

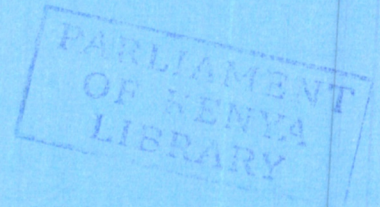
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT



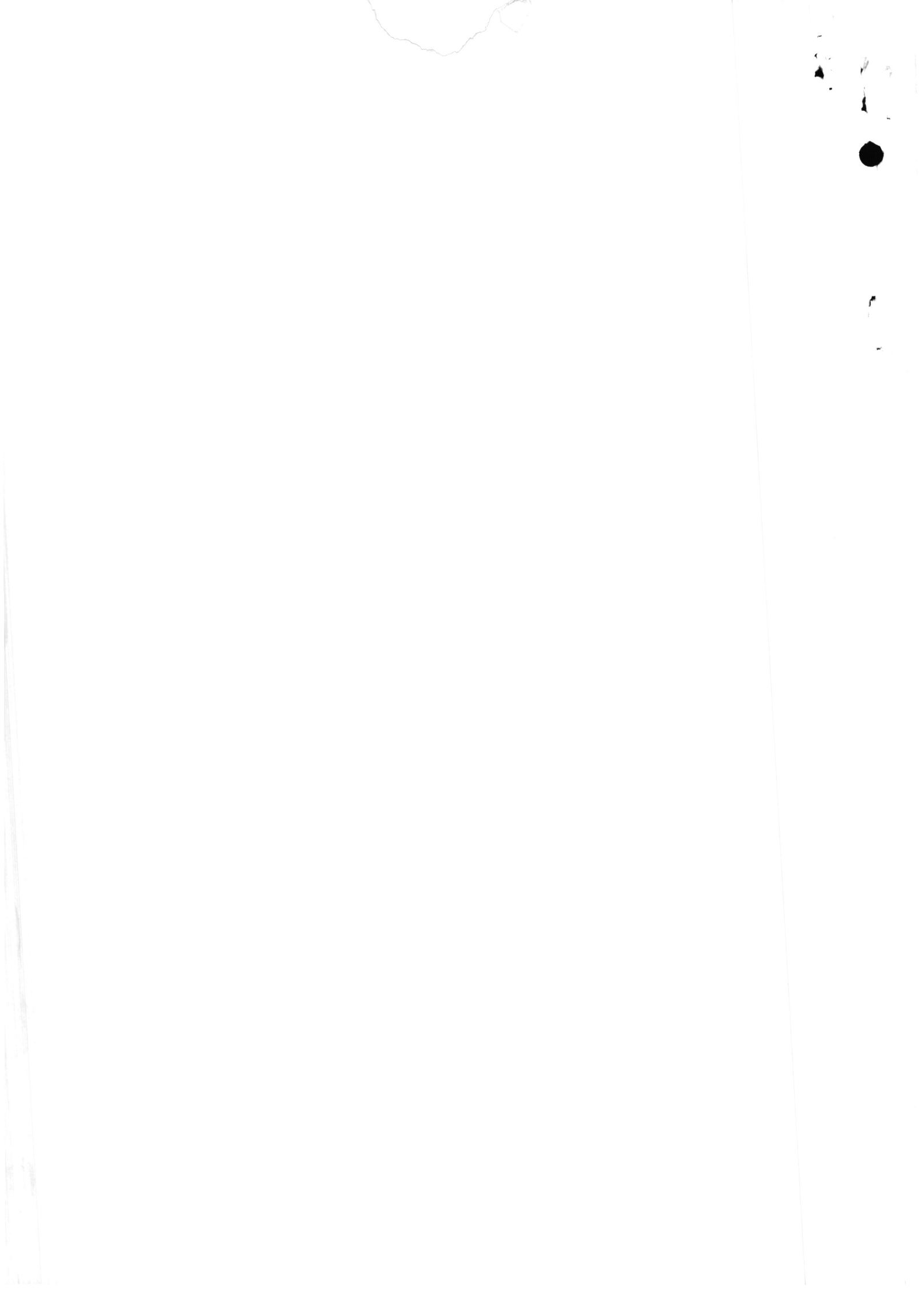
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 AUG 2019	DAY: THURSDAY
TABLED BY: MAJORITY LEADER	

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
MUKURWEINI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**





