

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

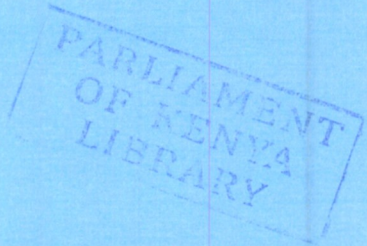
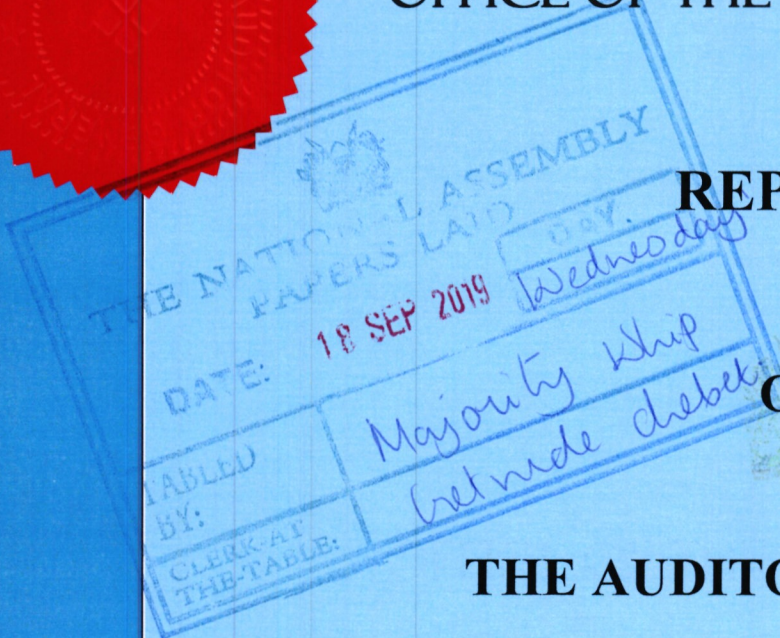
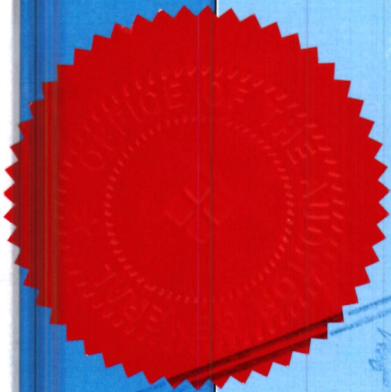
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
LAMU WEST CONSTITUENCY

FOR THE YEAR  
ENDED 30 JUNE 2018







---

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LAMU  
WEST CONSTITUENCY**

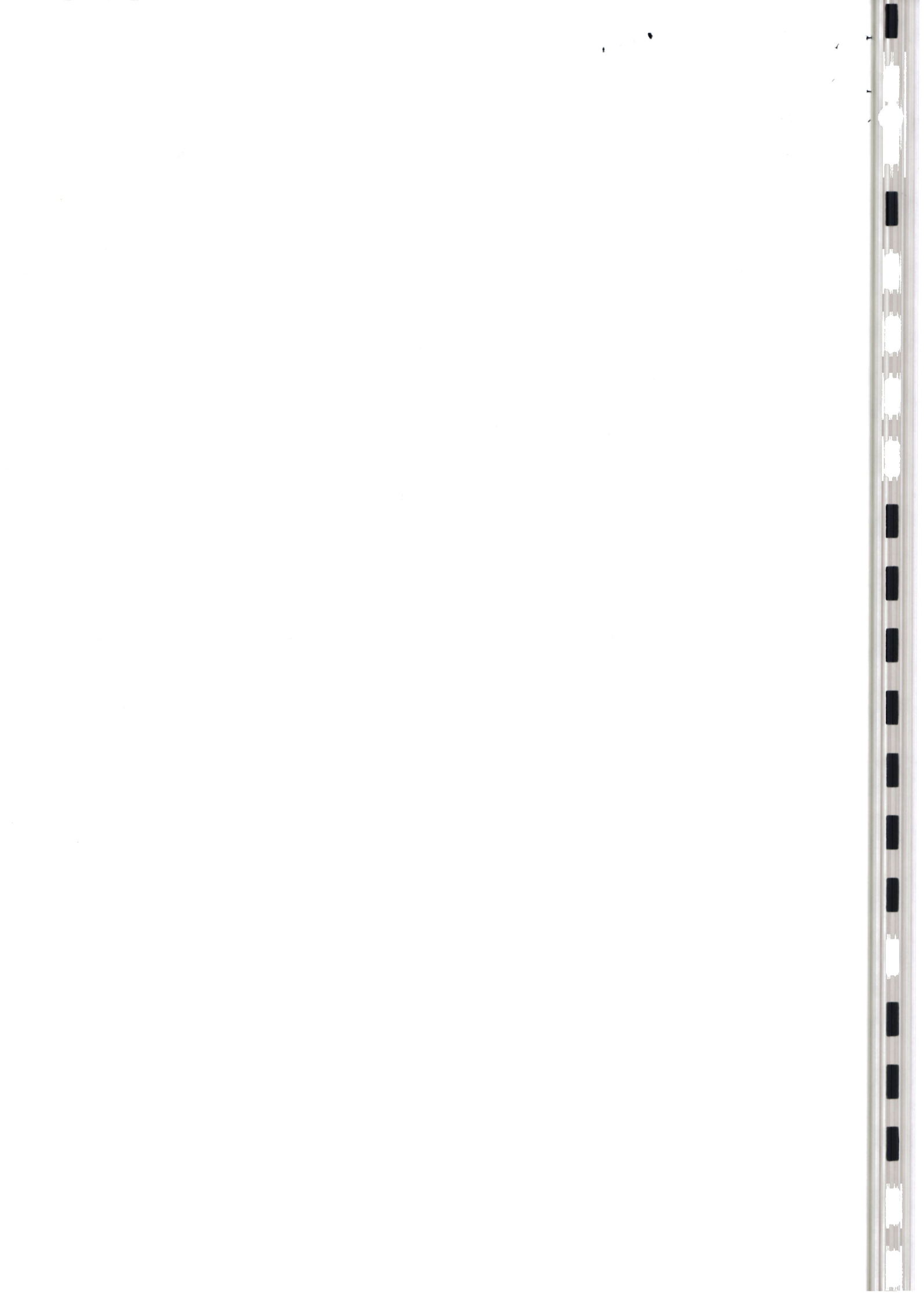
**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2018**

---

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

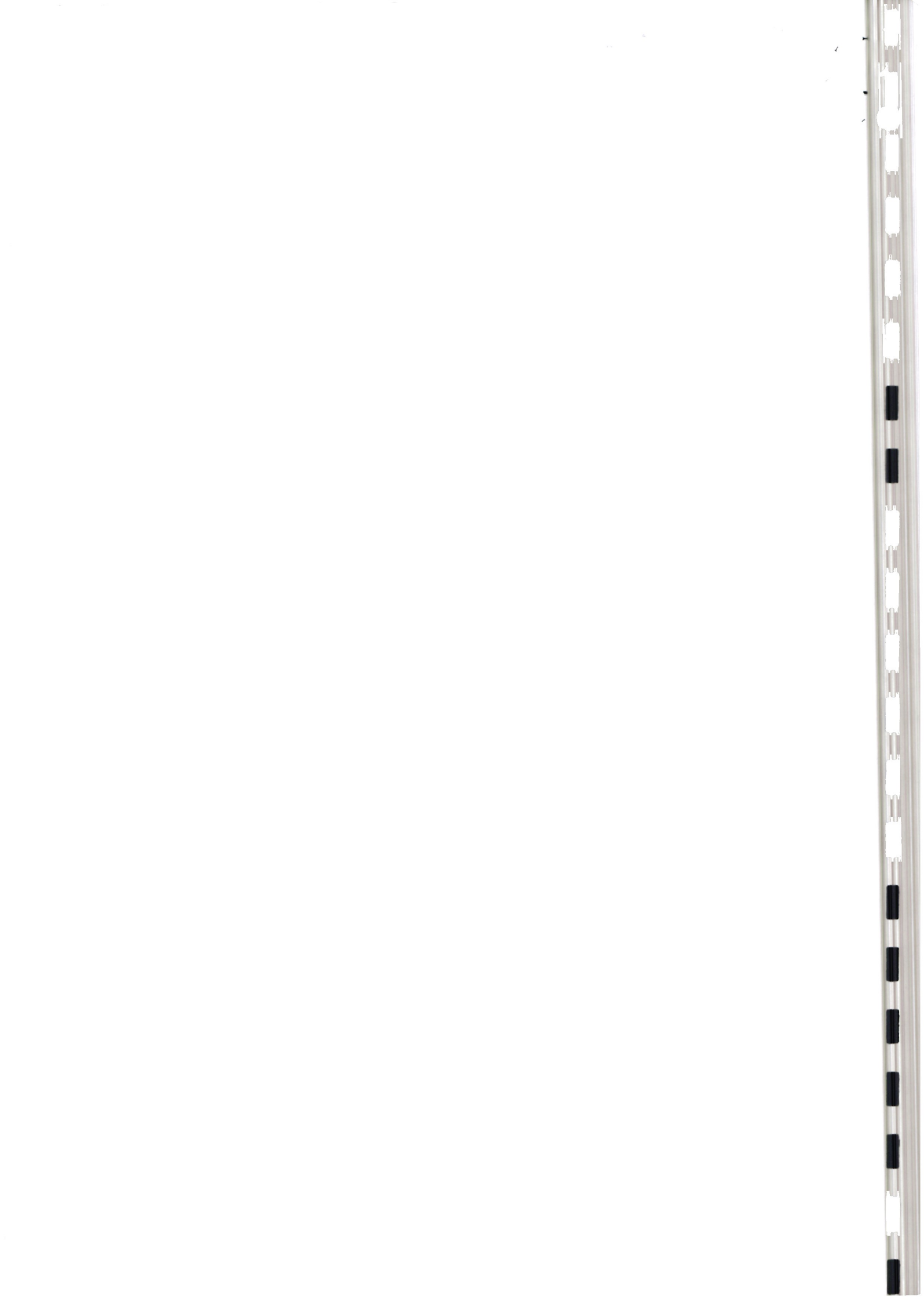


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) LAMU  
WEST CONSTITUENCY**

