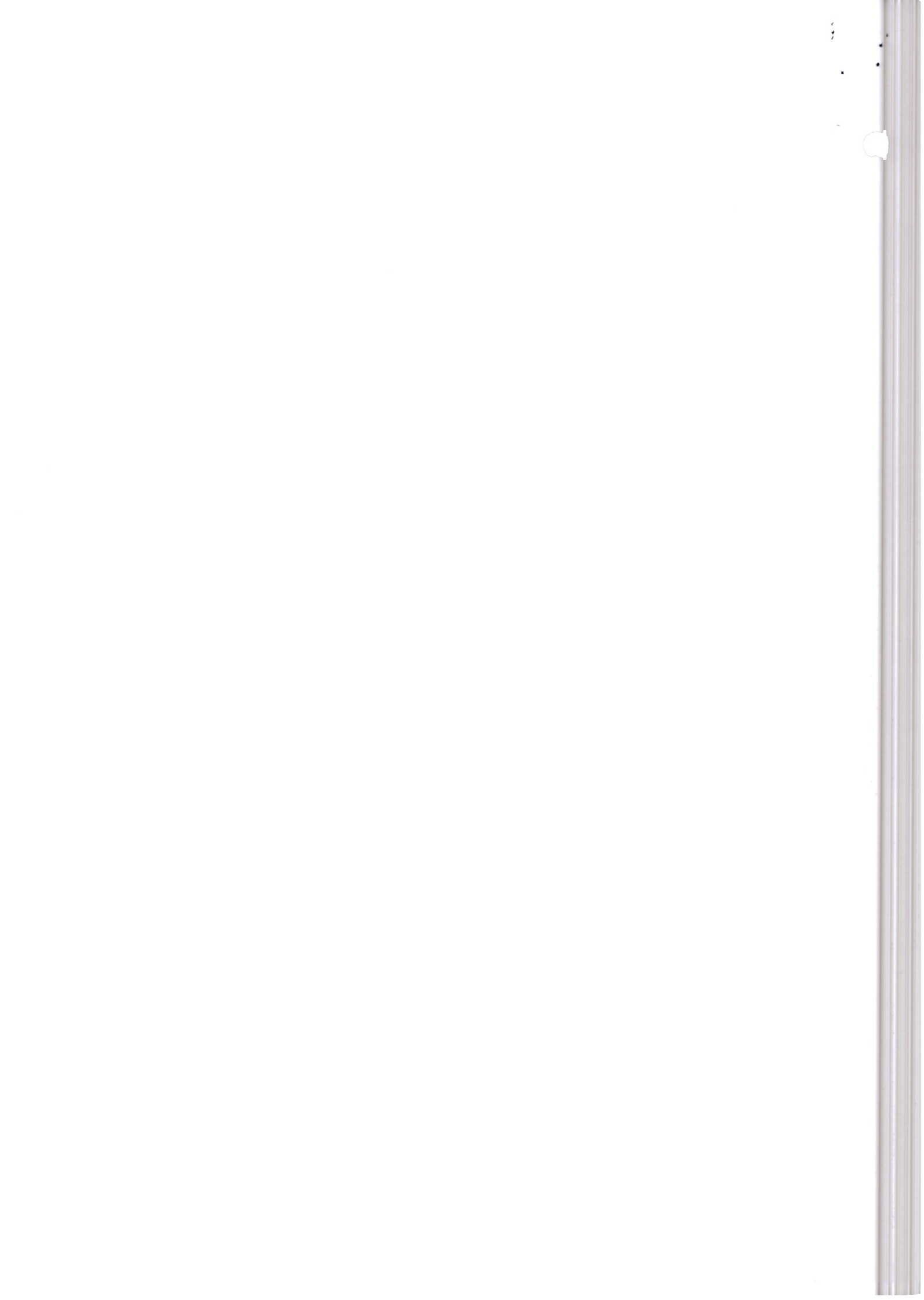
15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