OFFICE OF THE AUDITOR GENERAL
30084 - 00100, NAIROBI
28 SEP 2018
RECEIVED

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MUKURWE-
INI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



5.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MUKURWE-INI 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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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 MUKURWE-INI 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	Edwin Nyamu
3.	Sub-County Accountant	Pascal Amoke
4.	Chairman NGCDFC	Charles Kaiya
5.	Member NGCDFC	Ann Wawira Labson Njeru

(d) Fiduciary Oversight Arrangements

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

P.O. Box 8-10103
NG-CDF Offices
Near Mukurwe-ini Police Station
Mukurwe-ini, Nyeri

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MUKURWE-INI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF MUKURWE-INI Constituency Contacts

Telephone: (254) 720255913
E-mail: mukurweini@cdf.go.ke
Website: mukurwe-iniconstituency.co.ke

(g) NGCDF MUKURWE-INI Constituency Bankers

1. Equity Bank Ltd
P.O Box 8-10103
Mukurwe-ini Branch
A/C NO. 0830297514775

(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

Mukurwe-ini NG-CDF is an institution whose vision is to serve the community with utmost dedication and selflessness. We are also dedicated to be the reference constituency for development where all constituents enjoy decent living standards.

Mukurwe-ini Constituency was allocated Kshs. 86,810,344.82 and additional of Kshs 11,379,310.34 during 2017/2018 financial year. The board disbursed Kshs. 46,505,172. Out of the total disbursed from the Board, Kshs. 54,784,483.18 for the financial year had not been disbursed to projects. By the close of the year, the implementation of the projects for that fund was at the planning level. Disbursement from the board of Kshs. 3,100,000.00 relates to the 2016/2017 financial year.

From the allocation received from NG-CDF Board, Mukurwe-ini NG-CDF has managed to implement education and security projects together with well organised constituency sports tournament.

Our primary and secondary schools' infrastructures have been constructed or rehabilitated thus creating a conducive environment to learners and teachers.

The NG-CDFC noted some challenges during implementation of the projects by the Project Management Committee members. PMC lacked technical capacity to carry out implementation, failure to follow public procurement and disposal procedures, delay in implementation and few conflicts among the members. It was agreed that the NG-CDFC will intensify the monitoring and evaluation exercise and also carry out several capacity building exercises for the NG-CDFC and PMCs.

Our key achievement has been access to quality and equal opportunity in education by giving bursaries to the less fortunate and persons with disabilities both in secondary and tertiary level.

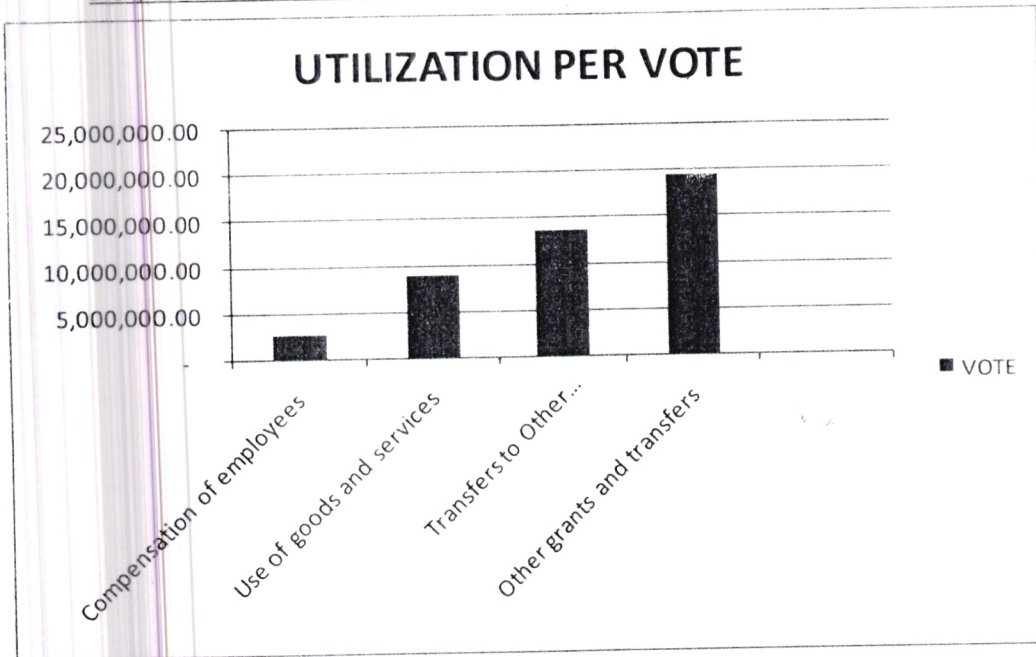
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MUKURWE-INI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

