

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

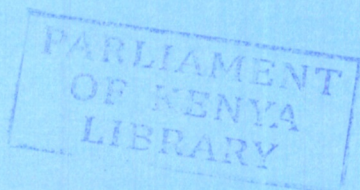


THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 31 JUL 2019

TABLED BY: Hon. Benjamin Ndeti (Majority Whip)

THE AUDITOR-GENERAL



REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
EMBAKASI NORTH CONSTITUENCY
FOR THE YEAR ENDED
30 JUNE 2018



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

REPORTS AND FINANCIAL STATEMENTS

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 = 00100, NAIROBI
20 SEP 2018

RECEIVED

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

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Core Values

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

(b) Key Management

The NGCDF Embakasi North 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	Leah Waithera Guchu
3.	Sub-County Accountant	Lois Kimuyu
4.	Chairman NGCDFC	Richard Mwangi Chuchu
5.	Member NGCDFC	Agnes Njeri Muthoni

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Embakasi North 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 EMBAKASI NORTH Constituency Headquarters

P.O. Box 66984-00200
Living goods Building,
Outer-ring Road
Nairobi, KENYA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

EMBAKASI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF EMBAKASI NORTH Constituency Contacts

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

(g) NGCDF EMBAKASI NORTH Constituency Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Equity bank ltd
Kenyatta Avenue
P.o Box 75104
NAIROBI
130026118717

(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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

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

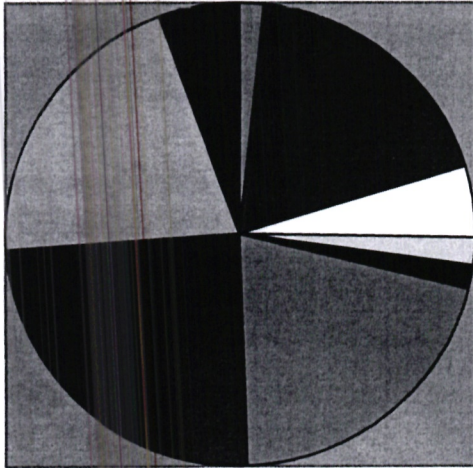
However there have been emerging issues like insecurity, political, economic, social, legal and global challenges influencing the implementation of NG-CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations. The NG-CDFCs wish that the issues of having the project on going for more than 2years be stopped. Our key focus during the financial year was mainly on security projects, bursary to needy students and education specifically primary schools infrastructure.

Table 1.1: showing allocation on comparative

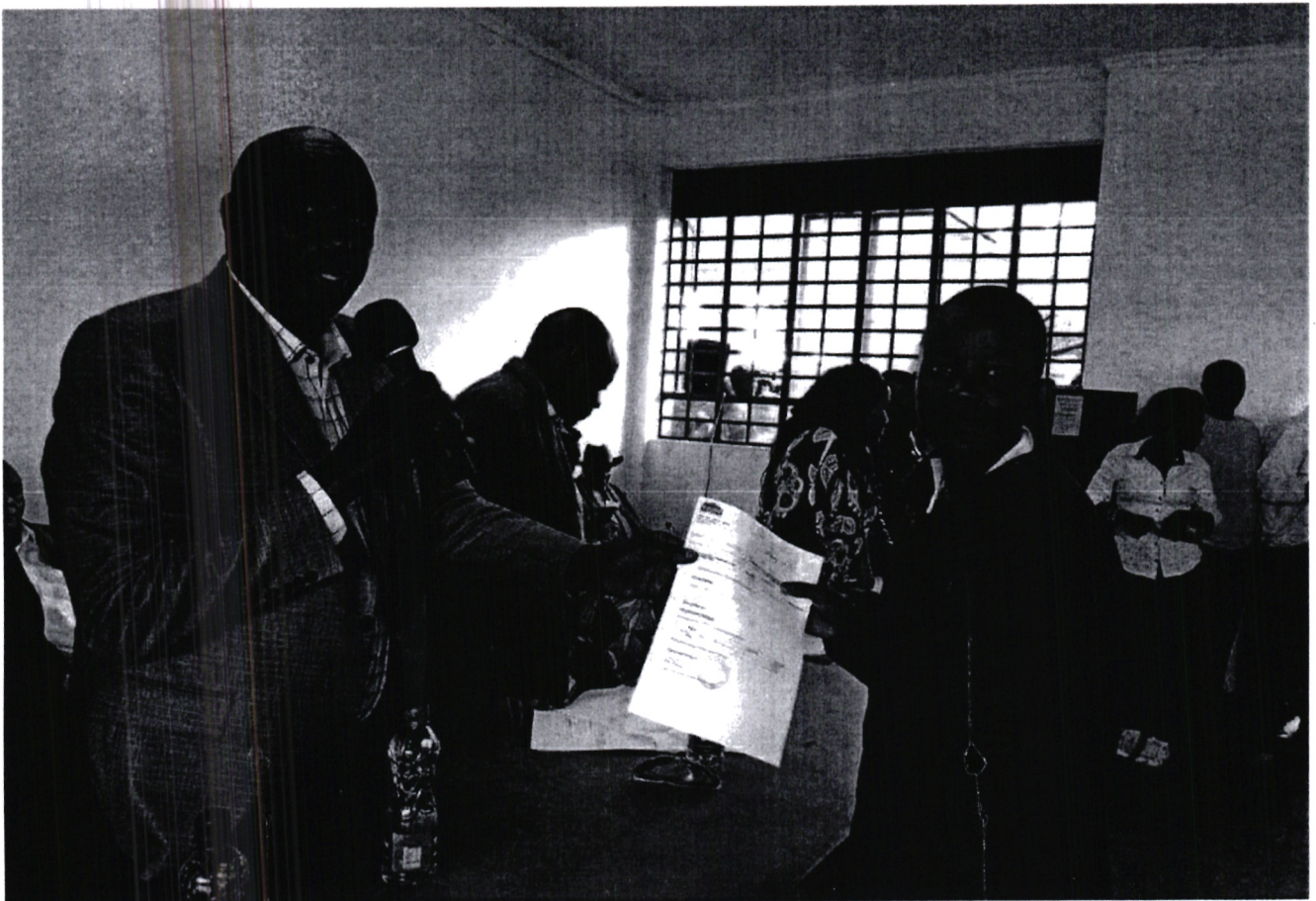
Financial year	Allocation	Disbursement within the financial year	Difference %
2016/2017	81,896,551.72	91,735,973	
2017/2018	86,810,344.82	84,353,447	2,456,897 (3%)
TOTAL	168,706,896	176,089,420	