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

---

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	1
II. FORWARD BY THE NGCDF COMMITTEE CHAIRMAN .....	4
III. STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES .....	8
IV. STATEMENT OF RECEIPTS AND PAYMENTS .....	9
V. STATEMENT OF ASSETS AND LIABILITIES .....	10
VI. STATEMENT OF CASHFLOW .....	11
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	12
VIII. SIGNIFICANT ACCOUNTING POLICIES .....	13
IX. NOTES TO THE FINANCIAL STATEMENTS.....	18



**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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

**Mandate**

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

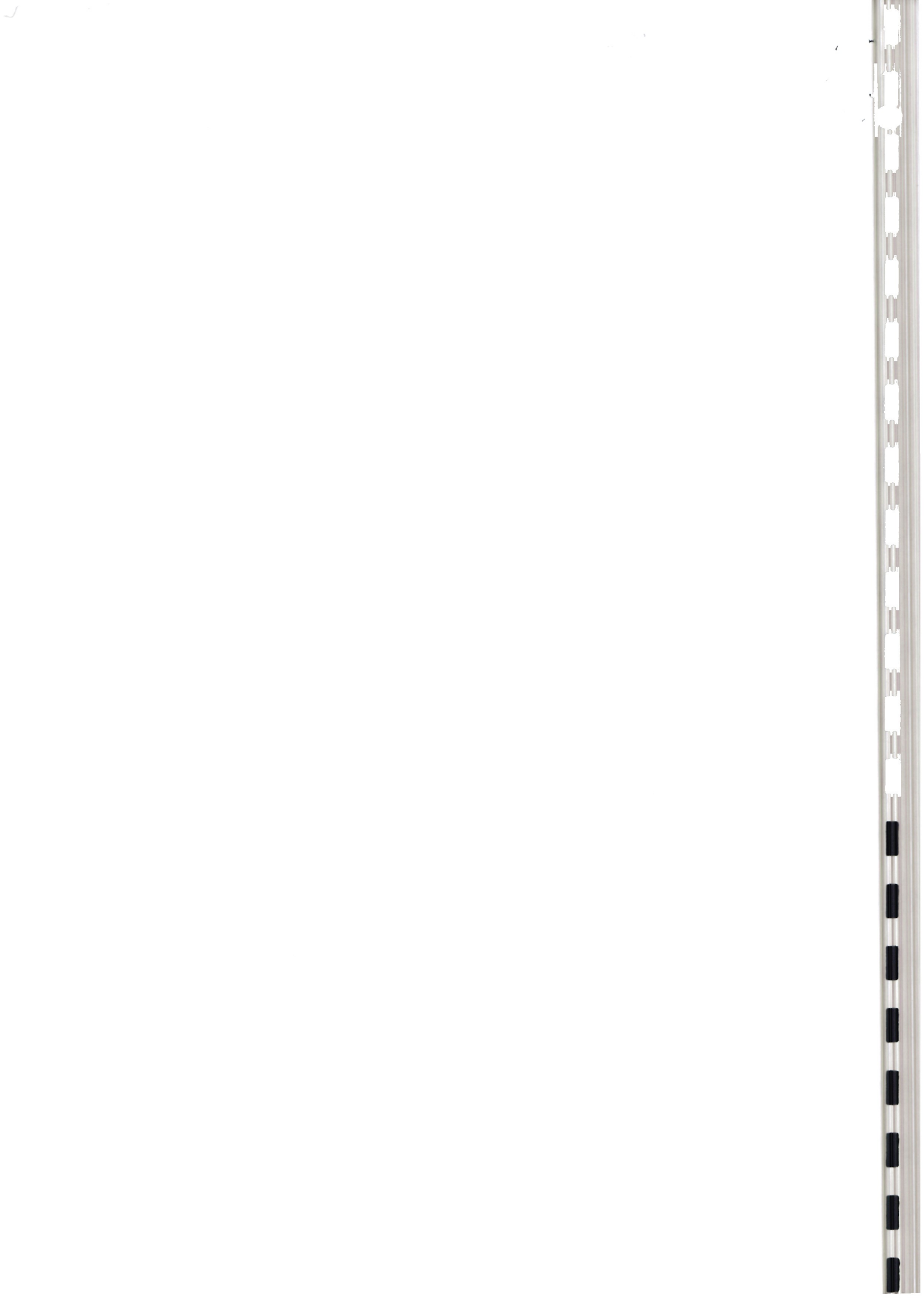
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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



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

**LAMU WEST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

---

**Core Values**

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

**(b) Key Management**

The NGCDF Lamu West 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 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

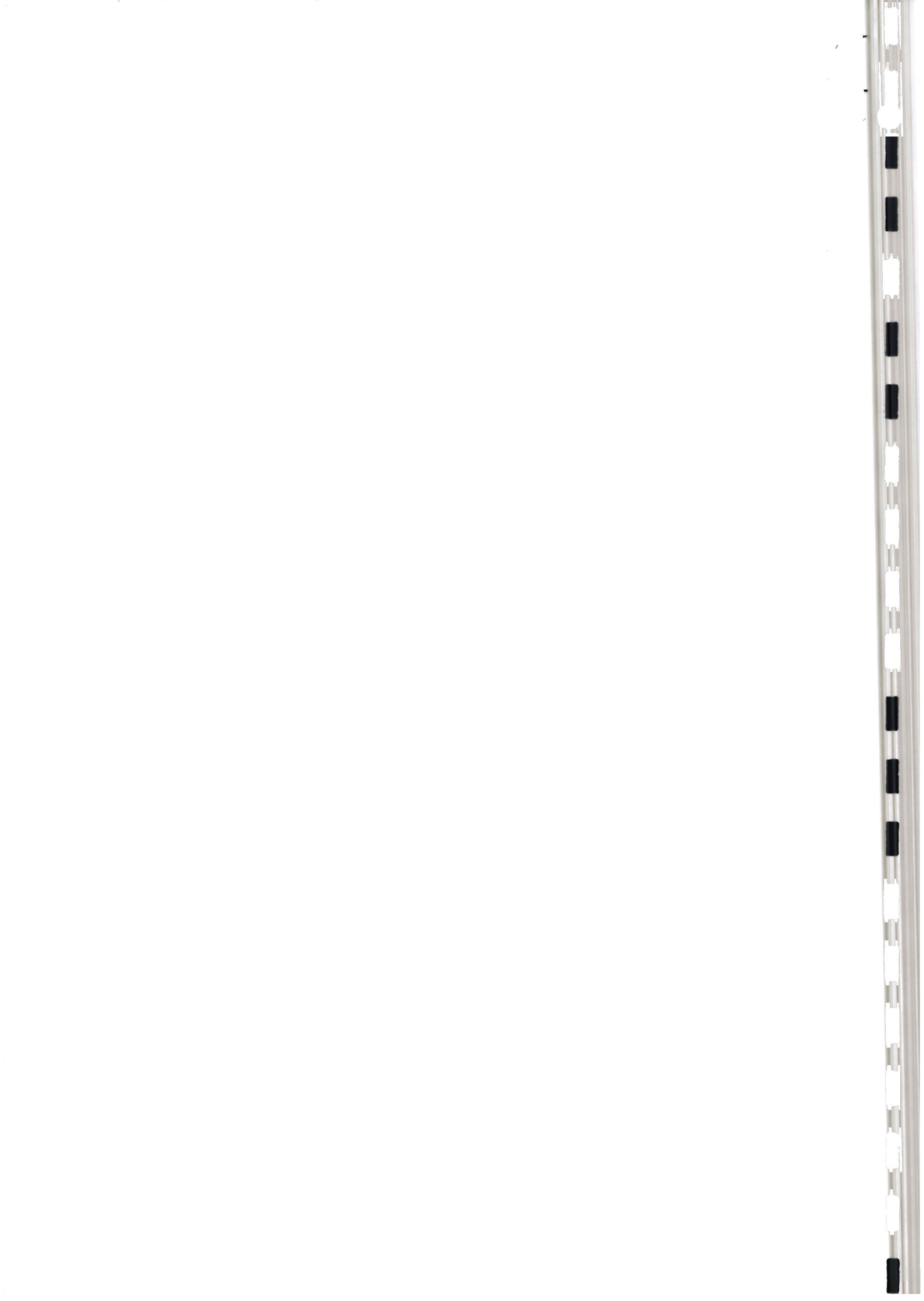
No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Stephen Charo
3.	Sub-County Accountant	Gregory Mwaniki
4.	Chairman NGCDFC	Geoffrey Charo
5.	Member NGCDFC	Julia Njuguna

