

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

DATE: 07 AUG 2019

DAY: Wednesday

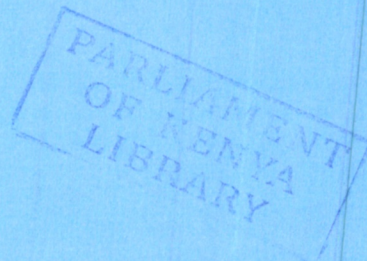
TABLED BY:

Hon. Benjamin Wachiuri
(Majority Party Whip)

CLERK AT THE TABLE:

REPORT

OF



THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
VOI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**

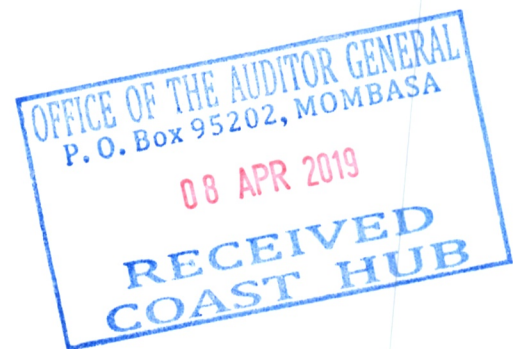


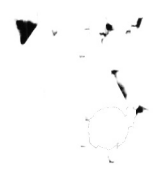
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND VOI
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

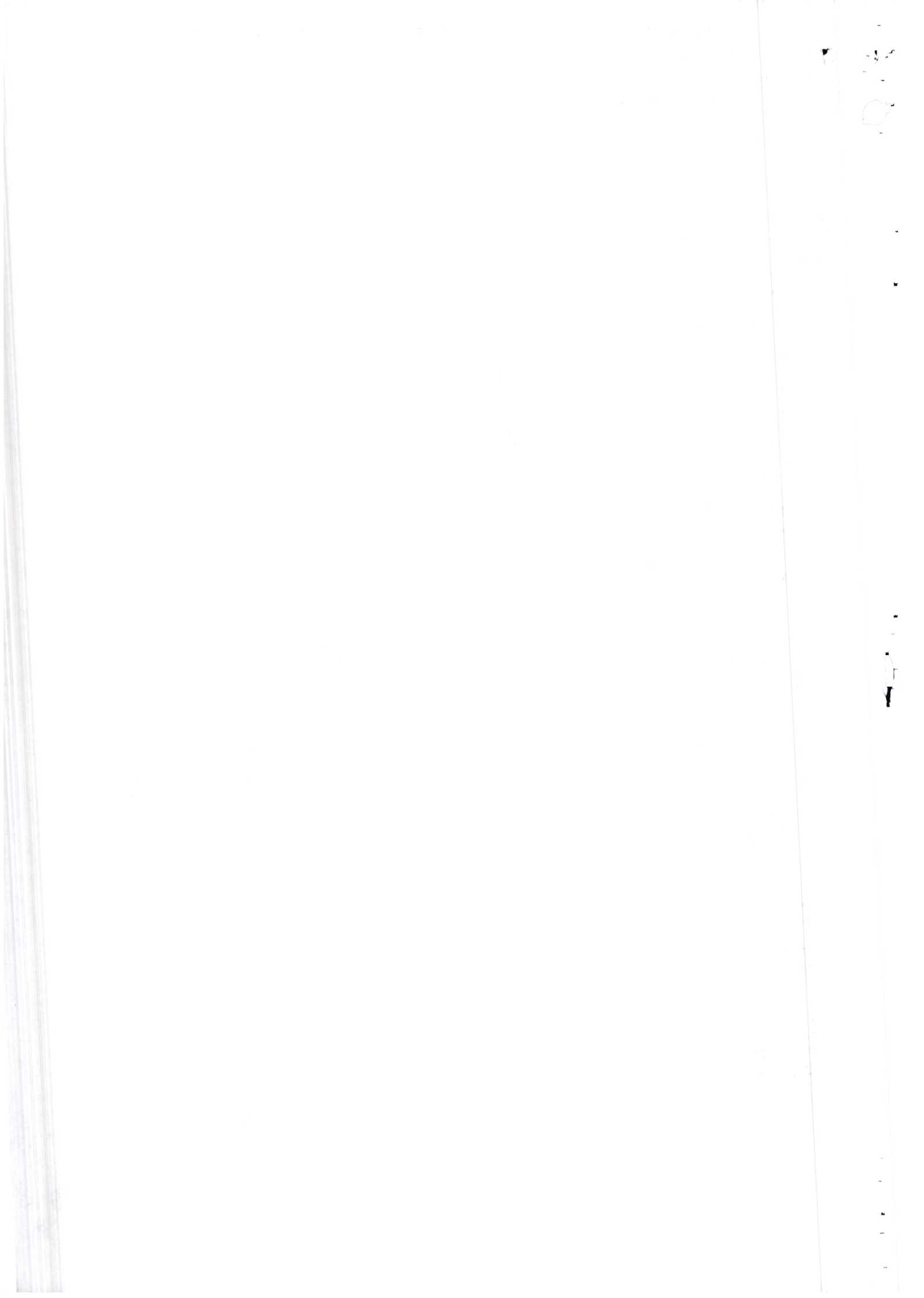




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) VOI
CONSTITUENCY**

**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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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 VOI 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:

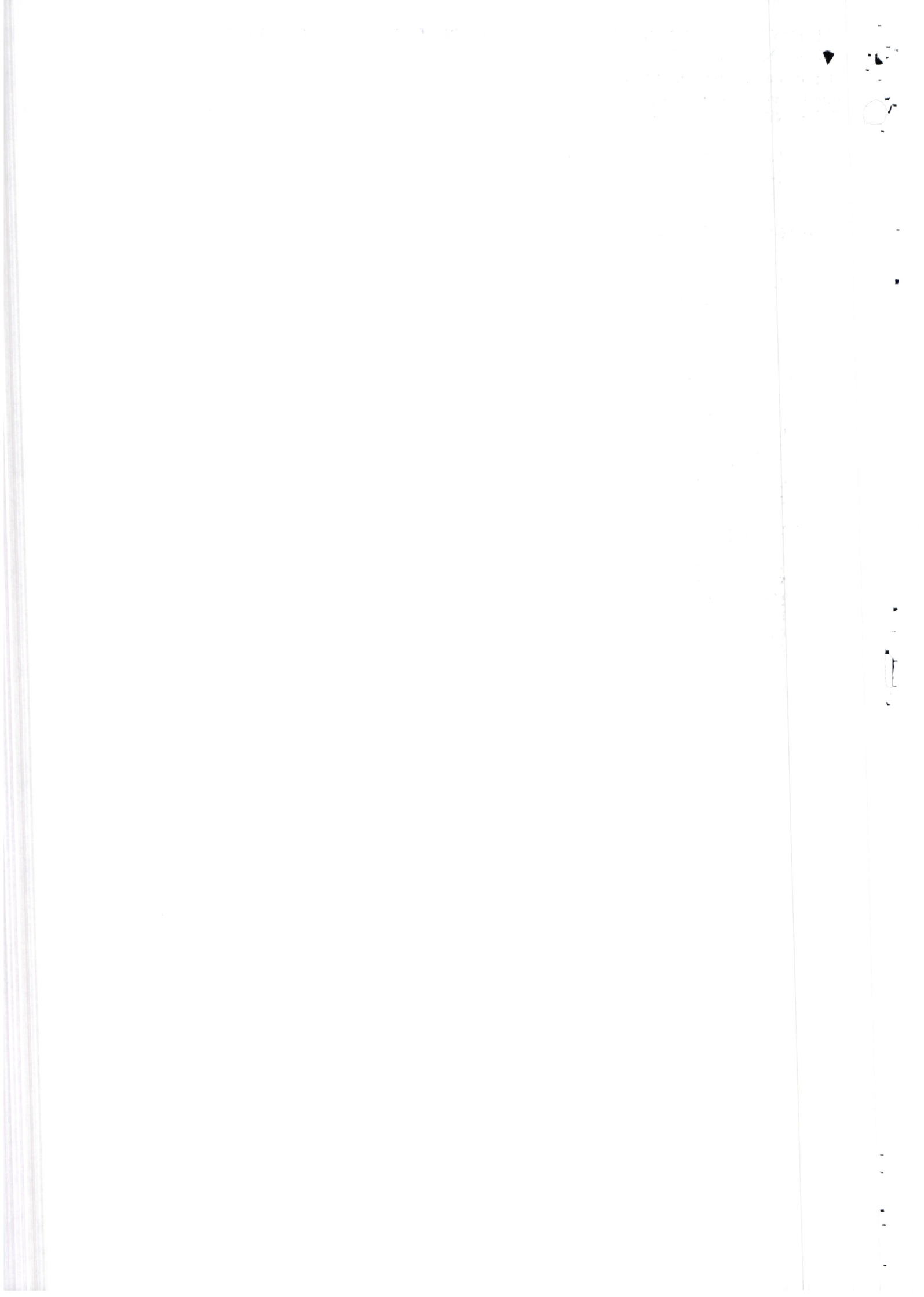
No.	Designation	Name
1.	Accounting Officer	YUSUF MBUNO
2.	A.I.E Holder	JAVAN MWANDAWIRO
3.	Sub- County Accountant	PATRICIA NGUKU
4.	Chairman NGCDFC	NANCY MONJE MAKEO
5.	Member NGCDFC	BENARD KIBENGO

(d) Fiduciary Oversight Arrangements

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

DAN MWAZO SOCIAL HALL
P.O Box 168-80300
VOI.



VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF VOI Constituency Contacts

Telephone: (254) 0727 389 947

E-mail: voi@ngcdf.go.ke

Website: www.VOICDF.go.ke

(g) NGCDF VOI Constituency Bankers

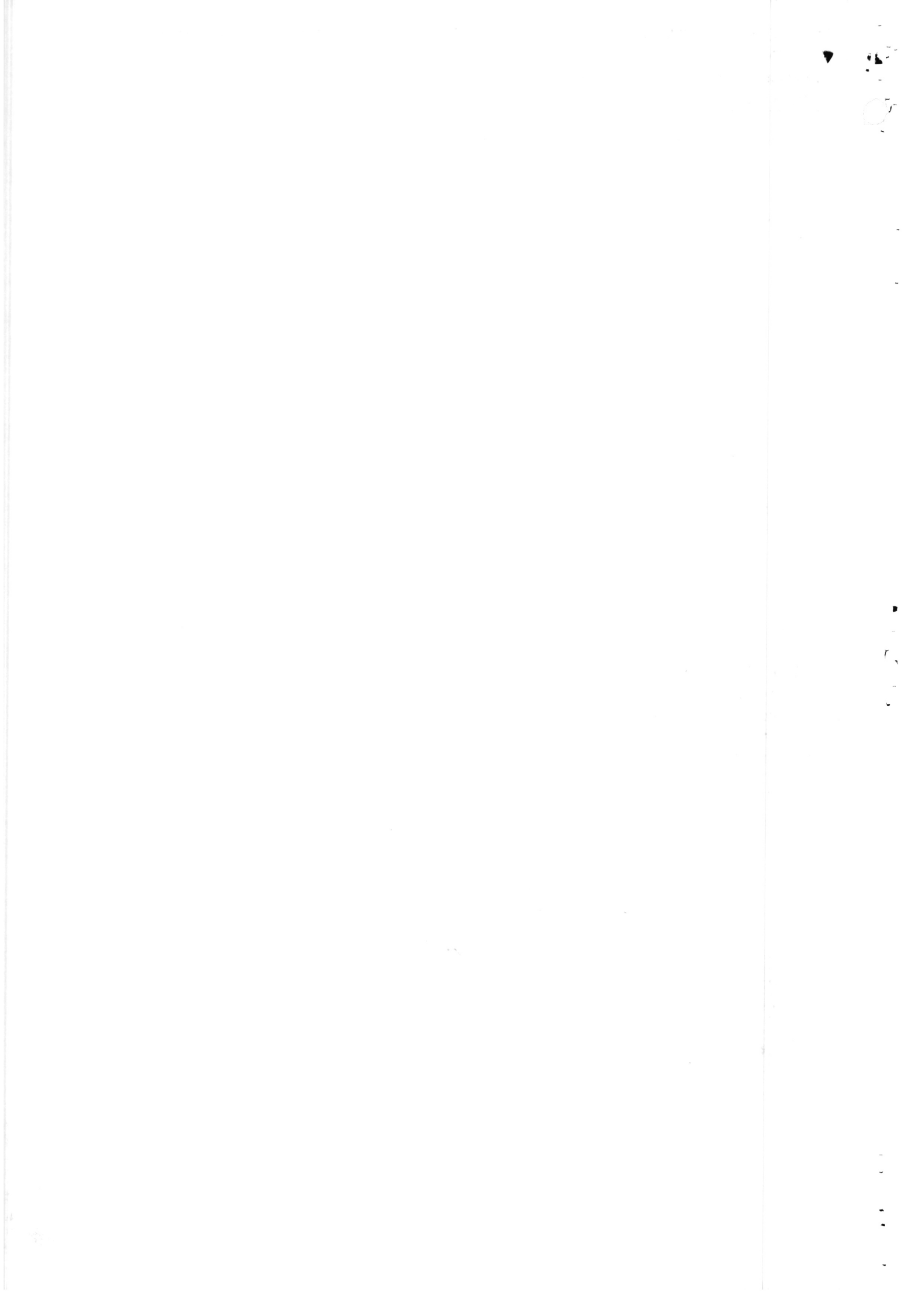
1. Kenya Commercial Bank
Voi -Kenya Commercial Bank
P.O.BOX 1122
VOI

(h) Independent Auditors

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

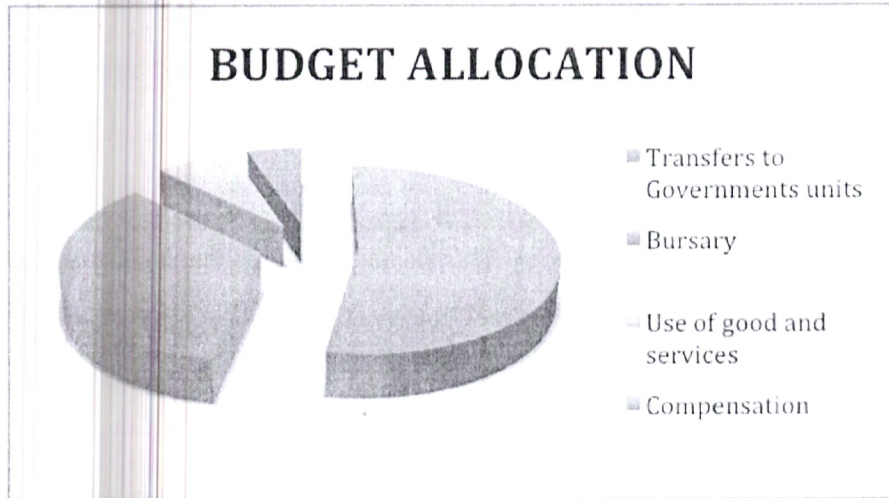
(i) Principal Legal Adviser

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



II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The original budget was 86,810,345 out of this budget we allocated Ksh 33,062,628 which is equivalent to 38 % of the original budget for education projects. This amount is meant to fund primary schools, secondary schools and tertiary institution projects. Which will highly improve education in the region. Then ksh 21,702,586. Which is 25 % of the original budget was channelled towards bursary for secondary school and tertiary institution needy students. This makes 63% for promotion of education and eradication of poverty.



Utilization of funds received stands at almost 13%. We humbly request the board to release aforesaid amount of funds for us to achieve the intended purposes.

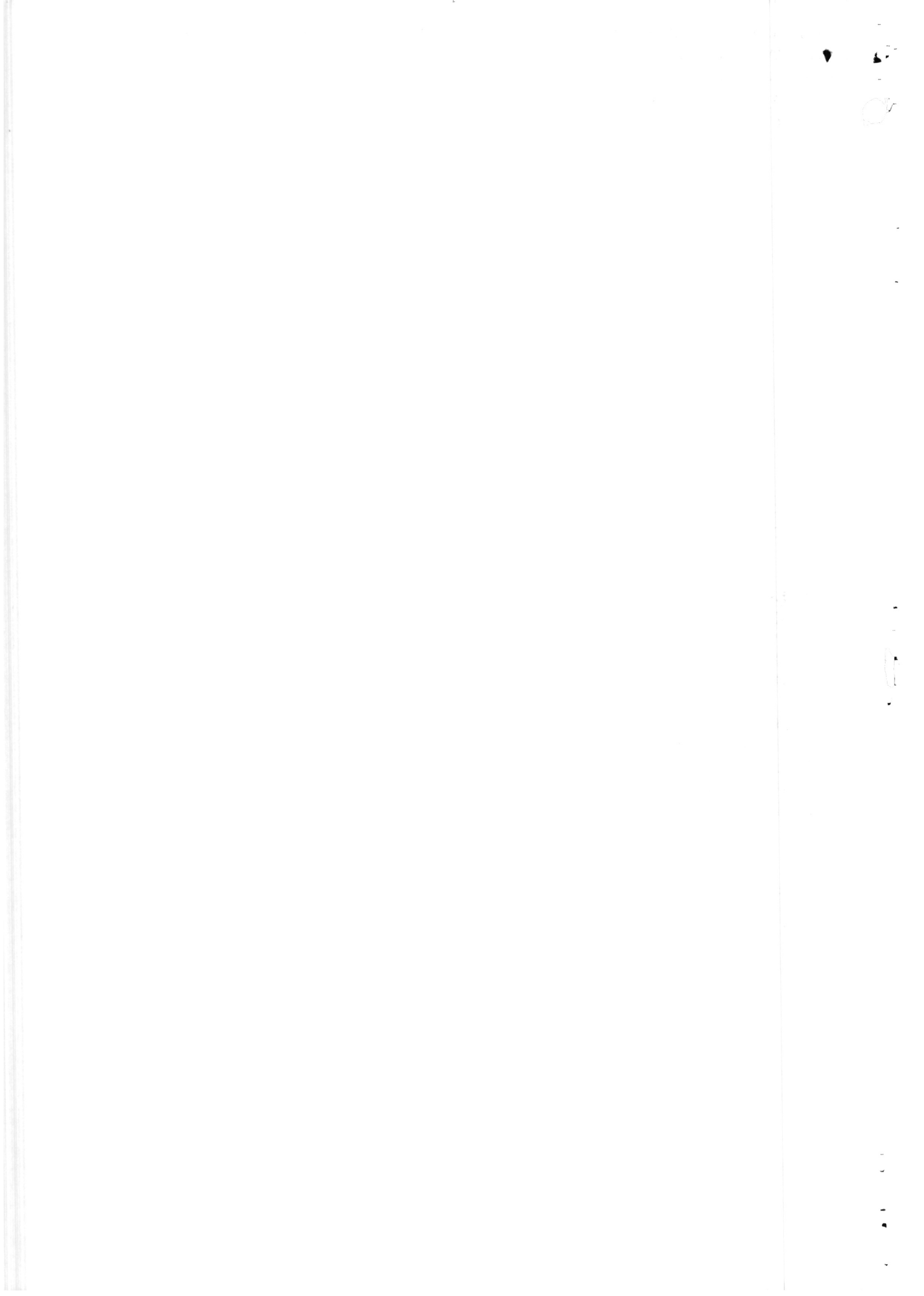
ACHIEVEMENTS

Disbursement of funds to the intended projects has been good. Implementation of the projects has seen the constituency improve on matters affecting education.

Construction of **VOI KMTC** has started [phase one 1-4 classrooms, administration offices and staff room is complete and in use], 2016 September intake started at C.I.T but have now shifted to the new KMTC. More funds needed. It has help the community and nation at large for students to do medical courses.



VOI KMTC FY 2016/17



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

Voi Community Library is about 95% complete and once completed it will assist students/adults improve their knowledge.