Chart 1.1: Showing Funds Distribution

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



- M&E
- BURSARY
- EMERGENCY
- ENVIRONMENT
- SPORTS
- PRI SCH
- SEC SCH
- SECURITY
- ADMIN



EMBAKASI NORTH NG CDF BURSARY EVENT



DANDORA SECONDARY SCHOOL RECEIVES WATER TANKS

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

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



KARIOBANGI NORTH GIRLS RECEIVES A CHEQUE FOR SCHOOL BUS FUNDING

Sign

CHAIRMAN NGCDF 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.

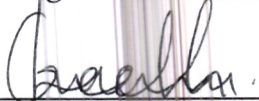
The Accounting Officer in charge of the NGCDF-Embakasi North Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June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

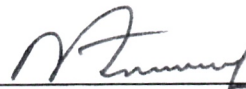
The Accounting Officer in charge of the NGCDF-Embakasi North Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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-EMBAKASI NORTH Constituency financial statements were approved and signed by the Accounting Officer on 20th Aug. 2018.



Fund Account Manager
Name: Leah W Guchu



Sub-County Accountant
Name: Alois Kimuyu
ICPAK Member Number: 8506

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi North Constituency set out on pages 9 to 33 which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flow 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 effects 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 - Embakasi North 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 the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Unsupported Emergency Projects Expenditure

The financial statements show that under other grants and transfers an amount of Kshs.4,392,000 was spent on emergency projects. However, no payment vouchers and related documents were provided in support of the expenditure. Therefore, it was not possible to confirm the validity of the expenditure or that the amount was used for the intended purposes.

2. Cash and Cash Equivalents

The statement of assets reflects bank balances of Kshs.25,562,234 under cash and cash equivalents. Further, bank reconciliation statement as at 30 June 2018 reflects unrepresented cheques totaling Kshs.3,100,553.04 which includes an amount of

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

Kshs.1,199,874 in respect of stale cheques. No reasons were given for failure to reverse stale cheques.

In addition, bank reconciliation statement reflects a receipt of Kshs.1,505,000 in the bank not recorded in cash book for which no explanation was given.

In the circumstances, the accuracy of cash and cash equivalents balances of Kshs.25,562,234 could not be ascertained.

3. Net Financial Position

The statement of assets as at 30 June 2018 reflects total financial assets balance of Kshs.25,562,234 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of assets shows net liabilities instead of the net financial position of Kshs.25,562,234.

Basis for Qualified Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Embakasi North 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 Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

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 Basis for 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.

1. Budgetary Control and Performance

In 2017/2018 financial year, Embakasi North NG-CDF had an approved budget of Kshs.142,313,645 which included adjustments of Kshs. 55,503,300 but the actual

expenditure was Kshs.61,966,926 or 44%, resulting in under expenditure of Kshs.80,346,719 or 56% of the total budget. In this regard the under expenditure implies that planned activities were not executed and thus resulting in lack of effectiveness in service delivery to the constituents.

Further, records show that an amount of Kshs.25,000,000 was initially budgeted for the rehabilitation of Tom Mboya playing ground, however, Kshs.20,000,000 was later reallocated to renovation of Tom Mboya Primary school and the balance of Kshs.5,000,000 to construction of a perimeter wall. No reasons were given for failure to incur the expenditure for the purpose which was initially intended.

2. Implementation of Non-budgeted Projects

Expenditure records in respect of other grants and transfers shows that an amount of Kshs.586,858.78 was paid for agriculture/marketing projects which were not among the projects approved by the NGCDF Board.

3. Projects Implemented Without the Input of Project Management Committees

During the year under review, Embakasi North NG-CDF management awarded and executed projects valued at Kshs.6,864,477 without involving the Project Management Committees (PMCs) contrary to Section 36 (1) and Section 57 of the National Government Constituency Development Fund Act, 2015.

4. Ushirika Secondary School

Examination of records revealed that a contractor among two others submitted bids for construction of an administration block and two classrooms at Ushirika Secondary School at a tender sum of Kshs.13,872,962. However, in unexplained circumstances, the contract was revised upwards and awarded to the same contractor at Kshs.15,691,490 resulting in excess variation of the tender sum and payment of Kshs.1,818,528 contrary to Section 139 (1) (a) of the Public Procurement and Disposal Act (2015)

The audit further revealed that the contractor was paid an amount of Kshs.1,021,450 in respect of electrical work which was not initially included in the bill of quantities without a variation order.

Although the form of tender was signed on 30 April 2015, other documents that forms the contract were not signed. Therefore, it was not possible to evaluate and determine the actual commencement date of the contract and the contract period.