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 277-80500  
NG-CDF Building  
Off Lamu-Garsen Road  
Mokowe, LAMU



**(f) NGCDF LAMU WEST Constituency Contacts**

Telephone: (254) 721722246  
E-mail: [ngcdflamuwest@ngcdf.go.ke](mailto:ngcdflamuwest@ngcdf.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(g) NGCDF LAMU WEST Constituency Bankers**

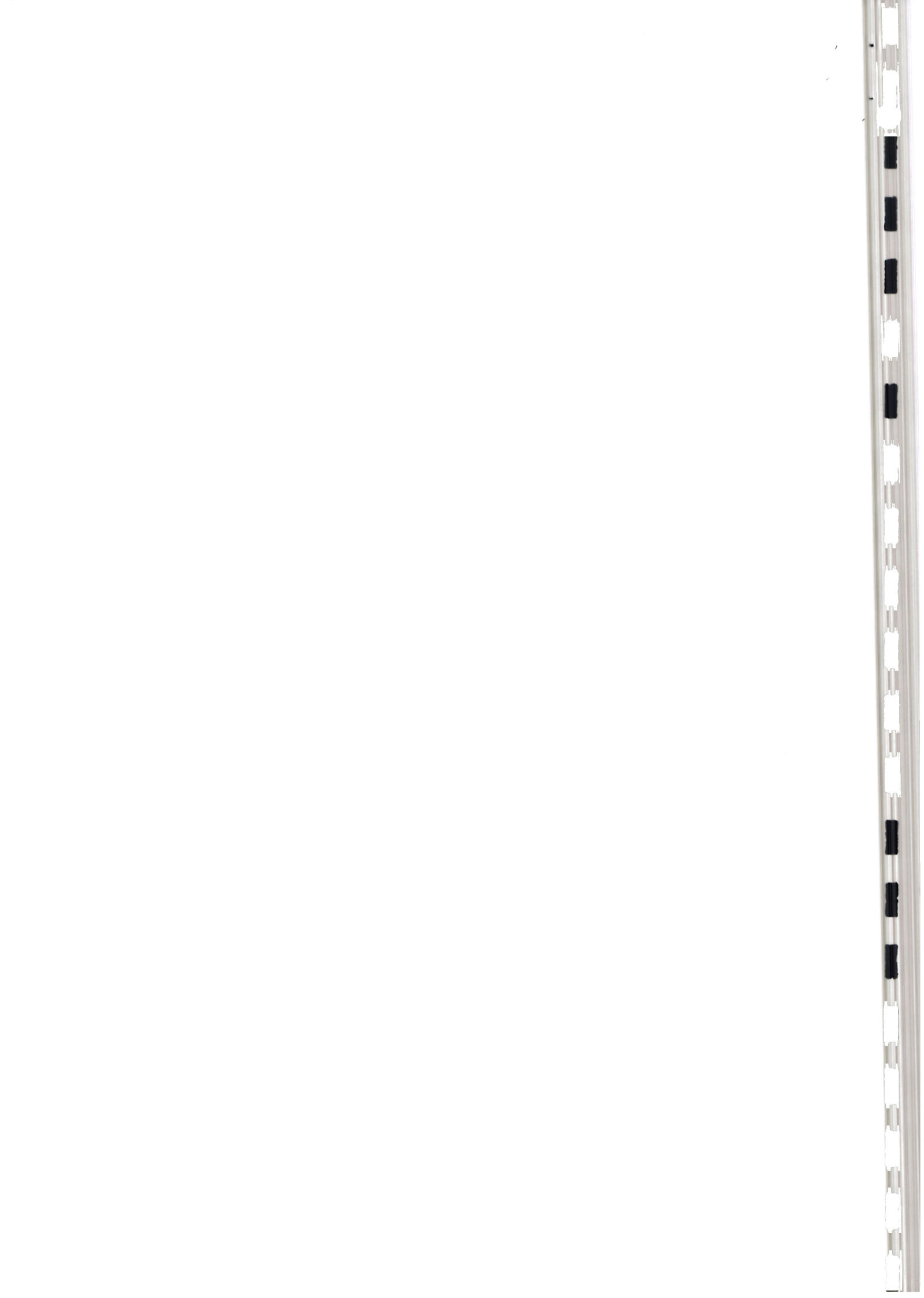
1. Equity Bank  
Account number: 1270263908321  
Mpeketoni Branch

**(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

It gives me great pleasure to thank the people of Lamu West for giving me the opportunity to serve them in this transformative, people driven and Nation building position. It is great with great joy that I present to you the unaudited accounts and collaborative annual report for the year ended 30<sup>th</sup> June, 2018.

As a new team in office we have been in people's spotlight for the entire period a review. All we can say is we have delivered beyond expectation by being transparent, open to criticism, involving the people in our project implementation, drawing lessons learnt and above put to good and accountable use all the resources entrusted onto us.

We started off with ward meetings in Public participation exercise in all wards and then the team visited all educational institutions in the constituency to get their development agenda and needs assessments. This was compiled to form a working document known as Ward Report

Next was the budget proposal exercise was the budget proposal FY 2017/2018 based on the Ward Report giving priority on on-going projects and marginalized areas. The only new project we started is Umoja girls to cater for the girls left out by Mpeketoni Boys Secondary School.

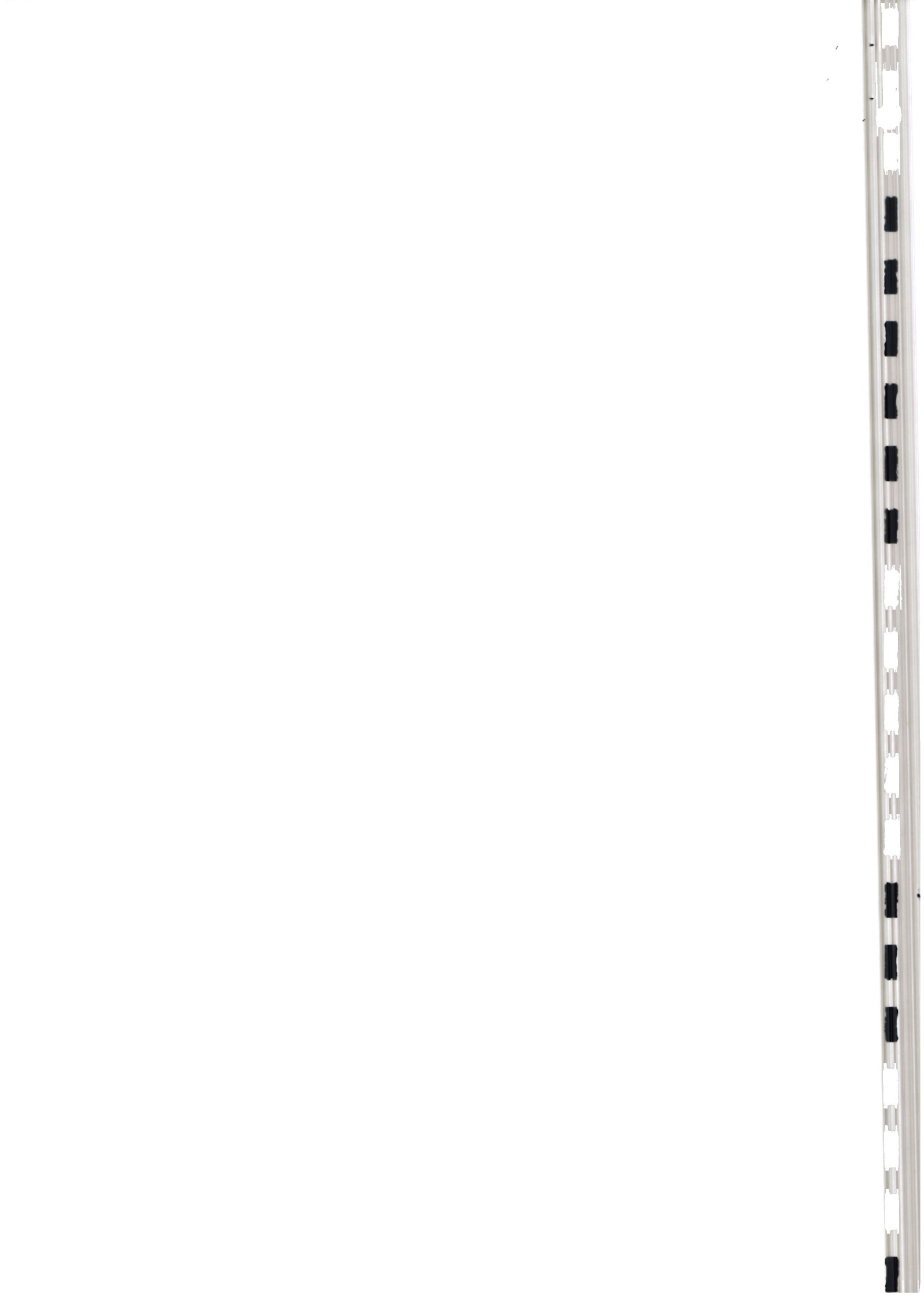
The first funding we received was for prior year projects and this came as a shock to us as we had a major bursary outcry. We followed due process by advertising throughout the constituency and National in My-Government publication for those projects under open tender. This was the first time projects were advertised openly and in a transparent manner giving an opportunity to all.