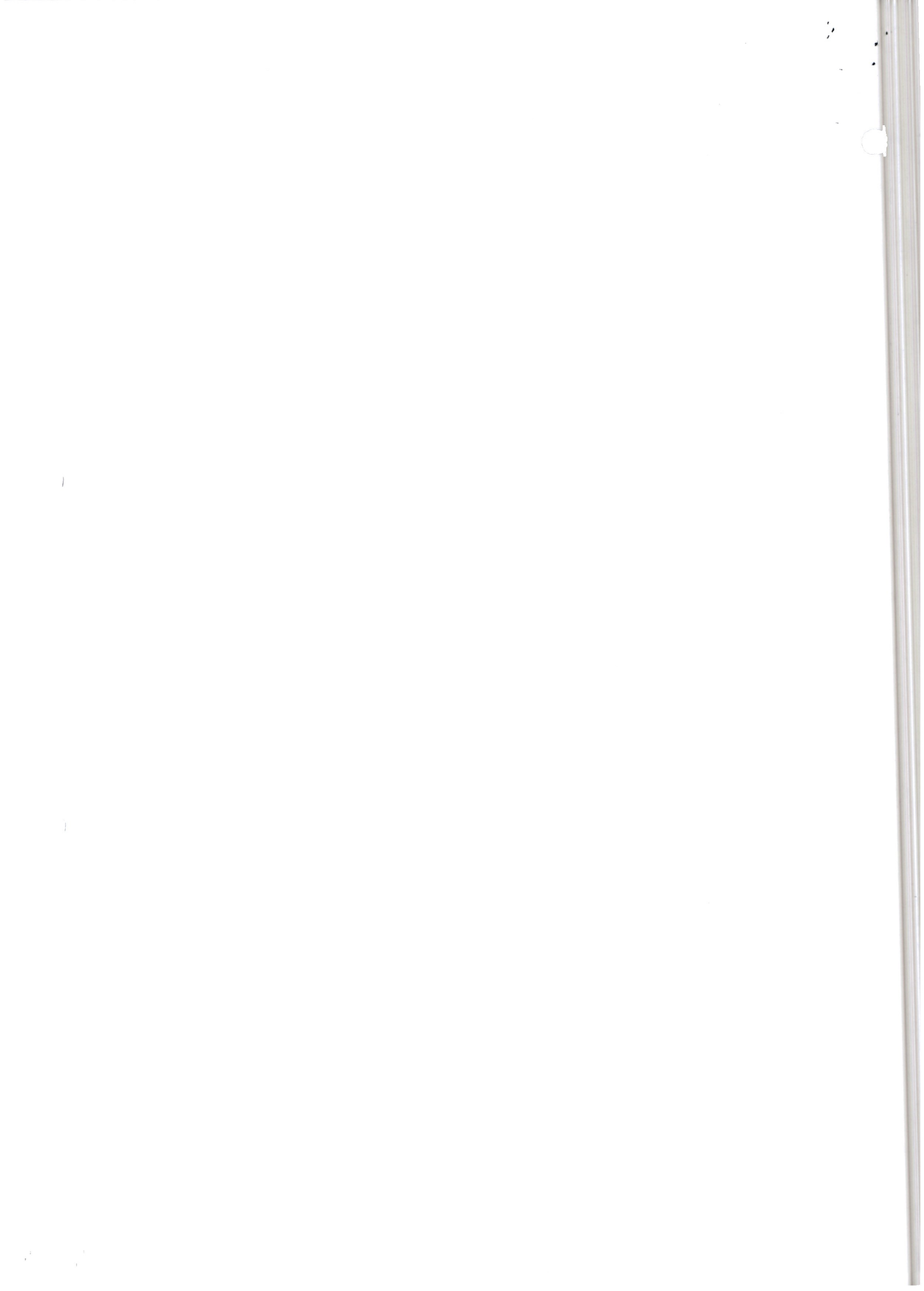
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
Total	-	-

15.3: UNUTILIZED FUNDS (See Annex 3)



NATIONAL GOVERNMENT ENTITY *(indicate actual name of the entity)*
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

