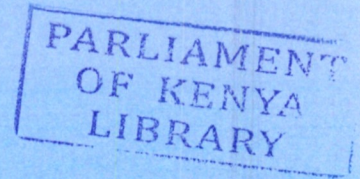


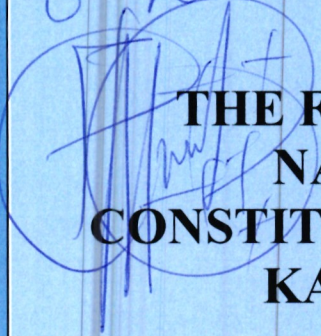
REPUBLIC OF KENYA



**OFFICE OF THE AUDITOR-GENERAL**

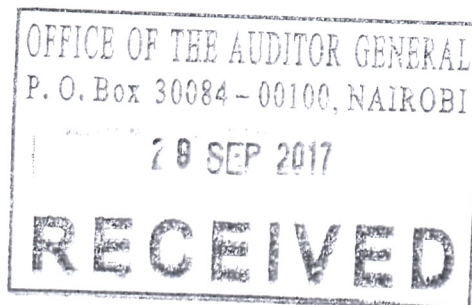


*Paper Laid on the*  
**REPORT**  
*Table of the House*  
*by the Leader of* **OF**  
*the Majority Party on*  
*Tuesday* **THE AUDITOR-GENERAL**  
*6<sup>th</sup> November 2018* **ON**



**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
KANDARA CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2017**



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
KANDARA CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
KANDARA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2017 Kshs.

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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
KANDARA CONSTITUENCY

Reports and Financial Statements  
For the year ended June 30, 2017 Kshs.

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 amended in 2007 and repealed by the CDF Act, 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new act was enacted in 2015, being the National Government Constituencies Development Fund act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the fund is to provide mechanisms for supplementing implementation of the National Government development agenda at the constituency level.

**(b) Key Management**

The Kandara Constituency's day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Suleiman Roba</b>
3.	Accountant	<b>Peter Muhindi</b>

**(d) Fiduciary Oversight Arrangements**

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

**(e) Kandara NG-CDF Headquarters**

P.O. Box 111- 01034  
NG-CDF Building  
Opposite Kandara law Court,  
Kandara, Kenya.



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
KANDARA CONSTITUENCY

Reports and Financial Statements  
For the year ended June 30, 2017 Kshs.

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**(e)Kandara NG-CDF Contacts**

Telephone: (254) 0723 876 000/0725282806

E-mail: [kanandara@ngcdf.go.ke](mailto:kanandara@ngcdf.go.ke)/[ngcdf@ngcdf.go.ke](mailto:ngcdf@ngcdf.go.ke)

Website: [www.ngNG-CDF.go.ke](http://www.ngNG-CDF.go.ke)

**(f) Kandara NG-CDF Bankers**

CO-OPERATIVE BANK OF KENYA,  
THIKA BRANCH,  
A/C: 01120074486100

**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

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



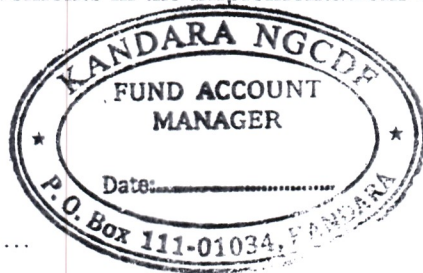
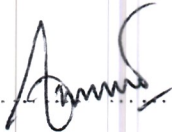
## II. FORWARD BY THE CHAIRMAN OF KANDARA NG-CDFC

The Kandara NG- CDFCs wish to have in summary the budget performance for the fiscal year 2016/2017 against actual amounts for the year based on economic classification and programmes. The Kandara NG-CDFC is humbled to inform all that it has improved the Educational infrastructure for the schools in the constituency over the period.

However the Kandara NG-CDFC have noted with concern some been emerging issues that influences and challenges the implementation of NG-CDF Projects in the constituency. Among the issues are influence from politics and changes in weather patterns during the financial year. Additionally, Kandara NGCFC wishes to inform all that during the year the disbursement of funds to the Constituency was commendable and timely although the amount was the smallest among the years.

I, as the NG-CDFC Chairman would wish and promise all members and the members of the public for tremendous improvements in the implementations of the projects in the coming years.

God Bless you all.



**PETER KAGICHU NJOROGE,**

**NG-CDFC CHAIRMAN, KANDARA CONSTITUENCY**

### III. STATEMENT OF NG-CDF 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 NG-CDF shall prepare financial statements in respect of that NG-CDF. 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 Kandara NG-CDF is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year (period) ended on June 30, 2015. 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 NG-CDF; (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 NG-CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

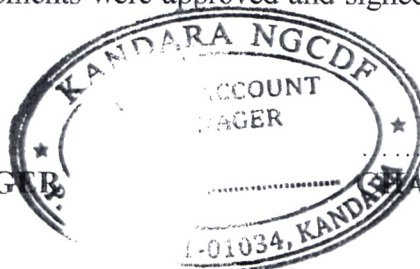
The Accounting Officer in charge of the Kandara NG-CDF accepts responsibility for the NG-CDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NG-CDF's financial statements give a true and fair view of the state of NG-CDF's transactions during the financial year ended June 30, 2015, and of the NG-CDF's financial position as at that date. The Accounting Officer charge of the Kandara NG-CDF further confirms the completeness of the accounting records maintained for the NG-CDF, which have been relied upon in the preparation of the NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Kandara NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF'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 NG-CDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

#### Approval of the financial statements

The NG-CDF's financial statements were approved and signed by the Accounting Officer on 20<sup>TH</sup> July 2017.

.....  
FUND ACCOUNT MANAGER



.....  
CHAIRMAN KANDARA NG-CDFC

NATIONAL GOVERNMENT COMPETITIVENESS DEVELOPMENT BOARD  
KANDARA CONSTITUENCY

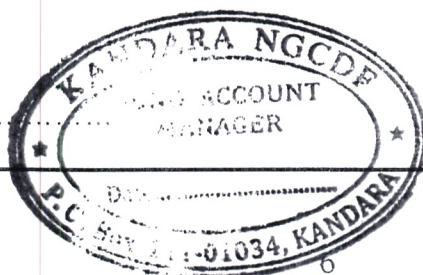
Reports and Financial Statements  
For the year ended June 30, 2017 Kshs.