Project Management Committees were trained and prospective contractors were invited to learn on project implementation and government working procedures. This was a unique experience and one of kind that won us positive feedback from all quarters despite the on-going petition against the area Member of Parliament

We closed the year with our largest single project; bursary which for the first time was done in a transparent manner besides offering 30 scholarships, full sponsorship to orphans, venerable and marginalized children. We handled bursary using best practices including support for the girl child and children living with disability. Bursary is personal and emotive project; but this time around only few cases of those who did not apply came to our notice claiming they were overlooked.

### **Summary of Key Achievements**

1. Bursary: The scholarship programme for 20 teachers and 10 medical student
2. Education Projects : Maisha Masha set in the swampy and marginalized area
3. Fire extinguishers: Ten fire extinguishers for each of the 20 public secondary schools

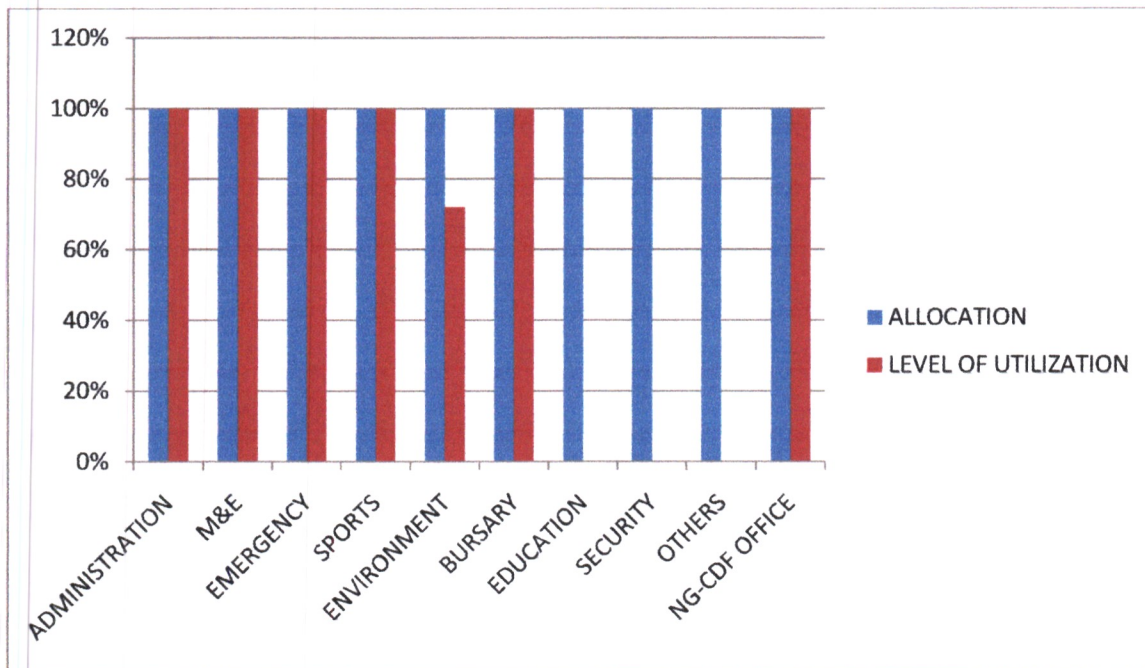


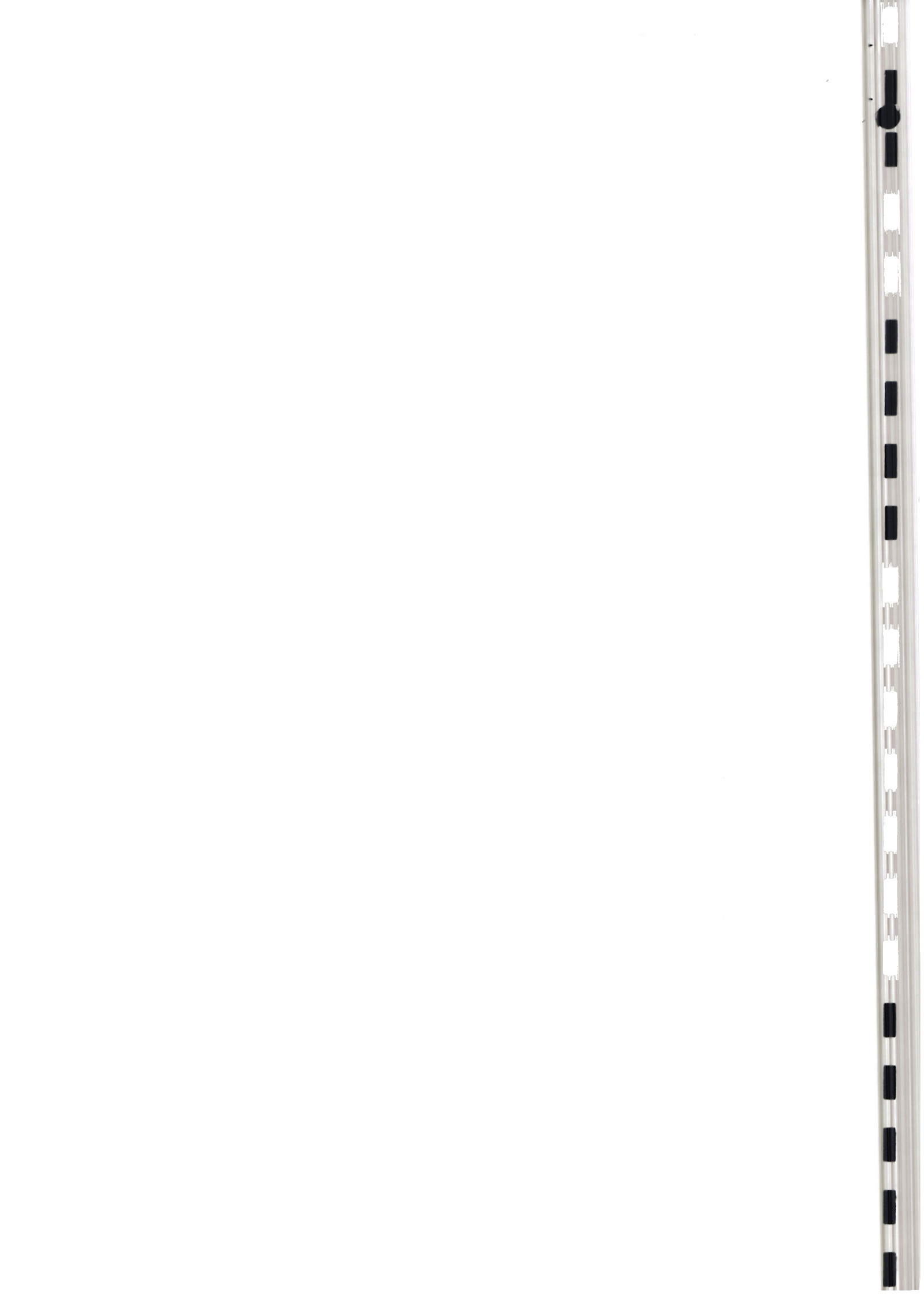
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LAMU WEST CONSTITUENCY**

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

Project Proposal 2017/2018 Performance

Name of Project	Budget Proposal FY 2017/2018	Approved Projects	Disbursements	Percentage
Administration/Recurrent	5,208,620.00	√	5,208,620.00	100%
Monitoring and Evaluation/Capacity Building	2,604,310.00	√	2,604,310.00	100%
Emergency Reserve	4,568,965.52	√	4,568,965.52	100%
Sports Activities	1,736,206.00	√	1,736,206.00	100%
Environmental Activities	1,736,206.00	√	1,260,060.00	72%
Bursary	21,702,586.00	√	21,702,586.38	100%
Primary School Projects	20,852,000.00	X	0	0%
Secondary School Projects	10,500,000.00	X	0	0%
Security Projects	9,400,000.00	√	0	0%
Constituency Innovation Hub	4,677,027.20	√	0	0%
Strategic Plan 2017-2022	3,000,000.00	√	0	0%
NG-CDF Office improvement	824,424.10	√	824,424.10	100%
<b>TOTAL</b>	<b>86,810,344.82</b>		<b>37,905,172.00</b>	<b>44%</b>





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

We also received prior year funds whose implementation status is tabled below:

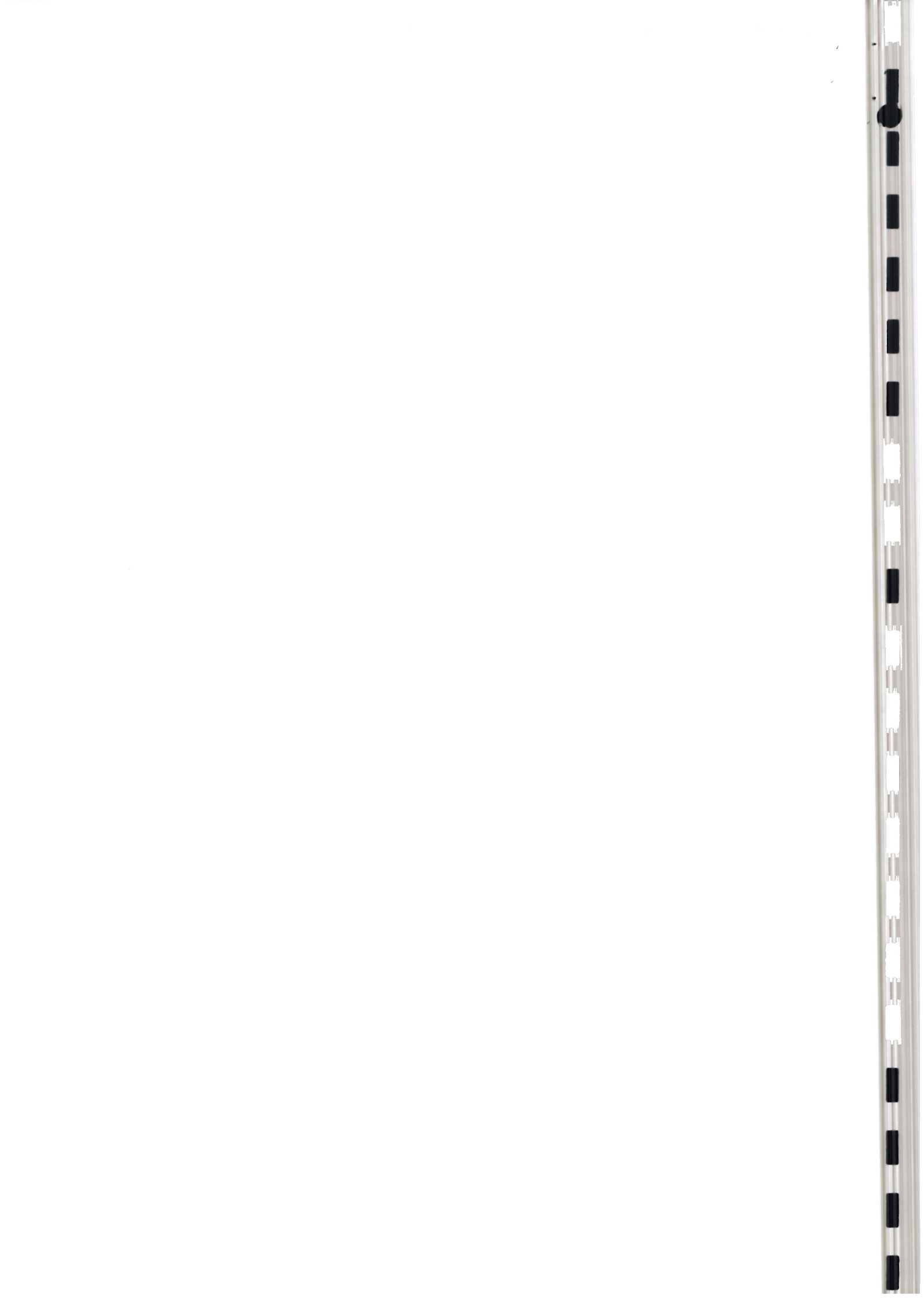
Name of Project	Budget Proposal FY 2016/2017	Project Implementation Status
Bursary	2,066,443	Complete and is use
Strategic plan	400,798	Awaiting further funding
Maisha Masha Pry Sch	2,800,000	Complete and in use
Juhudi Pry Sch	2,800,000	90% Complete at roofing level
Salama Pry Sch	2,800,000	To be re-advertised
Hindi Pry Sch	700,000	Awaiting further funding
Sikomani Pry Sch	150,000	Complete and in use
Shella Bright Girls	1,500,000	Complete and in use
Moa Sec Sch	1,500,000	Complete and in use
Lamu Girls Sch	1,689,655	Change of activities
Wiyoni Sec Sch	600,000	To be re-advertised
Kiongwe Sec Sch	600,000	To be re-advertised
Majembeni Sec Sch	2,800,000	95% Complete at painting level
Witu Mjini Sec Sch	350,000	Complete and in use
Bahari Sec Sch	7,000,000	80% Complete at lentil level
Secondary Sch - Fire extinguisher project	2,391,379	Complete and in use
<b>TOTAL</b>	<b>30,148,275</b>	

**Emerging issues**

1. Insecurity caused by banditry and now terrorists
2. Extreme soils of sandy dunes and black cotton soils
3. Rivalry among two major communities
4. High turnover of Fund Account Managers

**Implementation challenges**

1. Political Petition
2. Non formal communication by the NGCDF Board on declined projects
3. Untimely disbursement of funds by the NGCDF Board
4. New CDFC members and new area MP
5. High turnover of managers
6. Insecurity
7. Heavy rains



Political petitions put the operations of the fund at a very precarious position because of the oversight role of the Area MP.

Despite the security issues in the constituency we have implemented our projects equitable throughout the constituency, though taking longer because of insecurity interruptions. The presence of Kenya Defence Forces has minimized the threats but not eliminated it.

Lamu Island is made up of sand dunes, hence imports all building materials from Mombasa and Kilifi Counties. These materials have to travel over 300 kilometres, off-loaded at Mokowe, then shipped in using boats. Then off-loaded to the island and moved to site by donkeys. These are just logistical costs, there is the sandy site for project implementation. Project implementation on Lamu Island is costly and slow.

On the mainland; there is the challenge of black cotton soil which is equally challenging, some of these sites are swampy and slight rainfall and you are done for next few weeks. This time around the rains started in the month of March through May, 2018.

The high turnover of Fund Account Managers during the year also affected our performance. We started off with Omar Wachu, then Stephen Charo, followed by Eric Gitonga and then Charo again. Mr. Charo is on acting capacity yet he is the one who has managed to train us and achieve more than all the substantive managers we have had.

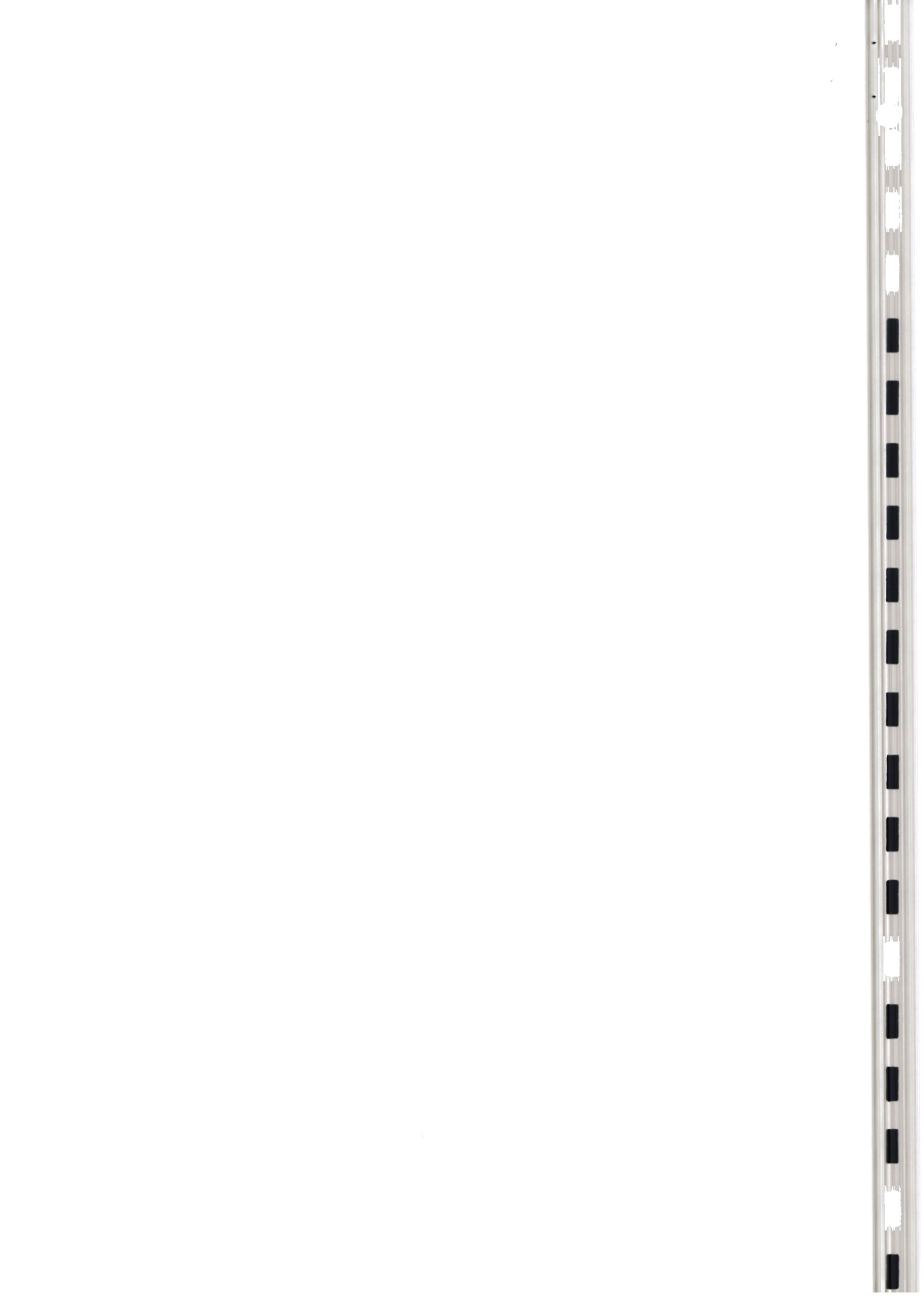
Lack of formal communication from the NGCDF Board on declined projects leaves us not knowing what the Board reasons for declining a particular project is. This gives the fund manager and the chairman a very hard time to convince the members on change of rates, activity or project.