	Kshs	Kshs
Compensation of employees	193,301	-
Use of goods and services	2,367,385	-
Amounts due to other Government entities (see attached list)	33,831,000	-
Amounts due to other grants and other transfers (see attached list)	34,370,064	-
Acquisition of assets	-	-
Others (<i>specify</i>)	-	-
	70,761,750	-

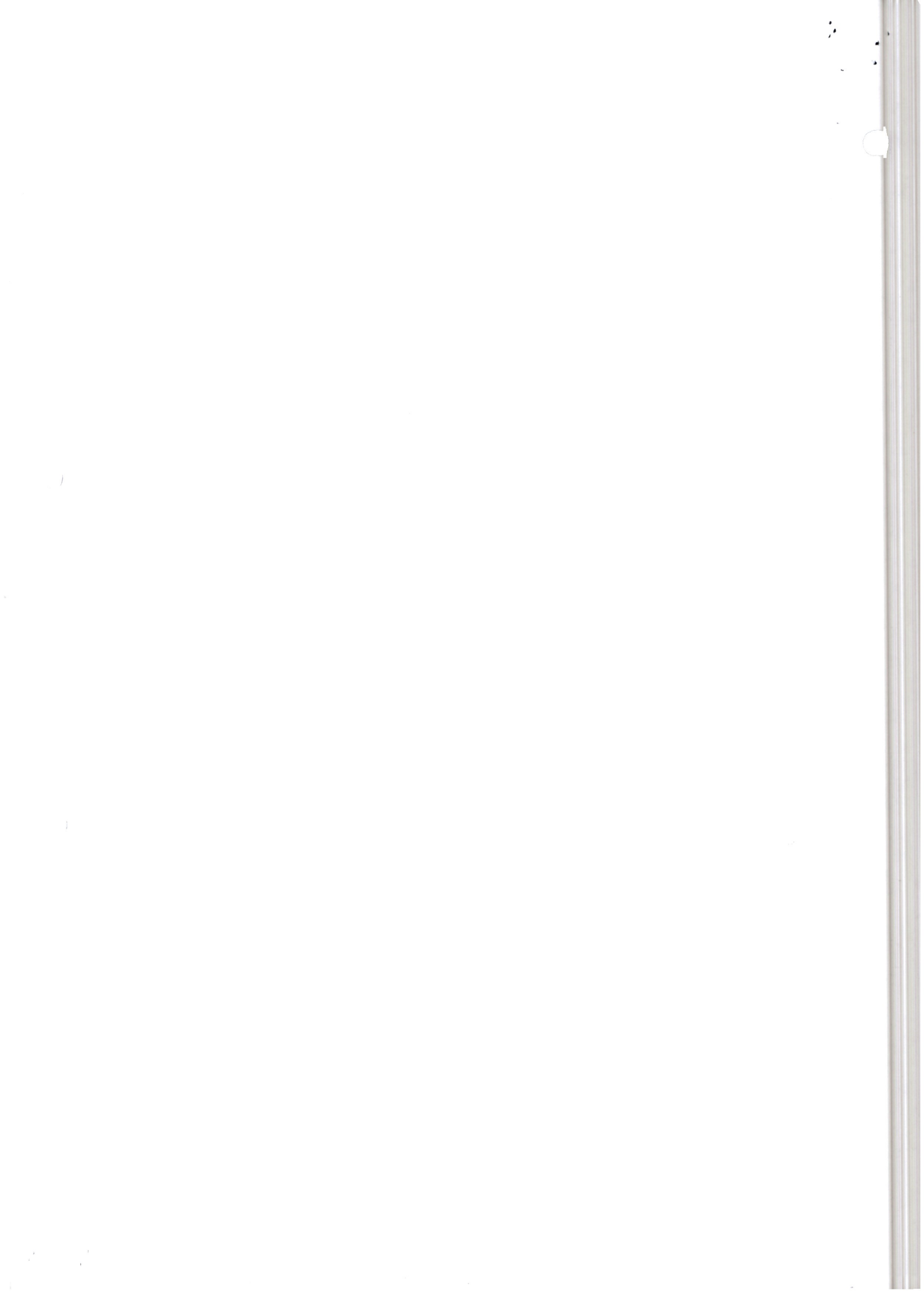


NATIONAL GOVERNMENT ENTITY (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

