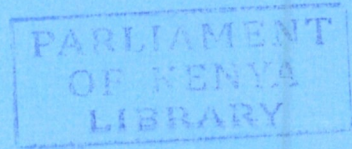


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
REPORT

OF



THE AUDITOR-GENERAL


ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BOMET EAST CONSTITUENCY

FOR THE YEAR	
ENDED 30 JUNE 2018	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2019	DAY.
TABLED BY:	
CLERK OF PARLIAMENT:	





 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUL 2019	
DAY: Wednesday	
TABLED BY:	Hon. Aden Duale (LOM)
CLERK-AT THE TABLE:	Halima Ahmed



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOMET EAST
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**BOMET EAST CONSTITUENCY
DEVELOPMENT FUND**
28 AUG 2019
**FUND ACCOUNT MANAGER
P.O. Box 130 LONGISA**

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE NGCDF COMMITTEE CHAIRMAN	4
III. STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES	7
IV. STATEMENT OF RECEIPTS AND PAYMENTS	8
V. STATEMENT OF ASSETS AND LIABILITIES	9
VI. STATEMENT OF CASHFLOW	10
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	11
VIII. SIGNIFICANT ACCOUNTING POLICIES	13
IX. NOTES TO THE FINANCIAL STATEMENTS.....	15

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

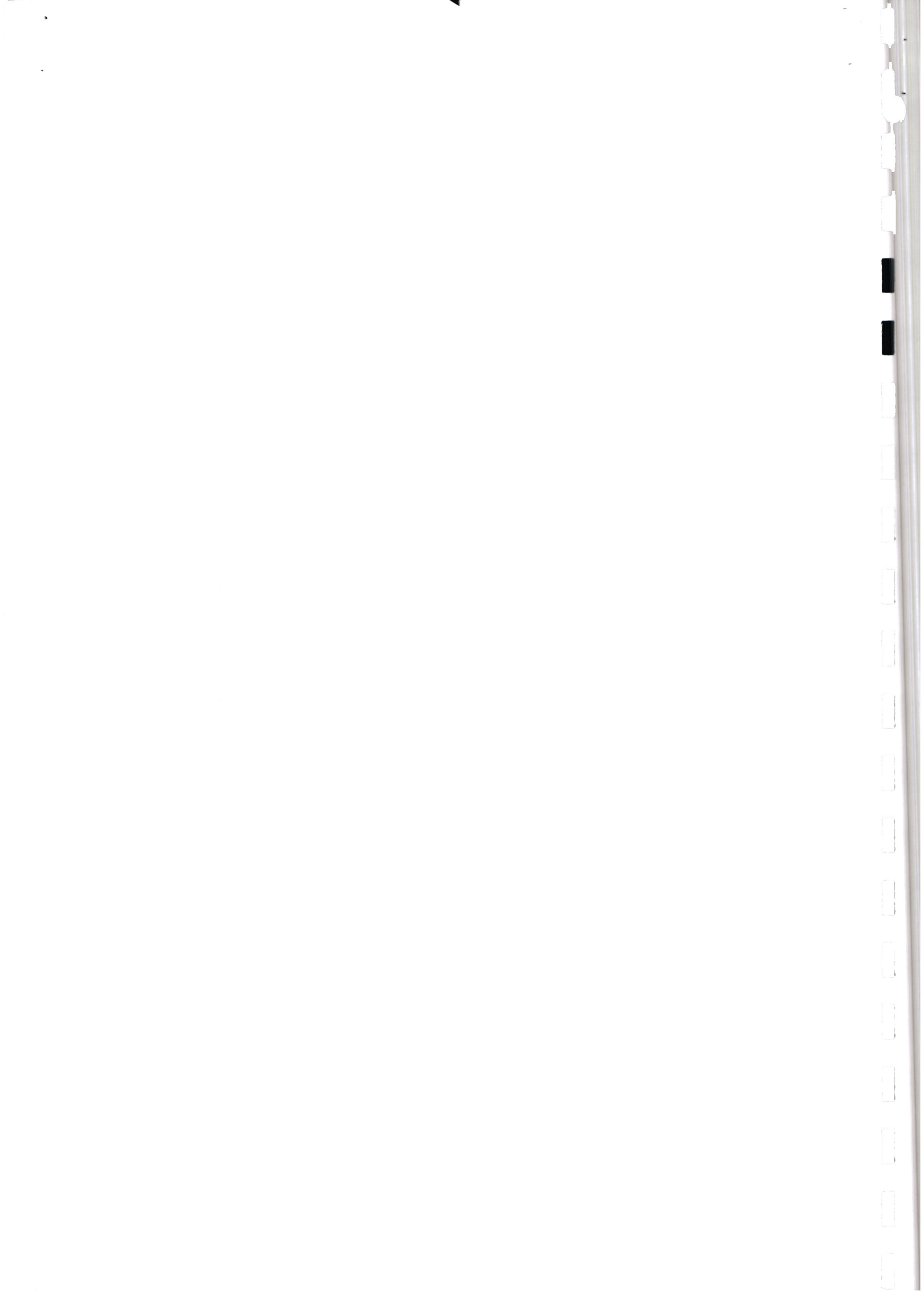
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide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

Vision

Equitable Socio-economic development countrywide

Mission

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



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

Core Values

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

(b) Key Management

The NGCDF BOMET EAST 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	LEMARIMPE PARSUMPAT
3.	Sub-County Accountant	KIPRONO SOI
4.	Chairman NGCDFC	PST.DAVID WAITAGE
5.	Member NGCDFC	CHERUIYOT LANGAT

(d) Fiduciary Oversight Arrangements

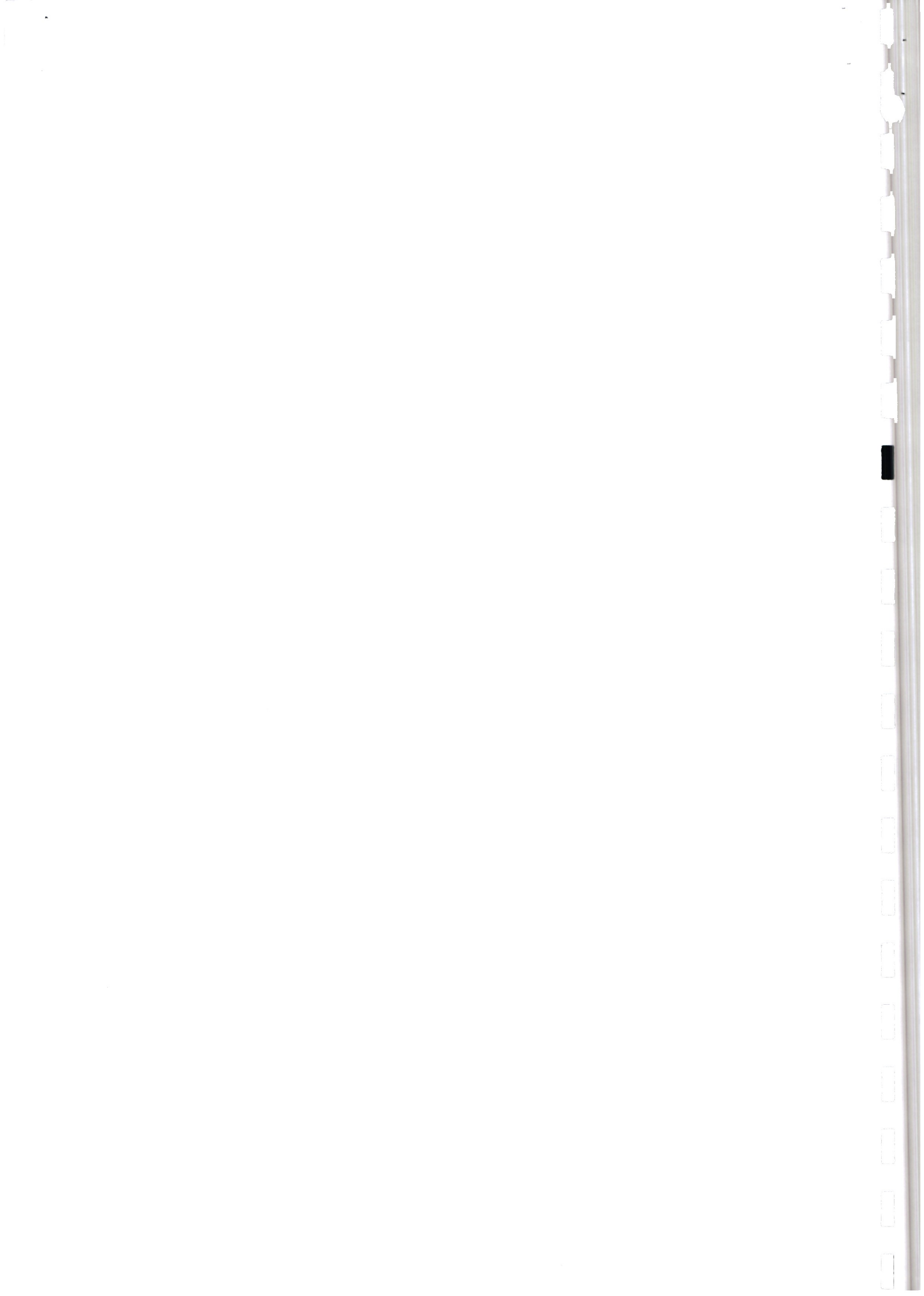
The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -BOMET EAST Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) NGCDF BOMET EAST Constituency Headquarters

P.O. Box 130 20402
NG-CDF Building/House/Plaza
BOMET NAROK Avenue/Road/Highway
Bomet, KENYA