BUGDET UTILIZATION



**CHARLES KAIYA
CHAIRMAN NGCDF COMMITTEE**



MUKURWE-INI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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


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


 Fund Account Manager
 Edwin Nyamu
 FUND ACCOUNT MANAGER
 NG-CDF MUKURWE-INI
 P. O. Box 8-10103,
 MUKURWE-INI


 Sub-County Accountant
 CDA Pascal Amoke
 ICPAK Member Number: 12636

THE NATIONAL SUB-COUNTY TREASURY
 ACCOUNTANT
 MUKURWEINI

12

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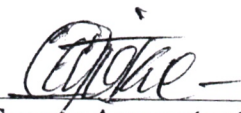
Reports and Financial Statements
For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	46,505,172	130,303,829
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	1,515,140	217,700
TOTAL RECEIPTS		48,020,312	130,521,529
PAYMENTS			
Compensation of employees	4	2,663,781	2,235,958
Use of goods and services	5	8,918,781	13,326,413
Transfers to Other Government Units	6	13,656,600	86,255,000
Other grants and transfers	7	19,474,778	29,478,694
Acquisition of Assets	8	0	5,000,000
Other Payments	9	0	562,000.00
TOTAL PAYMENTS		44,713,940	136,858,065
SURPLUS/(DEFICIT)		<u>3,306,373</u>	<u>(6,336,536)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MUKURWE-INI Constituency financial statements were approved on _____ 2018 and signed by:


 Fund Account Manager
 Edwin Nyamu
 FUND ACCOUNT MANAGER
 NG-CDF MUKURWE-INI
 P. O. Box 8-10103,
 MUKURWE-INI


 Sub-County Accountant
 CPH Pascal Amoke
 ICPAK Member Number: 12636
 THE NATIONAL SUB-COUNTY TREASURY
 ACCOUNTANT
 MUKURWEINI

2.5



REPUBLIC OF KENYA

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Website: www.kenao.go.ke



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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MUKURWEINI 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 – Mukurweini Constituency set out on pages 7 to 28, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows, 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 – Mukurweini 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. Unexplained Prior Year Adjustment

The statement of assets as at 30 June 2018 reflects a prior year adjustment figure of Kshs.86,163. However, the corresponding Note 14 to the financial statements indicates a nil balance in respect of the same item. Further, the nature and purpose of the adjustment have not been provided. Consequently, the validity and accuracy of the prior year adjustment balance of Kshs.86,163 could not be confirmed.

2. Cash and Cash Equivalents

The statement of assets reflects cash and cash equivalents balance of Kshs.5,924,112 as at 30 June 2018. However, the balance excludes cash at hand balance amounting to Kshs.322,300 recorded in the cash book as at the same date. Further, a review of bank reconciliation statement presented for verification indicated that unrepresented cheques amounting to Kshs.56,609 were stale as at 30 June 2018 and had not been reversed in the cashbook.

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

As a result, the accuracy and completeness of cash and cash equivalents balance of Kshs.5,924,112 as at 30 June 2018 could not be confirmed.

3. Net Financial Position

The statement of assets as at 30 June 2018 reflects total financial assets of Kshs.5,924,112. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the net financial position of Kshs.5,924,112 has instead been presented as net liabilities.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Mukurweni 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 THE 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. Construction of Dinning Hall at Rutune Secondary School

Disclosed in Note 6 to the financial statements is an expenditure of Kshs.10,856,600 on transfers to secondary schools. Included in the expenditure is an amount of Kshs.500,000 disbursed to Rutune secondary School for construction of dining hall. The works entailed painting, platform and glazing. However, physical verification of the project carried out in February 2019 revealed that renovation of the school was done in 2016/2017 period and not the current year under review. Neither the Project Management Committee nor the CDF committee provided explanation on how the amount of Kshs.500,000 was utilized and accounted for.

In the circumstances, the regularity and validity of transfer of Kshs.500,000 during the year ended 30 June 2018 could not be confirmed.