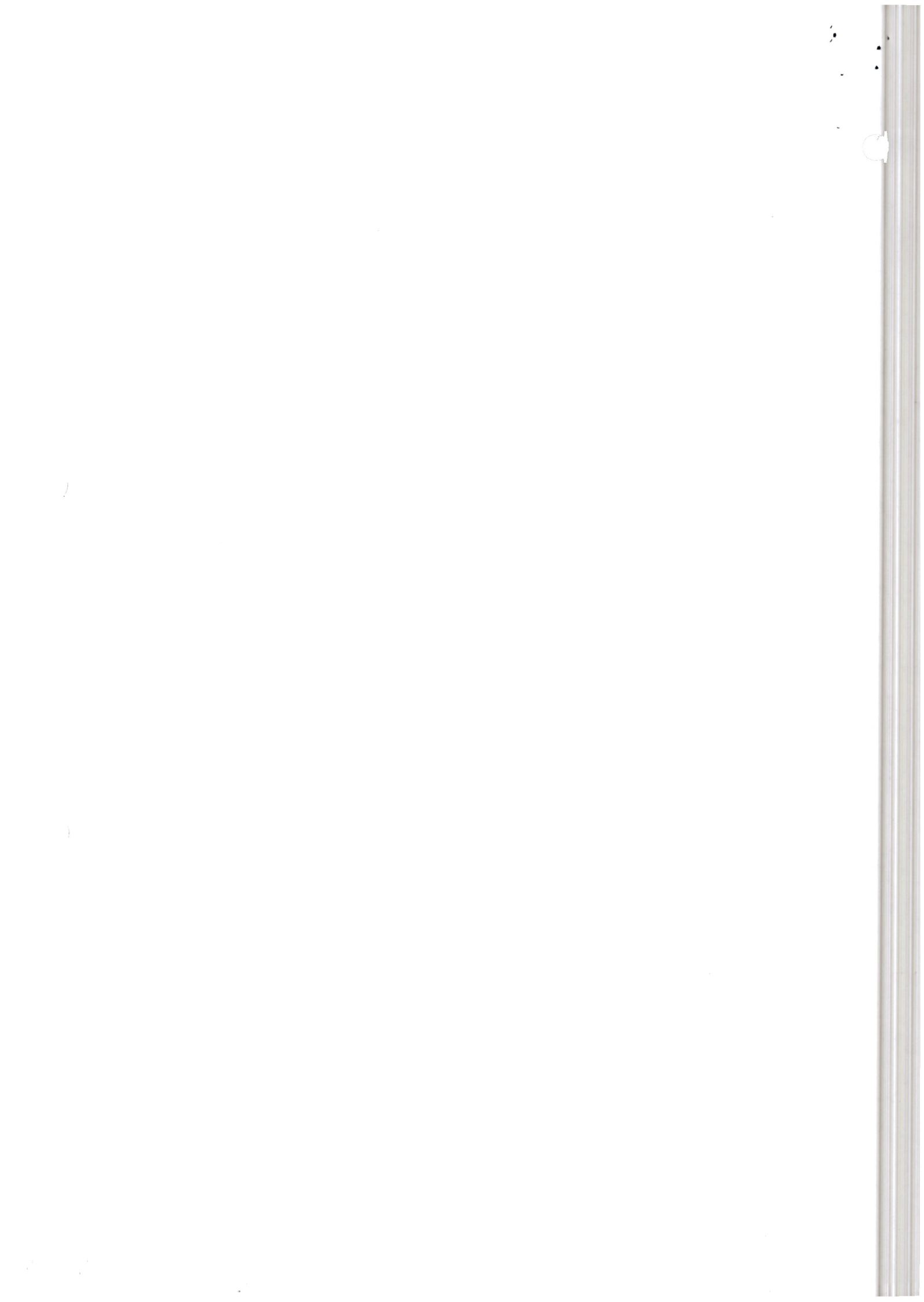
Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2018 d=a-c	Outstanding Balance 2017	Comments
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