(f) Bomet East NG-CDF Headquarters

P.O Box 130 20402
Longisa-Kenya



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

(g) Bomet East NG-CDF Contacts

cdf.bometeast@cdf.go.ke
Website :www.ng-cdf.go.ke

(h) Bomet East NG-CDF Banker

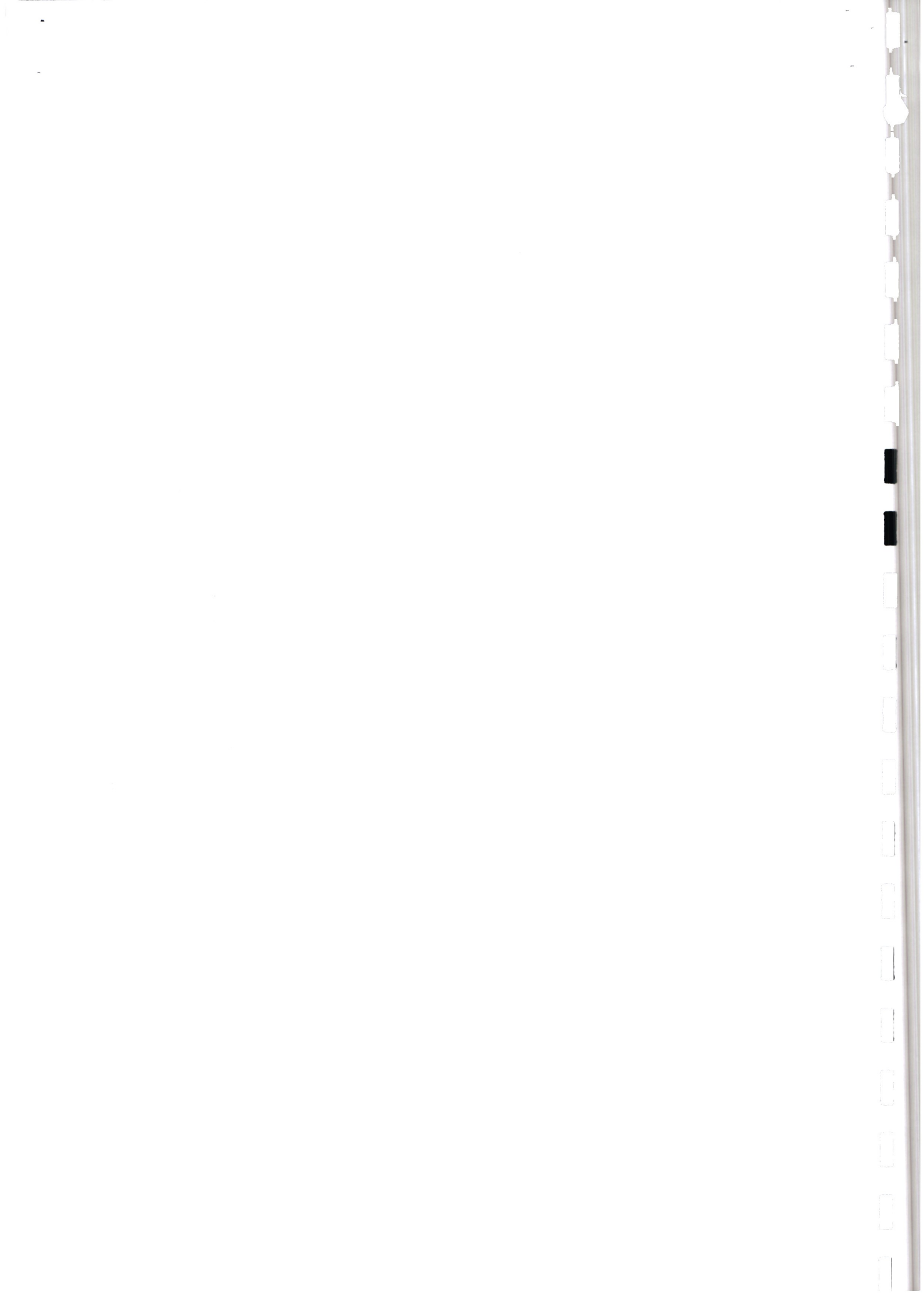
Equity Bank
Bomet

(i) Independent Auditors

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

(j) 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 Bomet East National Government Constituency Development Fund in the financial year 2017/18 received Kshs.43,405,172 from the National Government Constituency Development Fund Board. During the financial year Kshs.46,586,573 was spent which included funds brought forward from the financial year 2016/17. Budget utilization was 39.1%, this was due to late disbursement of funds. A total of Kshs.25,565,100 was allocated to bursaries for needy students in the constituency. Bomet East National Government Constituency Development Fund is eagerly waiting for the final disbursement of funds from the board so that we can be able to complete projects for financial year 2017/18.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of National Government Constituency Development Fund project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals, inappropriate project management skills, lack of community involvement, and reallocations and accountability were the major factors that challenged the implementation.

Bomet East National Government Constituency Development Fund is fully committed to ensure that projects are funded in one phase i.e from start to completion so that the community can get value for their taxes and also to adhere to the presidential directive that all ongoing projects within the country should be completed.

We look forward to better performance in the next financial year 2018/19.
Below are some of the projects' pictorials



Figure 1 KIROMWOK SECONDARY SCHOOL

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

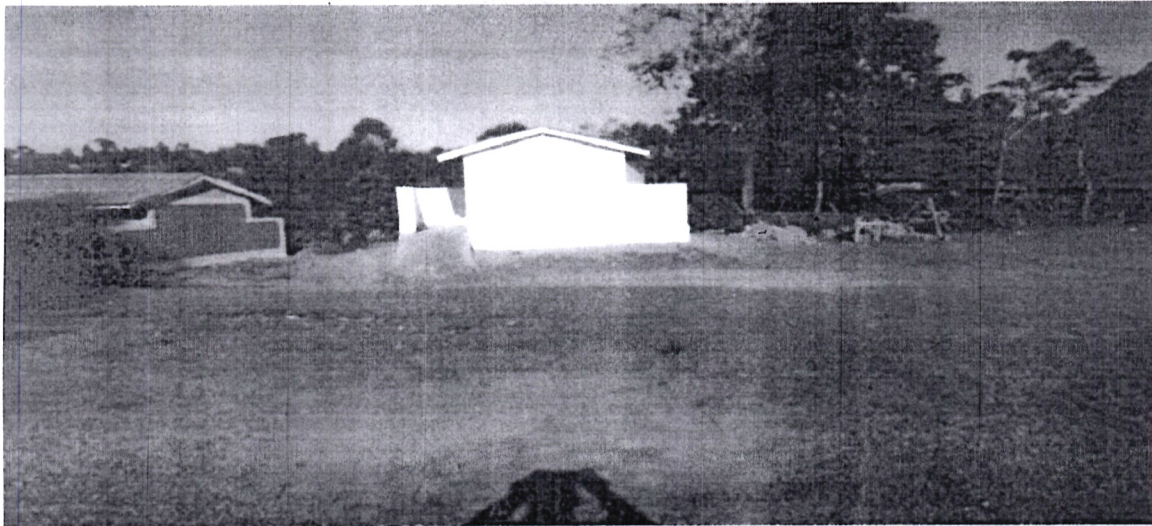


Figure 1 RAIYA PRIMARY SCHOOL



Figure 3 KOISOMOI PRIMARY

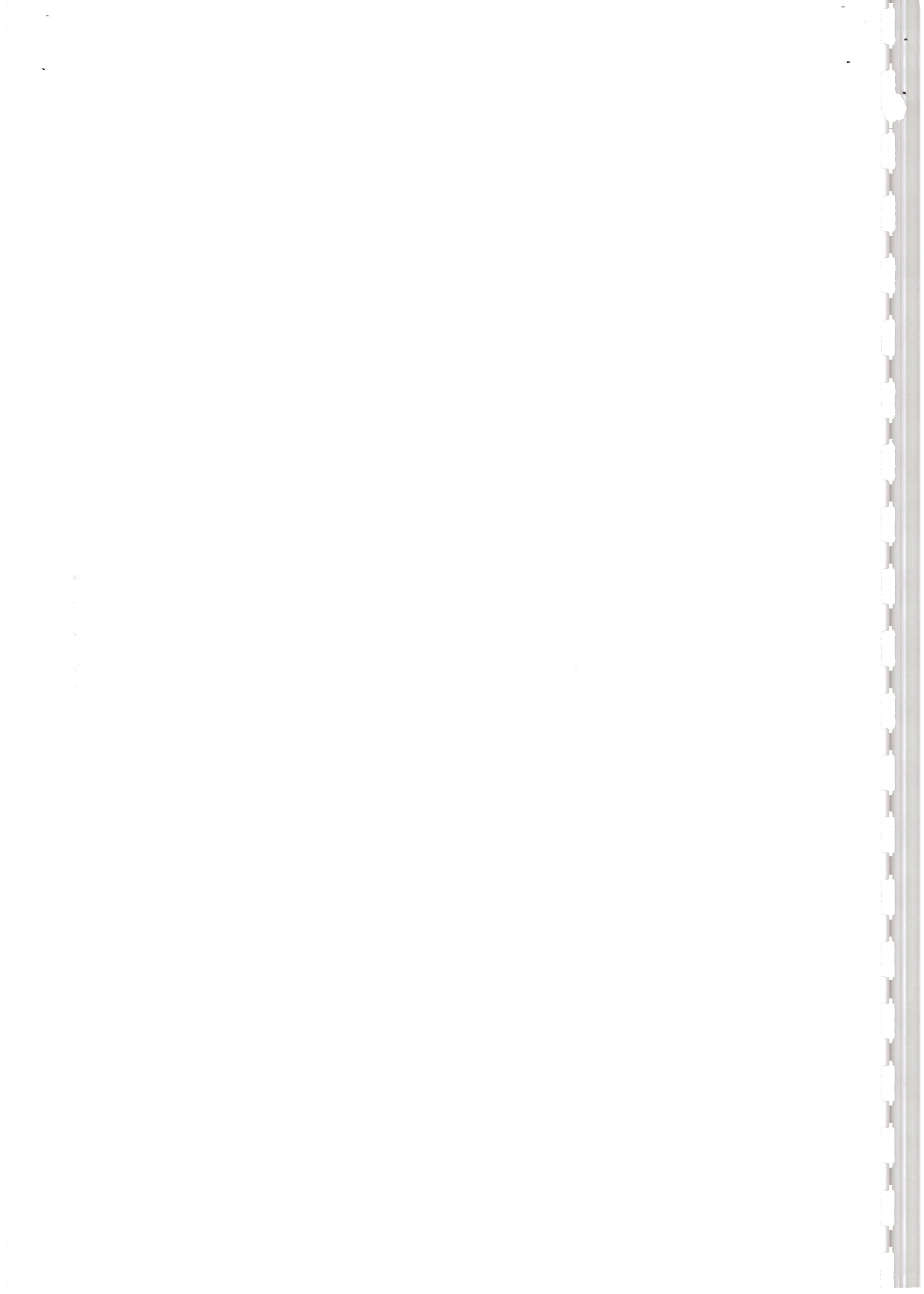
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BOMET EAST CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2018**



Figure 4: NG-CDF OFFICES IN LONGISA

Sign
CHAIRMAN NGCDF COMMITTEE



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BOMET EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June 2018

III. STATEMENT OF NGCDF 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-BOMET EAST 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 30 June 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.

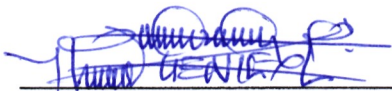
The Accounting Officer in charge of the NGCDF-BOMET EAST Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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 30 June 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-BOMET EAST 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.