VOI COMMUNITY LIBRARY FY 2016/17

CHALLENGES

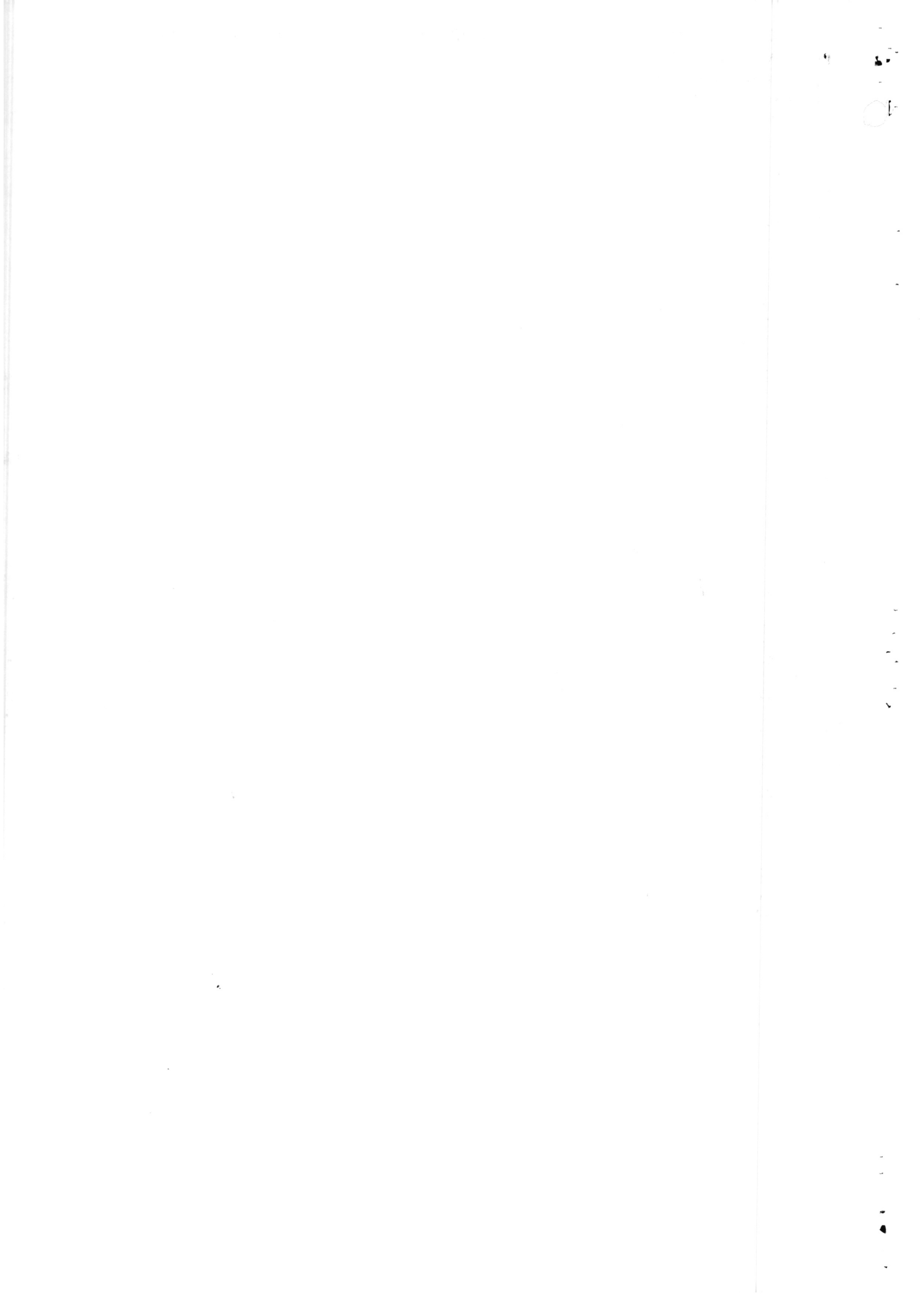
- -Insufficient funds for monitoring and evaluation, capacity building and training is are big challenge.
- -Late disbursement of funds for Re-allocations should be fast tracked.
- -Delay in disbursing funds from NG-CDF Board.

WAY FORWARD.

- -NG-CDF Board to release funds to the constituencies on time.
- -Allocation of monitoring & evaluation vote and capacity building should be improved.
- -Oversight committee should have their vote managed by the FAM.
- -Employment of FAM should be reviewed often to avoid the shortages being experience

Sign For 

CHAIRMAN NGCDFCOMMITTEE



III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government 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-VOI 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-VOI Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-VOI 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-VOI 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-VOI Constituency financial statements were approved and signed by the Accounting Officer on 5/4/ 2019.


Fund Account Manager
Name: Javan Mwandawiro
ICPAK Member Number: 23656




for Sub-County Accountant
Name: Patricia Nguku



REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - VOI 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 - Voi Constituency set out on pages 7 to 30, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation – recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Voi 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 comply with National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2018 reflects use of goods and services of Kshs.2,861,052 as disclosed in Note 5 to the financial statements. The following observations were made:

1.1 Routine Maintenance – Vehicles and Other Transport Equipment

Note 5 to the financial statements for the year ended 30 June 2018 reflects an amount of Kshs.37,300 in respect of routine maintenance – vehicles and other transport equipment. The expenditure was in respect of supply of two motor vehicle batteries. Records availed for audit review indicated that the batteries were received and issued to a Kenya Wildlife Services Senior Warden. However, a request/requisition of the batteries from the recipient was not availed for audit review.

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

Consequently, the propriety and validity of routine maintenance - vehicles and other transport equipment of Kshs.37,300 for the year ended 30 June 2018 could not be confirmed.

1.2 Committee Allowances

Note 5 to the financial statements for the year ended 30 June 2018 reflects committee allowances of Kshs.2,527,000. Included in the committee allowances of Kshs.2,527,000 is Kshs.650,000, being amount spent on various items and activities. However, the items and activities were not related to committee allowances or committee activities nor stores documents and information to confirm delivery of the goods and services availed for audit review as detailed below:

Pv No.	Date	Particulars	Amount (Kshs)	Observations
14	18.1.2018	Being office recurrent expenditure as per the attached cash sales & Imprest Warrant No. 1788126 of 14/9/2017	120,000	The expenditure was incurred on desludging of septic tank & sewer, repair of toilets, electrical repairs, treatment of septic tank and purchase of various items. However, no evidence of repairs done was produced for audit review nor stores records to confirm delivery of the goods availed for audit review.
15	17.1.2018	Being office recurrent expenditure as per cash sales attached & Imp. Warrant No. 1788127 of 9/11/2017	130,000	The expenditure was incurred on desludging of septic tank & sewer, repair of toilets, electrical repairs, treatment of septic tank, and purchase of various items. However, documentary evidence to confirm that the repairs were carried out and that the goods were delivered, recorded and issued for official use were not availed for audit review.
16	6.2.2018	Being office Recurrent Expenditure as per cash sales attached & Imp. Warrant No. 1788128 of 9/11/2017	100,000	The expenditure was incurred on desludging of septic tank & sewer, repair of toilets, electrical repairs, treatment of septic, and purchase of various items. However, documentary evidence to confirm that the repairs were carried out and that the goods were delivered, recorded and issued for official use were not availed for audit review.
23	8.3.2018	Surrender of Standing Imprest(Imp Warrant No. 1788129 of 6/2/2018 for various items and services as per attached cash sales	100,000	The amount was spent on purchase of lunches, water fittings, repair of electrical & water systems, unclogging of septic tank, and purchase of stationery, detergent and kitchen items. Stores records to confirm delivery, recording and issuance for official use and inspection reports to confirm that the services were actually carried out were not availed for audit review.

Pv No.	Date	Particulars	Amount (Kshs)	Observations
24	19.4.2018	Surrender of Imprest(Imp Warrant No. 1788134 of 8/3/2018 for various items and services as per attached cash sales	100,000	This relates to lunches, kitchen items, hire of taxi and outside catering services. However, the purpose/occasion on which the funds were spent have not been disclosed. Further, quotations to show that the taxis were competitively hired were not availed for audit review.
25	19.4.2018	Surrender of Imprest for various items and services as per cash sales	100,000	The expenditure was incurred on desludging of septic tank & sewer, repair of toilets, electrical repairs, treatment of septic, and purchase of various items. However, no evidence of repairs done was produced for audit review. Further, stores records to confirm delivery of the goods, recording and issuance for official use were not availed for audit review.
Total			650,000	

Consequently, the propriety and validity of committee allowances of Kshs.650,000 for the year ended 30 June 2018 could not be confirmed.

2.0 Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and transfers of Kshs.5,894,186 as disclosed in Note 7 to the financial statements, being a decrease of Kshs.34,155,405 or 85% from Kshs.40,049,591 reported in the previous financial year. The following observations were made:

2.1 Bursary – Secondary Schools

2.1.1 Variance in Bursary Balance

Note 7 to the financial statements for the year ended 30 June 2018 reflects bursary – secondary schools of Kshs.1,166,976. However, the schedule availed in support of the expenditure includes Kshs.26,000 relating to financial year 2016/2017. Further, the amount includes four (4) transactions totaling to Kshs.34,000 whose payees were not disclosed.

Consequently, the accuracy, propriety, and completeness of bursary – secondary schools of Kshs.1,166,976 for the year ended 30 June 2018 could not be confirmed.

2.1.2 Bursary Payments Not Acknowledged

Note 7 to the financial statements for the year ended 30 June 2018 reflects bursary – secondary schools of Kshs.1,166,976, out of which Kshs.744,642 relates to bursary for thirty-seven (37) students remitted to five (5) institutions but was not supported with acknowledgements of receipt by the institutions as detailed below:

No	Name of School	No. of Students	Amount (Kshs)
1	Matuga Girls High School	1	31,512
2	Moi Boys High School Kasigau	1	31,512
3	Sacred Heart Mwakiwiwi Girls High School	10	261,346
4	Kajire Girls High School	4	200,000
5	Mbololo Secondary School	21	220,272
	Total	37	744,642

Consequently, the propriety, validity and completeness of bursary-secondary schools of Kshs.744,642 for the year ended 30 June 2018 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and other matter sections, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Receipts Budget Analysis

During the year under review, National Government Constituencies Development Fund – Voi Constituency had a receipts budget of Kshs.108,698,836 against actual receipts of Kshs.53,914,353 or 50%, resulting to a shortfall of Kshs.54,784,483 or 50%.

Failure by the Board to disburse funds as per the budget, may adversely affect delivery of goods and services to the residents of Voi Constituency contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

1.2 Expenditure Budget Analysis

During the year under review, National Government Constituencies Development Fund – Voi Constituency had an expenditure budget of Kshs.108,698,836 and actual expenditure of Kshs.14,499,504 (13.3%), resulting to net under expenditure of Kshs.94,199,332 (86.7%) as summarized below:

Payment Details	Approved Budget (Kshs)	Actual on Expenditure (Kshs)	Under Expenditure (Kshs)	%
Compensation of Employees	3,996,494	2,544,266	1,452,228	36.3
Use of goods and services	6,094,453	2,861,052	3,233,401	53.0
Transfers to Other Government Units	41,903,800	3,200,000	38,703,800	92.3
Other grants and transfers	48,027,062	5,894,186	42,132,876	87.7
Other Payments	8,677,027	-	8,677,027	100.0
Total	108,698,836	14,499,504	94,199,332	86.7

The under expenditure of Kshs.94,199,332 or 86.7% as detailed above may have curtailed delivery of goods and services to the residents of Voi Constituency. This implies that public funds were lying idle at the expense of other deserving areas. This may affect delivery of goods and services to the residents of Voi Constituency contrary to values and principles of public service as provided for under Article 232 (1– c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services. There is need therefore for the management to relook at its budget making process with a view to focusing on the priority projects which will be implemented during the year for effective and efficient service delivery to the residents of Voi Constituency.