2. Construction of Gakindu Chief's Office

Included in the other grants and other payments of Kshs.19,474,778 as disclosed in Note 7 to the financial statements is an amount of Kshs.5,704,869 in respect of security projects, out of which Kshs.854,869.30 was paid towards construction of Gakindu Chief's office block during the financial year under review. Records indicated that the contract was awarded to a firm at a contract sum of Kshs.847,550. However, tender documents including tender opening, evaluation and award minutes, signed contract agreement and completion certificate were not presented for audit review.

Consequently, the regularity and validity of the expenditure of Kshs.854,869.30 incurred on the project could not be confirmed.

3. Construction of Karaba Police Post

Disclosed in Note 7 to the financial statements under other grants and other payments are security projects totalling Kshs.5,704,869, which includes Kshs.1,200,000 disbursed during the year for the proposed construction of Karaba Police Post. The funds were disbursed vide payment voucher No.30 dated 5 April 2018. According to available records, the contract was awarded to a firm at a contract sum of Kshs.1,145,984.

Tender documents including bid documents, tender opening and evaluation minutes, completion certificate and signed contract agreement were not provided for audit verification. Therefore, it is not clear how the contractor was identified and awarded the works. Further, physical inspection of the project carried out in February 2019 revealed visible cracks on the floor and walls, an indication of poor workmanship by the contractor. Consequently, the validity, regularity and value for money of the expenditure of Kshs.1,200,000 incurred on the project during the year ended 30 June 2018 could not be confirmed.

4. Completion of Wanjithi Chief's Office

The security projects expenditure of Kshs.5,704,869 as disclosed in Note 7 to the financial statements also includes an amount of Kshs.850,000 disbursed for the completion of Wanjithi Chief's Office. According to available records, the contract was awarded to a firm at a contract sum of Kshs.840,581.

Tender documents including bid documents, tender opening and evaluation minutes, completion certificate and signed contract agreement were not provided for audit verification. Therefore, it is not clear how the contractor was identified and awarded the works. Further, a site visit carried out in February 2019 revealed visible cracks on the floor and incomplete works in roofing.

As a result, the validity, regularity and value for money of the expenditure of Kshs.850,000 incurred on the Wanjithi Chief's Office during the year ended 30 June 2018 could not be confirmed.

5. Construction of Residential House at Thangathi AP Post

Included in security projects expenses of Kshs.5,704,869 is an amount of Kshs.800,000 for construction of one residential house at Thangathi Administration Police (AP) Post. The funds were disbursed vide payment voucher No.29 dated 5 April 2018. According to records made available, the tender was awarded to M/s Nelion Developers and Construction Company Limited at a contract price of Kshs.810,564. However, records showing how the firm was selected and awarded the contract were not provided for audit verification.

Further, the contract sum included provisional sum amounting to Kshs.322,000 for which the nature and purpose of the amount were not explained and accounted for as required under Section 139(2) of Public Procurement and Asset Disposal, 2015.

In the absence of the relevant documents, the validity and regularity of the expenditure of Kshs.800,000 could not be ascertained.

6. Renovation of Residential Houses at Kaharo AP Post

According to records the CDF management incurred an expenditure of Kshs.400,000 on 5 April 2018 through payment voucher number 49 described as disbursement to Gakindu Chief's Office for renovation of residential houses. Records presented for audit indicated that the tender was awarded to a firm at a contract sum of Kshs.399,263, which included provisional sum amounting to Kshs.210,000 for electrical works, contingencies and water works.

Similarly, tender documents showing how the contractor was identified and awarded the tender and certificate of works to justify the provisional sum were not provided for audit verification. Further, an inspection carried out on the project in February 2019 indicated incomplete works.

Consequently, the validity and regularity of the expenditure of Kshs.400,000 could not be ascertained.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 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 - Mukurweini 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 Fund's policies and procedures may deteriorate.

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

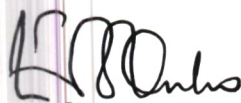
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of National Government Constituencies Development Fund - Mukurweini 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

22 May 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MUKURWE-INI CONSTITUENCY

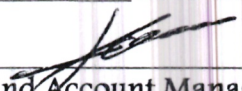
Reports and Financial Statements


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	5,924,112	2,617,739
Cash Balances (cash at hand)	10B	0	0
Total Cash and Cash Equivalents		5,924,112	2,617,739
Current receivables- Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		5,924,112	2,617,739
FINANCIAL LIABILITIES			
Accounts payable- Retention		0	(86,163)
NET FINANCIAL ASSETS		5,924,112	2,531,576
REPRESENTED BY			
Fund balance b/fwd 1st July 2017	13	2,531,576	8,868,112
Surplus/Deficit for the year		3,306,373	(6,336,536)
Prior year adjustments	14	86,163	0
NET LIABILITIES		5,924,112	2,531,576