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		KSHS	KSHS
<b>RECEIPTS</b>			
Receipts from the Board	1	139,018,198	82,688,487
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>139,018,198</b>	<b>82,688,487</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,670,400	1,776,200
Use of goods and services	5	9,249,360	6,351,820
Transfers to Other Government Units	6	72,133,276	54,125,687
Other grants and transfers	7	58,200,598	31,323,537
Acquisition of Assets	8	69,500	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>141,323,133</b>	<b>93,577,244</b>
<b>SURPLUS/DEFICIT</b>		<b>(2,304,935.40)</b>	<b>(10,888,757)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kandara NG NG-CDF financial statements were approved on 20<sup>th</sup> July 2017 and signed by:

Fund Account Manager



Chairman Kandara NG-CDFC

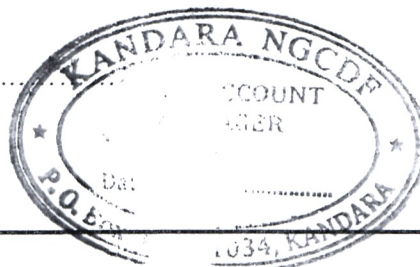
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
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**V. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2015-2016	2015-2016
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	25,105	2,601,790
Cash Balances (cash at hand)	10B	-	-
SubTotal		25,105	2,601,790
Outstanding Imprests	11	705,750	434,000
<b>TOTAL FINANCIAL ASSETS</b>			
		730,855	3,035,790
<b>REPRESENTED BY</b>			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	3,035,790	13,924,547
Surplus/Defict for the year		(2,304,935)	(10,888,757)
Prior year adjustments	14		-
<b>NET LIABILITIES</b>			
		730,854	3,035,790

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kandara NG-CDF financial statements were approved on 20<sup>th</sup> July 2017 and signed by:

.....  
 Fund Account Manager



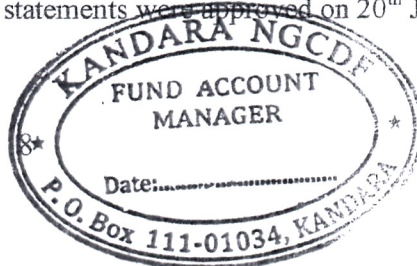
.....  
 Chairman Kandara NG-CDFC

NATIONAL GOVERNMENT OF UGANDA  
KANDARA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2017 Kshs.

VI. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	139,018,198	82,688,487
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,670,400	1,776,200
Use of goods and services	5	9,249,360	6,351,820
Transfers to Other Government Units	6	72,133,276	54,125,687
Other grants and transfers	7	58,200,598	31,323,537
Other Payments	8	-	-
<b>Adjusted for:</b>			
Adjustments during the year			
<b>Net cash flow from operating activities</b>		<b>(2,235,435)</b>	<b>(10,888,757)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	(69,500)	-
<b>Net cash flows from Investing Activities</b>		<b>(69,500)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(2,304,935)</b>	<b>(10,888,757)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	15	<b>3,035,790</b>	<b>13,924,547</b>
<b>Cash and cash equivalent at END of the year</b>	16	<b>730,854</b>	<b>3,035,790</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kandara NG-CDF financial statements were approved on 20<sup>th</sup> July 2017 and signed by:



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
KANDARA CONSTITUENCY

Reports and Financial Statements  
For the year ended June 30, 2017 Kshs.

Fund Account Manager

Chairman Kandara NG-CDFC

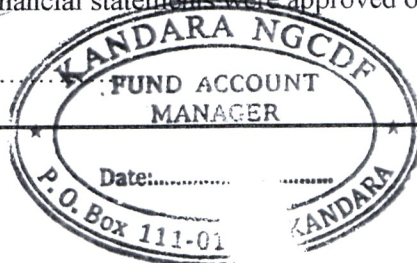
**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	81,896,552	60,157,436	142,053,988	142,053,988	-	100%
Proceeds from Sale of Assets				-		
Other Receipts				-		
	<b>81,896,552</b>	<b>60,157,436</b>	<b>142,053,988</b>	<b>142,053,988</b>	-	
<b>PAYMENTS</b>						
Compensation of Employees	1,893,600		1,893,600	1,670,400	223,200	88%
Use of goods and services	5,407,090	4,159,135	9,566,225	9,249,360	316,865	97%
Transfers to Other Government Units	40,580,173	31,560,000	72,140,173	72,133,276	6,897	100%
Other grants and transfers	33,945,690	24,438,301	58,383,991	58,200,598	183,393	100%
Acquisition of Assets	70,000		70,000	69,500	500	99%
Other Payments	-		-	-	-	0%
<b>TOTALS</b>	<b>81,896,552</b>	<b>60,157,436</b>	<b>142,053,988</b>	<b>141,323,133</b>	<b>730,855</b>	

The Kandara NG-CDF financial statements were approved on 20<sup>th</sup> July 2017 and signed by:

Fund Account Manager

Chairman Kandara NG-CDFC



## 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NG-CDF.

### 2. Recognition of revenue and expenses

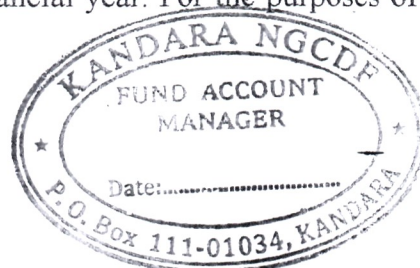
+The NG-CDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NG-CDF. In addition, the NG-CDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NG-CDF.

### 3. In-kind contributions

In-kind contributions are donations that are made to the NG-CDF 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 NG-CDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

### 4. 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. For the purposes of these financial



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
KANDARA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017 Kshs.

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statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year

**5. 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 NG-CDF 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.

**6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NG-CDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NG-CDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**7. Comparative figures**

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

**8. 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 June 30, 2017.



# REPUBLIC OF KENYA

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Website: [www.kenao.go.ke](http://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-KANDARA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund–Kandara Constituency set out on pages 6 to 28, which comprise the statement of assets as at 30 June 2017, 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Kandara Constituency as at 30 June 2017, 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.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Other Matter section of my report, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

##### **Basis for Opinion**

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

---

*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund  
Kandara Constituency for the year ended 30 June 2017*

## 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. There were no key audit matters to communicate in my report.

## Other Matter

### 1. Bank and cash – unreversed stale cheques

The statement of assets and liabilities reflects bank balance of Kshs.25,105 as at 30 June 2017. However, the bank reconciliation statement as at 30 June 2017 includes items in the cash book not yet recorded in the cash book-unpresented cheques totaling Kshs.377,377 which were already stale and could not be presented to the bank for payment. The management has not given justification why the cheques could not be replaced or written back into the cashbook. Consequently, the accuracy and validity of the bank balances of Kshs.25,105 as ta 30 June 2017 could not be confirmed.