1.3 Projects Implementation Status

Projects implementation status report as at 30 June 2018 availed for audit review indicated that nineteen (19) projects had cumulative disbursements of Kshs.22,668,138, out of which Kshs.3,200,000 was disbursed in the year 2016/2017 while Kshs.19,468,138 relates to disbursements made during the year under review. Further, the report shows that as at 30 June 2018, a total of Kshs.6,955,510 or 30.7% had been spent on the projects, leaving Kshs.15,712,628 or 69.3% unspent as detailed below:

No.	Name of Project	Details of Project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs)	% Completed
1.	Buguta sec school	Construction of Dormitory	0	1,500,000	1,500,000	0	100
2.	Kajire sec school	construction of Dormitory	0	1,000,000	1,000,000	0	100
3.	Msharinyi Primary School	Construction of Classroom	0	700,000	700,000	0	100
4.	Constituency Sports Tournament	Carry out Constituency Sports tournament and the winning teams/schools to be awarded with trophies,	336,207	336,207	0	336,207	0

No.	Name of Project	Details of Project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs)	% Completed
		balls, and games kits & Upgrading of soccer pitches.					
5.	Various Institutions	Purchase of Tree seedlings and planting in ten(10) institutions	1,000,000	1,000,000	0	1,000,000	0
6.	Mwambani Primary School	Completion of one classroom and Purchase of sixty-five (65) desks.	700,000	700,000	0	700,000	0
7.	Mlondo Primary School	Renovation of 2 classrooms (Flooring, Painting, Fixing of roof)	500,000	500,000	0	500,000	0
8.	Sowa Primary School	Renovation of five (5) Classrooms (Flooring, Painting, Fixing of roof)	1,500,000	1,500,000	0	1,500,000	0
9.	Ndome Primary School	Renovation of two (2) classroom (Flooring, Painting, Fixing of doors, Fixing of roof)	1,000,000	1,000,000	0	1,000,000	0
10.	New Marungu Secondary School	Construction of two no. four (4) door VIP toilets, purchase of twenty (20) desks for administration office, eighty (80) classroom lockers, fifty (50) laboratory stools and electrical and water supply works.	400,000	400,000	0	400,000	0
11.	Miasenyi Secondary School	Additional funds for construction of a laboratory.	1,000,000	1,000,000	0	1,000,000	0
12.	Mwakichuchu Secondary School	Additional funds for construction of school library.	700,000	700,000	0	700,000	0
13.	Kizumanzi Secondary School	Additional funds for construction of Laboratory.	1,000,000	1,000,000	0	1,000,000	0

No.	Name of Project	Details of Project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs)	% Completed
14.	Jack Mwashimba Secondary School	Additional funds for construction of Laboratory.	1,000,000	1,000,000	0	1,000,000	0
15.	Kaloleni Secondary School	Completion of Administration Block and two (2) classrooms	1,000,000	1,000,000	0	1,000,000	0
16.	Kasigau technical School	Construction one classroom	1,000,000	1,000,000	0	1,000,000	0
17.	Voi community Library	Fabrication of book shelving, Construction of kitchen worktops and cabinets, Cyber café worktops, Electricity and water supply connections, External sewage system, Firefighting equipment, Purchase of Reading halls Tables and chairs, Fabrication of reception desk & Purchase of staff office desks. Fencing of the compound and landscaping	3,026,421	3,026,421	0	3,026,421	0
18.	Extension of NG-CDF office	Construction of NG-CDF Staff offices-(Clerk of works, ICT officer and Accounts offices). Internal finishes of the office	1,550,000	1,550,000	0	1,550,000	0
19.	Various Institutions	Purchase of tree seedling for planting in twenty-five (25) institutions	3,755,510	3,755,510	3,755,510	0	100
Total			19,468,138	22,668,138	6,955,510	15,712,628	31

The above table indicates that Voi Constituency Development Fund was holding unspent disbursements amounting to Kshs.15,712,628 for implementation of fifteen (15) projects which had not started. The management did not provide satisfactory explanation for non-implementation of these projects during the financial year.

Failure to implement projects as planned may have negatively impacted on delivery of goods and services to the residents of Voi Constituency.

1.4 Projects Verification

Project implementation report availed for audit review indicated that the Fund implemented three (3) projects costing Kshs.3,200,000 during the year under review. Physical verification of projects done in the month of March 2019 revealed anomalies as detailed below:

Name of Project	Details of the Project	Amount of Allocation as per Approved Proposal (Kshs)	Amount Certified as at 30.06.2018 (Kshs)	Comments/Finding
Buguta Secondary School	Construction of a Dormitory	1,500,000	1,500,000	The project received Kshs.1,500,000 during the year under review and the same had been fully paid to the contractor as at 30/06/2018. The contract was for completion of a previously partially funded dormitory as per the contract. However, details of works done with the disbursement were not availed for audit review. Further, when the project was verified it was complete and in use but not labelled to indicate who funded it and the financial year.
Kajire Secondary School	construction of Dormitory	1,000,000	1,000,000	The project received Kshs.1,500,000 for completion of a previously partially funded dormitory as per the contract during the year under review. The amount had been fully paid as at 30 June 2018. However, details of what works were done using the disbursed funds and evidence to confirm works done during the year were not availed for audit review. Further, at the time of project inspection, it was complete and in use but it was not labelled to indicate who funded it and the financial year.
Msharinyi Primary School	Construction of Classroom	700,000	700,000	The project received Kshs.700,000 during the year under review and the contract had been fully paid as at 30/06/2018. When the project was inspected, it was complete and in use having been commissioned on 24 July 2017. This indicates that the amount disbursed in 2017/2018 was not utilized on the project verified. Further, the

Name of Project	Details of the Project	Amount of Allocation as per Approved Proposal (Kshs)	Amount Certified as at 30.06.2018 (Kshs)	Comments/Finding
Total		3,200,000	3,200,000	project was not labelled to indicate who funded and the financial year.

The Fund may have failed to obtain value for money spent on the projects valued at Kshs.3,200,000 for the year ended 30 June 2018. Hence, there is need for proper implementation, monitoring, evaluation and follow up mechanism to ensure that projects are fully implemented for better delivery of goods and services to the residents of Voi Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Other Grants and Transfers

Note 7 to the financial statements for the year ended 30 June 2018 reflects bursary – tertiary institutions of Kshs.971,700 and bursary – secondary schools of Kshs.1,166,976 all totaling to Kshs.2,138,676. However, records availed for audit review indicated that the Fund did not constitute a bursary sub-committee, contrary to the Constituency Development Fund Board Circular No. Vol1/111 of 13 September 2010 which requires a sub-committee of the constituency development fund committee to be formed to manage the bursary scheme.

Further, details of how bursary forms were issued and received after completion and applicants vetted and appraised were not availed for audit review. This is contrary to Section 21(3) of the National Government Constituencies Development Fund Regulations, 2016 which states that, 'A Constituency Committee shall vet all persons proposed to receive support in accordance with guidelines issued by the Board.

In the circumstances, the regularity and lawfulness of bursary to secondary schools and tertiary institutions all totaling to Kshs.2,138,676 for the year ended 30 June 2018 could not be confirmed.

2.0 Project Management Committee Bank Accounts

Annex 5 to the financial statements for the year ended reflects forty (40) project management committee bank accounts holding a total balance of Kshs.5,205,585 as at 30 June 2018. Audit review of the project management committee project files, bank statements, and certificates of bank balances revealed the following;

2.1 Projects Bank Statements and Certificates

Annex 5 to the financial statements for the year ended 30 June 2018 reflects bank balances totaling Kshs.5,205,585 for forty (40) project management committee bank accounts. However, certificates of bank balance were not availed in support of these balances. Further, the project status of nine (9) projects with bank account balances of Kshs.2,803,297 was not provided for audit review.

Under the circumstance, the accuracy and completeness of the project management committee bank accounts balance of kshs.5,205,585 and the implementation status of the nine(9) projects as at 30 June 2018 could not be confirmed.

2.2 Closure of Project Bank Accounts

Eighteen (18) projects had their status indicated as completed and in use, yet the related Project Management Committee bank accounts had a total balance of Kshs.894,586 as at 30 June 2018 and the accounts were active. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that, 'All unutilized funds of the Project Management Committee shall be returned to the constituency account'. Further, two (2) project accounts whose project status was indicated as incomplete and awaiting funding had nil balance with no indication of any planned funding.

Under the circumstance, the Project Management Committees are in breach of the Law.

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 SYSTEMS AND GOVERNANCE

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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control. In preparing the financial statements, management is responsible for assessing National Government Constituencies Development Fund - Voi Constituency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management either intends to liquidate National Government Constituencies Development Fund - Voi Constituency or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of National Government Constituencies Development Fund Voi – Constituency's 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 National Government Constituencies Development Fund - Voi Constituency's 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 National Government Constituencies Development Fund - Voi Constituency'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 National Government Constituencies Development Fund – Voi Constituency financial statements, a compliance review is planned and performed to

express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of National Government Constituencies Development Fund - Voi Constituency's financial statements and review 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:

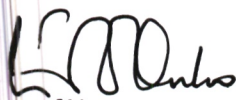
- Identify and assess the risks of material misstatement of National Government Constituencies Development Fund - Voi Constituency's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate 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 National Government Constituencies Development Fund - Voi Constituency'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 entity to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of National Government Constituencies Development Fund - Voi Constituency's 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 National Government Constituencies Development Fund - Voi Constituency 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

08 May 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2018

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

	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Transfers from Other Government Entities	1	49,160,682	130,020,015
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		49,160,682	130,020,015
PAYMENTS			
Compensation of Employees	4	2,544,266	2,528,467
Use of goods and services	5	2,861,052	13,518,768
Transfers to Other Government Units	6	3,200,000	95,097,061
Other grants and transfers	7	5,894,186	40,049,591
Acquisition of Assets	8		
Other Payments	9		
TOTAL PAYMENTS		14,499,504	151,193,887
SURPLUS/(DEFICIT)		34,661,178	-21,173,872

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-VOI Constituency financial statements were approved on 5/4/ 2019 and signed by:


 Fund Account Manager
 Name: Javan Mwandawiro
 ICPAK Member Number: 23656


 for Sub-County Accountant
 Name: Patricia Nguku

VOI CDF
FUND MANAGER
 05 100 200
 P. O. Box 168 - 80300,
 VOI

DISTRICT ACCOUNTANT
 VOI DISTRICT
 05 APR 2019
 P. O. Box 1, VOI

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY


Reports and Financial Statements


For the year ended June 30, 2018

V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2018

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	39,414,849	4,514,491
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		39,414,849	4,514,491
Current receivables - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		39,414,849	4,514,491
FINANCIAL LIABILITIES			
Accounts payable - Retention	12	-	-
NET FINANCIAL ASSETS		39,414,849	4,514,491
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	4,514,491	25,688,363
Surplus/Deficit for the year		34,661,178	-21,173,872
Prior year adjustments	14	239,180	-
NET FINANCIAL POSITION		39,414,849	4,514,491

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-VOI Constituency financial statements were approved on 5/4/ 2019 and signed by:


Fund Account Manager
 Name: Javan Mwandawiro
 ICPAK Member Number: 23656


Sub-County Accountant
 Name: Patricia Nguku



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

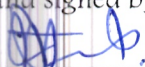
Reports and Financial Statements

For the year ended June 30, 2018

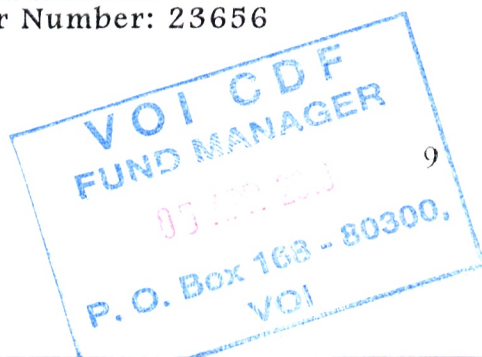
VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2018