The untimely disbursements of Fund ultimately hurts service delivery, during the year under review the first funding came in February, 2018 and just Kshs. 5.50 million. Proper funding came in the last quarter of the year.

*Sign*



**CHAIRMAN NGCDF COMMITTEE**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LAMU WEST 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-Lamu West 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-Lamu West 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 NGCDF Lamu West's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Lamu West Constituency further confirms the completeness of the accounting records maintained for the Lamu West, 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.

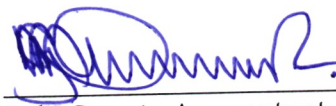
The Accounting Officer in charge of the NGCDF-LAMU WEST Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the 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-LAMU WEST Constituency financial statements were approved and signed by the Accounting Officer on 16/8 2018.



Fund Account Manager  
Name: STEPHEN CHARO



Sub-County Accountant  
Name: GREGORY MWANIKI  
ICPAK Member Number: 12536



# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAMU WEST 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 – Lamu West Constituency set out on pages 9 to 32, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Lamu West Constituency as at 30 June 2018, and 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. Other Grants and Other Payments

Included in the other grants and other payments figure of Kshs.25,501,879 as disclosed under note 7 to the financial statements were bursaries amounting to Kshs.22,755,500 comprising of Kshs.14,317,500 and Kshs.8,438,000 being bursaries to various secondary schools and tertiary institutions respectively. However, the following anomalies were noted:-

- (i) There were cancelled and reversed cheques amounting to Kshs.2,270,000 reported as paid to various institutions for bursary resulting in an overstatement of bursaries figure by the same amount.
- (ii) Audit review of the expenditure revealed that an amount of Kshs.21,976,500 disbursed

---

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

to various institutions had not been acknowledged through official receipts or acknowledgement letters from the beneficiary institutions.

Consequently, the probity of expenditure of Kshs.22,755,500 as at 30 June 2018 on bursaries could not be confirmed.

## 2. Unutilized Funds

The transfers to other Government entities as detailed in note 6 to the financial statements reflects Kshs25,289,655. However, although the funds were disbursed to the respective project management committees (PMCs), five (5) projects with a total budget of Kshs.5,589,655 were not implemented during the period under review as summarized below:

Payee	Description	Amount Kshs.
Sikomani Primary School	Renovation of computer Laboratory	150,000
Witu Mjini Secondary School	Electrification at Witu Mjini	350,000
Salama Secondary School	Construction of new 2 classrooms	2,800,000
Wiyoni Secondary School	Construction of 2 door modern toilets to completion	600,000
Lamu Girls Secondary School	Construction of septic tank and drainage system for the dormitory	1,689,655
<b>Total</b>		<b>5,589,655</b>

Consequently, the probity of the Kshs.5,589,655 expenditure on transfer to other Government entities as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund– Lamu West 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 section, I have determined that there are no other key audit matters to communicate in my report.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the use of Public Resources section 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. Budgetary Control and Performance

During the year under review, the Fund had an approved budget of Kshs.131,146,358 comprising of Kshs.86,810,345 for financial year 2017/2018 and Kshs.44,336,014 being funds brought forward from financial year 2016/2017. The actual expenditure by the Fund in the financial year under review was Kshs.58,450,531 representing an absorption rate of 45% of the total approved budget. Analysis of budget performance by component is as below:-

Expenditure Analysis	Budget Kshs	Actual Kshs	Variance Kshs	Absorption Kshs
Compensation of Employee	3,606,583	2,389,200	1,217,383	66%
Use of Goods and services	6,229,775	5,269,798	959,977	85%
Transfer to Other Government Unit	88,750,518	25,289,655	63,460,863	28%
Other Grants and Transfers	31,735,059	25,501,879	6,233,180	80%
Acquisition of Assets	824,424	0	824,424	0%
<b>Total</b>	<b>131,146,358</b>	<b>58,450,532</b>	<b>72,695,827</b>	<b>45%</b>

The above analysis reflects a budget of Kshs.131,146,358 and actual expenditure of Kshs.58,450,531 resulting to an under expenditure of Kshs.72,695,828.

In the circumstances, failure to utilize the approved budget may have compromised in service delivery to the constituents of Lamu West.

### 2. Project Implementation

The project implementation status report made available for audit indicated that a total of Kshs.78,997,415 was allocated to twenty two (22) projects, out of which two (2) projects amounting to Kshs.21,702,586 were complete, One (1) project of Kshs.4,568,966 was ongoing and nineteen (19) projects amounting to Kshs.52,725,863 were not started as below:

Project Name	Activities	Amount Kshs.	Status
Bursary secondary schools	Payment of bursary to needy students	13,702,586	Complete
Bursary tertiary schools	Payment of bursary to needy students	8,000,000	Complete
Emergency reserve	Emergency	4,568,966	Ongoing
Sports	Carry out constituency cultural sports tournaments	1,736,206	Not started
Hongwe Intergrated Primary School	Construction to completion of two new classrooms	3,000,000	Not started
Manda Maweni Primary School	Construction to completion of two classrooms	3,000,000	Not started
Poromoko Primary School	Construction to completion of two classrooms	3,000,000	Not started
Ungu Primary School	Construction to completion of two classrooms	3,000,000	Not started

<b>Project Name</b>	<b>Activities</b>	<b>Amount Kshs.</b>	<b>Status</b>
Furaha Primary School	Construction to completion of two classrooms	3,000,000	Not started
Lake Amu Primary School	Construction to completion of 10 door toilets	2,400,000	Not started
Constituency environment activities	Construction of 3 blocks of toilets at umoja girls sec School	1,736,206	Not started
Primary Schools Furniture	Supply of school 600 desks to 10 primary schools	3,452,000	Not started
Umoja Girls Secondary school	Construction to completion of three new classrooms	4,500,000	Not started
Majembeni Secondary school	Construction to completion of three new classrooms	3,000,000	Not started
Bomani Secondary School	Construction to completion of three new classrooms	3,000,000	Not started
Strategic plan	Preparation of strategic plan 2017-2022	3,000,000	Not started
Tewe Chief Office	Construction to completion of chief's office	2,300,000	Not started
Langoni Chief Office	Construction to completion of chief's office	2,300,000	Not started
Hindi AP Post	Construction to completion of Police Post	2,400,000	Not started
Maleli AP Post	Construction to completion of Police Post	2,400,000	Not started
Constituency Innovation Hub	Setting up of four Constituency ICT Centers at Witu Mjini, Mpeketoni Boys and Hindi Secondary schools and Mpeketoni Office	4,677,027	Not started
NG-CDF Office Improvement	Office plumbing system including piping, fittings and connection	824,424	Not started
<b>Total</b>		<b>78,997,415</b>	

In view of the foregoing, the constituents did not get the services expected to be derived from twenty (20) projects worth Kshs.57,294,829 as at 30 June 2018.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that,

nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Constituency Oversight Committee**

The Fund did not have a Constituency Oversight Committee in place, contrary to Section 54(1) of the National Government Constituencies Development Fund Act, 2015 which requires that constituency oversight committees to be appointed for every National Government Constituencies Development Fund.

In the circumstances, the Fund was in breach of Section 54(1) of the National Government Constituencies Development Fund Act, 2015.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to the sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

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

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

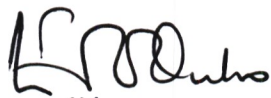
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the 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**

**13 August 2019**



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

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

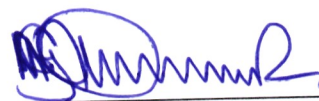
	Note	2017-2018 Kshs	2016-2017 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	68,053,447	66,914,148
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>68,053,447</b>	<b>66,914,148</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,389,200	4,458,284
Use of goods and services	5	5,269,798	10,891,481
Transfers to Other Government Units	6	25,289,655	18,698,000
Other grants and transfers	7	25,501,879	48,834,922
Acquisition of Assets	8	-	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>58,450,532</b>	<b>82,882,657</b>
<b>SURPLUS/DEFICIT</b>		<b>9,602,915</b>	<b>(15,968,509)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAMU WEST Constituency financial statements were approved on 16/8 2018