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


 Fund Account Manager
 Edwin Nyamu
 FUND ACCOUNT MANAGER
 NG-CDF MUKURWE-INI
 P. O. Box 8-10103,
 MUKURWE-INI


 Sub-County Accountant
 CPA Pascal Amoke
 ICPAK Member Number: 12636
 THE NATIONAL SUB-COUNTY TREASURY
 ACCOUNTANT
 MUKURWEINI



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MUKURWE-INI 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	46,505,172	130,303,829
Other Receipts	3	<u>1,515,140</u>	<u>217,700</u>
		48,020,312	130,521,529
Payments for operating expenses			
Compensation of Employees	4	2,663,781	2,235,958
Use of goods and services	5	8,918,781	13,326,413
Transfers to Other Government Units	6	13,656,60	86,255,000
Other grants and transfers	7	19,474,778	29,478,694
Other Payments	9	0	562,000
		(44,713,940)	(131,858,065)
Adjusted for:			
Adjustments during the year	14	0	86,163
Net cash flow from operating activities		3,306,373	(1,250,373)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	9	0	(5,000,000)
Net cash flows from Investing Activities		0	(5,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		3,306,373	(6,250,373)
Cash and cash equivalent at BEGINNING of the year	13	2,617,739	8,868,112
Cash and cash equivalent at END of the year		<u>5,924,112</u>	<u>2,617,739</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MUKURWE-INI Constituency financial statements were approved on _____ 2018 and signed by:

Fund Account Manager

Edwin Nyamu

FUND ACCOUNT MANAGER

NG-CDF MUKURWE-INI

P. O. Box 8-10103,

MUKURWE-INI

Sub-County Accountant

Pascal Amoke

ICPAK Member Number:

THE NATIONAL SUB-COUNTY TREASURY

ACCOUNTANT

MUKURWEINI

12636

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	17,097,050	103,907,394	49,122,911	54,784,483	47.3%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	0.0%
	86,810,345	17,097,050	103,907,394	49,122,911	54,784,483	47.3%
PAYMENTS						
Compensation of Employees	2,609,473	381,120	2,990,593	2,663,781	326,812	89.1%
Use of goods and services	5,203,458	3,260,757	8,464,215	8,918,781	(454,566)	105.4%
Transfers to Other Government Units	30,600,000	5,300,000	35,900,000	13,656,600	22,243,400	38.0%
Other grants and transfers	39,220,387	8,155,172	47,375,559	19,474,778	27,900,781	41.1%
Acquisition of Assets	1,000,000	-	1,000,000	-	1,000,000	0.0%
Other Payments	8,177,027	-	8,177,027	-	8,177,027	0.0%
TOTALS	86,810,345	17,097,050	103,907,394	44,713,940	59,193,454	43.0%




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

- i. Use of goods and services overutilization was due to balances brought forward from the previous years.
- ii. Transfer to other government units, other grants and transfers, acquisition of assets and other payments' underutilization was due to delayed disbursement of funds from the NG-CDF Board.

The NGCDF-MUKURWE-INI Constituency financial statements were approved on _____ 2018 and signed by:


 Fund Account Manager
 Edwin Nyamu
 FUND ACCOUNT MANAGER
 NG-CDF MUKURWE-INI
 P.O. Box 840103
 NAIROBI


 Sub-County Accountant
 CPA Pascal Amoke
 ICPAK Member Number: 12636
 THE NATIONAL SUB-COUNTY TREASURER
 ACCOUNTANT
 MUKURWEINI

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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



SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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



SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MUKURWE-INI 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	A825881		51,507,277
AIE NO	A829940		4,094,828
AIE NO	A855139		36,853,449
AIE NO	A855566		37,848,275
AIE NO	A855946	5,500,000	
AIE NO	A892740	3,100,000	
AIE NO	A892845	37,905,172	
TOTAL		46,505,172	130,303,829

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	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MUKURWE-INI 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	0	0
Rents	0	0
Receipts from Sale of tender documents	0	0
Other Receipts Not Classified Elsewhere	1,515,140	217,700
Total	1,515,140	217,700