### 2. Project Implementation Analysis

A review of project implementation status report revealed that the CDF management had identified and allocated funds amounting to Kshs.104,688,418 to complete one hundred and eleven (111) projects which were all implemented as analyzed below:

Project Category	No of Approved Projects	No of Projects Implemented	Approved Budget Kshs	Actual Amount-Kshs.	Varince Kshs.
Transfer to Other Government Units	68	68	71,980,082	71,983,275	3,193
Other Grants and Transfers	43	43	32,708,336	33,966,597	1,258,261
<b>Total</b>	<b>111</b>	<b>111</b>	<b>104,688,418</b>	<b>105,949,872</b>	<b>1,261,454</b>

However, the CDF incurred excess expenditure of Kshs.1,261,454 for which no explanation nor approval was presented for audit review.

### 3. Stalled Project-Construction of Kandara Health Centre

Included in the transfer to other government entities figure of Kshs.72,133,276 as disclosed in note 6 to the financial statements is transfer to health institutions of Kshs.5,700,000 out of which an amount of Kshs.5,000,000 was disbursed to project management committee for the construction of Kandara Health Centre. The project which was initiated in 2013 had received a total of Kshs.15,308,193 as at 30 June 2016, bringing total disbursements as at 30 June 2017 to Kshs.20,308,193. Records made available

showed that the contract for the construction was awarded to a firm at a contract sum of Kshs.165,564,545. However, procurement records such as tender opening, evaluation, award minutes and contract agreement were not provided for audit review. Further, physical inspection of the project carried out revealed that construction of the project had stalled and the contractor was not on site as at the time of the audit in June 2018.

The CDF management has not explained measures being taken to ensure that the project is completed to avoid loss of public funds already spent on this project.

Consequently, the value for money for the expenditure so far spent on this project could not be confirmed.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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 such 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the government intends to cease operations of the Fund, or has 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### **Auditor-General's Responsibilities for the Audit of the Financial Statements**

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

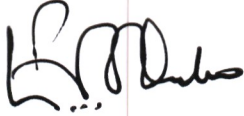
reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**15 October 2018**

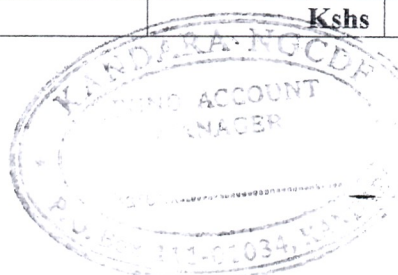
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
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IX. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
1330407	Normal Allocation	AIE 2014/15 - 759566		
		AIE 2014/15 - 796566		
		AIE 2014/15 - 796755		
		AIE 2014/15 - 796041		
		AIE 2014/15 - 790783		
		AIE 2014/15		26,688,487
		AIE 2015/16 - 724095		10,000,000
		AIE 2015/16 - 724234		10,000,000
		AIE 2015/16 - 820565		26,000,000
		AIE 2015/16 - 820882		10,000,000
		AIE 2015/2016/921 - 825856	57,121,646.00	
		AIE 2016/2017/085 - 829581	4,094,827.60	
		AIE 2016/2017/354 - 855026	36,853,449.00	
		AIE 2016/2017/491 - 855637	40,948,275.10	
1330409	Receipt from other Constituency			
	<b>TOTAL</b>		<b>139,018,197.70</b>	<b>82,688,487</b>

2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

3510000	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs



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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		-	-
		<b>Total</b>	-	-

**3 OTHER RECEIPTS**

1400000	Description	2016 - 2017	2015 - 2016
		Kshs	Kshs
1410107	Interest Received	-	-
1410405	Rents	-	-
1420601	Interest Received	-	-
1450207	Other Receipts Not Classified Elsewhere (specify)	-	-
	<b>Total</b>	-	-

**COMPENSATION OF EMPLOYEES**

2110000	Description	2016 - 2017	2015 - 2016
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,641,600	1,747,400
2110202	Basic wages of casual labour		-



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND

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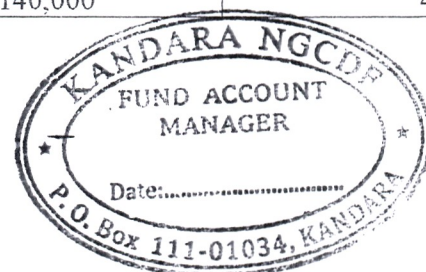
Reports and Financial Statements

For the year ended June 30, 2017 Kshs.

	Personal allowances paid as part of salary			-
2110301	House allowance			-
2110314	Transport allowance			-
2110320	Leave allowance			-
2110326	Other personnel payments			-
2710120	gratuity			-
120101	Employer contribution to NSSF		28,800	28,800
	<b>Total</b>		<b>1,670,400</b>	<b>1,776,200</b>

5 USE OF GOODS AND SERVICES

2200000	Description	2016 - 2017 Kshs	2015 - 2016 Kshs
2210100	Utilities, supplies and services	511,015	463,445
2210104	Office rent		
2210200	Communication, supplies and services	200,000	200,000
2210300	Domestic travel and subsistence	102,150	200,000
2210500	Printing, advertising and information supplies & services	-	-
2210600	Rentals of produced assets	-	-
2210700	Training expenses	-	-
2210800	Hospitality supplies and services	140,000	400,000

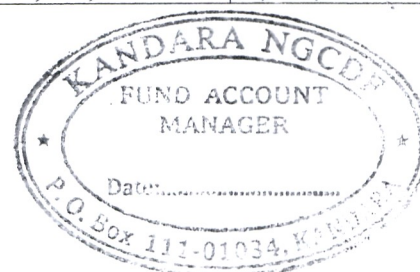


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2210900	Insurance costs		353,645	778,375
2211000	Specialised materials and services		-	
2211100	Office and general supplies and services		658,300	400,000
2211200	Fuel ,oil & lubricants		650,000	700,000
2211300	Other operating expenses		-	
2220100	Routine maintenance – vehicles and other transport equipment		200,000	450,000
2220200	Routine maintenance – other assets			
2210802	Other committee expenses		1,980,000	166,000
2210809	Committee allowance		4,454,250	2,594,000
	<b>Total</b>		<b>9,249,360</b>	<b>6,351,820</b>

**6 TRANSFER TO OTHER GOVERNMENT ENTITIES**

2630200	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2630204	Transfers to primary schools	1	53,133,276	24,744,000
2630205	Transfers to secondary schools		11,300,000	8,724,928