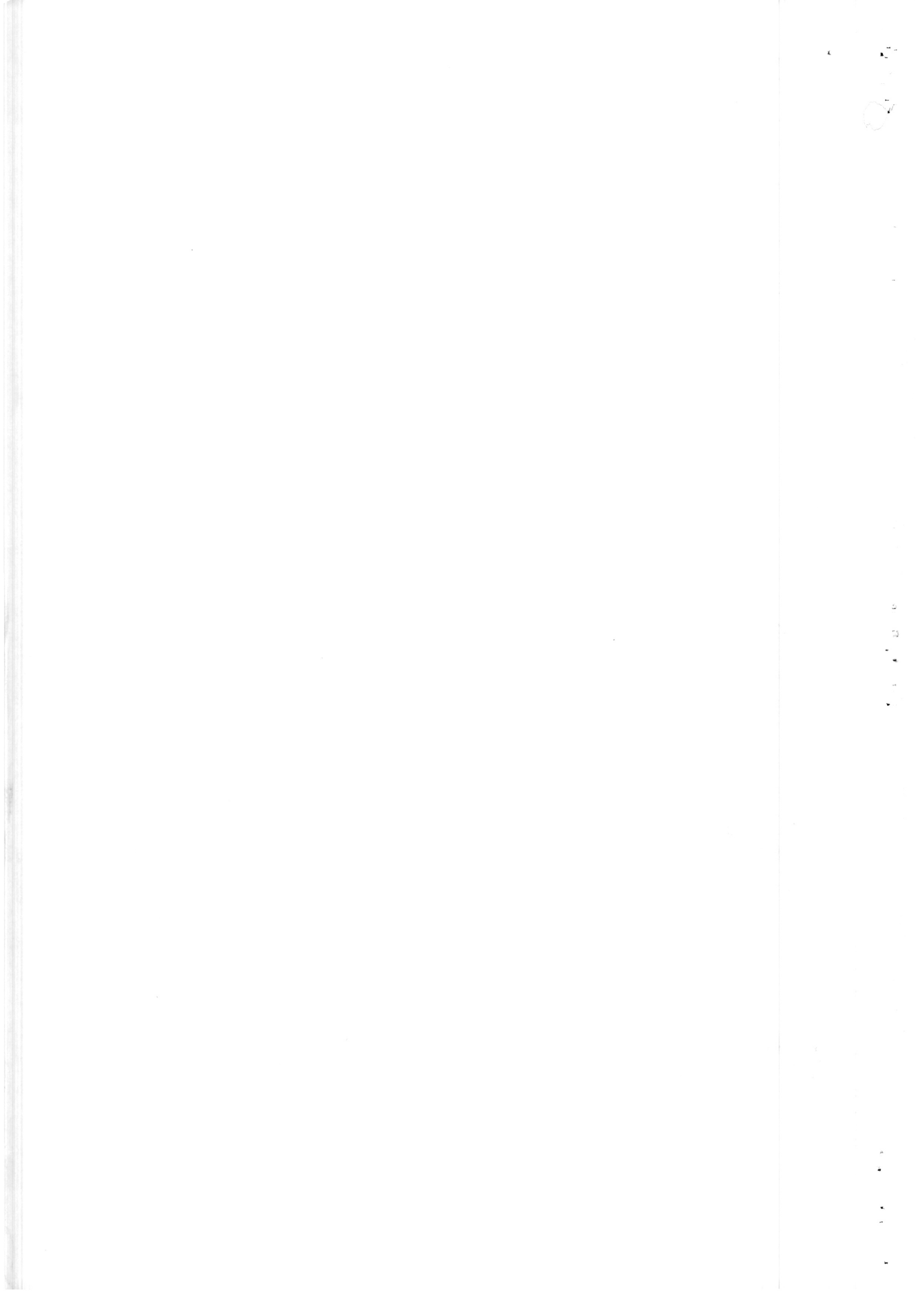
Receipts for operating income		2017-2018	2016-2017
Transfers from Other Government Entities	1	49,160,682	130,020,015
Proceeds from Sale of Assets	2		-
Other Receipts	3		-
Payments for operating expenses			
Compensation of Employees	4	2,544,266	2,528,467
Use of goods and services	5	2,861,052	13,518,768
Transfers to Other Government Units	6	3,200,000	95,097,061
Other grants and transfers	7	5,894,186	40,049,591
Other Payments	9		
Total cash outflow from operating activities		14,499,504	151,193,887
Adjusted for:			
Adjustments during the year		239,180	0
Net cash flow from operating activities		34,900,358	-21,173,872
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	8		-
Net cash flows from financing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		34,900,358	-21,173,872
Cash and cash equivalent at BEGINNING of the year	10A	4,514,491	25,688,363
Cash and cash equivalent at END of the year	10A	39,414,849	4,514,491

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-VOI Constituency financial statements were approved on 5/4/ 2019 and signed by:


Fund Account Manager
 Name: Javan Mwandawiro
 ICPAK Member Number: 23656


Sub-County Accountant
 Name: Patricia Nguku



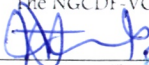


VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30 JUNE 2018


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	21,888,491	108,698,836	53,914,353	54,784,483	50%
Proceeds from Sale of Assets			0		0	
Other Receipts			0		0	
TOTAL	86,810,345	21,888,491	108,698,836	53,914,353	54,784,483	50%
PAYMENTS			0		0	
Compensation of Employees	3,214,075	782,419	3,996,494	2,544,266	1,452,228	64%
Use of goods and services	4,598,856	1,495,597	6,094,453	2,861,052	3,233,401	47%
Transfers to Other Government Units	33,062,628	8,841,172	41,903,800	3,200,000	38,703,800	8%
Other grants and transfers	37,257,759	10,769,303	48,027,062	5,894,186	42,132,876	12%
Acquisition of Assets			0		0	
Other Payments	8,677,027		8,677,027		8,677,027	0%
TOTALS	86,810,345	21,888,491	108,698,836	14,499,504	94,199,332	13%

Note:

1. Included in the adjustments (b):
 - a) Supplementary budget: Kes 11,379,310.34
 - b) Prior year adjustment (Cash payment in Bank Statement but not in the Cash Book- FY 2016/17): 235,900.00
 - c) Prior year adjustment (Cash received in the Bank Statement but not recorded in the Cash Book- FY 2016/17): Kes. 3,280.00
 - d) Balance B/f from FY 2016/17: Kes. 4,514,490.64
 - e) Transfers from the Board, AIE No. A892751: Kes. 1, 637,931.00
 - f) Transfer from the Board, AIE No. A892688: Kes. 4,117,579.00
2. Underutilisation of funds was caused by delays caused by illegally constituted committee officials: The Chairman of the committee who was a signatory to the main Bank Account. This later escalated to closure of bank accounts of our main account. After resolving the matter, the financial year was coming to an end hence to low burn rate. However, the following items affected the underutilisation of funds:
 - i. Compensation of Employees: 2 staff members left in March 2018 and were not replaced immediately. Consequently, their gratuity was not paid.
 - ii. Use of Good and Services: Part payment of expenses relating to the period in question such as Security Guards, Water Bill, Fuel for the Vehicle, Office Stationery and committee allowances were not paid as at close of the financial year.
 - iii. Transfer to Other Government Units: These transfers to Primary, Secondary and Tertiary Institutions for development projects were done only to 2 institutions. One Project relates to FY 2016/17 of Kes. 700,000.00.
 - iv. Other grants and Transfers: The only bursaries paid out were in relation to AIE A892537 of Kes. 5,500,000.00. The amount paid was Kes. 2,138,676.00. The other payment relates to Environment Project of Kes. 3,755,510.00. other payment delayed due to constitution of the committee chairperson.
 - v. Other Payments: ICT and Strategic Planning did not happen as funds were not available by close of the Financial Year due to delays in constituting the office of the Chairman of the CDPC, who was one of the signatory of the main bank account.
 - vi. The NGCDF-VOI Constituency financial statements were approved on 5/4/ 2019 and signed by:


 Fund Account Manager
 Name: Javan Mwandawiro
 ICPAK Member Number: 23656

05 APR 2019
 P. O. Box 168 - 80300,
 VOI


 Sub-County Accountant
 Name: Patricia Nguku



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-VOI 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.

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

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

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI
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

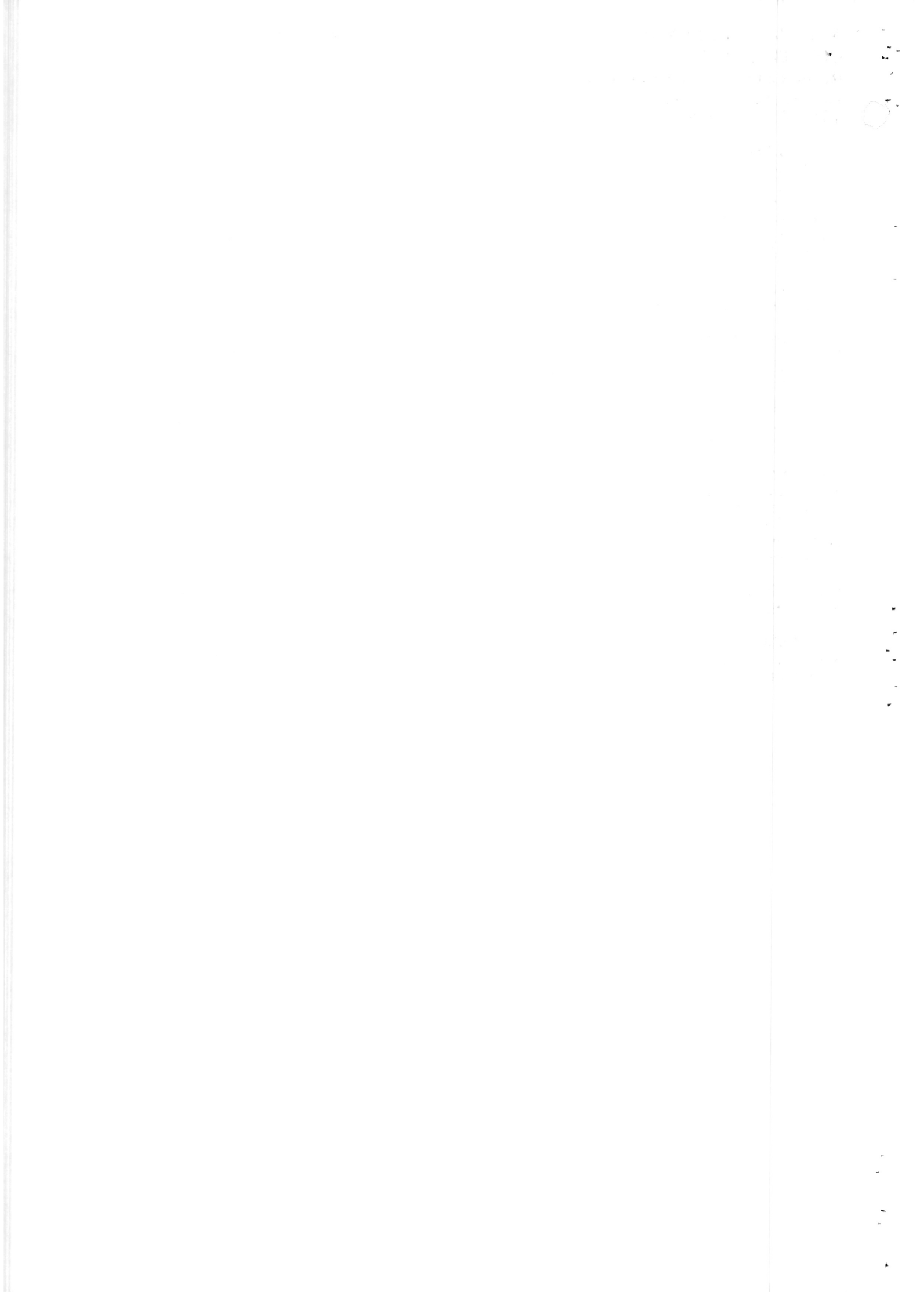
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations 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.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2018.