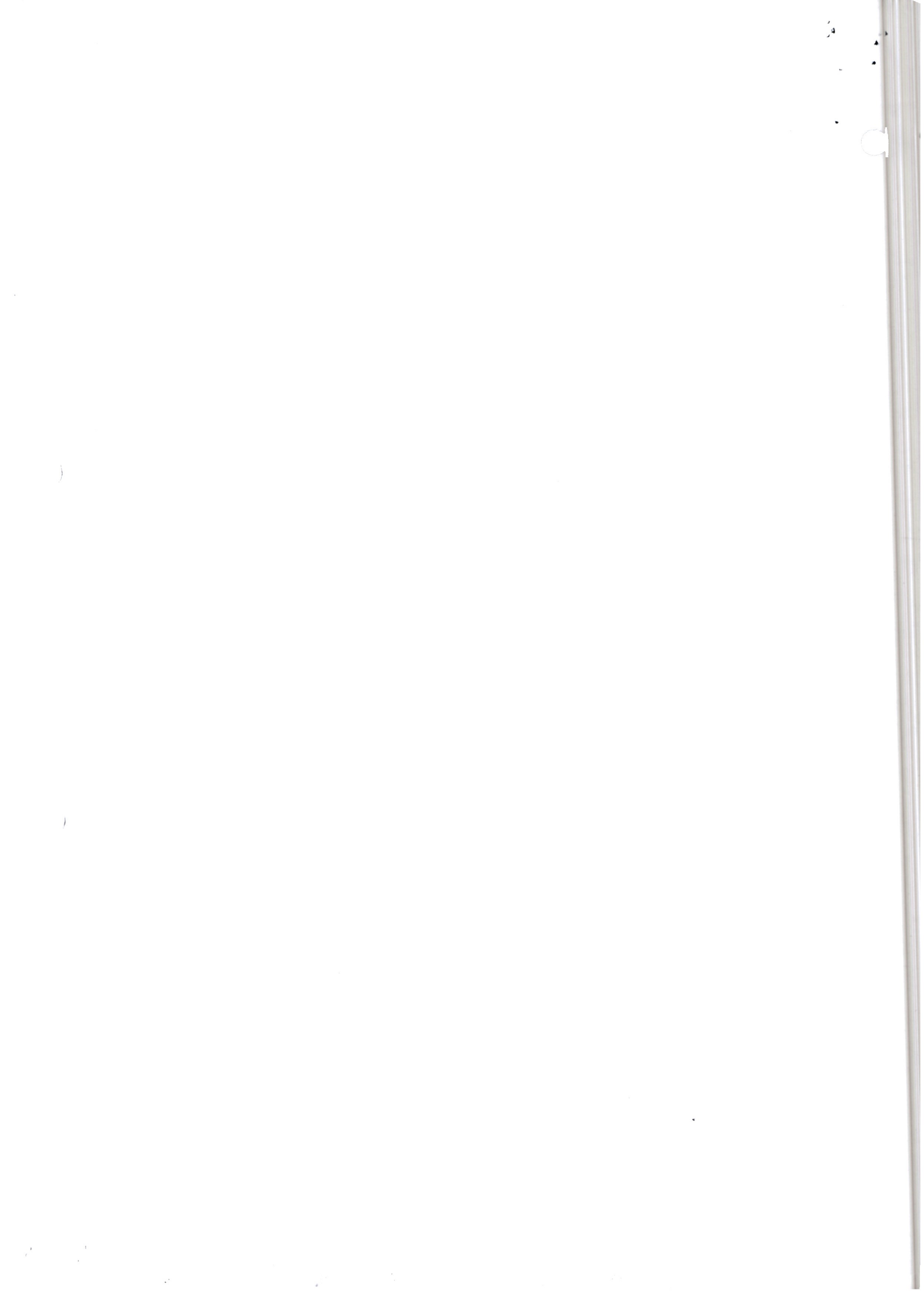


Reports and Financial Statements
For the year ended June 30, 2018

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	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 (<i>specify</i>)							
10.							
11.							
12.							
Sub-Total							
Grand Total							