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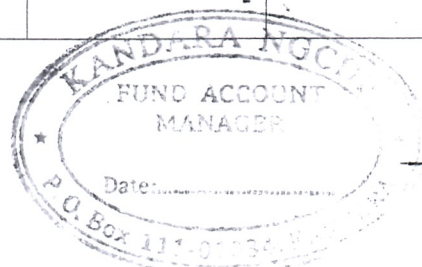
2630206	Transfers to Tertiary institutions	2,000,000	8,000,000
2630207	Transfers to Health institutions	5,700,000	12,656,759
	<b>TOTAL</b>	<b>72,133,276</b>	<b>54,125,687</b>

7 OTHER GRANTS AND OTHER PAYMENTS

2640000	Description	2016 - 2017 Kshs	2015 - 2016 Kshs
2640101	Bursary -Secondary	14,210,000	6,706,700
2640102	Bursary -Tertiary	9,874,000	5,684,038
2640104	Bursary-Special schools		
2640105	Mocks & CAT		
2640504	water	5,100,000	7,900,000
2640505	Agriculture (food security)		
2640506	Environment	2,100,363	1,800,000
2640507	Security	1,100,000	
2640508	Roads	8,367,432	5,637,500
2640509	Sports	2,100,363	1,800,000
2640510	Other capital grants and transfer	5,000,000	1,111,649
2640200	Emergency Projects (specify)	10,348,440	683,650
	<b>Total</b>	<b>58,200,598</b>	<b>31,323,537</b>

8 ACQUISITION OF ASSETS

3100000	<u>Non Financial Assets</u>	2016 - 2017 Kshs	2015 - 2016 Kshs
3110102	Purchase of Buildings		-



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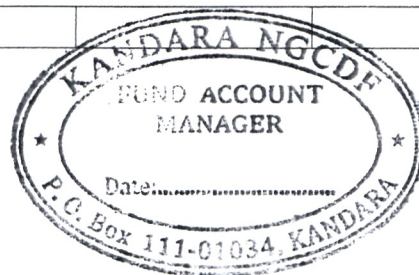
3110202	Construction of Buildings			-	-
3110302	Refurbishment of Buildings			-	-
3110701	Purchase of Vehicles			-	-
3110704	Purchase of Bicycles & Motorcycles			-	-
3110801	Overhaul of Vehicles			-	-
3111001	Purchase of Office furniture and fittings			-	-
3111002	Purchase of computers ,printers and other IT equipments		69,500		
3111005	Purchase of photocopier			-	-
3111009	Purchase of other office equipments			-	-
3111112	Purchase of soft ware			-	-
3130101	Acquisition of Land			-	-
	<b>Total</b>			<b>69,500</b>	-

**9. OTHER PAYMENTS**

		2016-2017	2015-2016
	specify	-	-
	specify	-	-
	<b>TOTAL</b>	-	-

**10A: Bank Balances (cash book bank balance)**

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Name of Bank Account No. & currency	Account Number	2016 - 2017	2015 - 2016
		Kshs (30/6/2017)	Kshs (30/6/2016)
Cooperative Bank- Thika	1120074486100	25,105	2,601,790
<b>Total</b>		<b>25,105</b>	<b>2,601,790</b>

10B: CASH IN HAND

	2016 - 2017	2015 - 2016
	Kshs (30/6/2017)	Kshs (30/6/2016)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

11: OUTSTANDING IMPRESTS

Name of Officer	Date imprest taken	Amount Taken Kshs	Amount Taken Kshs
Suleiman Roba	29.06.2017	655,750	434,000
Suleiman Roba	29.06.2017	50,000	-



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			-	-
			-	-
			-	-
		<b>TOTALS</b>	<b>705,750</b>	<b>434,000</b>

13 BALANCES BROUGHT FORWARD

			2016 - 2017 Kshs (1/7/2016)	2015 - 2016 Kshs (1/7/2015)
	Bank accounts		25,105	2,601,790
	Cash in hand			
	Imprest		705,750	434,000
	<b>Total</b>		<b>730,855</b>	<b>3,035,790</b>

14. PRIOR YEAR ADJUSTMENTS

			2016 - 2017 Kshs	2015 - 2016 Kshs
	Bank accounts			
	Cash in hand			-
	Imprest			-
				-
	<b>Total</b>			-



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**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

			2016 - 2017	2015 - 2016
			Kshs	Kshs
	Construction of buildings		-	-
	Construction of civil works		-	-
	Supply of goods		-	-
	Supply of services		-	-
	<b>TOTAL</b>		-	-

			2016 - 2017	2015 - 2016
			Kshs	Kshs
	Construction of buildings		-	-
	Construction of civil works		-	-
	Supply of goods		-	-
	Supply of services		-	-
	<b>TOTAL</b>		-	-

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

			2016-2017	2015-2016
			Kshs	Kshs
	Senior management		-	-
	Middle management		-	-



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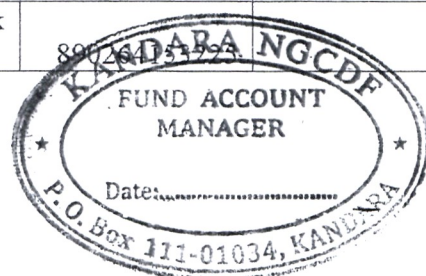
Unionisable employees	-	-
Others (specify)	-	-
<b>TOTAL</b>	-	-

15.3: OTHER PENDING PAYABLES (See Annex 3)

	2016-2017 Ksh	2015-2016 Ksh
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (specify)	-	-
<b>TOTALS</b>	-	-

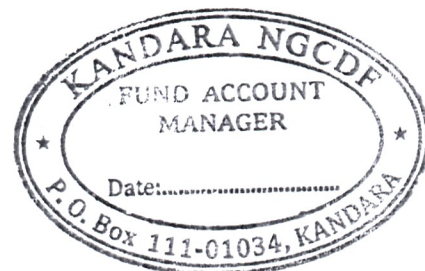
15.4 SCHEDULE OF PMC ACCOUNT BALANCES

Serial No.	Account Name	Bank	Account No.	Bank Balances (Kshs)
1	Mugaini Pry Sch	Equity Bank ltd	890264499977	1,295.00
2	Wangai Pry Sch	Equity Bank ltd	890263705296	335.00
3	Nguthuru Pry Sch	Equity Bank ltd	890263705436	1,365.00
4	Kirigithu Pry Sch	Equity Bank ltd	890264500180	667.00
5	Makindi Pry Sch	Equity Bank ltd	890264153204	1,425.00
6	Mukerenju Pry Sch	Equity Bank ltd	890264499993	1,375.00
7	Kariguini Pry Sch	Equity Bank ltd	890263705464	1,755.00
8	Ngararia Pry Sch	Equity Bank ltd	890264153271	840.00
9	Mairungi Pry Sch	Equity Bank ltd	890264499985	540.00
10	Wahu Pry Sch	Equity Bank ltd	890264153171	1,260.00
11	Githuya Pry Sch	Equity Bank ltd	890264153171	1,470.00