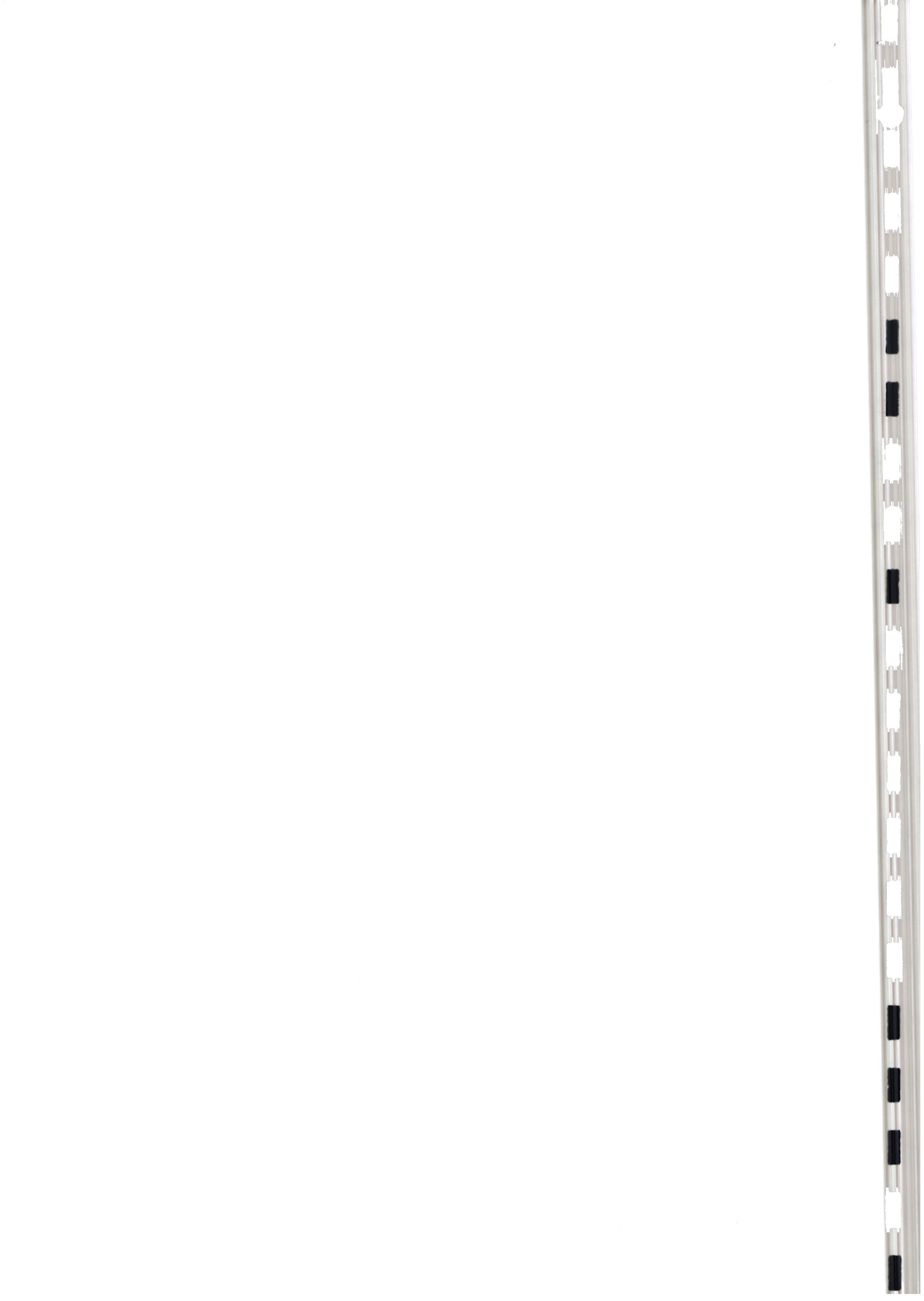
and signed by:



Fund Account Manager  
 Name:STEPHEN CHARO



Sub-County Accountant  
 Name:GREGORY MWANIKI  
 ICPAK Member Number:12536

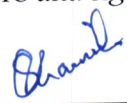


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**LAMU WEST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

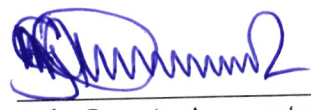
**V. STATEMENT OF ASSETS**

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	12,411,343	2,708,428
Cash Balances (cash at hand)	10B	-	100,000
<b>Cash and Cash Equivalents</b>		<b>12,411,343</b>	<b>2,808,428</b>
Current receivables -Outstanding Imprests	11	-	
<b>TOTAL FINANCIAL ASSETS</b>		<b>12,411,343</b>	<b>2,808,428</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts payables - Retention	12	-	
<b>NET FINANCIAL ASSETS</b>		<b>12,411,343</b>	<b>2,808,428</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July 2017	13	2,808,428	18,137,865
Surplus/Deficit for the year		9,602,915	(15,968,509)
Prior year adjustments	14	-	639,072
<b>NET LIABILITIES</b>		<b>12,411,343</b>	<b>2,808,428</b>

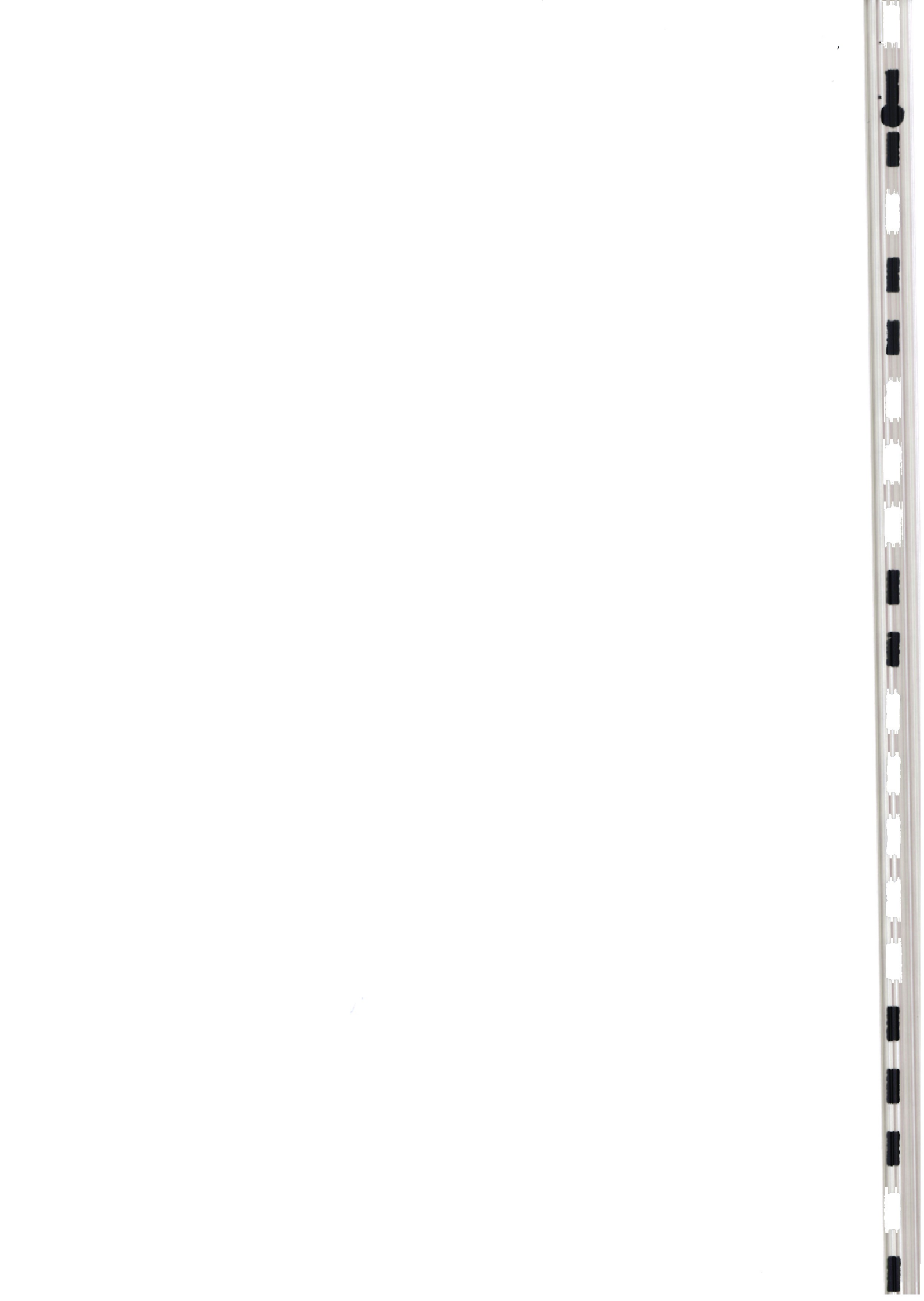
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAMU WEST Constituency financial statements were approved on 16/8/ 2018 and signed by:



\_\_\_\_\_  
Fund Account Manager  
Name: STEPHEN CHARO



\_\_\_\_\_  
Sub-County Accountant  
Name: GREGORY MWANIKI  
ICPAK Member Number: 12536