In addition, payment vouchers in respect of the project were not provided for audit. As a result, the regularity and propriety of the expenditure could not be ascertained.

5. Dandora Secondary School

Examination of tender records in respect of Contract No. SCWO/EMB-N/CDF/1/2016-17 for construction of 240-meter perimeter wall for Dandora Secondary School revealed that the contract was awarded to a firm at Kshs.3,978,900 on 24 April 2017. However, the procurement process was not open, competitive and fair contrary to Article 227 (1) of the Constitution, 2010.

The works were to commence immediately and were scheduled to run for a period of twelve weeks but were instead extended to over a year. No recommendation or approval by an evaluation committee as well as certificate from the tenderer for justifications of extension of contract period was provided contrary to Section 139(2) (a) of Public Procurement and Assets Disposal Act, 2015.

The amount paid to the contractor totalling Kshs.4,999,980 exceeded the contract sum by Kshs.1,021,080 or 26%. This variation was not tendered for separately contrary to Section 139(6) of Public Procurement and Assets Disposal Act, 2015.

An audit inspection undertaken on 27 May 2019 revealed visible cracks on walls, the lower part of the walls was not plastered and columns were not uniformly distributed as some are more than four meters apart.

6. Proposed Construction of Kinyango Police Post at Dandora

Embakasi North NG-CDF awarded a contract for the proposed construction of Dandora Police Post to a contractor at Kshs.7,837,635 during 2015/2016 financial year. The scope of works included completion of prison cell, armory, roofing, tiles, plastering, painting and electrical works.

Examination of the project code list for 2017/2018 revealed that an amount of Kshs.5,000,000 had been paid to the Project Management Committee (PMC) for works done translating to 64% of the contract sum. However, bank statements for the PMC account, payment vouchers and related documents were not provided for audit review. As result, the regularity and propriety of the expenditure could not be ascertained.

An audit Inspection undertaken on 27 May 2019 revealed that the building was incomplete. Other anomalies observed included:

- (i) The contractor was not on site.
- (ii) Drainage works for the whole building had not been done.
- (iii) Armory was incomplete and its ventilation had not been done.
- (iv) Asian type toilets were fixed without determination of tile level and are therefore submerged.
- (v) Substandard toilet fittings which had broken down.
- (vi) A section of ceiling had fallen down.
- (vii) Incomplete inspection chambers (man hole) without covers.

7. Construction of a Perimeter Wall At James Gichuru Primary

A contract for construction of a 30-metre wall at James Gichuru primary school was awarded to a contractor at Kshs.587,830 during the financial year 2016/2017. Records show that Embakasi North NG - CDF had paid a total of Kshs.600,000 to the contractor

during the two subsequent financial years. However, contract documents, progress reports, site meeting minutes and payment vouchers were not provided for audit review.

An audit inspection conducted on 27 May 2019 revealed unsatisfactory matters as follows:

- (i) 15 meters only out of the 30-meter perimeter was constructed despite the contractor having been paid Kshs.600,000.
- (ii) Excavation of the entire foundation of the wall was not undertaken.
- (iii) Lack of physical evidence that new stone blocks and steel were used in the construction of the wall.

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, based on the audit procedures performed, except for the matters described in the Basis for 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 internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund – Embakasi North Constituency to sustain services, disclosing and as applicable matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

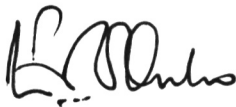
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituencies Development Fund- Embakasi North 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

18 June 2019

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**


Reports and Financial Statements

For the year ended June 30, 2018

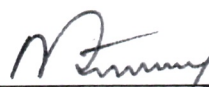
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	84,353,447	91,735,973
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		84,353,447	91,735,973
PAYMENTS			
Compensation of employees	4	1,115,964	2,046,677
Use of goods and services	5	5,513,046	8,528,025
Transfers to Other Government Units	6	30,522,819	27,561,226
Other grants and transfers	7	24,755,098	75,433,927
Acquisition of Assets	8	60,000	-
Other Payments	9	-	-
TOTAL PAYMENTS		61,966,926	113,569,855
SURPLUS/(DEFICIT)		22,386,521	(21,833,883)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI NORTH Constituency financial statements were approved on 20th Aug 2018 and signed by:



Fund Account Manager
Name: Leah W Guchu



Sub-County Accountant
Name: Alois Kimuyu
ICPAK Member Number: 8506

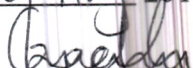
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

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

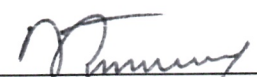
V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	25,562,234	25,009,600
Cash Balances (cash at hand)	10B		
Total Cash and Cash Equivalent		25,562,234	25,009,600
Current Receivables Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		<u>25,562,234</u>	<u>25,009,600</u>
FINANCIAL LIABILITES			
Current Payables			
Retention	12		
NET FINANCIAL POSITION		<u>25,562,234</u>	<u>25,009,600</u>
REPRESENTED BY			
Fund balance b/ fwd 1st July...	13	3,175,715	18,861,794
Surplus/Defict for the year		22,386,519	6,147,806
Prior year adjustments	14		
NET LIABILITIES		<u>25,562,234</u>	<u>25,009,600</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI NORTH Constituency financial statements were approved on 20th Aug 2018 and signed by:



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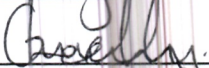
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

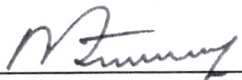
**Reports and Financial Statements
For the year ended June 30, 2018**