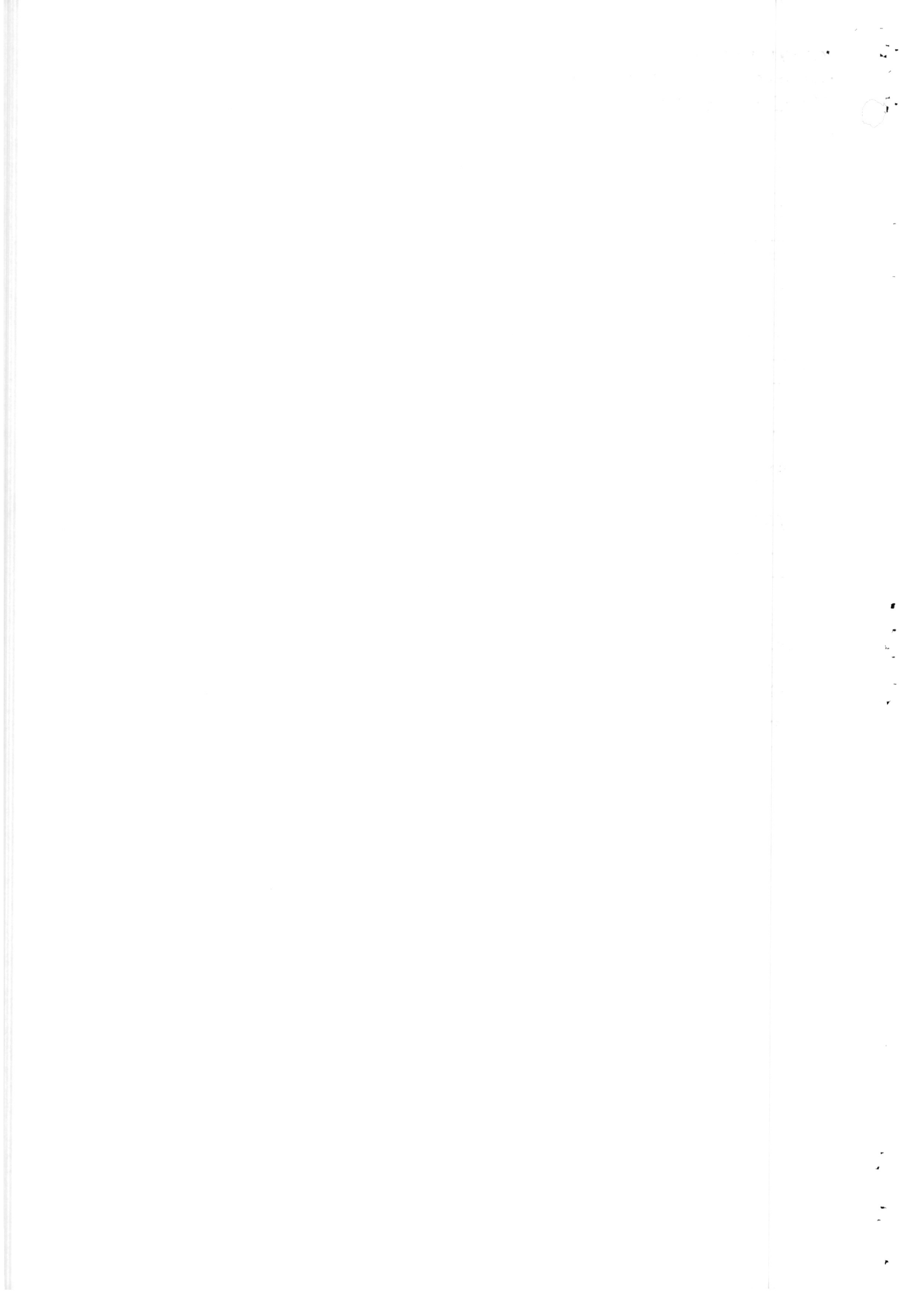
14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



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

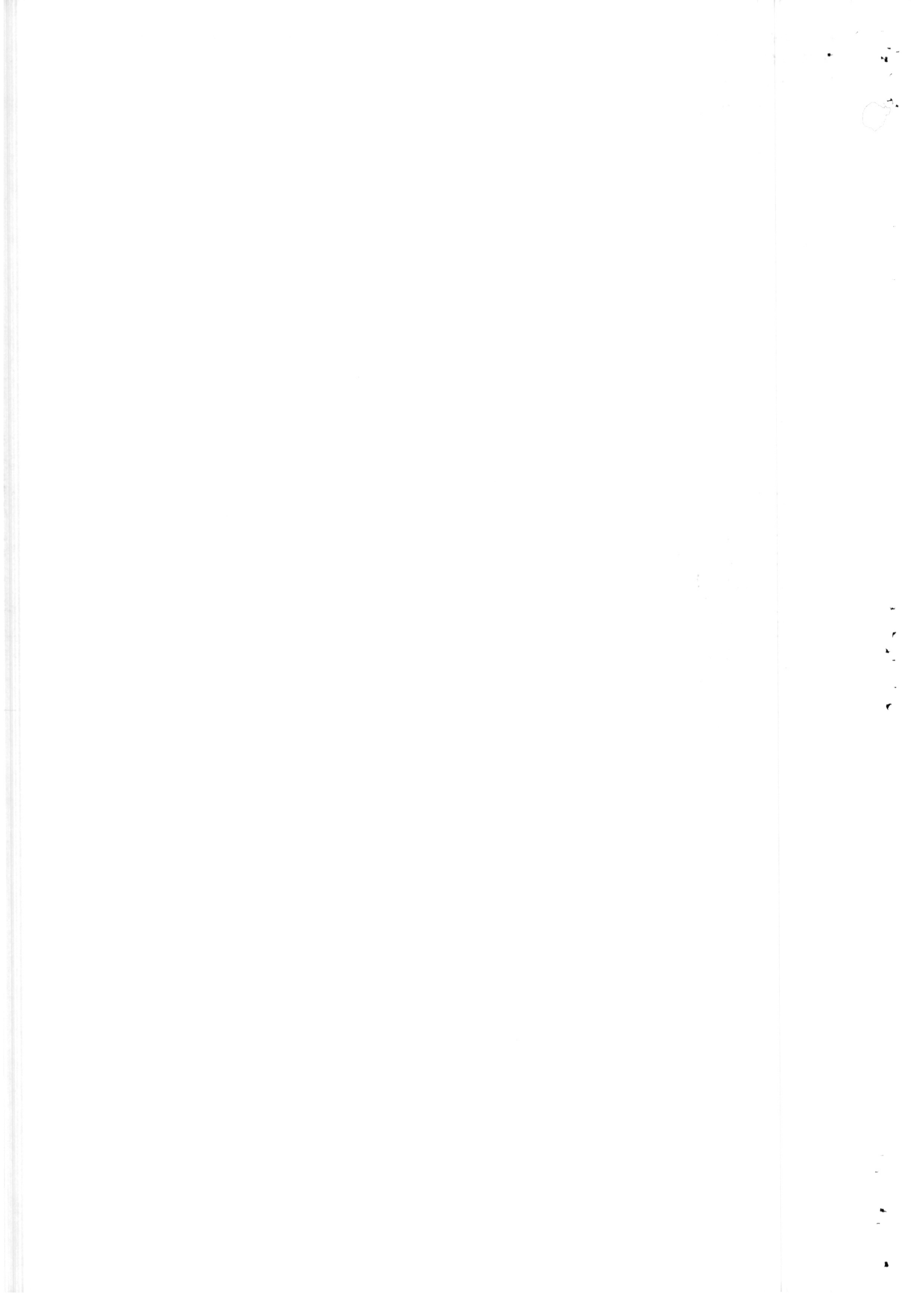
IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	AIE Number	2017-2018	2016 - 2017
		Kshs	Kshs
Normal allocation			
	A839529		4,094,828
	A829523		49,761,394
	A855107		36,853,449
	A855744		39,310,344
	A896875	37,905,172	
	A892537	5,500,000	
	A892751	1,637,931	
	A892688	4,117,579	
TOTAL		49,160,682	130,020,015

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 CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