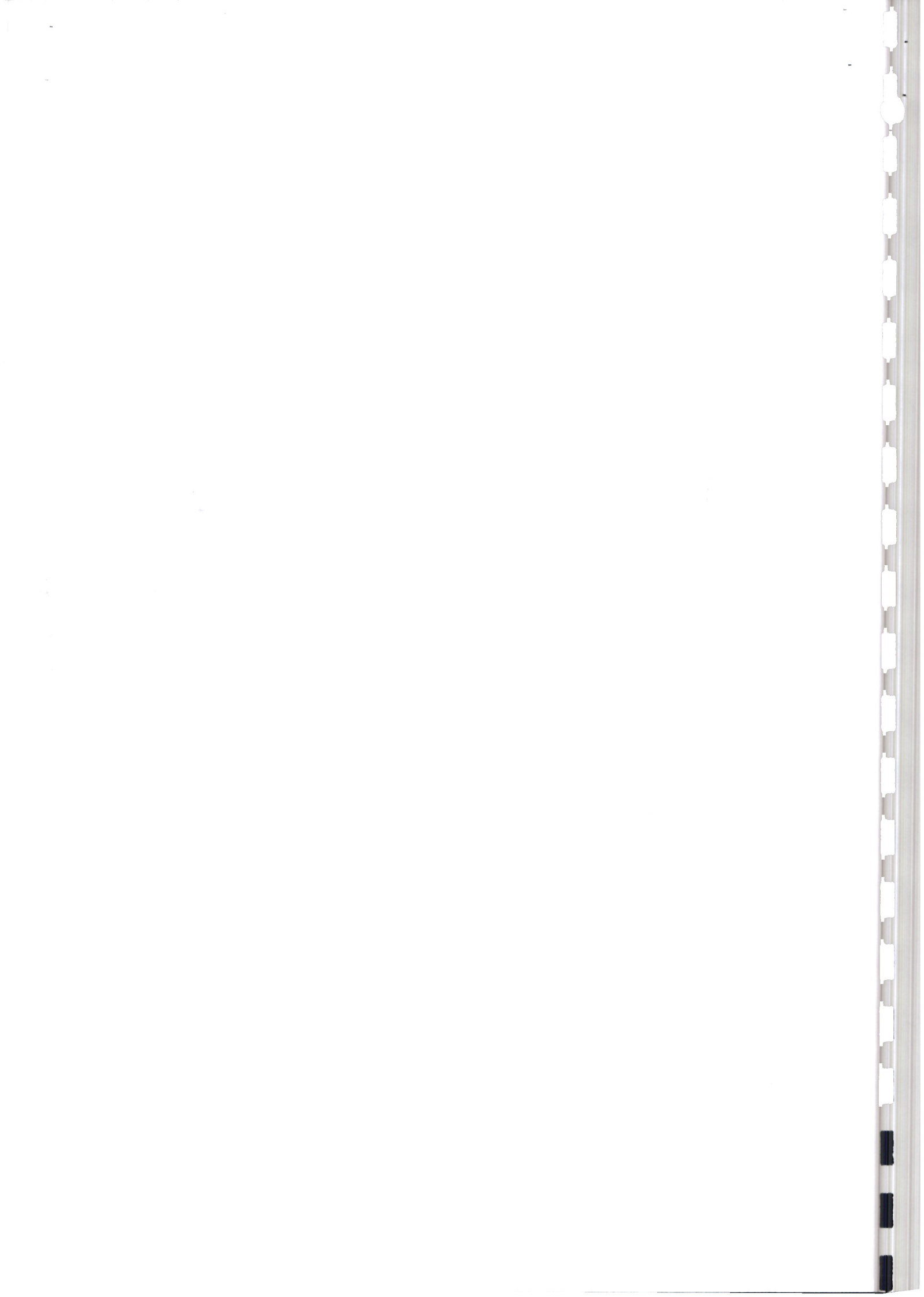
The Accounting Officer in charge of the NGCDF-BOMET EAST Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the 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-BOMET EAST Constituency financial statements were approved and signed by the Accounting Officer on 28/8/ 2018.


Fund Account Manager
Name: LEMARIMPE PARSUMPAT


Sub-County Accountant
Name: KIPRONO SOI
ICPAK Member Number:



REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOMET EAST 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 – Bomet East Constituency set out on pages 8 to 24, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. 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 – Bomet East 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 National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Bursary Disbursement

Included in other grant and transfers expenditure of Kshs.24,056,800 is an amount of Kshs.18,654,800 which was incurred on bursary disbursements to needy students in secondary schools and tertiary education institutions. Out of the funds disbursed, an amount of Kshs.12,496,000 was not supported by the acknowledgement receipts. Under the circumstances, the validity of the expenditure totalling Kshs.12,496,000 could not be confirmed.

2. Cash and Cash Equivalents

The statement of assets as at 30 June 2018 reflects cash and cash equivalents balance of Kshs.5,687,606. However, an examination of the cash book revealed that an amount of Kshs.5,000,000 which was received from the NG-CDF Board on 30 January 2018 was not posted in the cash book. In addition, the reported bank balance of Kshs.5,687,606

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

was not supported by an updated cash book and bank reconciliation statement as at 30 June, 2018.

Further, cheques totalling Kshs.4,194,519 which were paid in respect of the bursaries were reversed in the cash book for being stale. However, the Bomet East NG-CDF committee minutes recommending the reversals of the cheques were not provided for audit review. The reversals were done without replacement of the cheques or subsequent allocations of funds.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.5,687,606 as at 30 June 2018 could be confirmed.

3. Net Financial Position

The statement of assets as at 30 June 2018 reflects net financial assets balance of Kshs.6,483,246. 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.6,483,246.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Bomet East 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.

Basis for Conclusion

1. Purchase of Land

Included in other grant and transfers expenditure of Kshs.24,056,800 is an amount of Kshs.1,000,000 which was paid for the construction of proposed offices for the Assistant County Commissioner at Chemaner. However, the following anomalies were noted:

- i. Land was not available for construction of the Assistant County Commissioner's office at the time of disbursement of the funds on 7 December, 2018. As a result, the funds disbursed were irregularly diverted to purchase a land at a sales value of Kshs.500,000 without a title deed and supporting valuation certificate.
- ii. A scrutiny of the project's bank account revealed that a total of Kshs.998,110, including the amount paid for the land, had been withdrawn from the bank on various dates between December 2017 and January 2018 without adequate details of the payees and the purpose of the payments.

Under the circumstances, the regularity and validity of the expenditure could not be confirmed.

2. Construction of Classroom at Beregeiwet Primary School

Included in the other grants and transfers expenditure of Kshs.24,056,800 is emergency expenditure of Kshs.1,930,000 which in turn includes an amount of Kshs.500,000 which was paid to Beregeiwet Primary School for construction of a classroom. However, physical verification of the project revealed that the works on the classroom were incomplete with unfinished painting of internal walls, incomplete floors and electrical fittings were yet to be done. Further, the project did not meet emergency requirements as set under Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

3. Transfers to Other Government Units

Bomet East National Government Constituency Development Fund had an approved budget of Kshs.37,143,736 for transfers to other government units for the year under review, out of which an amount of Kshs.9,600,000 or 26% only was incurred on nine projects as shown below:

Project	Activity	Amount Kshs
Raiya Primary School	Construction of Classroom	900,000
Chambori Primary School	Construction of Classroom	1,000,000
Koisomoi Primary School	Construction of Classroom	1,500,000
Kamoyo Primary School	Construction of Classroom	600,000
Toronik Secondary School	Construction of Classroom	1,500,000
Chelemei Girls Sec. School	Construction of Classroom	1,000,000
Cheboin Secondary School	Construction of Classroom	1,000,000
Tumoyot Secondary School	Construction of Classroom	1,100,000
Lelkatet Secondary School	Construction of Classroom	1,000,000
	Total	9,600,000

However, the above projects had not been issued with the relevant inspection and acceptance certificates as required under Section 48(4)(e) of the Public Procurement and Asset Disposal Act, 2015. Under the circumstances, it was not possible to ascertain the suitability of the premises for occupation.

4. Budgetary Performance Analysis

Bomet East NG-CDF posted significant under-expenditure between the budgeted and actual expenditure in the year under review as analysed below:

Expenditure Head	Budgeted Amount Kshs.	Actual Expenditure Kshs.	Under Expenditure Kshs.	Under Expenditure %
Compensation of Employees	2,714,485	1,915,510	(798,975)	29.4%
Use of goods and services	18,974,091	9,427,544	(9,546,547)	50.3%
Transfers to other government units	37,143,736	9,600,000	(27,543,736)	74.2%
Other grants and transfers	40,567,917	24,056,800	(16,511,117)	40.7%
Acquisition of Assets	3,463,914	1,586,719	(1,877,195)	54.2%

The under-utilization of the approved budget implies that the Fund was not able to achieve some of its core objectives and, thereby impacting negatively on the efficiency and effectiveness of the service delivery to the constituents.

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 control as management determines is necessary to enable the preparation of financial statements that are free from material

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

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund – Bomet East Constituency to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to 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.

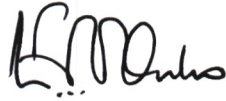
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

13 June 2019

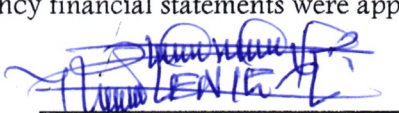
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BOMET EAST CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2018**

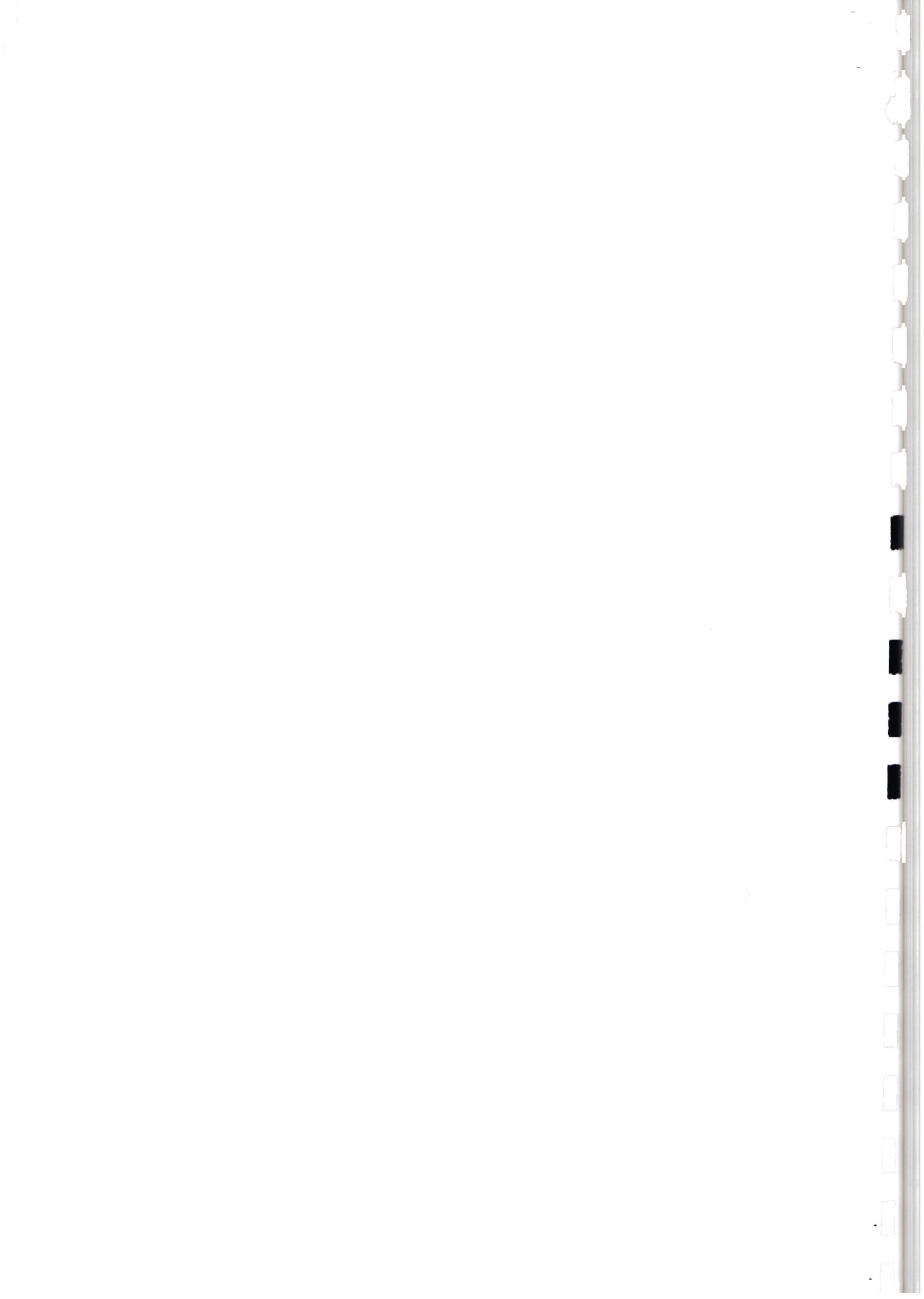
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Not e	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	43,405,172	80,294,551.70
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		43,405,172	80,294,551.70
PAYMENTS			
Compensation of employees	4	1,915,510	2,249,520.00
Use of goods and services	5	9,427,544	5,131,063.86
Transfers to Other Government Units	6	9,600,000	43,117,175.84
Other grants and transfers	7	24,056,800	25,701,965.00
Acquisition of Assets	8	1,586,719	-
Other Payments	9	-	-
TOTAL PAYMENTS		46,586,573	76,199,724.70
SURPLUS/DEFICIT		(3,181,401)	4,395,812.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BOMET EAST Constituency financial statements were approved on 28/8 2018 and signed by:


Fund Account Manager


Sub-County Accountant
Name: LEMARIMPE PARSUMPAT
Name: KIPRONO SOI
ICPAK Member Number:




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


V. STATEMENT OF ASSETS

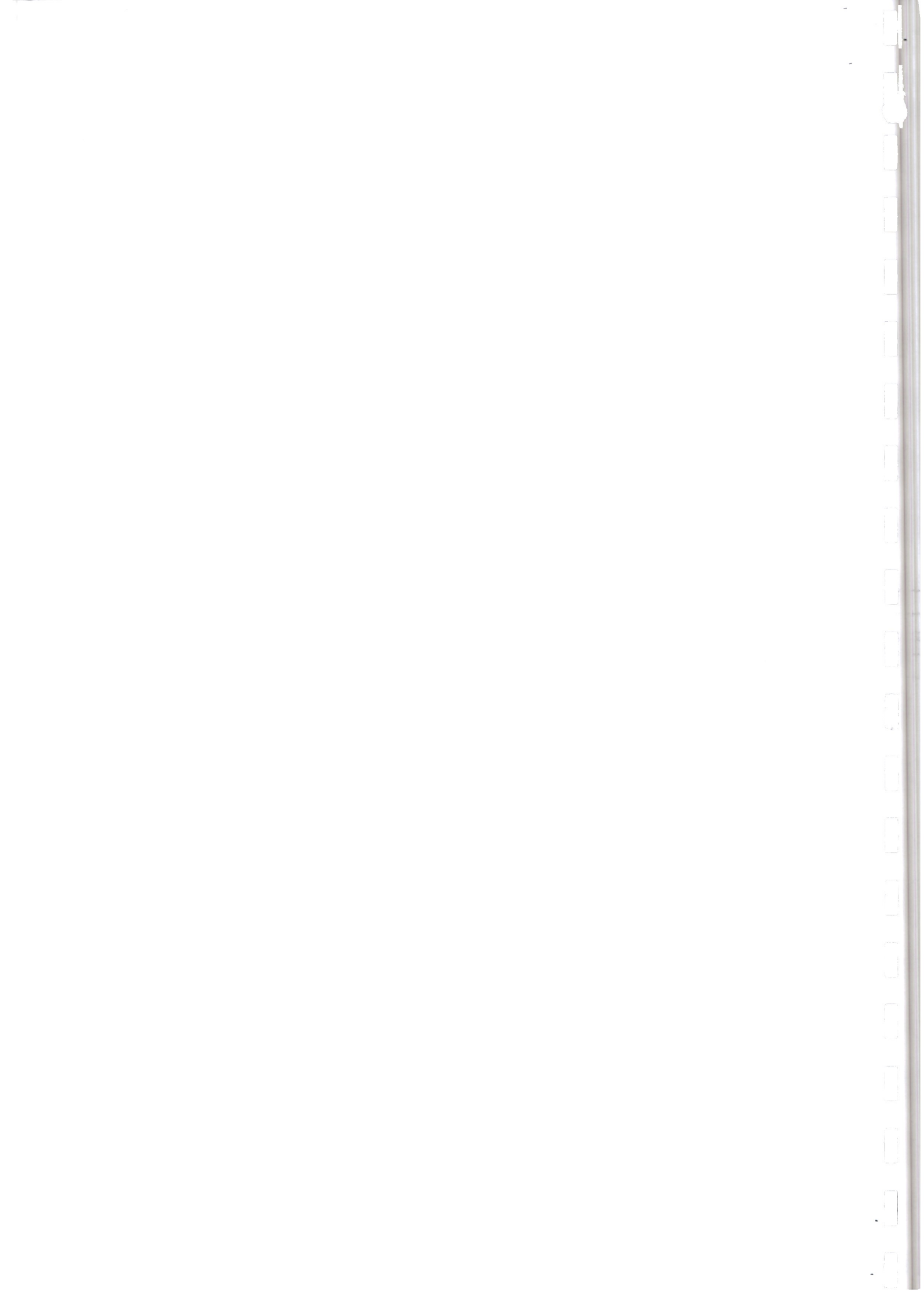
STATEMENT OF ASSETS

	Note	2017/2018	2016/2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	5,687,606	4,674,488
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	795,640	795,640
TOTAL FINANCIAL ASSETS		6,483,246	5,470,128
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	5,470,128	533,199
Surplus/Deficit for the year		(3,181,401)	4,395,812
Prior year adjustments	14	4,194,519	541,117
NET LIABILITIES		6,483,246	5,470,128

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BOMET EAST Constituency financial statements were approved on 28/8 2018 and signed by:


Fund Account Manager
Name: LEMARIMPE PARSUMPAT.


Sub-County Accountant
Name: KIPRONO SEB
ICPAK Member Number:

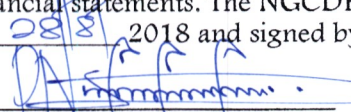


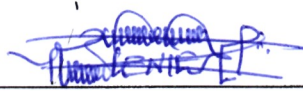
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BOMET EAST CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2018**

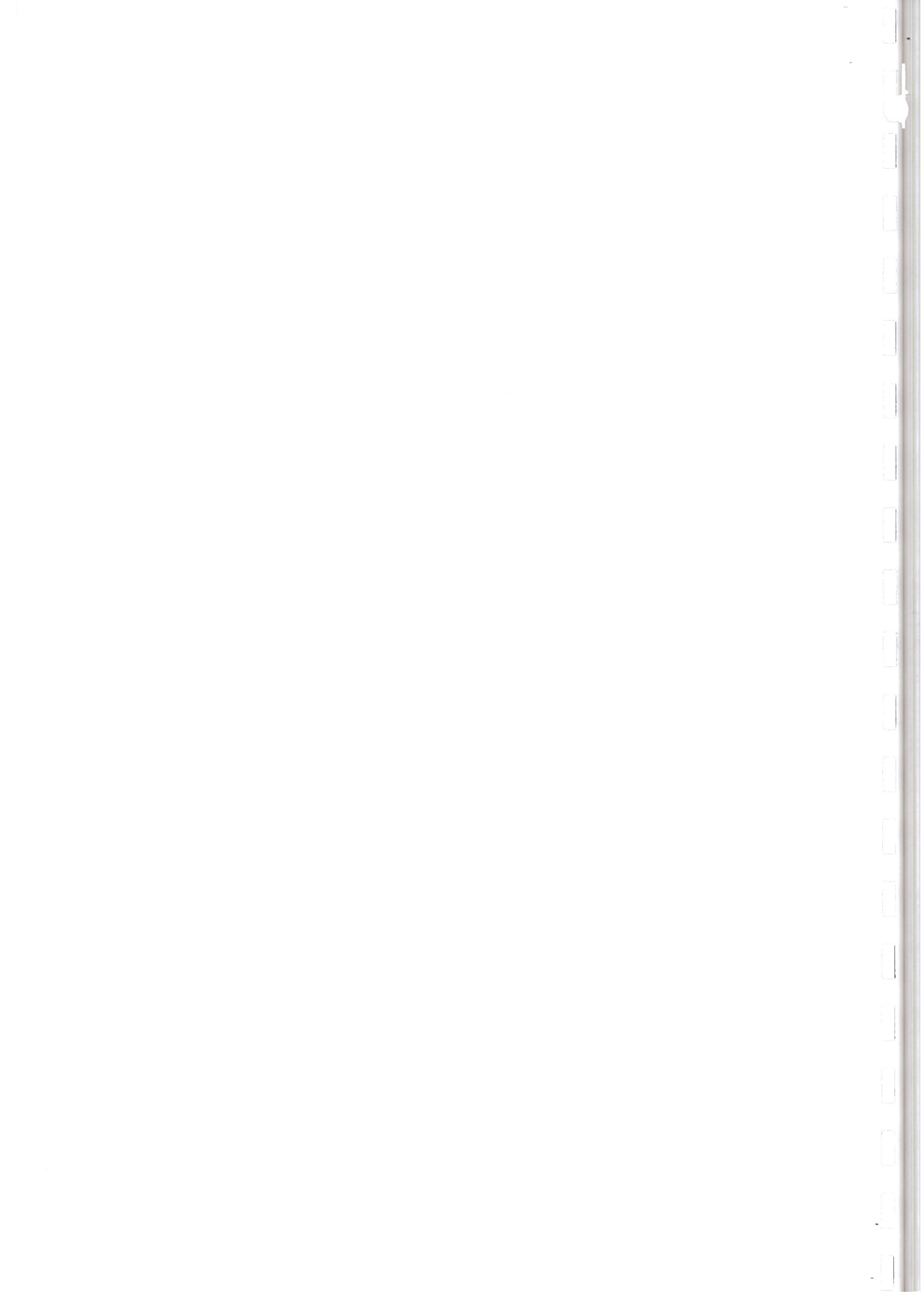
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017-2018	2016-2017
Transfers from CDF Board	1	43,405,172	80,294,551.70
Proceeds from sale of Assets	2	0	0
Other Receipts	3	0	0
Payments for operating expenses			
Compensation of Employees	4	1,915,510	2,249,520.00
Use of goods and services	5	9,427,544	5,131,063.86
Transfers to Other Government Units	6	9,600,000	43,117,175.84
Other grants and transfers	7	24,056,800	25,701,965.00
Other Payments	9	-	0
Adjusted for:			
Adjustments during the year	14	4,194,519	541,117.00
Net cash flow from operating activities		2,599,837	4,094,827.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	1,586,719	0
Net cash flows from Investing Activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		1,013,118	
Cash and cash equivalent at BEGINNING of the year	13	4,674,488	533,199.00
Cash and cash equivalent at END of the year		5,687,606	4,674,488.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BOMET EAST Constituency financial statements were approved on 28/8/2018 and signed by:


Fund Account Manager
Name: LEMARIMPE PARUMPATI


Sub-County Accountant
Name: KIPRONO SOI
ICPAK Member Number:



VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

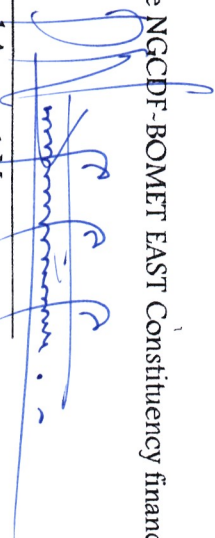
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c%
RECEIPTS						
Transfers from CDF Board	86,810,345	16,053,798	102,864,143	48,079,660	54,784,483	47%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
PAYMENTS						
Compensation of Employees	2,530,084	184,401	2,714,485	1,915,510	798,975	71%
Use of goods and services	13,459,874	5,514,217	18,974,091	9,427,544	9,546,547	50%
Transfers to Other Government Units	28,312,694	8,831,042	37,143,736	9,600,000	27,543,736	26%
Other grants and transfers	39,043,779	1,524,138	40,567,917	24,056,800	16,511,117	59%
Acquisition of Assets	3,463,914	-	3,463,914	1,586,719	1,877,195	46%
TOTALS	86,810,345	16,053,798	102,864,143	46,586,573	56,277,570	45%