VI. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from NGCDF Board	1	84,353,447	91,735,973
Other Receipts	3	-	
		84,353,447	91,735,973
Payments for operating expenses			
Compensation of Employees	4	1,115,964	2,046,677
Use of goods and services	5	5,513,046	8,528,025
Transfers to Other Government Units	6	30,522,819	27,561,226
Other grants and transfers	7	24,755,098	75,433,929
Other Payments	9	-	-
		61,906,926	113,569,858
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		22,446,521	(21,833,885)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	
Acquisition of Assets	9	60,000	-
Net cash flows from Investing Activities		60,000	
NET INCREASE IN CASH AND CASH EQUIVALENT		22,506,521	(21,833,885)
Cash and cash equivalent at BEGINNING of the year	13	3,175,715	25,009,600
Cash and cash equivalent at END of the year		25,562,236	3,175,715

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI NORTH Constituency financial statements were approved on 20th Aug 2018 and signed by:


Fund Account Manager
Name: Leah W Guchu


Sub-County Accountant
Name: Alois Kimuyu
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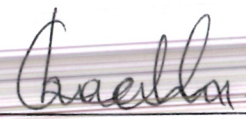
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	55,503,300	142,313,645	87,529,162	54,784,483	62%
Proceeds from Sale of Assets			-	-	-	-
Other Receipts			-	-	-	-
	86,810,345	55,503,300	142,313,645	87,529,162	54,784,483	62%
PAYMENTS						
Compensation of Employees	1,713,000	1,530,406	3,243,406	1,115,964	2,127,442	34%
Use of goods and services	6,099,931	1,223,952	7,323,883	5,513,046	1,810,837	75%
Transfers to Other Government Units	37,593,966	24,661,282	62,255,247	30,522,819	31,732,428	49%
Other grants and transfers	41,403,448	28,027,661	69,431,109	24,755,098	44,676,011	36%
Acquisition of Assets		60,000	60,000	60,000	-	100%
Other Payments			-	-	-	
TOTALS	86,810,345	55,503,300	142,313,645	61,966,926	80,346,719	44%

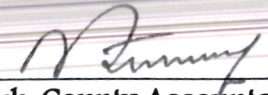
- (a) For the underutilization of funds during the financial year ending 30th June 2018, was due to late disbursement of funds from the NG-CDF Board. Under compensation of employees underutilisation is due to the yet disbursed gratuity of ksh 756,710 and the balances for up to December salaries. Transfers to other government entities and other grants underutilisation is due to the yet disbursed funds from the NG-CDF Board.
- i. The difference between the original and the final budget was brought about by the opening cashbook balance of Ksh 3,175,715 balance from the previous year's disbursement of Ksh 40,948,275 and an additional allocation of Ksh 11,379,310.34. These funds were available for utilization during the financial year hence the difference.
 - ii. Out of the allocation of Kshs. 98,189,655 in financial year 2017/2018, the Board disbursed Kshs.43,405,173 leaving a balance of Kshs.54,784,783 to be disbursed in the subsequent

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

The NGCDF-EMBAKASI NORTH Constituency financial statements were approved on 20th Aug 2018 and signed by:



Fund Account Manager
Name: Leah W Guchu



Sub-County Accountant
Name: Alois Kimuyu
ICPAK Member Number: 8506

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-EMBAKASI NORTH Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
NGCDF Board		
AIE NO		1,500,000.00
AIE NO		29,000,000.00
AIE NO		4,094,827.60
AIE NOA839587		20,287,696.00
AIE NOA855182		36,853,449.00
AIE NO.A855792	5,500,000	
AIE NO.A892551	40,948,275	
AIE NOA892941	20,000,000	
AIE NOA896796	17,905,172	
TOTAL	84,353,447.00	91,736,022.60

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
	1,115,963.70	1,081,631.60
Basic wages of contractual employees		
Basic wages of casual labour		
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
		951,045.72
Gratuity		
Other personnel payments		14,000.00
Total	1,115,963.70	2,046,677.32

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018 Kshs	2016-2017 Kshs
Committee Expenses	1,064,000.00	3,694,375
Utilities, supplies and services	-	300,000
Communication, supplies and services	53,000	150,000
Domestic travel and subsistence	115,000	180,000
Printing, advertising and information supplies & services		250,000
Office rent	1,500,000	900,000
	1,999,500.00	
Training expenses		2,903,305
Hospitality supplies and services	766,856	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	6,000	134,500
Other operating expenses	8,690	15,845
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets		-
		-
Total	5,513,046	8,528,025

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	26,113,793.10	4,099,960
Transfers to secondary schools (see attached list)	4,409,025.75	18,979,173
Transfers to tertiary institutions (see attached list)		0
Transfers to health institutions (see attached list)		4,482,093
TOTAL	30,522,818	27,561,226

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	9,400,000	16,000,000
Bursary – tertiary institutions (see attached list)	899,000.00	4,464,500
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	7,977,239.00	12,999,998.15
Sports projects (see attached list)	-	2,000,000
Environment projects (see attached list)	1,500,000.00	1,598,000
Emergency projects (see attached list)	4,392,000.00	2,661,799.89
Agriculture/markets project	586,858.78	11, 576,584
Roads		24, 133,046.6
Total	24,755,098	75,433,929.3

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH CONSTITUENCY**

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	60,000.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
	-	-
Total	60,000.00	-

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
TIVET	0	0
	00	00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
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>EQUITY BANK (K) LTD.</i>	25,562,233.46	3,175,714.76
<i>A/C NO.1300261118717</i>		
Total	25,562,233.46	3,175,714.76
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 CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH 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				00

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

12 RETENTION

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

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	<i>Kshs</i>	<i>Kshs</i>
Bank accounts (1/07/2018)	3,175,715	25,009,599
Cash in hand		
Imprest		
Total	3,175,715	25,009,599