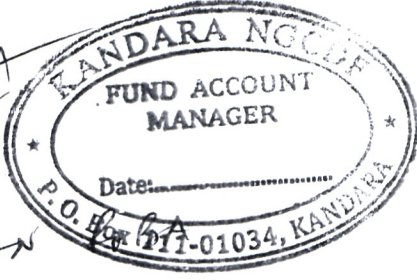
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND -  
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12	Muthuru Pry Sch	Equity Bank ltd	890263705648	1,610.00
13	Karugia Pry Sch	Equity Bank ltd	890266771223	630.00
14	Gatitu Pry Sch	Equity Bank ltd	890266771311	1,070.00
15	Kangui Pry Sch	Equity Bank ltd	890264153149	45.00
16	Karumu Pry Sch	Equity Bank ltd	890263705553	965.00
17	Kiranga Pry Sch	Equity Bank ltd	890264500101	475.00
18	Gakui Pry Sch	Equity Bank ltd	890264747211	680.00
19	Kariua Pry Sch	Equity Bank ltd	890264500127	410.00
20	Githigi Sec Sch	Equity Bank ltd	890265478163	975.00
21	Mukerenju Sec Sch	Equity Bank ltd	890265677096	510.00
22	Kandara Health Centre	Equity Bank ltd	890262454013	745.35
23	Manjuu Pry Sch	Equity Bank ltd	890266137888	505.00
24	Machegecha Pry Sch	Equity Bank ltd	890266140587	375.00
25	Gituru Mixed Day Sec	Equity Bank ltd	890265477517	1,645.00
26	Karimamwaro Pry Sch	Equity Bank ltd	890266771357	1,680.00
27	Mugecha Pry Sch	Equity Bank ltd	890264747225	120.00
28	Gacharage Pry Sch	Equity Bank ltd	890268044738	1,170.00
29	Riandegwa Pry Sch	Equity Bank ltd	890268044862	1,566.85
30	Kandara Mixed Sec	Equity Bank ltd	890268045302	533.00
31	Kandara Constituency Sports	Coop Bank Ltd	1141557514200	2,234.00
32	Kandara Constituency Environment	Coop Bank Ltd	1141557611300	1,566.50
33	Kandara Constituency Water	Coop Bank Ltd	1141557311700	1,520.00
34	Kandara Constituency Bursary	Coop Bank	1141734211600	



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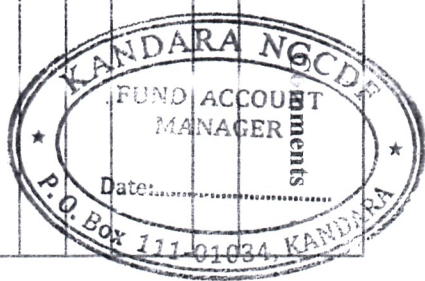
		Ltd		115,140.00
35	Kandara Constituency S. Security	Coop Bank Ltd	1141735703500	5,000,000.00

*SULEIMAN*  
  


*PETER NJOROKÉ*  


**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

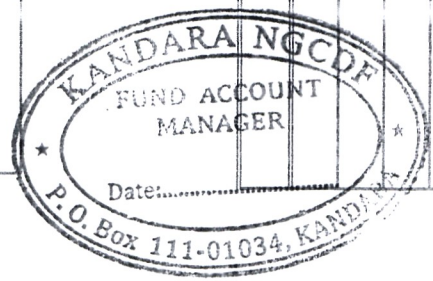
Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	
	a	b	c		
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					



10.						
11.						
12.						
	<b>Sub-Total</b>					
	<b>Grand Total</b>					

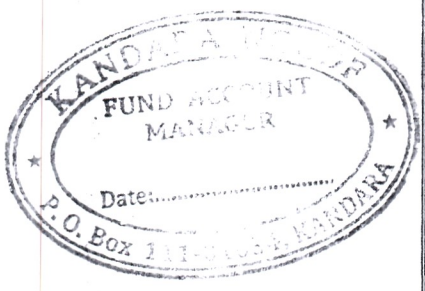
ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Outstanding Balance	Outstanding Balance	Comments	
		a	b	d=a-c	2,015	2,014	
<b>Senior Management</b>							
1.							
2.							
3.							
	<b>Sub-Total</b>						
<b>Middle Management</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						



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<b>Unionisable Employees</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Others (specify)</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						



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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	b	d=a-c		
<b>Amounts due to other Government entities</b>						
1.						
2.						
3.						
	<b>Sub-Total</b>					
<b>Amounts due to other grants and other transfers</b>						
4.						
5.						
6.						
	<b>Sub-Total</b>					
<b>Others (specify)</b>						
7.						
8.						
9.						
	<b>Sub-Total</b>					

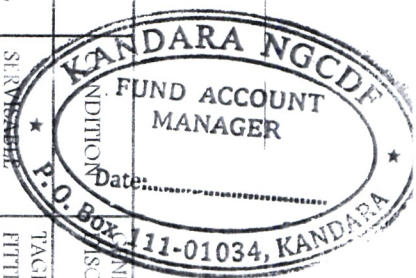
**KANDARA NCD**  
**FUND ACCOUNT**  
**MANAGER**  
 Date:.....  
 P.O. Box 111-01034, NAIROBI



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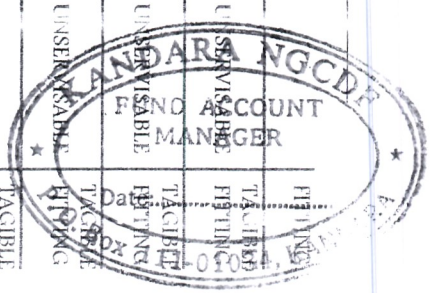
**ANNEX 4-- SUMMARY OF FIXED ASSET REGISTER**