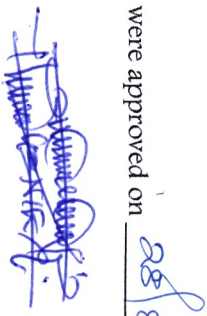


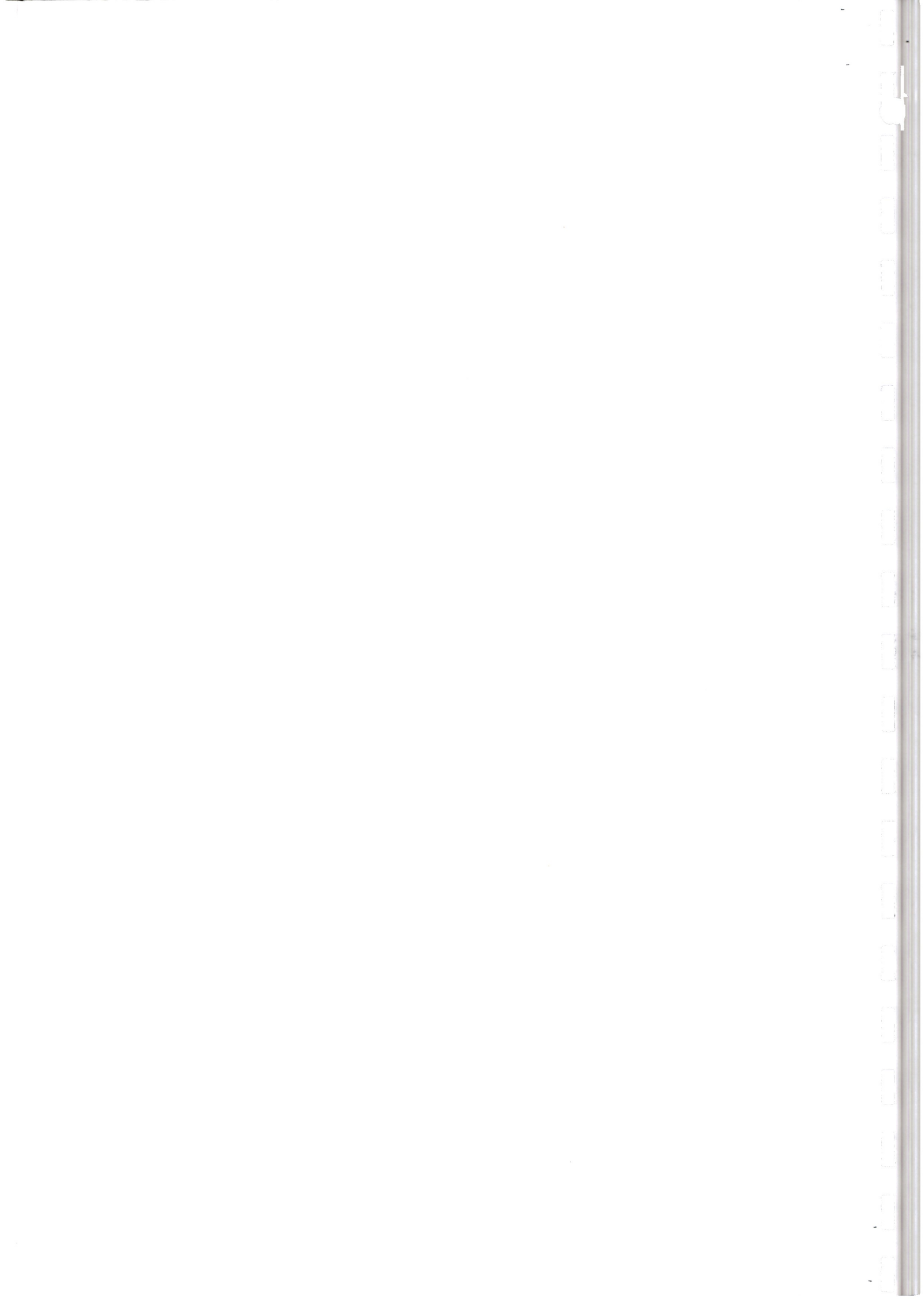
(a) Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)

- i. Late disbursement from the Board.
- ii. Staggered disbursement from the board crossing over the two financial years
- iii. The total receipts from the NGCDF Board is under received by 53% which is due to late disbursement of funds from NGCDFB. It was also due to additional funding which was budgeted for in May 2018 for proposal submission of Kshs.11,379,310.34.
- iv. Compensation of employees was underutilized by 29% due to delayed transfer of funds from NGCDFB
- v. Use of goods and services was underutilized by 50% due to delayed transfer of funds from NGCDFB
- vi. Transfer to other government units was underutilized by 74% due to delayed transfer of funds from NGCDFB
- vii. Other grants and transfers was underutilized by 41% due to delayed transfer of funds from NGCDFB
- viii. Acquisition of assets was underutilized by 54% due to delayed transfer of funds from NGCDFB

The NGCDF-BOMET EAST Constituency financial statements were approved on 28/8 2018 and signed by:


Fund Account Manager
Name: LEMPALIMPE PAPSUMPAI


Sub-County Accountant
Name: WIPRINO SDI
ICPAK Member Number:



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

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-BOMET EAST 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

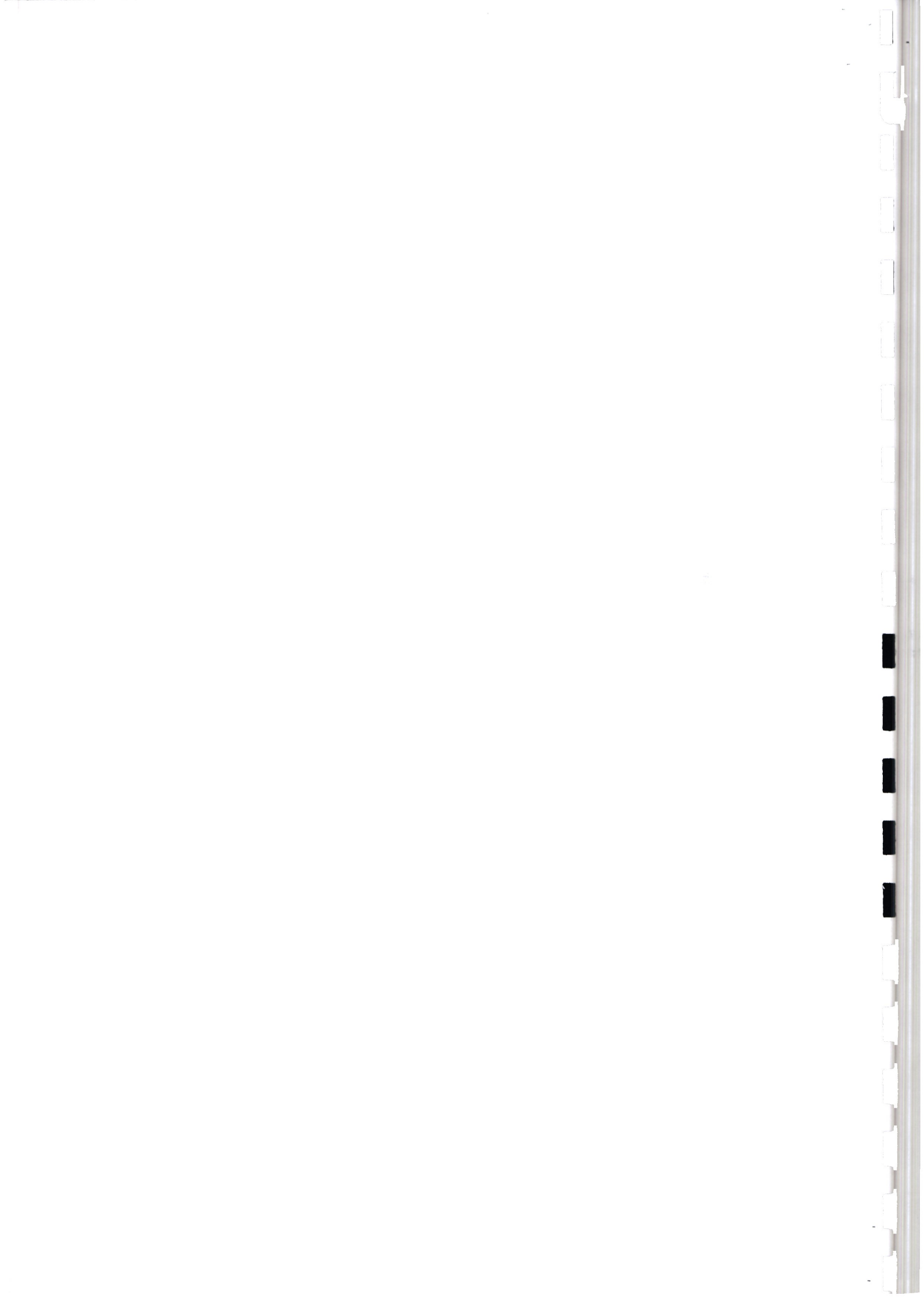
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

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

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

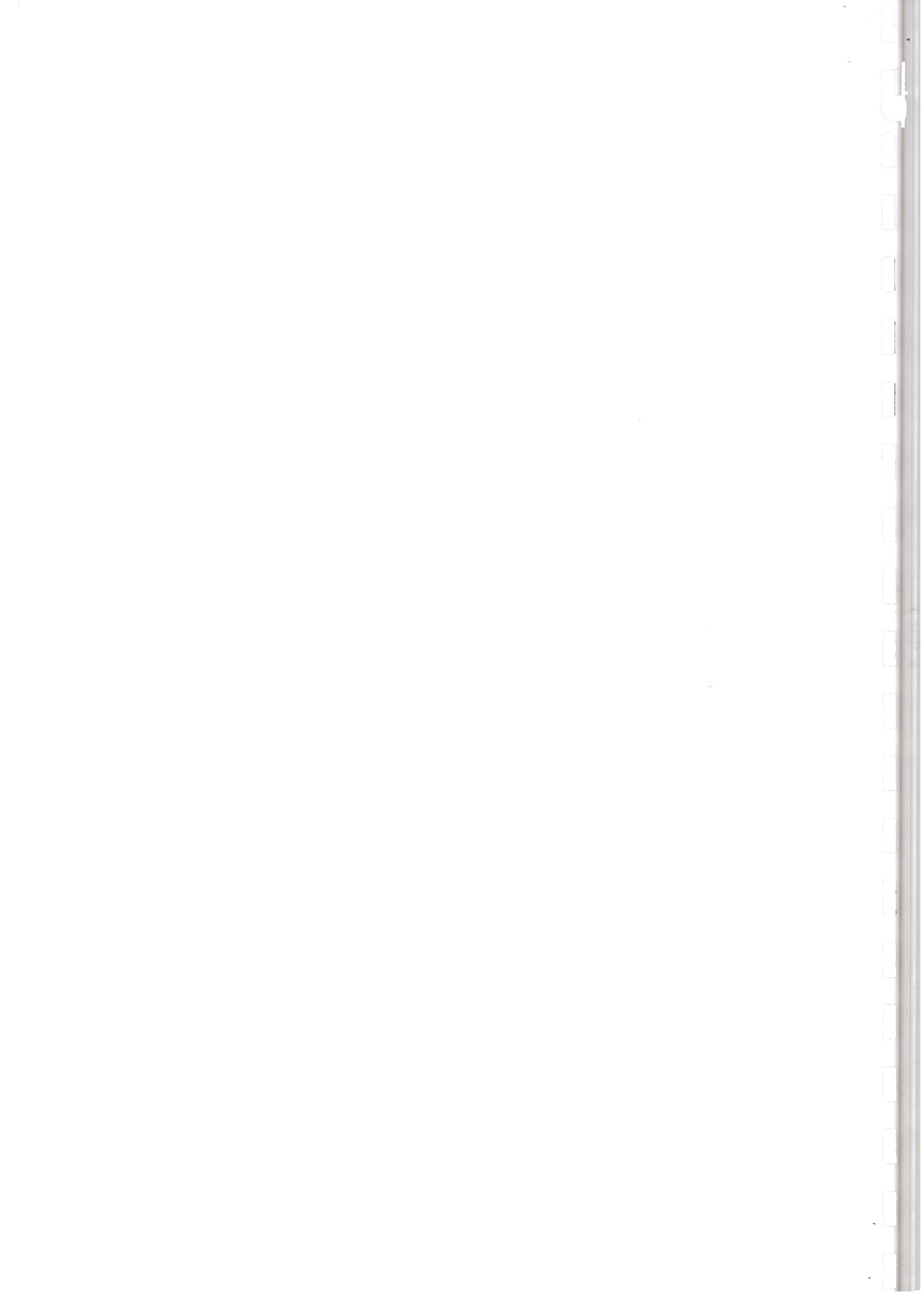
Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

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.