[Provide short appropriate explanations as necessary]

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

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	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Staff salaries	-	-
Staff gratuity	464,690	292,020

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	2,127,442	-
Use of goods and services	1,810,837	-
Amounts due to other Government entities (see attached list)	31,732,428	-
Amounts due to other grants and other transfers (see attached list)	44,676,011	-
Acquisition of assets	-	-
Others (<i>specify</i>)	-	-
	80,346,719	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: FMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	35,548,391	17,933,267

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

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 ENTITY – EMBAKASI NORTH
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Outstanding Balance 2018	Outstanding Balance 2017	Comments
Staff salaries				
1.				
2.				
3.				
Sub-Total				
Staff gratuity				
Veronicah S Mui		148,800	62,000	
Priscillah Mlongo Mwangolo		130,200	54,250	
Maureen Wangeci Mugo		100,440	133,920	
Jacob Karobia Kariuki		46,500	41,850	
Nellus Wanjiru Njeri		38,750	-	
Sub-Total		464,690	292,020	
Grand Total		464,690	292,020	

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH

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

ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		2,127,442		
Use of goods & services		1,810,837		
Amounts due to other Government entities				
TOM MBOYA PLAYING GROUND		6,000,000.00		
KARIOBANGI NORTH PRI SCHOOL		2,100,000.00		
WANGU PRIMARY SCHOOL		300,000.00		
DANDORA PRIMARY SCHOOL		3,100,000.00		
RONALD NGALA PRI SCHOOL		300,000.00		
MARURA PRIMARY SCHOOL		900,000.00		
TOM MBOYA PRIMARY SCHOOL		5,193,965.50		
DANDORA GIRLS SEC SCHOOL		9,300,000.00		
KARIOBANGI NORTH GIRLS SEC SCHOOL		100,000.00		
USHIRIKA SECONDARY SCHOOL		923		
Sub-Total		31,732,428		

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Amounts due to other grants and other transfers				
KARIOBANGI NORTH AREA CHIEF'S OFFICE		1,000,000.00		
DANDORA 1 AREA CHIEF'S OFFICE		3,000,000.00		
DANDORA 2 AREA CHIEF'S OFFICE		3,000,000.00		
DANDORA 4/5 AREA CHIEF'S OFFICE		1,000,000.00		
CONSTITUENCY SPORTS		1,736,206.90		
ENVIRONMENT		1,738,206.90		
EMERGENCY		4,500,062		
BURSARY		8,832,051		
KINYANGO POLICE STATION		9,700,000		
KARIOBANGI POLICE STATION		26,950		
Sub-Total		44,676,011		

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Sub-Total				
Acquisition of assets				
Others (<i>specify</i>)				
Sub-Total				
Grand Total		80,346,719		

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH

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

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				
Transport equipment				
Office equipment, furniture and fittings	605,325	60000		665,325
ICT Equipment, Software and Other ICT Assets	604,000			604,000
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	1,209,3255	60,000		1,269,325

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH
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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Dandora Secondary PMC	Equity	0320272078524	1,590,590	3,999,435.70
Dandora Police Station PMC	Equity	0320272078714	5,000,787	2,999,435.70
Kariobangi North Primary School PMC	Equity	0320272052722	498,210	799,435.70
James Gichuru Primary School PMC	Equity	0320272107231	336,303	300,000.00
Dandora Primary School Project PMC-CBO	Equity	0320272107034	2,497,880	2,500,000.00
Kariobangi north girls sec school PMC	Equity	0320173527044	174,143	5,000,000
Dandora Girls secondary PMC	Equity	0320272199689	114,475	2,299,475
TOM MBOYA PRIMARY SCH PMC	Equity	0320264695245	25,336,003	35,485
Total			35,548,391	17,933,267

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

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)
	<p>1. Presentation and disclosures in the financial statements.</p> <p>The table of content show significant accounting policies and notes to the financial statements as page 2 and 26 respectively but the two items appear at page 10 and 12 respectively. In addition, the paging of the financial statements is not consistent in that page 1 appears twice, page 8 is not printed and page 11 appears 32 times. Consequently, the financial statements have not been presented in accordance with the guidelines issued by the Public Sector Accounting Standards Board.</p>	<p>It is true that the table of content show significant accounting policies and notes to the financial statements as page 2 and 26 respectively appear at page 10 and 12 respectively. It is also true that the paging of the financial statements is not consistent in that page 1 appears twice, page 8 is not printed and page 11 appears 32 times. However, I have taken the initiative to ammend the financial statement and corrected the numbering as attached in Annex 1</p>	<p>LEAH WAITHERA GUCHU</p>	<p>RESOLVED</p>	
	<p>1. Inaccuracies in the Financial Statements.</p> <p>The following differences were noted between balances in the financial statements and balances in the supporting</p>	<p>The financial statement for financial year 2016/2017 had a problem but was amended and is ready for review.As per</p>		<p>RESOLVED</p>	