COUNTY	CONSTITUENCY	CODE	ASSET NAME	ASSET TAG	ASSET SERIAL	ACQUISITION DATE	COST	LOCATION	CONDITION	REMARKS
MURANG'A	KANDARA	109	Swivel Midback Chair	NG-CDF/096/LBC1/1-2	N/A	1/1/2006	10,000.00	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Low Back Chair	NG-CDF/109/L/1-13	N/A	26/10/2005	57,155.17	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	High Back Chair	NG-CDF/109/HBC/1-2	N/A	26/10/2005	11,206.90	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Metal Cabinet	NG-CDF/096/MC/1-3	N/A	26/10/2005	59,862.07	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Seater Link Chairs	NG-CDF/109/SL/1-4	N/A	26/10/2005	54,224.13	NG-CDF HALL	UNSERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Secretarial Chairs	NG-CDF/109/SC/1-2	N/A	26/10/2005	15,431.03	NG-CDF HALL	UNSERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Office Desk	NG-CDF/109/OD/1	N/A	26/10/2005	11,724.14	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Reception Desk	NG-CDF/109/RD/1	N/A	26/10/2005	37,563.79	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Conference Table	NG-CDF/109/CT/1	N/A	26/10/2005	29,775.86	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Writing Tables	NG-CDF/109/WT/4	N/A	26/10/2005	22,000.00	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Computer	NG-CDF/109/CS/1	CZC0106SM7	21/11/2005	85,650.00	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Computer	NG-CDF/109/CS/2	K579FKG10705080	21/11/2005	85,650.00	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANG'A	KANDARA	109	Telephone Heads	NG-CDF/109/TH/1	5DBFC662206	21/11/2005	71,100.00	NG-CDF HALL	UNSERVISABLE	TACIBLE



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**For the year ended June 30, 2017**  
**(Kshs'000)**

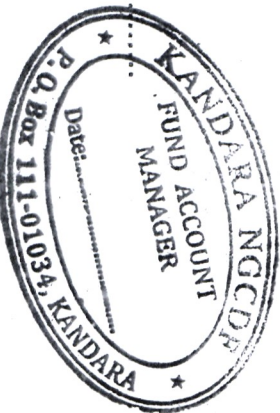
MURANGA	KANDARA	109	Telephone Heads	NG-CDF/109/TH/2	N/A	21/11/2005	71,100.00	NG-CDF HALL	UNSERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Telephone Heads	NG-CDF/109/TH/3	N/A	21/11/2005	71,100.00	NG-CDF HALL	UNSERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Deskjet Printer	NG-CDF/109/DP/1	CN47G95207	27/11/2005	34,600.00	NG-CDF HALL	UNSERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Photocopying Machine	NG-CDF/109/PC/1	560-3311	18/04/2007	149,850.00	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Wall Clocks	NG-CDF/109/WC/1 2	N/A	26/10/2005	595	NG-CDF HALL	UNSERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Desk Organizer	NG-CDF/109/DO/1	N/A	26/10/2005	150	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Stapler, Celotape,P/Punch	NG-CDF/109/SCP/1-3	N/A	26/10/2005	2,820	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Gas Cylinder	NG-CDF/109/GC/1	N/A	18/04/2007	4,200	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Two burner gas cooker	NG-CDF/109/GC/1	N/A	18/04/2007		NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	HP SCANJET	NG-CDF/109/SJ/1	N/A	28/07/2010		NG-CDF HALL	UNSERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	HP Laserjet Printer	NG-CDF/109/LP/1	N/A	28/07/2010		NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Uninterruptible Power System	NG-CDF/109/UPS/1	PB0C30332316	28/07/2010		NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Generator	NG-CDF/109/GEN/1-2	N/A	28/07/2010	399,000	NG-CDF HALL	SERVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Ahuja Public Address	NG-CDF/109/PUB/1	716893	28/07/2010	154,450	NG-CDF HALL	SERVISABLE	TACIBLE FITTING



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KANDARA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**  
**(Kshs'000)**

MURANGA	KANDARA	109	Kentainer Tank 10,000LTRS	NG- CDF/109/PLATA/1	N/A	28/07/2010	78,600	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Plastic Chairs	NG- CDF/109/PLACH/1- 88	N/A	28/07/2010	98,600	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Leather Coated Chairs	NG- CDF/109/PCS/1-6	N/A	28/07/2010	29,650	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Veneer Office Table	NG- CDF/109/VOT/1	N/A	28/07/2010	38,000	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Sony camera Desc- T99	NG-CDF/109/VOT/	N/A	6/12/2014	28,000	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	suzuki AX 100	NG- CDF/109/VOT/1-8	N/A	6/12/2014	112,300	various locs	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	landruiser	NG- CDF/109/VOT/1	N/A	6/12/2014	7,000,000	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Desktop Computers	NG-CDF/109/CS/3- 5	AUD2008D	5/12/2014	66,000.00	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Toshiba laptop	NG-CDF/109/TP/1	ZEO73931U	5/12/2014	82,000.00	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING
MURANGA	KANDARA	109	Lasercet Pro 400 printer	NG-CDF/109/1p/1	CND8FBD4Q	5/12/2014	140,000.00	NG-CDF HALL	SI RIVISABLE	TACIBLE FITTING

FUND ACCOUNT MANAGER



CHAIRMAN NGCDF

*[Signature]*

ANNEX 5: AUDIT RESPONSES



**NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND.**

**KANDARA CONSTITUENCY DEVELOPMENT FUND  
P.O. BOX 111-01034, KANDARA**

Our ref: AUD/2015/16-005  
Your ref: CEN.HUB/MRG.C/KANDARA CDF/23/7

10<sup>TH</sup> March 2017.

AG, Director Central Hub – Nyeri  
Central Hub  
P.O Box 267  
Nyeri

**RE: RESPONSE TO THE MANAGEMENT LETTER ON THE AUDIT OF KANDARA CDF  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2016**

**2.1 Undisclosed Imprest**

During the financial year under review, it was noted that the cash book had a balance of Kshs 434,000 as at the closure of the financial year. However, the imprest balance was not disclosed in the financial statements availed for audit verification.

Further, recomputation of the imprest issued and surrenders made in the cash book revealed that imprest amounting to Kshs 2,140,000 was under declared in the cash book as at 30<sup>th</sup> June 2016. No reason was availed for under declaration of the unsurrendered imprest.