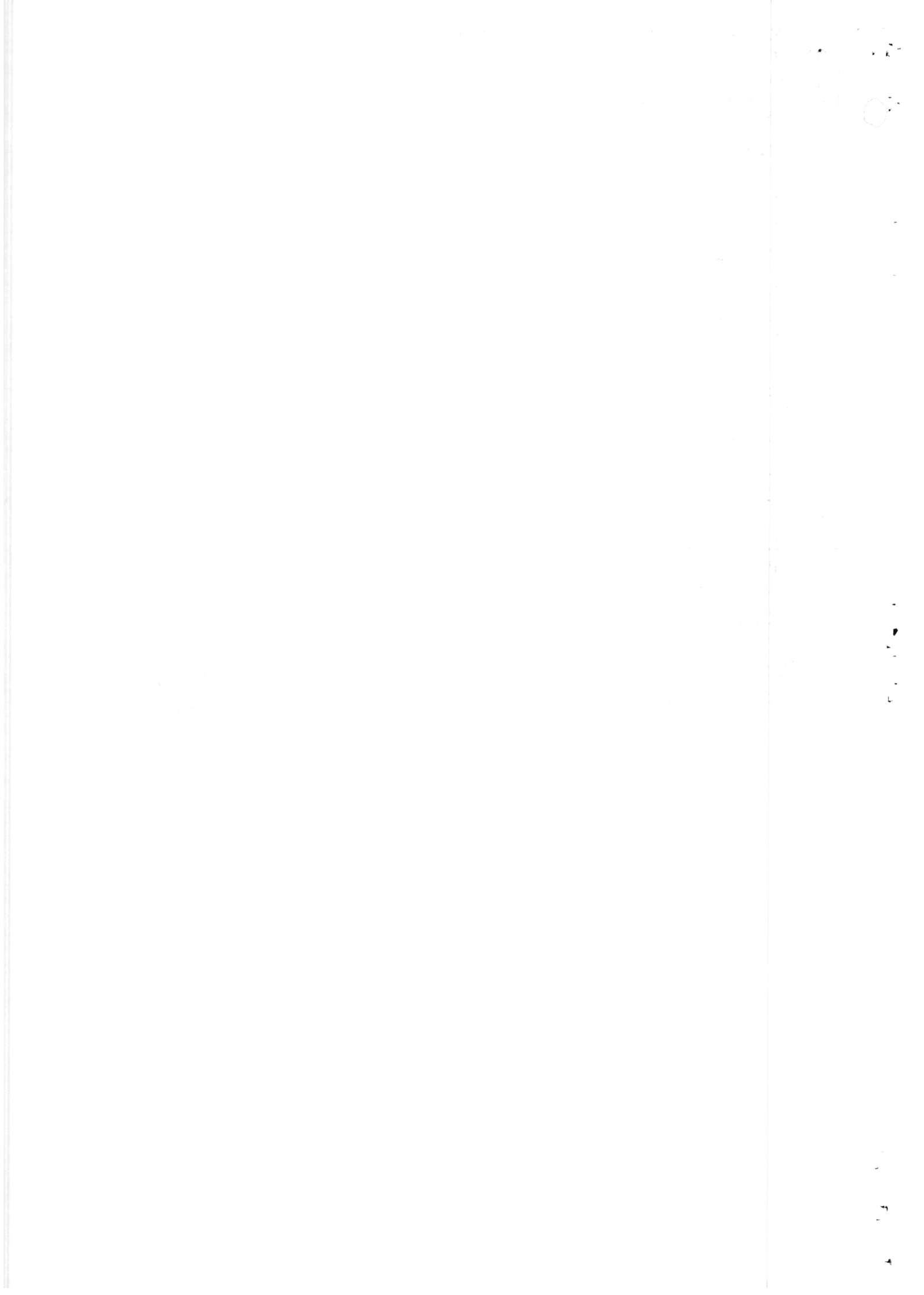
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	2,312,470	2,166,283
Basic wages of casual labour		24,000
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		89,904
Gratuity		-
Other personnel payments NHIF	63,100	89,460
Employer contribution to NSSF	168,696	158,820
Gratuity		-
Total	2,544,266	2,528,467



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

5. USE OF GOODS AND SERVICES

	2017-2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	165,867	3,239,482
Communication, supplies and services		-
Domestic travel and subsistence	118,560	126,300
Printing, advertising and information supplies & services		
Rentals of produced assets		-
Training expenses		
Hospitality supplies and services		-
Insurance costs		-
Fuel ,oil and lubricants		600,000
Office and general supplies and services		
Other operating expenses	12,325	
Routine maintenance – vehicles and other transport equipment	37,300	99,974
Routine maintenance – other assets		
Other committee expenses		
Committee allowances	2,527,000	9,453,012
Total	2,861,052	13,518,768



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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016- 2017
	Kshs	Kshs
Transfers to primary schools	700,000	28,820,362
Transfers to secondary schools	2,500,000	22,350,000
Transfers to tertiary institutions		43,926,699
Transfers to health institutions		
TOTAL	3,200,000	95,097,061

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016 - 2017
	Kshs	Kshs
Bursary – secondary schools	1,166,976	15,536,000
Bursary – tertiary institutions	971,700	6,105,973
Bursary – special schools		
Mock & CAT		
Water projects		2,000,000
Agriculture projects		
Electricity projects		
Security projects		7,105,582
Roads projects		
Sports projects		3,623,036
Environment projects	3,755,510	
Other Projects		1,600,000
Emergency projects		4,079,000
Total	5,894,186	40,049,591

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

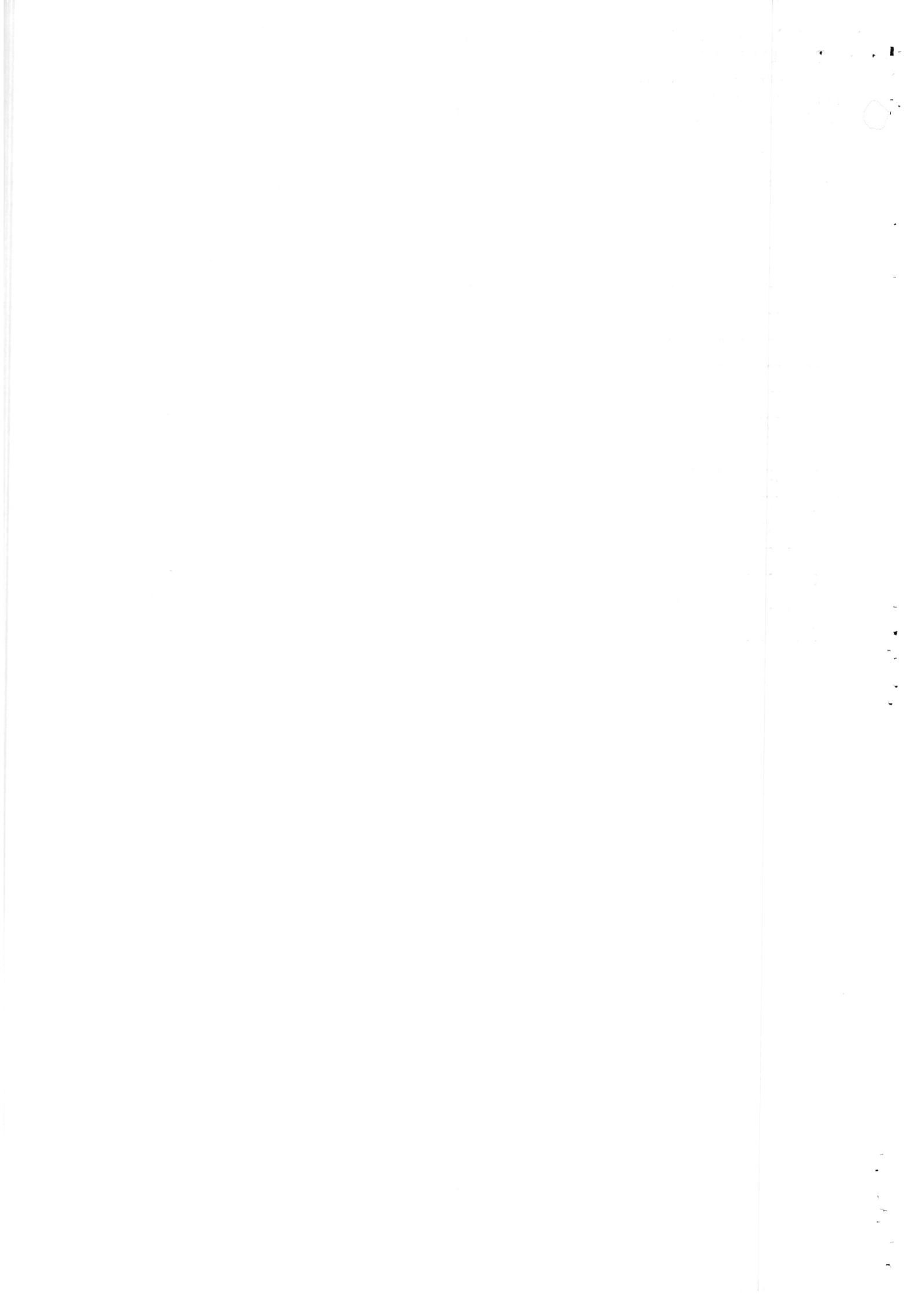
NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

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

9. OTHER PAYMENTS

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



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

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>Kenya Commercial Bank A/C 1104887819</i>	39,414,849	4,514,491
	-	-
	-	-
Total	39,414,849	4,514,491
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

11

MINISTRY OF GOVERNMENT CONTRACTORS DEVELOPMENT (MGCDF) FOR
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
Total				-

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

12 RETENTION

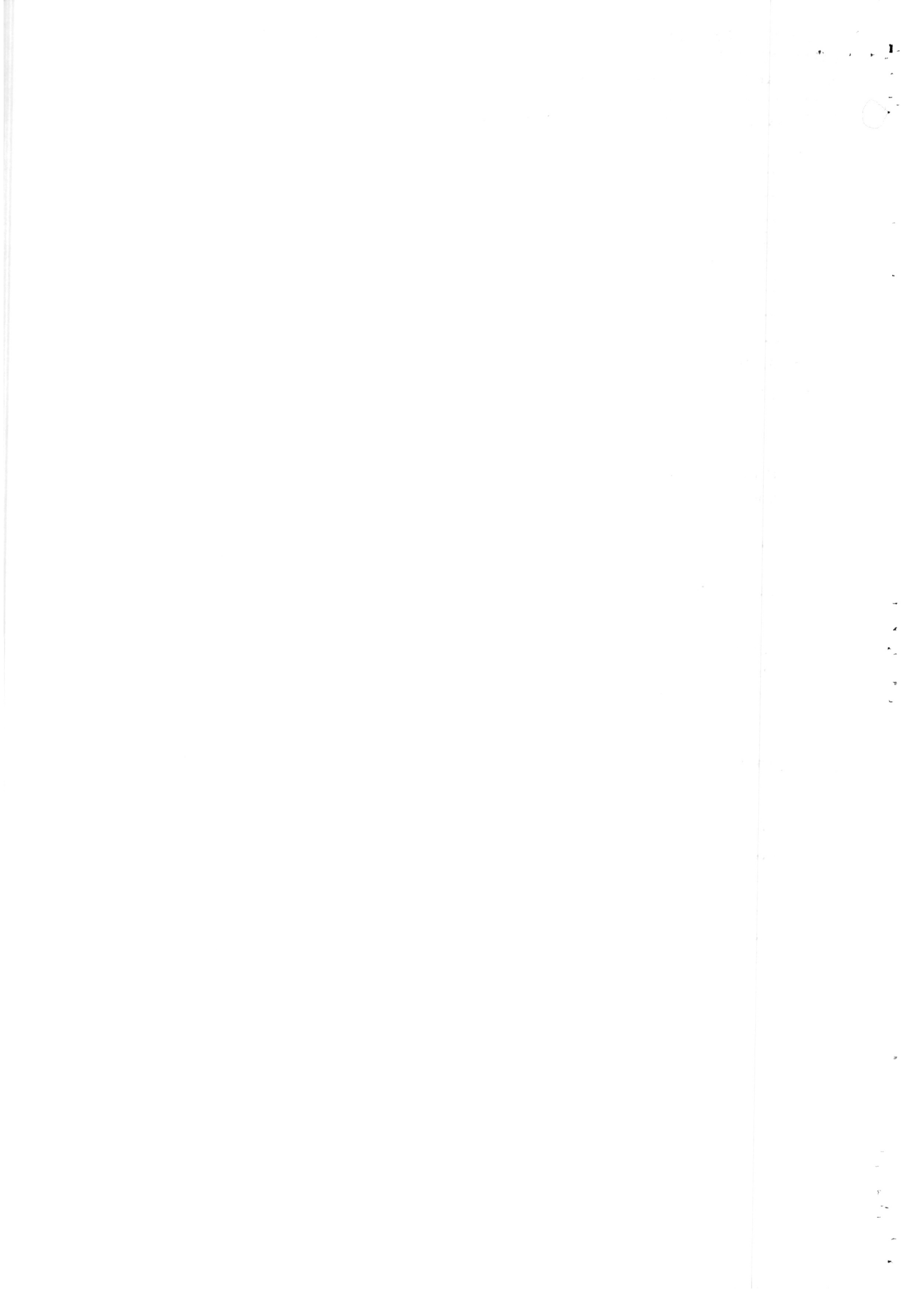
<i>Supplier / Contractor</i>	<i>PV No.</i>	<i>2017-2018</i>	<i>2016-2017</i>
		<i>Kshs</i>	<i>Kshs</i>
		-	-
Total			