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,997,436	1,853,902
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	0	0
NSSF Contribution	127,440	131,760
Gratuity	538,905	250,296
Other personnel payments	0	0
Total	2,663,781	2,235,958

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUKURWE-INI 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	2016-2017
	Kshs	Kshs
Committee Allowance	2,667,000	3,083,500
Utilities, supplies and services	10,960	44,068
Communication, supplies and services	250,000	439,128
Domestic travel and subsistence	0	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	0	0
Other committee expenses	5,396,740	7,221,000
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	131,800	622,381
Fuel, oil and lubricants	150,000	600,000
Other operating expenses	35,166	768,311
Routine maintenance – vehicles and other transport equipment	277,115	548,024
Routine maintenance – other assets	0	0
Total	8,918,781	13,326,413



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MUKURWE-INI 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	0	0
Transfers to primary schools (see attached list)	2,800,000	68,700,000
Transfers to secondary schools (see attached list)	10,856,600	17,555,000
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	0	0
TOTAL	13,656,600	86,255,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	8,017,132	11,888,499
Bursary – tertiary institutions (see attached list)	4,568,410	9,737,195
Bursary – special schools (see attached list)	0	0
Special Programs (see attached list)	0	1,000,000
Security projects (see attached list)	5,704,869	1,818,000
Sports projects (see attached list)	800,000	1,800,000
Environment projects (see attached list)	0	900,000
Emergency projects (see attached list)	384,367	1,500,000
Total	19,474,778	29,478,694



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MUKURWE-INI 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	0	0
Construction of Buildings	0	5,000,000
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total	0	5,000,000

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
TIVET	0	0
Library		562,000
	0	562,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUKURWE-INI 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, Mukurwe-ini A/c No. 0830297514775</i>	5,924,112	2,617,739.
Total	5,924,112	2,617,739
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0
<i>[Provide cash count certificates for each]</i>		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUKURWE-INI 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>
-	-	0	0	0
<i>Total</i>				<u>0</u>

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

12 RETENTION

	2017 - 2018	2016-2017
	Kshs	Kshs
Transworld Contractors	0	63,530
Transworld Contractors	0	22,633
	0	0
Total	<u>0</u>	<u>86,163</u>

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	2,617,739	8,868,112
Cash in hand	0	0
Imprest	0	0
Total	<u>2,617,739</u>	<u>8,868,112</u>

[Provide short appropriate explanations as necessary]

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUKURWE-INI 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	0	0
Cash in hand	0	0
Imprest	0	0
Total	0	0

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	0	0

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others (<i>specify</i>)	0	0
	0	0

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	326,812	856,314
Use of goods and services	0	0
Amounts due to other Government entities (see attached list)	22,243,400	3,100,000
Amounts due to other grants and other transfers (see attached list)	27,446,215	1,457,562
Acquisition of assets	1,000,000	0
Others (<i>specify</i>)	8,177,027	0
	59,193,454	5,413,876

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUKURWE-INI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	9,752,258	1,385,097
	9,752,258	1,385,097



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 2018	Outstanding Balance 2017	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.	0	0	0	0	0	
2.		0	0	0	0	
3.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Construction of civil works						
4.	0	0	0	0	0	
5.	0	0	0	0	0	
6.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Supply of goods						
7.	0	0	0	0	0	
8.	0	0	0	0	0	
9.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Supply of services						
10.	0	0	0	0	0	
11.	0	0	0	0	0	
12.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Grand Total	0	0	0	0	0	

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	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
Senior Management							
1.		0	0	0	0	0	
2.		0	0	0	0		
3.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
Middle Management							
4.		0	0	0	0	0	
5.		0	0	0	00	0	
6.		0	0	0	0	0	
	Sub-Total	0	0	0		0	
Unionisable Employees							
7.		0	0	0	0	0	
8.		0	0	0	0	0	
9.		0	0		0	0	
	Sub-Total	0	0	0	0	0	
Others (specify)							
10.		0	0	0	0	0	
11.		0	0	0	0	0	
12.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
	Grand Total	0	0	0	0	0	