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

Reports and Financial Statements

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These



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

Reports and Financial Statements

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

balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

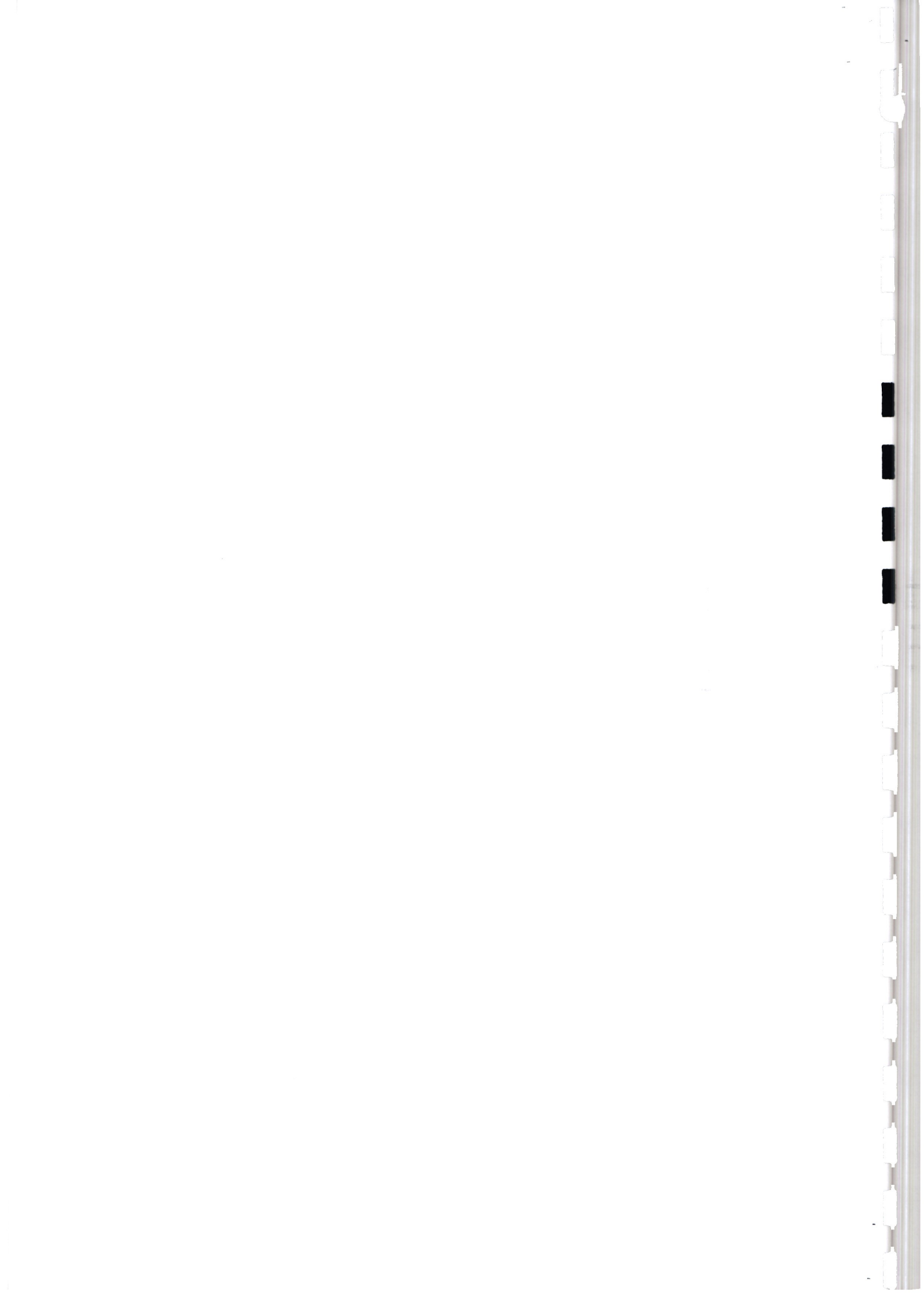
14. Errors

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

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

15. Related Party Transactions

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

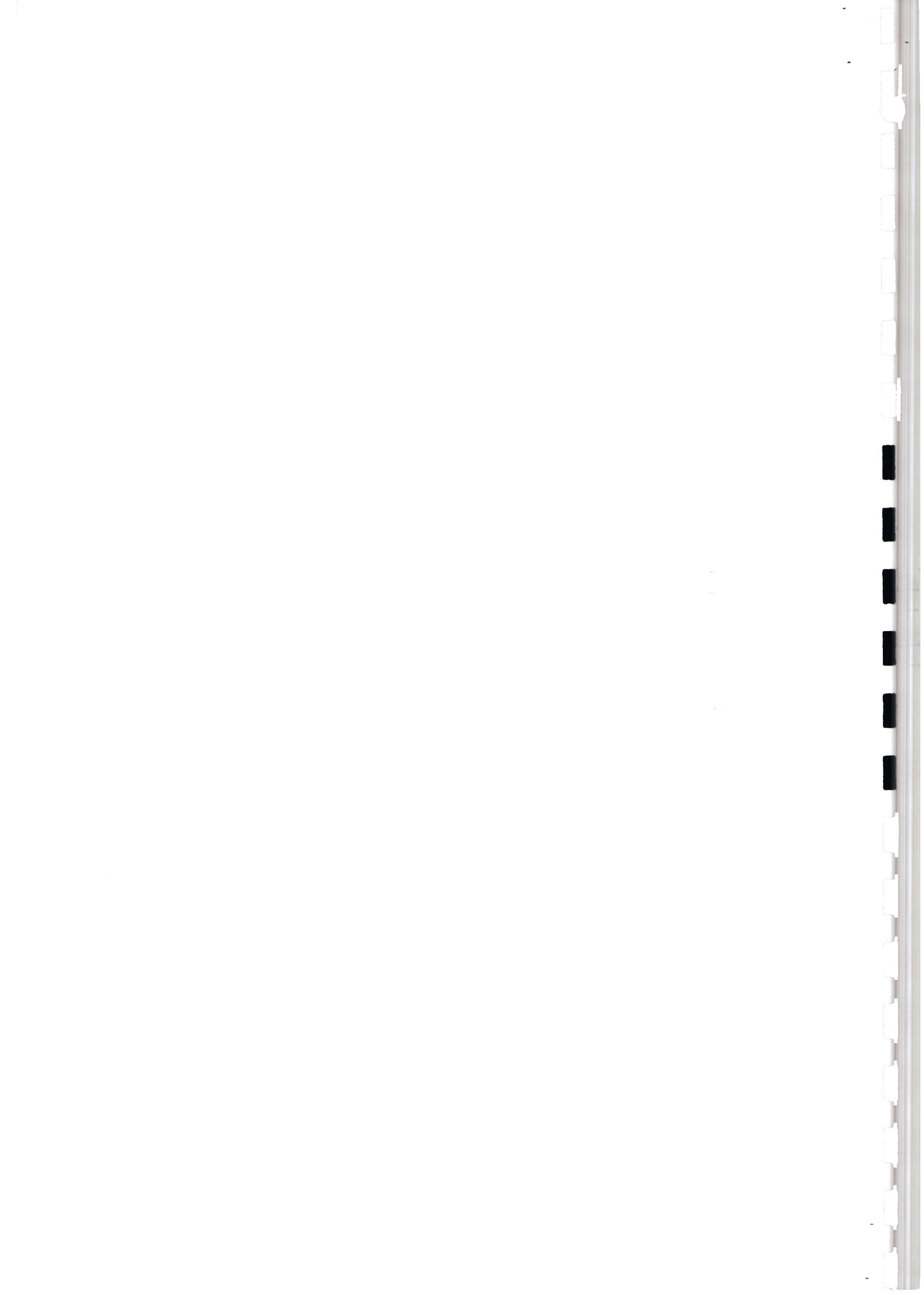


NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

I. NOTES TO THE FINANCIAL STATEMENTS				
1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
GFS CODES	Description	2017-2018	2016-2017	
		Kshs	Kshs	
1330407	Normal Allocation			
	A855768	5,500,000	4,094,827.60	
	A892935	37,905,172	36,853,449.00	
			39,346,275.10	
		43,405,172	80,294,551.70	
1330408	Conditional grants	-	-	
1330409	Receipt from other Constituency	-	-	
	TOTAL	43,405,172	80,294,552	
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
3510000	Description	2017-2018	2016 - 2017	
			Kshs	
3510202	Receipts from the Sale of Buildings	-		
3510601	Receipts from the Sale of Vehicles and Transport Equipment	-		
3510801	Receipts from the Sale Plant Machinery and Equipment	-		
3510803	Receipts from the Sale of office and general equipment	-		



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

	Total	-	-
1400000	3 OTHER RECEIPTS		
	Description	2017-2018	2016 - 2017
			Kshs
1410107	Interest Received	-	
1410405	Rents	-	
1420601	Sale of tender documents	-	
1450207	Other Receipts Not Classified Elsewhere (specify)	-	
	Total	-	
2110000	4 COMPENSATION OF EMPLOYEES		
	Description	2017-2018	2016 - 2017
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,915,510	1,796,724
2110202	Basic wages of casual labour		
	Personal allowances paid as part of salary		
2110301	House allowance	-	
2110314	Transport allowance	-	
2110320	Leave allowance	-	
2110326	Other personnel payments	-	
2120101	Employer contribution to NSSF	-	
2710120	gratuity	-	1,868,523
	Total	1,915,510	3,665,247
2200000	5 USE OF GOODS AND SERVICES		
	Description	2017-2018	2016 - 2017
			Kshs
2210100	Utilities, supplies and services		



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

2210104	Office rent		
2210200	Communication, supplies and services		
2210300	Domestic travel and subsistence		
2210500	Printing, advertising and information supplies & services		
2210600	Rentals of produced assets		
2210700	Training expenses		
2210800	Hospitality supplies and services		
2210802	Other committee expenses		
2210809	Committee allowance		4,441,612
2210900	Insurance costs		
2211000	Specialised materials and services		
2211100	Office and general supplies and services		
2211200	Fuel ,oil & lubricants		
2211300	Other operating expenses		
2220100	Routine maintenance – vehicles and other transport equipment		
2220200	Routine maintenance – other assets		
	Total	9,427,544	4,441,612
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES		
	Description	2017-2018	2016 - 2017
			Kshs
2630204	Transfers to Primary schools	4,000,000	44,196,951
2630205	Transfers to Secondary schools	5,600,000	42,794,776
2630206	Transfers to Tertiary institutions	-	
2630207	Transfers to Health institutions	-	
	TOTAL	9,600,000	86,991,727
2640000	7 OTHER GRANTS AND TRANSFERS		
	Description	2017-2018	2016 - 2017
			Kshs