***Response:***

*The imprest balance at the end of the financial year has since been disclosed at the amended financial statements for the year ended 30<sup>th</sup> June 2016. (Annex 1)*

*All the Imprest issued was surrendered. However there were some errors in the cash book which resulted to a difference of 2,200,000. During the year, there were some undercast on as follows:*

*Folio 91 on 24/07/15 of (2,936,500 - 2,736,500) = 200,000.00*

*Folio 101 On 04/09/15 of (1,285,000-1,085,000) =200,000.00*

*Folio 9 On 08/03/16 of (2,234,000-2,034,000) =200,000.00*

*And some imprests not debited in the cash column totaling to = 1,600,000.00 ( Annex 2)*

*The district Accountant has since taken up the matter and rectified accordingly.*

## 2. Unvouched Expenditure

Expenditure totaling Kshs 4,076,250 related to imprest surrendered during the year was not availed for audit verification. It was therefore not possible to confirm the propriety of the expenditure

Response:

All the surrender of imprest during the year was supported by a voucher and supporting documents. Kindly see the attached copies as per your schedule 2. Annex 3

## 4.1 Budget performance

Review of summary statement of appropriation revealed 40% and 40% overall budget utilization on receipts and expenditure respectively as follows:

Item	Budget - Kshs	Actual - Kshs	Difference - Kshs	Actual as % of Budget
Receipts	153,734,680	96,613,034	57,121,646	40%
Expenditure	153,734,680	94,011,244	59,723,436	40%

The above analysis reflects that the CDF incurred an under expenditure of Kshs 59,723,436 or 40% of the approved budget of Kshs. 153,734,680. No reason was provided for the underutilization of budget.

Further, there was unreconciled difference of Kshs 13,924,547 between the receipts balance as per the statement of receipts and payments of Kshs 82,688,487 and receipts balance in the summary of appropriation of kshs 96,613,034. No explanation on the difference was given.

Response:

*Budget underutilization of 40% Kshs 57,121,646 results from or represents funds not received from the CDF Board by 30<sup>th</sup> June 2016. This was received on 22<sup>nd</sup> August 2016 A.I.E No. 2015/2016/921.*

*A difference of Kshs 13,924,547 between the receipts balance as per the statement of receipts of Kshs 82,688,487 and receipts balance in the summary of appropriation of kshs 96,613,034 is the reconciled cash and cash equivalent at the beginning of the year as indicated in the Statement of cashflow. Annex 4.*

#### 4.2 Budget performance on transfers to other government units.

The CDFC budgeted to undertake 38 projects under the transfers to other government units amounting to Kshs 99,515,666. However, only 35 projects were completed and 5 projects were ongoing. analysis as follows:

Project category	No budgeted	No. completed	Not started	ongoing	Budget	Actual	Under Expenditure
Primary schools	30	29	0	1	44,390,738	25,207,650	19,183,088
Secondary schools	16	15	0	1	13,824,928	8,844,928	4,980,000
Health institution	4	1	0	3	21,300,000	12,682,759	8,617,241
Tertiary institution	1	0	0	1	10,000,000	8,000,000	2,000,000
<b>Total</b>	<b>38</b>	<b>35</b>	<b>0</b>	<b>5</b>	<b>89,515,666</b>	<b>54,735,337</b>	<b>34,780,329</b>

The reason for the under expenditures observed was not explained. Further, a difference of Kshs 609,650 was noted between the transfers to other government entities balance as per the statement of receipts and payments and the budget performance analysis of Kshs 54,735,337. No explanation on the difference was given.

**Response:**

*The under Expenditure as explained earlier was due to delay of disbursement of funds from the CDF Board by 30<sup>th</sup> June 2016. However this funds were received on 22<sup>nd</sup> August 2016 A.I.E No. 2015/2016/921.*

*The Actual amount of transfers to other government units has been consistent in the financial statements as Kshs 54,125,687 from the Statement of receipts and payments, statement of Cashflow, Summary statement of appropriation and in the notes to the accounts. This was derived from the workings of the following Project categories and as attached. Annex 5*

<b>Transfer to other government entities</b>	
<b>Project category</b>	<b>Kshs</b>
Transfers to primary schools	24,744,000
Transfers to secondary schools	8,724,928
Transfers to Tertiary institutions	8,000,000
Transfers to Health institutions	12,656,759
<b>Total</b>	<b>54,125,687</b>

Hence the difference of 609,650 between the above figure of Kshs 54,125,687 and your analysis figure is as a result of errors in your analysis.

#### 4.5 Budget performance on other grants and transfers

The CDFC budgeted to undertake 13 projects under the Other grants and transfers amounting to Kshs 48,733,897. However, only 6 projects were completed while 2 projects were ongoing as at the year end. Analysis is as follows:

Project category	No budgeted	No. completed	Not started	ongoing	Budget	Actual	Under Expenditure
Bursary	0	0	0	0	15,390,738	12,390,738	3,000,000
Water	1	0	0	1	13,000,000	7,900,000	5,100,000
Environment	1	1	0	0	2,262,432	1,800,000	462,432
Roads	9	3	5	1	15,718,295	6,723,149	8,995,146
Sports	1	1	0	0	2,262,432	1,800,000	462,432
Security	1	1	0	0	100,000	100,000	-
<b>Total</b>	<b>13</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>48,733,897</b>	<b>30,713,887</b>	<b>18,020,010</b>

From the analysis above, the management should ensure that the rate of project implementation is expedited to ensure that the residents enjoy the benefits of CDF funds. Further, a difference of kshs 609,650 was noted between the balance as per the statement of receipts and payments and the budget performance analysis of Kshs 30,713,887.

#### *Response:*

The under Expenditure as explained was due to delay of disbursement of funds from the CDF Board as at end of the financial year. The NGCDFC is much committed to ensure that the implementation of the projects are timely and are used efficiently.

The Actual amount of transfers to other grants and transfers has been consistent in the financial statements as Kshs 31,323,537 from the Statement of receipts and payments, statement of Cashflow, Summary statement of appropriation and in the notes to the accounts.. This figure is derived from the workings of the following Project categories and as attached project category details. **Annex 6**

Other grants and other payments	
Project category	Kshs
Bursary -Secondary	6,706,700
Bursary -Tertiary	5,684,038
water	7,900,000

Environment	1,800,000
Roads	5,637,500
Sports	1,800,000
Other capital grants and transfer	1,111,649
Emergency Projects (specify)	683,650
<b>Total</b>	<b>31,323,537</b>

Hence the difference of 609,650 between the above figure of Kshs 31,323,537 and your analysis figure of 30,713,887 is as a result of errors in your analysis.

## 5.0 Use of inappropriate procurement methods

### 5.1 Failure to use open national tendering method

#### *Response:*

*The tenderers who were given the tender documents were identified through a competitive process of prequalification that had been advertised in the newspaper. Advertisement of the tender would have achieved the same outcome but with an added cost to the NG-CDF Kandara.*

*However, going forward and in existence of 'My government pamphlet' that inserts adverts for free, the NG-CDF Kandara would fully comply with the requirement.*

#### **i) Procurement of water pipes and fittings for Macaku-mairungi-kariti pipeline.**

#### **Response:**

The approved projects under 2015/16 for the purchase of water pipes and fittings for macaku - machegecha pipeline is the one that was implemented Macaku-mairungi-kariti pipeline, note the first name (macaku). The project name used in the implementation was the later which was the first phase of implementation to the larger Macaku-machegecha pipeline. Geographically, from Macaku to Machegecha, you will pass through Mairungi and Kariti villages. The Project implemented was the approved project under 2015/16 budget.