Reports and Financial Statements

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		326,812	856,314	
Use of goods & services		0	0	
Amounts due to other Government entities				
Mukurwe-ini MTTI		20,000,000		
Kinuri Pry Sch		200,000		
Karaguriri Pry Sch		1,000,000		
St. Thomas Gatura Sec Sch		1,000,000		
Projectors		43,400	3,100,000	
Sub-Total		22,243,400	3,100,000	
Amounts due to other grants and other transfers				
Sports		1,163,794		
Environment		1,963,793		
Bursary		17,518,069	1,457,562	
Emergency		2,150,559		
Security		4,650,000		
Sub-Total		27,446,215	1,457,562	
Acquisition of assets		1,000,000	0	
Others (specify)				
Constituency Innovation Hubs Project		4,677,027	0	
Constituency Strategic plan		3,500,000	0	
Sub-Total		8,177,027	0	
Grand Total		59,193,454	5,413,876	



Reports and Financial Statements

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	0	0	0	0
Buildings and structures	24,272,409	0	0	24,272,409
Transport equipment	21,581,182	0	0	21,581,182
Office equipment, furniture and fittings	4,043,614	0	0	4,043,614
ICT Equipment, Software and Other ICT Assets	1,580,150	0	0	1,580,150
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	51,477,355	0	0	51,477,355

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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
Mukurwe-ini sports tournament NG-CDF PMC	Equity Bank	0830170946920	65,438	800
Mukurwe-ini Environment NG-CDF	Equity Bank	0830173286249	890	890
Ningaini Primary School NG-CDF PMC	Equity Bank	0830176850849	684,995	0
Gikondi Primary School NG-CDF PMC	Equity Bank	0830177172745	1,000,000	0
Kariara Primary School NG-CDF PMC	Equity Bank	0830176904778	291,351	0
St. John Thunguri Secondary School NG-CDF	Equity Bank	0830177325501	471,861	0
St. Augustine Gikondi Secondary School NG-CDF MC	Equity Bank	0830177159257	433,175	0
Rutune Secondary School NG-CDF PMC	Equity Bank	0830177325501	471,861	0
Rev. Muhoro Secondary School NG-CDF PMC	Equity Bank	0830171870637	265,418	1,383,407
Ngamwa Secondary School NG-CDF PMC	Equity Bank	0830168539240	411,070	0
Wak Kiuu Secondary School NG-CDF PMC	Equity Bank	0830177223051	1,000,000	0
St Anne Githunguri Secondary School NG-CDF PMC	Equity Bank	0830176984205	1,184,294	0
Mweru Secondary School NG-CDF PMC	Equity Bank	0830176984507	562,421	0
Thangathi AP Post NG-CDF PMC	KCB Bank	1228738238	799,970	0
Girerema Assistant Chief's office NG-CDF PMC	KCB Bank	1228739315	261,058	0
Milani Assistant Chief's office NG-CDF PMC	KCB Bank	1230072764	261,946	0
Kahaba AP Post NG-CDF PMC	KCB Bank	1228737975	560,893	0
Kaharo Ap post NG-CDF PMC	KCB Bank	1228738858	400,000	0
Wanjithi Chief's office NG-CDF PMC	KCB Bank	1230070982	225,227	0
Makindu Chief's office NG-CDF PMC	KCB Bank	1228737371	400,390	0
Total			9,752,258	1,385,097



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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.

Referen ce No. on the externa l 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>)	Timef ame: (<i>Put a date when you expec the issue to be resolv ed</i>)
Part A 2.0	The statement of receipts and payments reflect an amount of Kshs 27,364,616.80 under other grants and transfers which excludes an amount of kshs1,789,202.00 incurred under Emergency expenses. No explanation has been given for the omission	Financial statements are being verified and necessary amendments have been done	Edwin Nyamu. (Fund Account Manager)	Resolved by office AOG. Pending PAC session	
3.0	Bank balance as at 30 th June 2016 amounted to Kshs 8,868,112 as per the statements Of the financial assets. However bank reconciliation statement includes unrepresented cheques of Kshs.2,620,095.35 as at 30 th June 2016.Out of this, an amount of Kshs.165,365.70 was in relation to stale cheques dating back to April 2015 for the year 2014/2015. It is	Application for stale cheques to be reversed has been done to the District Accountant.	OAG	Resolved by OAG. Pending PAC session	