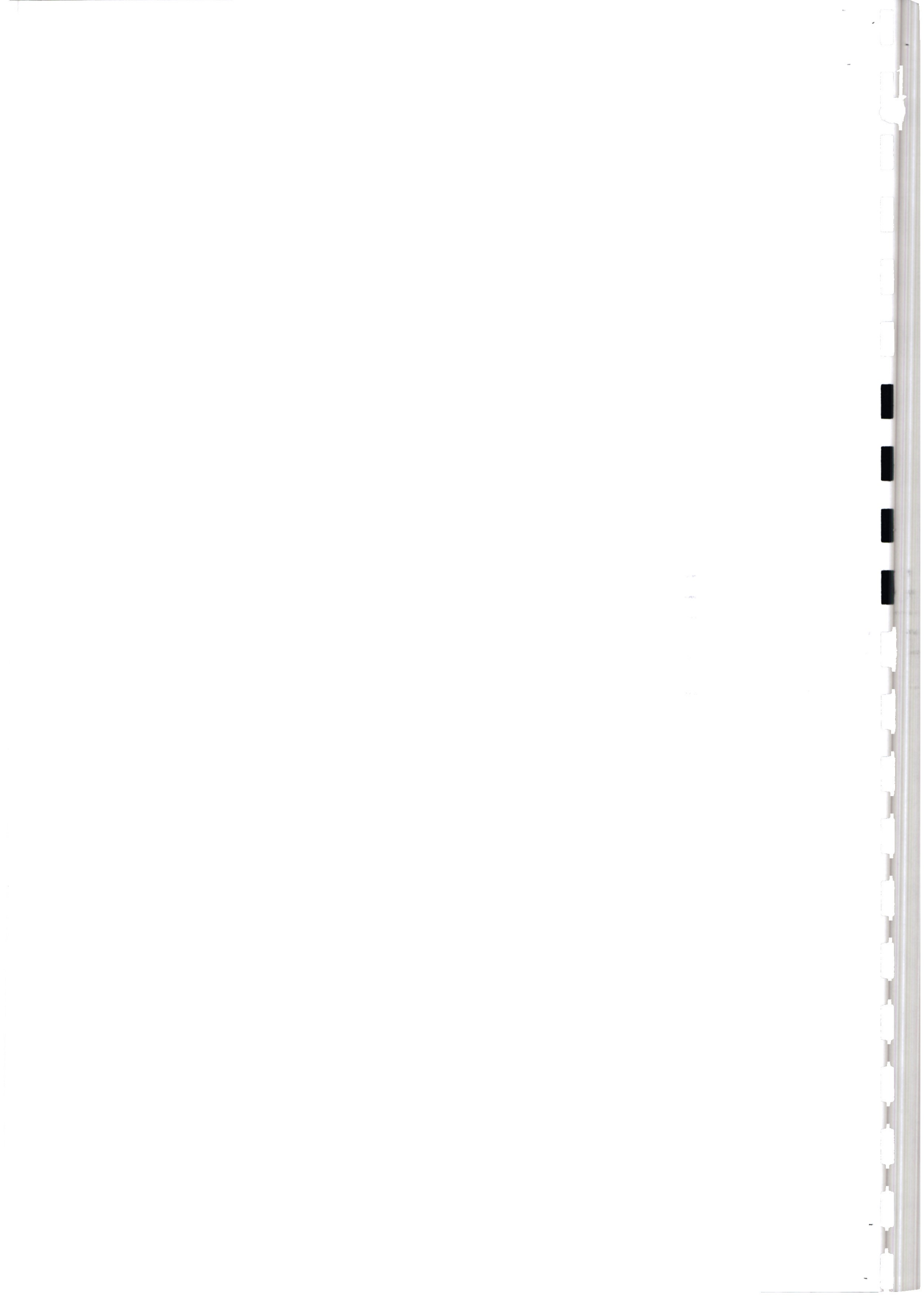
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NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

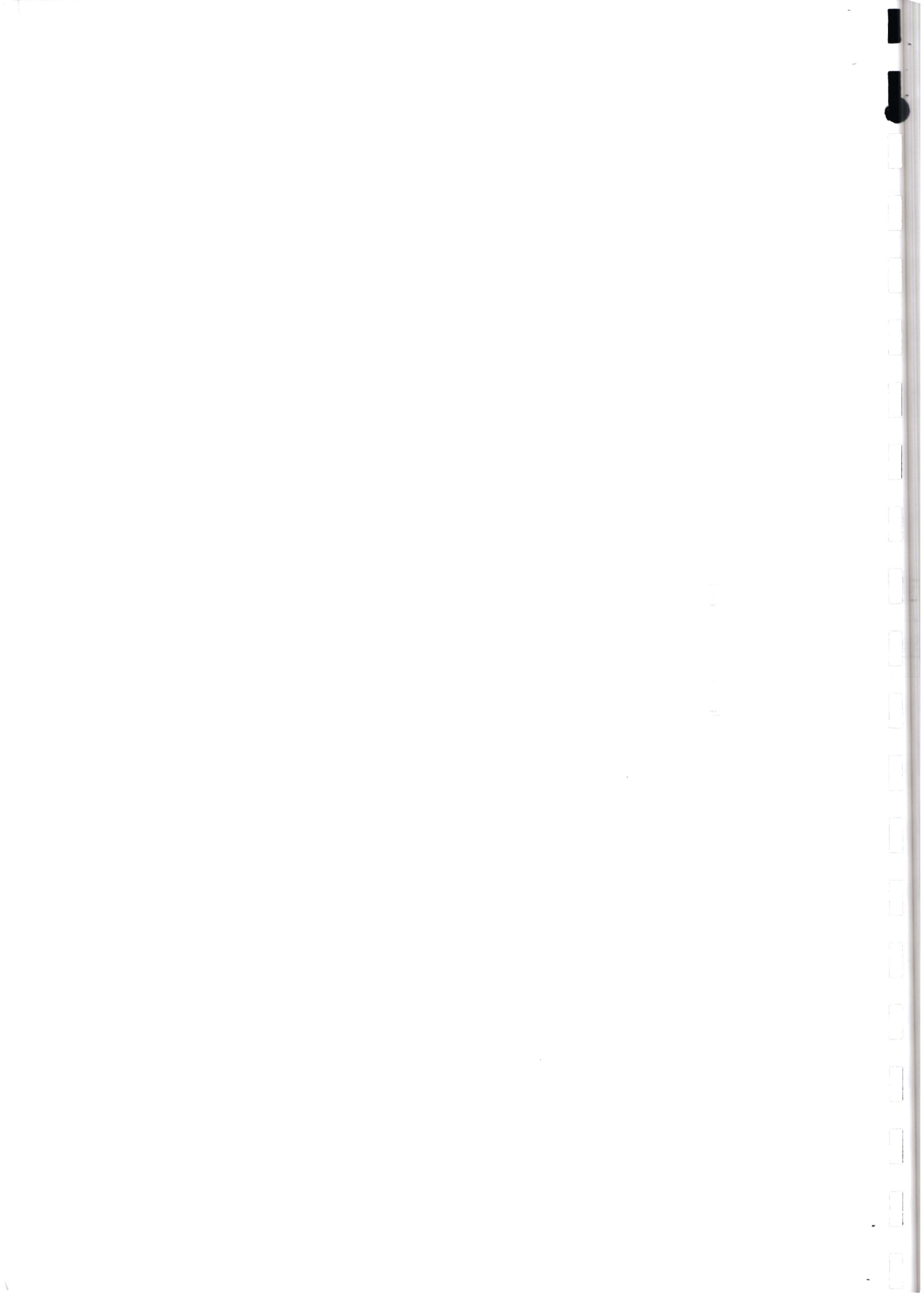
For the year ended June 30, 2018 (Kshs'000)

2640101	Bursary -Secondary	4,350,800	10,000,000
2640102	Bursary -Tertiary	14,304,000	13,322,847
2640104	Bursary-Special schools	-	
2640105	Mocks & CAT	-	
2640504	water	-	
2640505	Others	-	
2640506	Electricity projects	-	
2640507	Security	1,000,000	1,816,772
2640508	Roads	-	
2640509	Sports	525,000	
2640510	Environment	1,947,000	
2640200	Emergency Projects (specify)	1,930,000	2,790,000
	Total	24,056,800	27,929,619
3100000	8 ACQUISITION OF ASSETS		
	<u>Non Financial Assets</u>	2017-2018	2016 - 2017
			Kshs
3110102	Purchase of Buildings	-	
3110202	Construction of Buildings	-	
3110302	Refurbishment of Buildings	983,719	
3110701	Purchase of Vehicles	-	
3110704	Purchase of Bicycles & Motorcycles	-	
3110801	Overhaul of Vehicles	-	
3111001	Purchase of Office furniture and fittings	178,000	
3111002	Purchase of computers ,printers and other IT equipments	90,000	
3111005	Purchase of photocopier	165,000	
3111009	Purchase of other office equipments	170,000	
3111112	Purchase of soft ware		-
3130101	Acquisition of Land	-	-
	Total	1,586,719	-
	9. Other Payments		
	specify		-



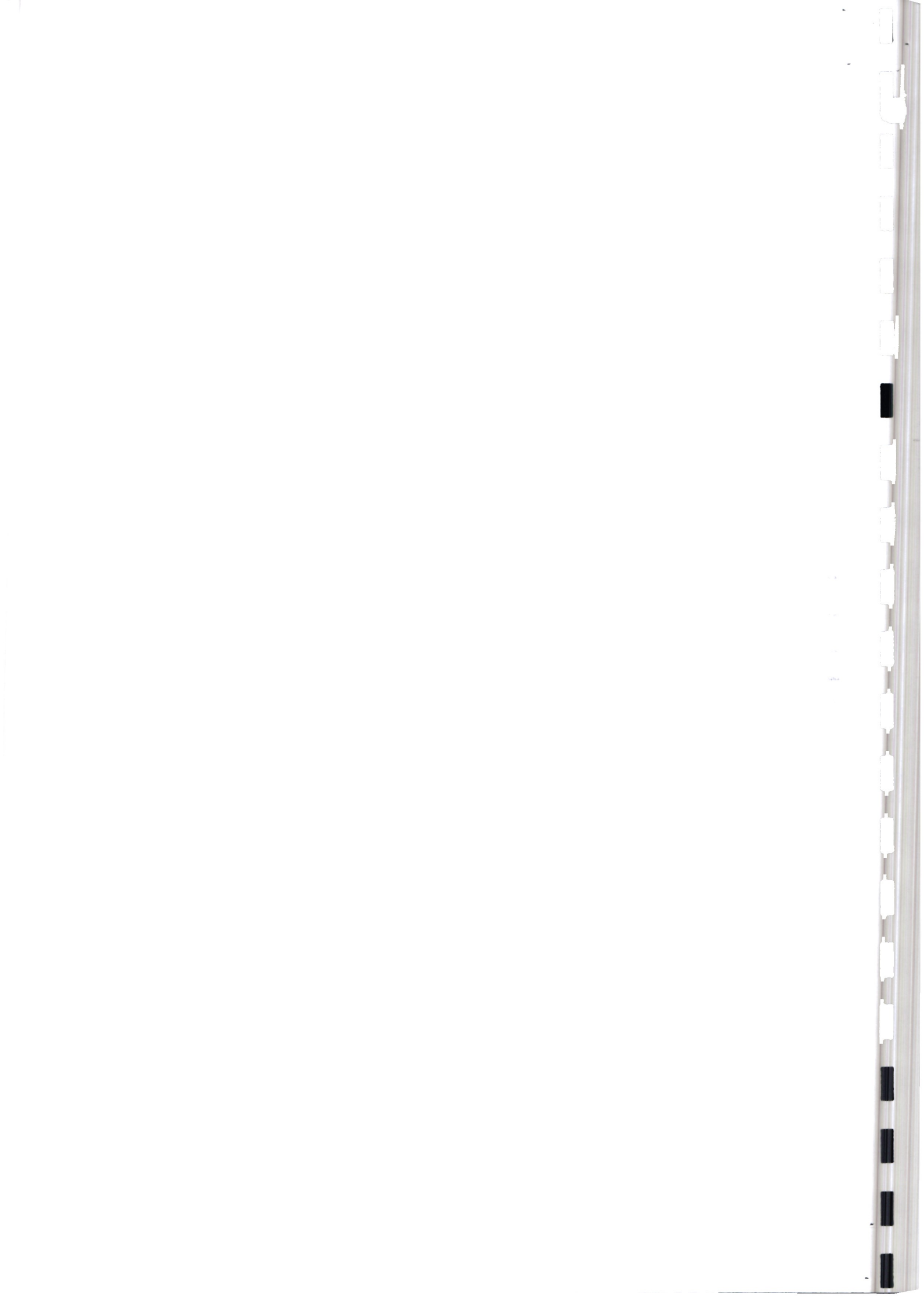
NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