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH
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For the year ended June 30, 2018 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																																
	<p>schedule:</p> <table border="1" data-bbox="213 853 707 2020"> <tr><td>Account Details</td></tr> <tr><td>Balances as per statement of rec</td></tr> <tr><td>Balance as per ledger (kshs.)</td></tr> <tr><td>Variance (understatement) (Kshs</td></tr> <tr><td>Variance (overstatement) (Kshs.)</td></tr> <tr><td>Transfer to other gov't entities</td></tr> <tr><td>27,561,226</td></tr> <tr><td>26,175,618</td></tr> <tr><td>1,385,608</td></tr> <tr><td>Bursary</td></tr> <tr><td>20,464,500</td></tr> <tr><td>11,880,000</td></tr> <tr><td>8,584,500</td></tr> <tr><td>Agriculture(market/bodaboda she</td></tr> <tr><td>11,576,585</td></tr> <tr><td>10,361,672</td></tr> <tr><td>1,214,913</td></tr> <tr><td>Roads</td></tr> <tr><td>24,133,047</td></tr> <tr><td>25,308,182</td></tr> <tr><td>1,175,135</td></tr> <tr><td>Environment</td></tr> <tr><td>1,598,000</td></tr> <tr><td>600,000</td></tr> <tr><td>998,000</td></tr> <tr><td>Emergency Projects</td></tr> <tr><td>2,661,800</td></tr> <tr><td>800,000</td></tr> <tr><td>1,861,800</td></tr> <tr><td>Use of goods and services</td></tr> <tr><td>8,528,025</td></tr> <tr><td>6,903,365</td></tr> </table>	Account Details	Balances as per statement of rec	Balance as per ledger (kshs.)	Variance (understatement) (Kshs	Variance (overstatement) (Kshs.)	Transfer to other gov't entities	27,561,226	26,175,618	1,385,608	Bursary	20,464,500	11,880,000	8,584,500	Agriculture(market/bodaboda she	11,576,585	10,361,672	1,214,913	Roads	24,133,047	25,308,182	1,175,135	Environment	1,598,000	600,000	998,000	Emergency Projects	2,661,800	800,000	1,861,800	Use of goods and services	8,528,025	6,903,365	attached. Annex I.			
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NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>1,624,660 Total 96,523,183 82,028,837 1,175,135 15,669,481</p>				
	<p>Consequently, the accuracy of the financial statements for the year ended 30 June 2017 cannot be confirmed. The audit was conducted in accordance with international standard of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Embakasi North Constituency management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in</p>				

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

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)
	accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.				
	<p>1. Projects Implementation</p> <p>1.1 failure to Adhere to Public Procurement Procedures</p> <p>Review of payment vouchers for major projects implemented during the year revealed that the Fund procured goods and works through request for quotations. Whereas the constituency had a list of pre-qualified suppliers and contractors, there was no evidence to show that the pre-qualification was carried out competitively as per Section 93(3) of the Public Procurement and Asset Disposal Act, 2015. It was further noted that the quotations were received</p>	<p>Embakasi North constituency used the prequalification list it had from the previous year i.e 2015/2016 where an advertisement was carried out. Basing on its findings very few companies had met the estimates from the engineers estimates carried out .Attached is the advertisement from the financial year 2015/2016 and the prequalification list.</p> <p>Annex II</p>		RESOLVED	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
	<p>from two bidders and in some instances only one bidder responded. Based on sample examination of payment records provided, goods and works worth Kshs. 56,563,928 were procured through request for quotations as detailed below;-</p>				

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Project Location</p> <p>Project Description</p> <p>Contractor name</p> <p>Contract Price</p> <p>Method of Procurement</p> <p>Kariobangi North Construction of super loaf extension road</p> <p>Prime nigel LTD</p> <p>2,300,000</p> <p>Use of quotations</p> <p>DandoraPhaselI Construction of Cinema road Phase II</p> <p>Tresmu investments LTD</p> <p>12,000,000</p> <p>Use of quotations, Only 2 bidders were received and evaluated.</p> <p>Kariobangi North Construction of Miwa road Mabaks enterprises</p> <p>2,498,000</p> <p>Use of quotations. Only 1 bidder was evaluated</p>	<p>39</p>			

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>1.1 Failure to withhold Retention money for projects</p> <p>Review of payment vouchers for the year under review revealed that certificates of works attached did not include retention money. Instead contractors were paid gross contract sum less 6% VAT. This implied that any defects arising will be rectified by project beneficiaries. Payments amounting to Kshs. 44,191,000 were made to contractors without withholding retention amounts. This practice may encourage sub-standard execution of works by the contractors. No explanation was received for this anomaly.</p>	<p>It is true that the payment vouchers documents revealed that the certificate of works did not include retention money and the NGCDFC were not aware that the retention had been excluded and realized that after the payment had already been made for the companies. However, upon notification of the said subject matter, correction was made to the engineer to include retention in all the payments.</p>		RESOLVED	
	<p>1.1 Payment for Non-existing and partly executed projects</p> <p>The fund paid Kshs.4,250,260.00 to Tresmu Investment Limited vide payment voucher number 95 dated 12 January 2017. The amount was meant for construction of staff quarters at Dandora 41 Health Centre. Our</p>	<p>It is true that the fund paid kshs. 4,250,260.00 to Tresmu Investment Limited via payment voucher number 95 dated 12 January 2017. However, it is not true that existence of the project was never implemented. The project is already in existence and ready</p>		RESOLVED	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>efforts to confirm the existence of the project did not bear fruits since the management confirmed that the project was never implemented due to lack of appropriate site</p>	<p>for site visits to the auditors at their own time. For the Administration Police Road Project, the said project was done in different financial years. I.e. 14/15 and 15/16. The activities were also different and each year was allocated its own amount of money. As attached in Annex III. For James Gichuru Primary School it is true that the management of the school confirmed receipt of 60 desks with the balance of 40 desks not accounted for. This is because the allocated amount was not enough hence the project is still ongoing and will be factored in the 2018/2019 financial year. For Dandora Girls Secondary School it is also true that the management of the school confirmed</p>			