All the delivery of pipes were received by District Water officer who is the technical officer to the PMC to check on the quality and standards. All these delivery are received in the stores ledger using S13. Attached Annex 7.

ii) Graveling, culvert installations and drainage of E513A Muruka – njira Inya – Kibuu Junction

*Response:*

*The tenderers who were given the tender documents were identified through a competitive process of prequalification that had been advertised in the newspaper. Advertisement of the tender would have achieved the same outcome but with an added cost to the NG-CDF Kandara.*

*However, going forward and in existence of 'My government pamphlet' that inserts adverts for free, the NG-CDF Kandara would fully comply with the requirement.*

*The deviation from the Engineers estimate is guided by the individual tenderer's expected profit and this might have informed the quoted prices. Its good to note that NG-CDF Kandara conducts itself with a lot of integrity and there was no collusion from our office.*

*The winning bidder had applied for the tax compliance certificate during the tendering time and submitted an acknowledgement slip from KRA. The tax compliance submitted later was to ensure that the bid was compliant with the requirement. Haricot investment ltd was not awarded the tender and its expired tax compliance was one of the observations the evaluation committee noted.*

iii) Construction of Mugecha Primary School – Mathuri Road-Kibuu (2.0 KM)

*Response:*

*The NG-CDF Kandara invited the named firms to submit their bids. The firms had been identified through a competitive open prequalification process and the NG-CDF Kandara felt there was no need to incur extra costs on the project by advertising. However, as noted earlier the NG-CDF Kandara would fully comply with the advertisement requirement given the free government advertisement newspapers insert.*

*The Engineers Estimate for this project was Kshs 4,966,700 as done by the Constituency Roads Officer. This was used by the evaluation committee as the*

reference in the evaluation. During the evaluation process, engineer was fully involved in the process and also supervision and generating the completion certificates. Annex 9.

The winning bidder had applied for the tax compliance certificate during the tendering time and submitted an acknowledgement slip from KPA

The inclusion of Haricot investment ltd in the financial evaluation level was as a result of copy and pasting the information. However, its good to note that its inclusion did not alter the outcome. NG-CDF Kandara is now more careful and the evaluation report is proof read to point out any error.

iv) Failure to use restricted tendering method of procurement.

*Response:*

There was a prequalified list of contractors for various categories identified through prequalification that had been done for the 2013/15 financial years. These contractors and suppliers are the ones that are the tenders were advertised to.

The issuing of tender documents to between 5 and 7 tenderers was necessitated by the fact that the prequalified list had few contractors and in so doing everyone had a chance to bid for several projects thus improving their opportunity to win and also some bidders were not responsive making them less than the minimum of ten (10) responsive contractors. Going forward, we are much guided by your recommendation to strictly adhere to the minimum required invitation to tenders.

v) Unsupported procurements of various goods and services

A) Water Pipes and fittings

*Response:*

The bill of quantities are always done by the District Water officer prior to the procurement process. Kindly find bill of quantities for various water projects. Annex 12

After the generation of bill of quantities, the procurement process begins with the technical officers the Procurement officer and the District water officer advising the PMC. Kindly find the procurement documents for various water projects including the once awarded to M/S Kenpra construction limited for delivert of various pipes and fittings. Annex 12

## B) Consultancy services

### *Response:*

The NGCDF procured consultation services from cosmo plan company, please find the procurement documents for the services. Annex 13

## C) Hospitality, car hire services and stationeries

### *Response:*

The NGCDF procured various hospitality services and stationery in the course of the year. Please find the procurement documents for the various services and stationery in question. Annex 14

## 6.0 Unaccounted for fuel expenditure.

### *Response:*

All fuel drawn by the NGCDF Kandara vehicle GKB 815F is recorded in the work tickets, receipt is issued and the fuel register is updated. However, there is fuel drawn for the office generator which supports operations while the power is off and the records can only be found in the receipts and the fuel register but not in the work tickets. i.e fuel drawn on 21/04/2016 50lts and 9/06/2016 - 40ltrs , for the others, kindly find the work tickets. Annex 15

## 7.0 Unsupported bursary awards and disbursement.

### *Response:*

At the time of the audit there were few acknowledgements received from various institutions mainly because of delays on the part of institutions. However, we have gradually continued to receive acknowledgements letters and receipts. As you may know it is quite a challenge to follow up the institutions to give us their acknowledgements or receipts timely.

Further, the bursary committee has adopted a strategy to task the beneficiaries /parents/guardians who signs on receipt of bursary cheques and are responsible to bring the acknowledgement or the receipt. This one will help much to make sure that we have timely acknowledgement letters /receipts to support the disbursement.

## 8.0 Unsupported sitting allowances

### *Response:*

Severally sitting allowances were paid off one or couple of days after the meetings. The funds were paid through Mobile money transfers that why some beneficiaries had not signed against in the payment schedules. However in future we shall indicate the reference numbers in case the funds are sent with the mobile money transfer or make sure the beneficiary signs before the surrender of the voucher to the district treasury.

## 9.0 Poor workmanship on various projects

### *Response:*

As explained by several heads of institutions during the project visits, some areas in the constituency experience geographical features such as Mudslides, cracks along the terrain making some of these projects vulnerable and some walls may have been having small cracks.

Also as you may have realized some of these schools lacked enough water to clean the floors and having this project completed by over six months before the audit, they are susceptible to have rugged surface.

Constant monitoring and evaluation is normally done and where a contractor is found culpable of poor workmanship he/she is ordered to redo the work though not common.

## 10.0 Recruitment of clerk of work

### *Response:*

CDFC has been using the District Works Officer who has been very instrumental to the CDF projects technically. Together with the PMC and the CDFC he has helped in generation of engineers' bill of quantities, technical person in the tender committee, constant monitoring, supervision and evaluation of project and in the implementation of the project. In general the CDFC and the District works officer office has been working cordially and as also recommended We shall facilitate recruitment of clerks of work once the Gazettement of the new NGCDFC is done.

11.0 Conclusion

I wish to thank you for the good recommendations you have given to the management of NGCDF Kandara. We have made adjustments to the financial statements as per your recommendations and a copy is attached. We promise to be following to the latter your recommendations. Should you wish to get further clarification regarding my response do not hesitate to get in touch.

Yours,



SULEIMAN GUYO ROBA,  
FUND ACCOUNT MANAGER, KANDARA CONSTITUENCY.  
TEL: +254 723 876 000