	specify			-
	specify			-
	TOTAL			-
10A: Bank Balances (cash book bank balance)				
	Name of Bank, Account No. & currency	2017-18	2016-2017	
		Kshs (30/6/2018)	Kshs (30/6/2017)	
	<i>EQUITY BANK BOMET</i>	5,687,606	157,295.75	
	Total	5,687,606	157,295.75	
10B: CASH IN HAND)				
		2017-18	2016-2017	
		Kshs (30/6/2018)	Kshs (30/6/2017)	
	Location 1	-	-	
	Location 2	-	-	
	Location 3	-	-	
	Other receipts (specify)	-	-	
	Total	-	-	
11 OUTSTANDING IMPRESTS				
	<i>Name of Officer</i>	Date imprest taken	Amount Taken	Balance (30/6/2017)
			Kshs	Kshs
	<i>MOSES KIMUTAI SABILA</i>			



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

			-
	<i>MOSES KIMUTAI SABILA</i>		-
	<i>MOSES KIMUTAI SABILA</i>		-
	<i>MOSES KIMUTAI SABILA</i>		-
	<i>MOSES KIMUTAI SABILA</i>		-
	<i>Total</i>		975,640
	12.RETENTION		
	<i>SUPPLIERS/CONTRACTORS</i>		
	13. BALANCES BROUGHT FORWARD		
		2017-18	2016-17
			Kshs(1/7/2016)
	Bank accounts	4,674,488	40,453,000
	Cash in hand	-	-
	Imprest	795,640	1,639,000
	Total	5,470,128	42,092,000
	14.PRIOR YEAR ADJUSTMENTS		
		2017-18	2016-17
	Bank accounts (Stale cheques reversal)	4,194,519	541,117
	Cash in hand		
	Imprest		
	Total	4,194,519	541,117
	15.OTHER IMPORTANT DISCLOSURES		
	15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)		
		2017-18	2016-17

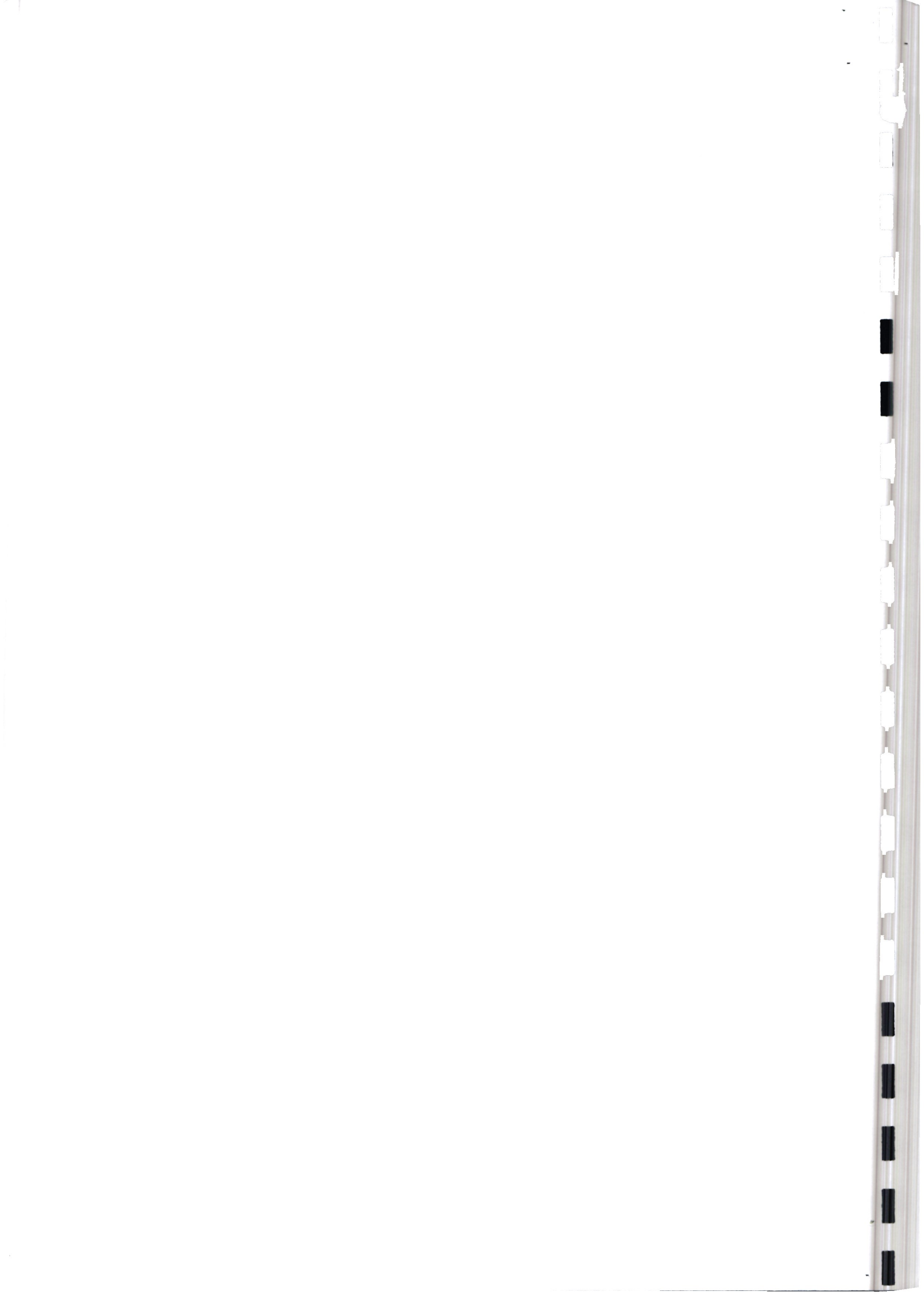


NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

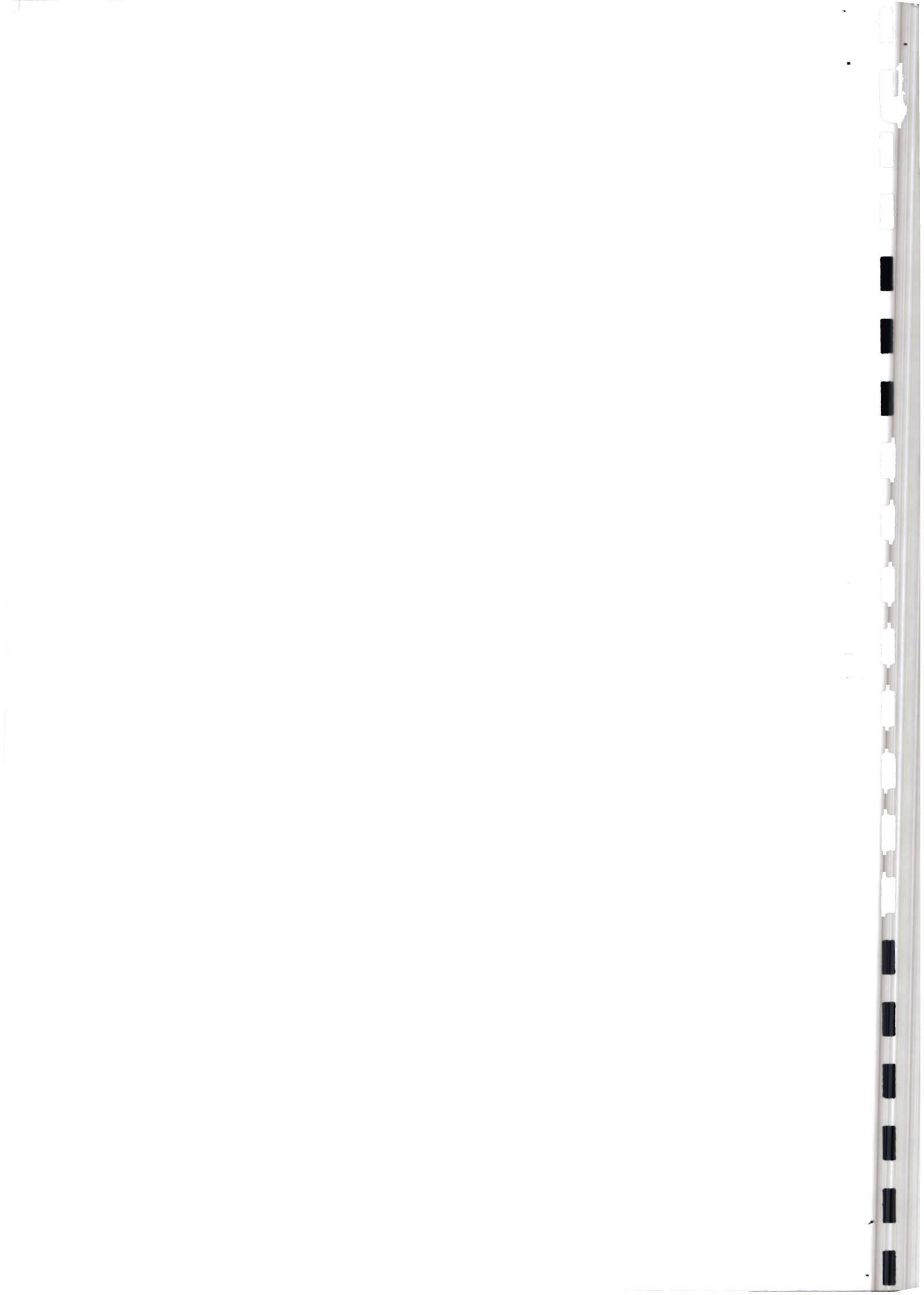
For the year ended June 30, 2018 (Kshs'000)

			Kshs
	Construction of buildings	-	-
	Construction of civil works	-	-
	Supply of goods	-	-
	Supply of services	-	-
	TOTAL		-
15.2: PENDING STAFF PAYABLES (See Annex 2)			
			Kshs
	Senior management	-	-
	Middle management	-	-
	Unionisable employees	-	-
	Others (<i>specify</i>)	-	-
			-
15.3: OTHER PENDING PAYABLES (See Annex 3)			
			Kshs
	Amounts due to other Government entities (see attached list)	-	-
	TOTAL		
	Amounts due to other grants and other transfers (see attached list)		-
	security		
	Others (<i>specify</i>)		



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

			-	
	TOTAL	-	-	



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
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)	Time frame: (Put a date when you expect the issue to be resolved)