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	expected that cheques which are unrepresented beyond six months are invalid and should be reversed back in the cashbook. No reason was provided for not reversing the stale cheques in the cashbook.				
4.0	The financial statements under review do not have a note 15 (Other Important Disclosures) and Annex 3 (Other Pending Payables) attached. It was therefore not possible to confirm whether there were any Other Pending Payables as at 30 th June 2016	There was no pending payables, a typographical error occurred. A correct statement has been submitted	OAG	Resolved by OAG. Pending PAC session	
PART B 6.0	During financial year 2015/2016, the CDF Mukurwe-ini had allocated a total of Kshs. 1,000,000 for Mocks and Cats. An amount of Kshs. 620,000 was spent on	We have provided the supporting documents for both Kshs. 420, 000.00 and Kshs. 200,000.00. These documents are dully signed by education officers and shows how the funds were utilised	OAG	Resolved by OAG. Pending PAC session	



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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)
	math contest and purchase of exams. This expenditure is not properly supported.				
7.1	A site visit at Gathukimundu Primary School established that the above activities had been done, However, the flooring, the construction of the veranda, wall painting of the roof and wiring was done on only 6 classrooms and not the 8 classrooms had been proposed and approved. In the circumstances therefore, the intended activity for which the allocation was given was not adhered to.No explanation was given for the failure to complete the works as planned.	Funding allocated for the named project was not sufficient to carry out the intended works for the class rooms. This was necessitated by variance in the works from the BQ's quantities works officer's completion certificates were attached explaining the same.	OAG	Resolved by OAG. Pending PAC session	
7.2	A visit to Kaheti primary school revealed that there was change of activity contrary to the earlier proposal and subsequent funding Ten (10) steel doors,	By the time the project was to be implemented a good Samaritan had carried out the construction of the	OAG	Resolved by OAG. Pending PAC session	

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	20 steel windows, roof, wall painting to 10 classrooms, flooring of 10 classrooms, external finishes to 4 classrooms and construction of veranda wall instead of flooring of 5 no. classrooms	boys and girls toilets. This freed the funds to carry out further works to include other classrooms which increased the number to 10.			
3	The NG-CDF had allocated Kihuti Primary School a total of Kshs. 1,500,000 for construction of 3 classrooms. However, a visit to the school indicated that only 2 classrooms under construction instead of the 3 budgeted and were about 90% complete. It was also noted that the classrooms were already in use even before completion. The keying of external walls was still ongoing and the painting had not been done. There was no evidence indicating that the CDFC and PMC Board for the change	Funding allocated for the named project was not sufficient to carry out the intended works for all the class rooms. This was necessitated by variance in the works from the BQ's quantities. The works officer's completion certificates are attached explaining the same. Compliance with the auditor's recommendation will be implemented in the future in seeking Board approval for change of activity	OAG	Resolved by OAG. Pending PAC session	



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	of activity.				
7.4	Examination of project files and other related documents revealed that the Constituency Development Fund Committee (CDFC) did not adhere to the Approved Budget code list and planned activity during the implementation of various secondary school projects.	Compliance with the auditor's recommendation will be implemented in the future in adhering to the Budget list	OAG	Resolved by OAG. Pending PAC session	
3.0	Physical verification of Giathugu Mihuti, South Tetu, and Gaikundo Secondary Schools projects revealed that the works were carried out without a National Construction Authority (NCA) registered contractors contrary to Section 23(2) of the National Construction Authority 2011 since no NCA compliance certifications were availed for audit verification. Further, no completion certificates were issued to certify the quality	Compliance with the auditor's recommendation will be implemented in the future in implementing and following the various construction and other statutory requirements The various delivery notes were signed and were attached for verification	OAG	Resolved by OAG. Pending PAC session	



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	of works done. It was also noted that delivery notes submitted by suppliers of materials were not signed and dated by the receiving person. It was therefore not possible to ascertain whether the materials delivered as per the order.				
10.0	A review of project files revealed neither the project files nor payment vouchers had interim and completion certificates attached. It was therefore not clear on what basis the respective project management committees (PMC's) used when making interim and the final payments to the contractors. It was also not clear whether any supervision was carried out during the implementation of the projects as required by the law.	Compliance with the auditor's recommendation will be implemented in the future in implementing and following the various construction and other statutory requirements. Various certificates have been attached showing current compliance. Letter seeking participation of the works officer has also been attached.	OAG	Resolved by OAG. Pending PAC session	
10.0	Untimely implementation of environment project.	A list showing beneficiaries has been attached. The	OAG	Resolved by OAG.	

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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)	Time frame: (Put a date when you expect the issue to be resolved)
		District Forest officer has been consulted in subsequent implementation of the environment project to avoid variance and discrepancy in weather changes or species adoptability		Pending PAC session	