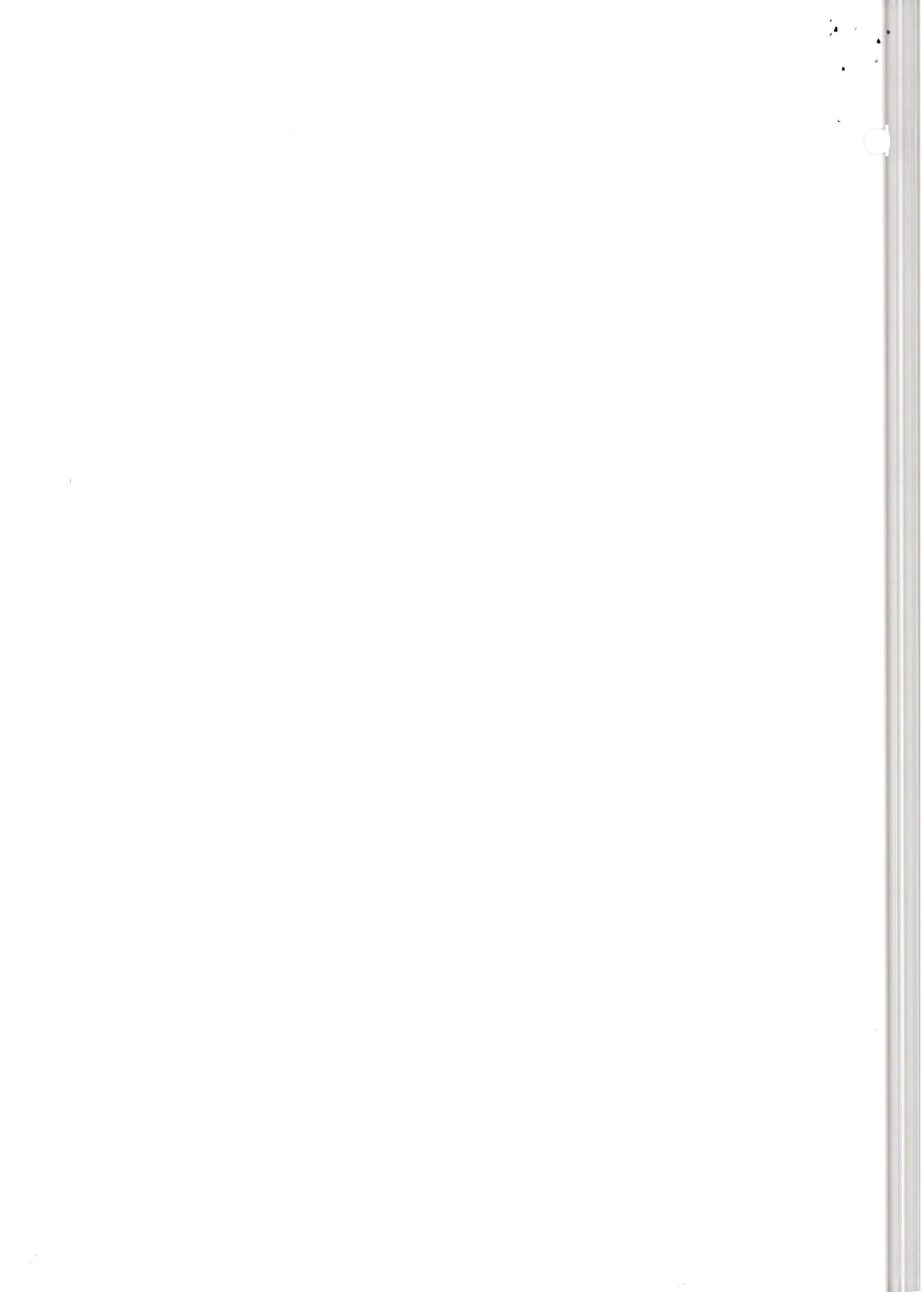


NATIONAL GOVERNMENT CONSTRUCTION AGENCY DEVELOPMENT FUND -KITU/ RAL

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

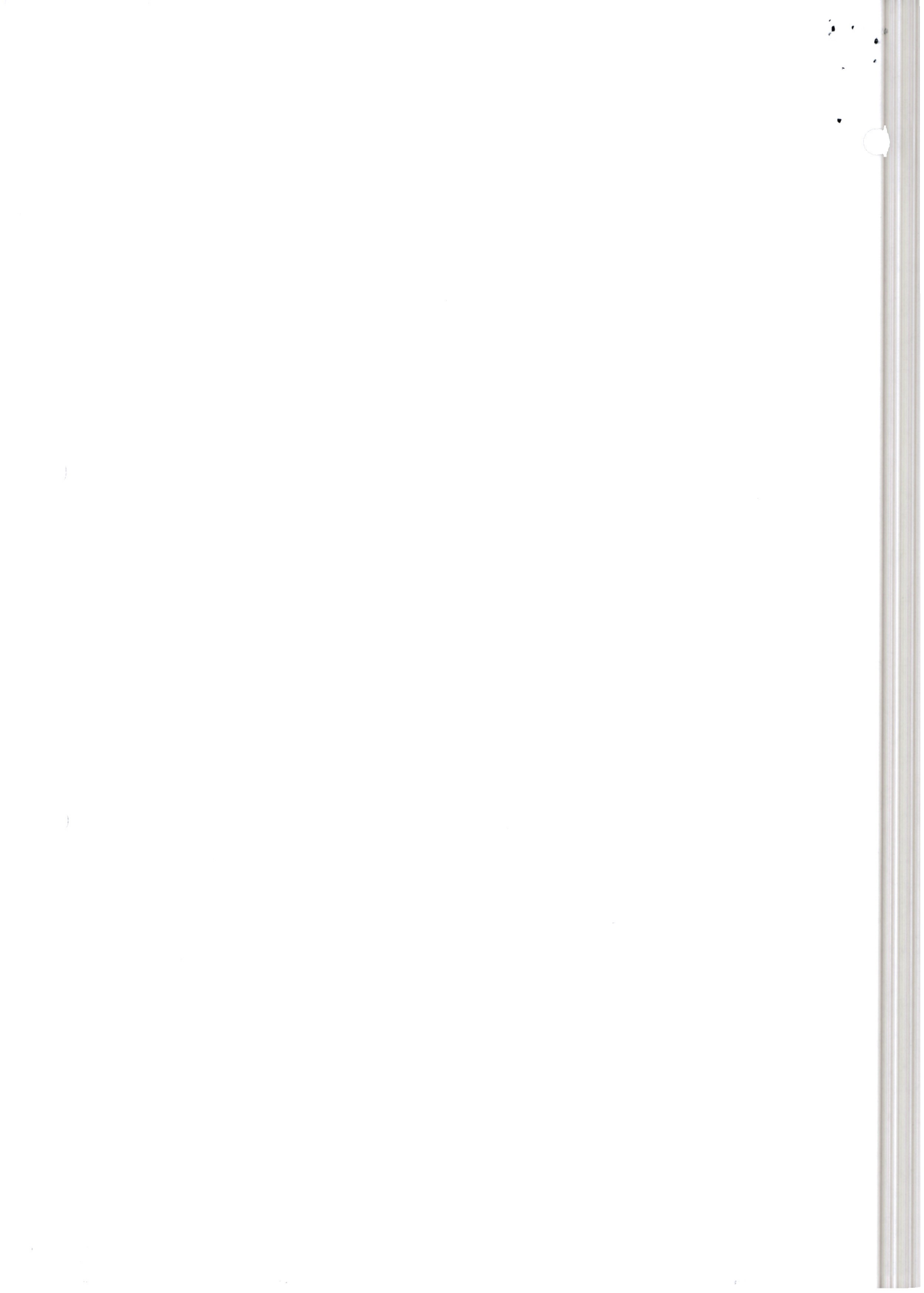
ASSET CLASS	HISTORICAL COST 2016/2017 KSHS	HISTORICAL COST 2015/2016 KSHS	HISTORICAL COST 2014/2015 KSHS
MOTOR CYCLE KAU 766H	345,506.00	345,506.00	345,506.00
MOTOR VEHICLE T/LANDCRUISER GK B969F	5,910,000.00	5,910,000.00	5,910,000.00
STAPLER	900.00	900.00	900.00
PAPER PUNCH	900.00	900.00	900.00
CALCULATOR	1,250.00	1,250.00	1,250.00
REFRIGERATOR	33,000.00	33,000.00	33,000.00
4 WAY WORK STATION	76,443.00	76,443.00	76,443.00
HIGH BACK FABRIC CONFERENCE CHAIR	187,036.00	187,036.00	187,036.00
FLOOR CARPET	6,000.00	6,000.00	6,000.00
OFFICE EXECUTIVE DESK	69,606.00	69,606.00	69,606.00
EXECUTIVE HIGH BACK LEATHER CHAIR	207,830.00	32,830.00	32,830.00
EXECUTIVE OFFICE VISITORS CHAIRS	17,069.00	17,069.00	17,069.00
OFFICE LEATHER SOFA SET	114,264.00	114,264.00	114,264.00
RECEPTION SET	68,956.00	68,956.00	68,956.00
GLASS COFFEE TABLE	19,702.00	19,702.00	19,702.00
18 SEATER MODULAR CONFERENCE TABLE	123,859.00	123,859.00	123,859.00
ASSORTED CURTAINS AND WINDOW NETS	60,000.00	60,000.00	60,000.00
ARTIFICIAL FLOWERS	1,000.00	1,000.00	1,000.00
EXTENSION CABLES	3,200.00	3,200.00	3,200.00
PENCIL HOLDER	200.00	200.00	200.00