NATIONAL GOVERNMENT ENTITY – EMBAKASI NORTH
 Reports and Financial Statements
 For the year ended June 30, 2018 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the absence of proper explanation from management, it is not possible to ascertain whether the expenditure referred was a proper charge to public funds</p>	<p>receipts of 100 desks with the balance of 50 desks not accounted for. This is because the allocated amount was not enough hence the project is still ongoing and will be factored in the 2018/2019 financial year. Purchase of 150 black boards was also not confirmed. This is because most classrooms were locked since it was on a school holiday. The auditors are welcome for auditing at the site. It is not true that the said road is Wangu road but Wagathagu road. As the attached Payment voucher. Annex IV.</p>			
	<p>1.2 Implementation of substandard projects Physical verification of road projects revealed that most of the roads implemented during</p>	<p>The said projects above were implemented in the financial year 2014/2015 and immediately after they started being in use by</p>		RESOLVED	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the year under review were still in bad state. Some of the access roads said to have been maintained had deep troughs with no evidence of drainage works done as indicated in the Bills of Quantities. Projects with a total contract sum of Kshs.9,397,437 were not done to expected standard. These projects involved;</p> <ul style="list-style-type: none"> i) Construction of super loaf extension road ii) Construction of Miwa road iii) Construction of GitariMaringo/kinyago road iv) Construction of Marphic road <p>As at the time of verification Nairobi City County had also engaged another contractor to carry out rehabilitation works on the GitariMaringo/ Kinyago road as per project board on site. Consequently, the constituents did not obtain value for money spent in the four road projects.</p>	the motorists.			
	1.1 Variation between contract price and value of works	Initially the whole project was for kshs. 10,000,000.00. It is		RESOLVED	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>certified</p> <p>The constituency engaged Hunyu Bush Clearing and Nurseries to install seven high must floodlights in Dandora. According to the copy of Local Purchase Order No. A583560 attached to the payment, the works were to be executed at a contract price of Kshs.10,000,000. Value of work executed as per statement of payment dated 30 September 2016 attached to the payment vouchers was Kshs. 7,999,997. The contractor was paid 7,999,997 vide payment voucher No. 088. The variation of Ksh 2,000,003 between the LPO value and the value of works executed and certified has not been explained. Further there was no disclosure of any pending amount payable to the contractor as at 30 June 2017. Consequently, it is not clear whether the contract was executed as per the Bill of Quantity.</p>	<p>true that the contractor was paid kshs. 7,999,997.00 This is because the remaining amount of kshs. 2,000,000.00 was reallocated. As attached in Annex V.</p>			
	<p>1.1 Un-supported Sports Equipment</p> <p>The constituency purchased sports</p>	<p>It is true that the constituency purchased sports equipment worth</p>		RESOLVED	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>equipment worth KSH.2,000,000 during the year under review. The management explained that the equipment was distributed to various teams within the constituency. However evidence of the quantity distributed and details of the teams which received the equipment was not provided. Consequently, it was not possible to confirm whether the equipment reached the intended beneficiaries</p>	<p>Ksh.2, 000,000 and the equipment was distributed to the various teams within the constituency. Attached are the photos for the sports tournament. Annex VI</p>			
	<p>1. Budget and Budgetary Control</p> <p>The fund had an approved allocation of Kshs.81, 896,552 for the year under review.. Opening bank balance at the beginning of the year as per the constituency records was Kshs. 25,000,600. The constituency received kshs. 50,787,696 being allocation of previous financial years not disbursed as at beginning of 2016/17 financial year and Kshs. 40,948,275 for 2016/17 financial year. Consequently allocation of kshs. 40,948,275 for 2016/17 financial</p>			RESOLVED	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)				
	<p>year was disbursed at close of the financial year. Further, the list of specific project to be implemented using the opening cash balance of ksh. 25,000,600 and disbursements for the previous years of kshs.50,787,696 wasnot provided in order to track implementation of previous years'budgets. In addition, the following anomalies were noted in budget implementation;</p>								
	<p>the following projects with a total budgets of Kshs. 32,761,833 were implemented at a total cost of Kshs.22,297,552 resulting to under-expenditure of Kshs.10,464,282 as detailed below;</p> <table border="1" data-bbox="183 1456 678 1892"> <thead> <tr> <th data-bbox="183 1456 502 1512">Project Location</th> <th data-bbox="502 1456 678 1512">Budgeted (kshs.)</th> </tr> </thead> <tbody> <tr> <td data-bbox="183 1612 502 1892">Dandora Sec. SchUshirika Sec Sch. DandoraPriSchKari obangi North Pri Sch. And Kariobangi North</td> <td data-bbox="502 1612 678 1892">1,000,000</td> </tr> </tbody> </table>	Project Location	Budgeted (kshs.)	Dandora Sec. SchUshirika Sec Sch. DandoraPriSchKari obangi North Pri Sch. And Kariobangi North	1,000,000	<p>Embakasi North Constituency received all the funds in three installments. The first allocation amounting to kshs. 4,094,827.60 AIE NO. A759747 dated 5/10/2016 and the second one was kshs. 36,853,449.00 AIE NO. A855205 dated 11/01/2017. The third was kshs. 25,000,000.00was received on 17/04/2018 as an additional codelist. This was due to delayed disbursement from the CDF board. ANNEX</p>		RESOLVED	
Project Location	Budgeted (kshs.)								
Dandora Sec. SchUshirika Sec Sch. DandoraPriSchKari obangi North Pri Sch. And Kariobangi North	1,000,000								