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	<i>2017-2018</i>	<i>2016 - 2017</i>
	<i>Kshs</i>	<i>Kshs</i>
Bank accounts	4,514,491	25,688,363
Cash in hand		
Imprest		
Total	4,514,491	25,688,363

[Provide short appropriate explanations as necessary]



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017-2018	2016 - 2017
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	239,180	-
Imprest	-	-
Total	239,180	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

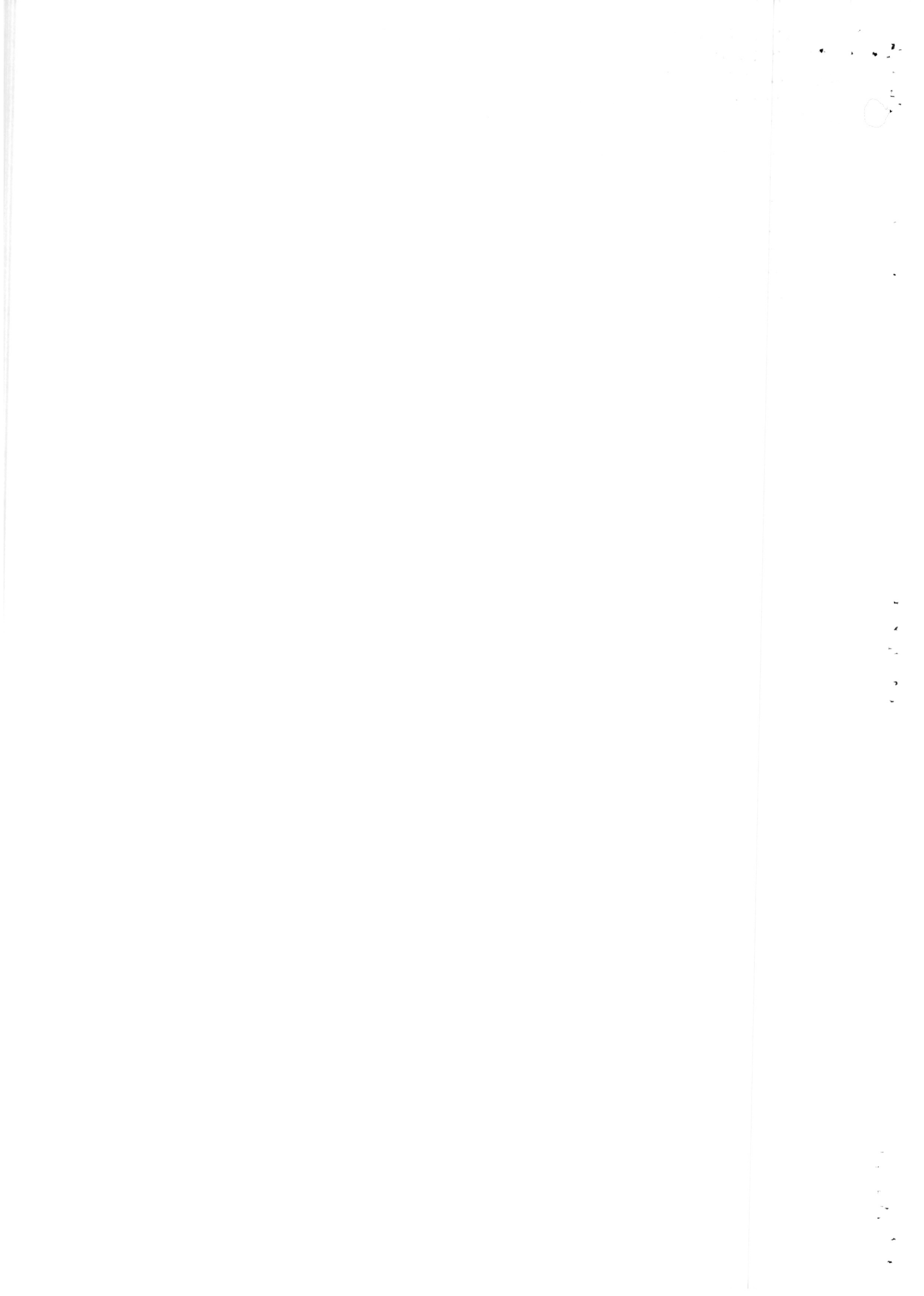
	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others	-	-
	-	-

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,452,228	-
Use of goods and services	3,245,726	-
Amounts due to other Government entities (see attached list)	38,703,800	-
Amounts due to other grants and other transfers (see attached list)	42,132,876	-
Acquisition of assets	-	-
Others (<i>strategic plan and ICT Hub</i>)	8,677,027	-
	94,211,657	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI
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Reports and Financial Statements

For the year ended June 30, 2018

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)	5,205,585	42,595,244
	5,205,585	42,595,244



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

ANNEX 3 –UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
	Compensation of employees	1,452,228		
	Use of goods & services	3,233,401		
	Amounts due to other Government entities			
	Transfers to primary schools	18,194,207		
	Transfers to secondary schools	13,980,000		
	Transfers to tertiary institutions	6,529,593		
	Sub-Total	38,703,800		
	Amounts due to other grants and other transfers			
	Bursary-Secondary schools	16,000,000		
	Bursary-Tertiary institutions	8,408,737		
	Environment project	1,000,000		
	Other projects	3,500,000		
	Emergency projects	5,137,932		
	Security projects	6,350,000		
	Sports projects	1,736,207		
	Sub-Total	42,132,876		
	Acquisition of assets			
	Others (specify)			
	Strategic plan	4,000,000		
	ICT Hub	4,677,027		
	Sub-Total	8,677,027		
	Grand Total	94,199,332		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

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				
Buildings and structures	15,000,000	-	..	15,000,000
Transport equipment	6,000,000	-	..	6,000,000
Office equipment, furniture and fittings	1,515,816	-	..	1,515,816
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	22,515,816	-	..	22,515,816

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

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Kizumanzi Primary School	KCB VOI	1168366372	25,854	455,329
Mlundinyi Primary School	Equity Voi	790264002096	431,829	1,400,000
Ndii Primary School	KCB	1210343037	237,567	5,230,754
Ikanga Primary School	KCB VOI	1104491052	51	500,000
Ndome Primary School	KCB VOI	1158664966	62,856	
Misharinyi Primary School	KCB VOI	1209650371	94	151,215
Wangala Primary School	Equity Voi	790265054167	1,125	214,210
Sasenyi Primary School	KCB VOI	1209655861	317	294,280
Mwambani primary school	Equity Voi	79026 6921 320	-	19,815
Sowa primary school	KCB VOI	1210467720	10,000	700,000
Zungulukani primary school	Equity Voi	0790 2944 94930	-	604,580
Mlondo Primary School	KCB VOI	1211151484	55	134,765
Gimba Primary School	Equity Voi	0790 271 592 587	167	1,007,321
Kambito Primary School	KCB VOI	1211204650	294,950	699,435
Imani Primary School	KCB VOI	1206395273	15,100	638,080
Priscillar Primary School	Co-op Voi	0113 922 049 7301	387	701,028
Tausa Primary School	KCB VOI	1208468537	65,109	699,435
Kirindinyi Primary School	KCB VOI	1202640532	2,734	87,235
Manyani Primary School	KCB VOI	1133453090	1,530	803,109
Mwakajo Primary School	KCB VOI	1210582538	140,275	500,000
New Marungu Secondary School	Equity Voi	07902 7116 0663	-	28,778
Mbele Secondary School	Equity Voi	0790 2712 59003	6,547	108,592
Kasigau Technical School	Equity Voi	0790 27124 1508	89,713	3,554,678
Voi Medical Training College	KCB VOI	1198527579	679,031	7,905,066
Voi Community Library	KCB VOI	1199597570	213,436	12,231,620
Ngolia Chiefs Camp	KCB VOI	1200045084	387	740,618
Mbololo Chiefs Office	KCB VOI	1209947935		21,320
Sagalla Chiefs Office	KCB VOI	1210357895	3,865	500,435
Marungu Chiefs Office	Equity Voi	0790 2728 18450	102,285	172,445
Kasigau Chiefs Office	Equity Voi	0790 2719 33776	1,380	1,380
Ghazi primary school	KCB VOI	1104444763	15,644	12,133

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI
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For the year ended June 30, 2018 (Kshs)

Mwakitawa primary school	KCB VOI	1104325225	209,664	792,919
Allan Mjomba Boys sec sch	Equity Voi	790262032763	50,798	590,835
Marungu Sec Sch	KCB VOI	1104667061	9,781	1,412,111
Kizumanzi Sec Sch	KCB VOI	1104670003	86,778	88,428
Jack Mwashimba Sec Sch	CO-OP VOI	1139221800201	1347	1,347
Kaloleni Girls sec sch	Co-op	1139222686400	91948	91,948
Buguta Secondary sch	KCB VOI	1144535816	184,057	
Kajire secondary sch	KCB VOI	1104419246	350,224	
CDF VOI Environment project	KCB VOI	1233194704	1,818,700	
TOTAL			5,205,585	42,595,244

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –VOI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
MSA/NGCDF/VOI/2016/2017/(2)	i) Misstated Financial statements	The financial statements were revised and all cross casting and casting errors were corrected.	Mr Javan Mwandawiro	Resolved	August 201
	ii) Unaccounted for supply of stationary.	The stores ledger were availed and all delivery and receipt.	Mr Evan Amuzi . Records Officer.	Resolved	August 201
	iii) Bank reconciliations, payments in cash book not in bank statement	All stale cheques were replaced and some reversed in the cashbook. The cash book has been updated	Mr Javan Mwandawiro	Resolved	August 201
	iv) PMCs bank account balances not disclosed	The omitted project account balance were availed	Mr Javan Mwandawiro	Resolved	August 201
	v) Unsupported expenditures	Bill of quantities and minutes, bank statements available.	Mr Javan Mwandawiro	Resolved	August, 201
	vi) Budget underutilisation	Under expenditure of budgeted items resolved	Mr Javan Mwandawiro	Resolved	August, 201
	vii) Un presented cheques	All project cheques have been presented and stale bursary cheques replaced	Mr Javan Mwandawiro	Resolved	August, 201