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - KITU JARAL

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

WATER GLASSES	1,800.00	1,800.00	1,800.00	1,800.00
HP DESKTOP PRO	61,000.00	61,000.00	61,000.00	61,000.00
WATER JAR	1,500.00	1,500.00	1,500.00	1,500.00
SERVING TRAY	600.00	600.00	600.00	600.00
TEA MUG	2,500.00	2,500.00	2,500.00	2,500.00
DELL LAPTOPS	60,000.00	60,000.00	60,000.00	60,000.00
EPSON PRINTER	34,000.00	34,000.00	34,000.00	34,000.00
KYOCERA HP COPIER	98,000.00	98,000.00	98,000.00	98,000.00
SAMSUNG NOTE 4 TAB	52,000.00	52,000.00	52,000.00	52,000.00
OFFICE GENERATOR	100,750.00	100,750.00	100,750.00	100,750.00
PURCHASE OF COMPUTERS	250,000.00			
CONSTITUENCY WEBSITE	90,000.00			
TOTAL	8,058,871.00	7,543,871.00	7,543,871.00	7,543,871.00



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUI RURAL
Reports and Financial Statements
For the year ended June 30, 2018

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame (Period within which you expect the issue to be resolved)
1.2.1	Lack of public participation during budget process	The management agreed to involve the public in budget process	FAM	RESOLVED	
1.2.6	Lack of project implementation status reports	The management resolved to keep track of projects implementation by status reporting	FAM	RESOLVED	



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –KITUI RURAL
Reports and Financial Statements
For the year ended June 30, 2018

1.4	Unpresented cheques not reversed in the cash book	The management resolved through the CDFC to approve the reversal of such cheques	FAM	RESOLVED
1.6	Lack of student admission no in bursary payment vouchers	The management resolved to request the same from affected institutions and reflect the same in bursary payments.	FAM	RESOLVED