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Sec Sch.</p> <p>Embakasi North Constituency 19,474,137</p> <p>Construction of bodaboda and market shades</p> <p>Total 32,761,833</p>	<p>VII</p> <p>11,880,000</p> <p>22,297,552</p>	<p>7,594,137</p> <p>10,464,282</p>		
	<p>1.1 Over- Expenditure</p> <p>Three projects with a total budget of Kshs. 6,000,000 were implemented at a total cost of Kshs 10,097,591 resulting to over- expenditure of Kshs. 4,097,591 as detailed below;</p>	<p>There was an overexpenditure of the said projects above due to reallocations of the projects.As attached in Annex VIII</p>		RESOLVED	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Project Location</p> <p>Budgeted Amount (kshs.)</p> <p>Actual Amount Spent (kshs.)</p> <p>Over-Exp (kshs.)</p> <p>Ushirika Secondary School- Completion of schools administration block</p> <p>2,000,000</p> <p>4,999,994</p> <p>2,999,994</p> <p>Rehabilitation of GitariMaringo road</p> <p>2,000,000</p>				

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2,598,841</p> <p>598,841</p> <p>Rehabilitation of Miwa road</p> <p>2,000,000</p> <p>2,498,756</p> <p>498,756</p> <p>6,000,000</p> <p>10,097,591</p> <p>4,097,591</p> <p>No approvals or explanation was provided for the over expenditure.</p>				
	1.1 Payments made	For the Administration Police Road Project		RESOLVED	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)								
	<p>Without Budgetary Provision</p> <p>The following projects totaling Kshs. 5,392,837 did not have budgetary allocation during the year review.</p> <table border="1" data-bbox="188 869 683 1848"> <thead> <tr> <th data-bbox="199 929 502 974">Project Description</th> <th data-bbox="199 1052 630 1097">Actual Amount spent (kshs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="199 1176 622 1220">Construction of staff quarters</td> <td data-bbox="199 1299 351 1344">4,482,092</td> </tr> <tr> <td data-bbox="199 1422 598 1467">Rehabilitation of Wangu road</td> <td data-bbox="199 1545 327 1590">910,745</td> </tr> <tr> <td data-bbox="199 1668 287 1713">Total</td> <td data-bbox="199 1792 351 1836">5,392,837</td> </tr> </tbody> </table>	Project Description	Actual Amount spent (kshs)	Construction of staff quarters	4,482,092	Rehabilitation of Wangu road	910,745	Total	5,392,837	<p>,the said project was done in different financial years. I.e 14/15 and 15/16.The activities were also different and each year was allocated its own amount of money. As attached in Annex III. It is not true that the said road is Wangu road but Wagathagu road. As the attached Payment voucher.Annex IV.</p>			
Project Description	Actual Amount spent (kshs)												
Construction of staff quarters	4,482,092												
Rehabilitation of Wangu road	910,745												
Total	5,392,837												

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	No explanation has been received for this anomaly				
	<p style="text-align: center;">1.1 Non-implemented projects</p> <p>Projects included in the approved budget with a total budget of Kshs. 4,600,000 had not started as at the time of audit as detailed below;</p>	<p>i) It is true that the budgeted figure for the constituency received the balances after the financial year. The issue of party nominations and August 2017 general elections greatly affected the disbursement of the funds due to political interference since the CDFC members were dissolved.</p> <p>ii) For the payment of examination of preparation of papers to secondary school. It could not take place due to the political</p>		RESOLVED	

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	<p>Project Location</p> <p>Project Description</p> <p>Budgeted Amount (kshs.)</p> <p>Embakasi North Constituency</p> <p>Payment of examination preparation of papers to secondary schools</p> <p>1,000,000</p> <p>Kariobangi North PriSch</p> <p>Construction of perimeter wall</p> <p>800,000</p> <p>Wangu Primary School</p>	<p>interference of the election period of August 2017</p>			

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	<p>Renovation of perimeter wall, purchase of 200 classroom desks</p> <p>300,000</p> <p>Dandora Primary School</p> <p>Construction of classroom block</p> <p>2,500,000</p> <p>Total</p> <p>4,600,000</p>				
	<p>Consequently, budget and budgetary controls were not adhered to.</p>				
	<p>2. Underpayment of compensation of</p>	<p>It was true that there were inconsistencies</p>		<p>RESOLVED</p>	

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	<p>Employees</p> <p>The statement of receipts and payments reflects total expenditure on compensation of employees of kshs. 2,046,677.32. However, tabulation of monthly payments reveals inconsistencies on monthly payments with the months of July to January 2017 having a monthly employee costs of kshs. 112,041 and kshs. 90,199 from February to June 2017. No explanation was provided for the decrease in employee costs. Further, and as noted in the previous year, examination of employee records revealed that the management were not adhering to CDF Board/ Circulars/ Vol 1.1/166 as analyzed below;</p>	<p>on monthly payment within the month of July to January 2017 having a monthly employee costs at Ksh.112, 041. This is because one of the employees named Peter Njoroge requested for termination of his contract. (Annex... It is also true that there were inconsistencies from February to June 2017 at 90,199. This is because there was non-renewal of contract to Mr. Jacob Karobiaa. Hence leading to reduction The employees' salaries was increased after their new contracts were amended form January 2018. Annex X</p>			

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	<p>month Payroll Amount (kshs) Approve rates (kshs.) Under payment (kshs.)</p> <p>July 112, 041 142,551 52,352</p> <p>August 112, 041 142,551 52,352</p> <p>September 112, 041 142,551 52,352</p> <p>October 112, 041 142,551 52,352</p> <p>November 112, 041 142,551 52,352</p> <p>December 112, 041 142,551 52,352</p> <p>January 112, 041 142,551 52,352</p> <p>February 90,199</p>				