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

**LAMU WEST CONSTITUENCY**

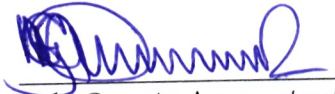
**Reports and Financial Statements**

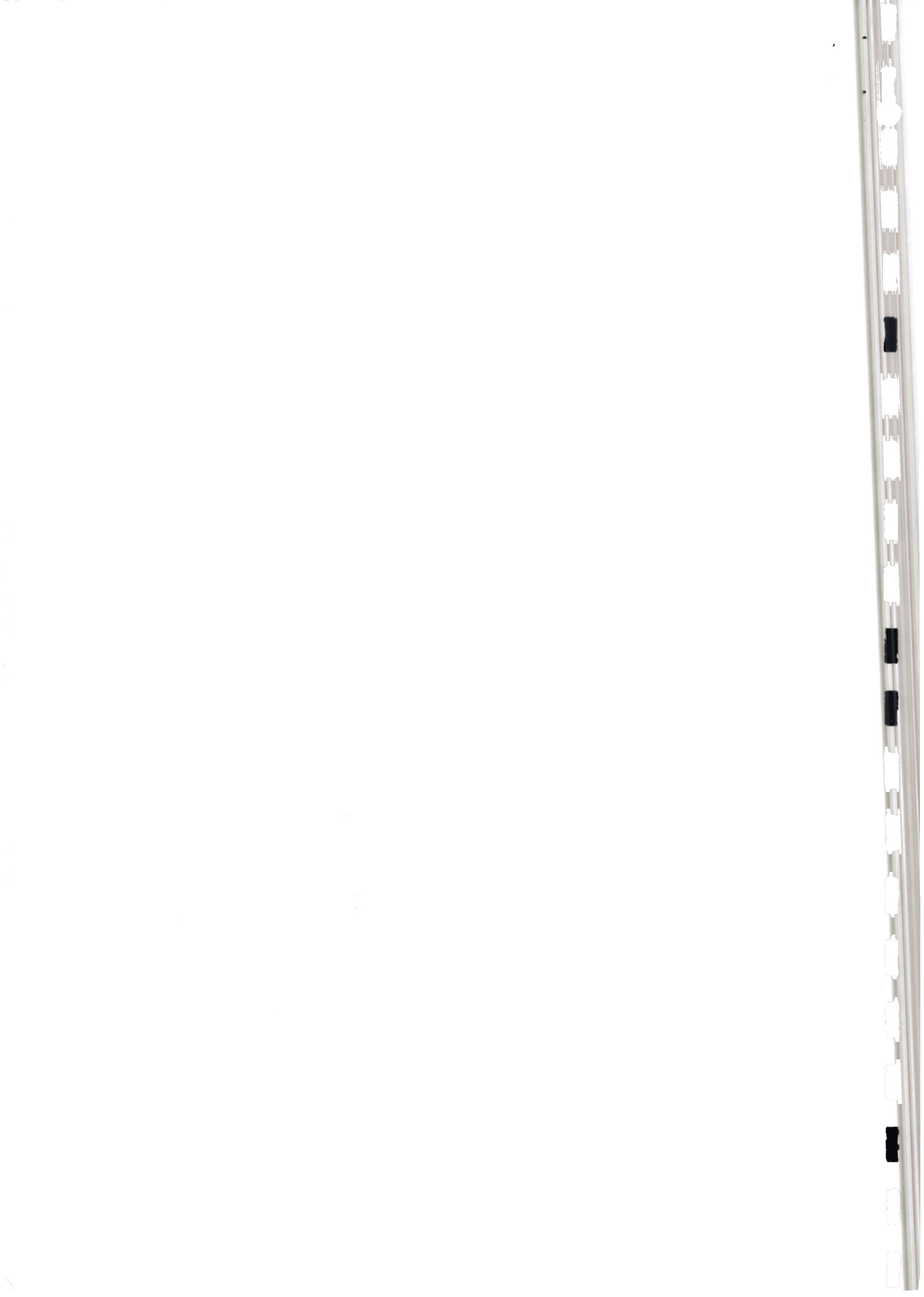
**For the year ended June 30, 2018**

<b>VI. STATEMENT OF CASHFLOW</b>			
		<b>2017 – 2018</b>	<b>2016 - 2017</b>
<b>Receipts for operating income</b>			
Transfers from NG-CDF Board	1	68,053,447	66,914,148
Other Receipts	3	-	-
		<b>68,053,447</b>	<b>66,914,148</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,389,200	4,458,284
Use of goods and services	5	5,269,798	10,891,451
Transfers to Other Government Units	6	25,289,655	18,698,000
Other grants and transfers	7	25,501,879	48,834,922
Acquisition of Assets	8	-	-
Other Payments	9	-	-
		<b>58,098,532</b>	<b>82,882,657</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>9,602,915</b>	<b>(15,329,437)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>9,602,915</b>	<b>(15,329,437)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>2,808,428</b>	<b>18,137,865</b>
<b>Cash and cash equivalent at END of the year</b>		<b>12,411,343</b>	<b>2,808,428</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAMU WEST Constituency financial statements were approved on 16/8/18 2018 and signed by:

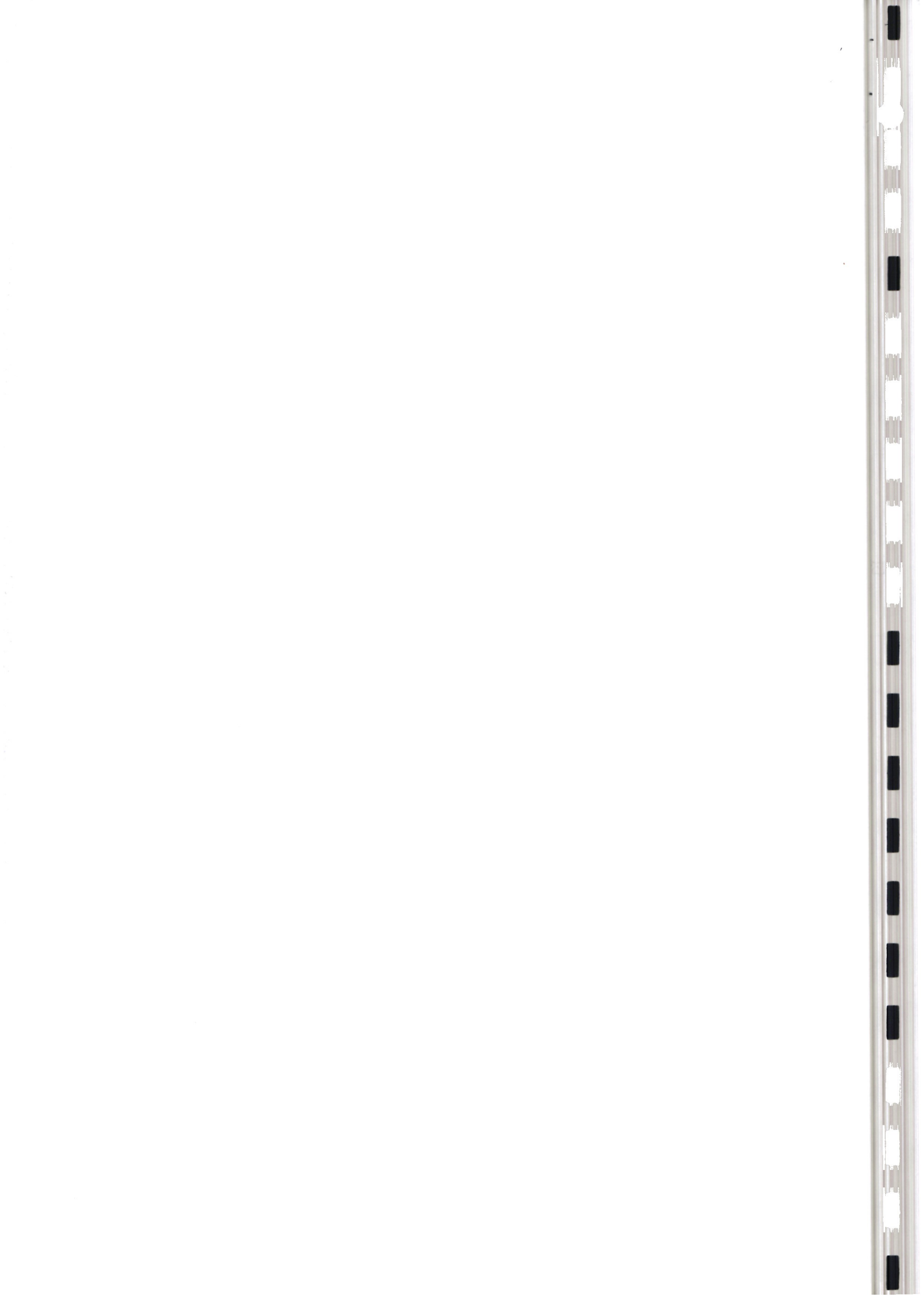
\_\_\_\_\_  
Fund Account Manager  
Name: STEPHEN CHARO

  
\_\_\_\_\_  
Sub-County Accountant  
Name: GREGORY MWANIKI  
ICPAK Member Number: 12536



II. 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	86,810,345	44,336,013	131,146,358	68,053,447	63,092,911	52%
Proceeds from Sale of Assets			-	-	-	
Other Receipts						
<b>TOTAL</b>	<b>86,810,345</b>	<b>44,336,013</b>	<b>131,146,358</b>	<b>68,053,447</b>	<b>63,092,911</b>	<b>52%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,931,224	1,675,359	3,606,583	2,389,200	1,217,383	66%
Use of goods and services	5,881,706	348,069	6,229,775	5,269,798	959,977	85%
Transfers to Other Government Units	48,905,173	39,845,345	88,750,518	25,289,655	63,460,863	28%
Other grants and transfers	29,267,818	2,467,241	31,735,059	25,501,879	6,233,179	80%
Acquisition of Assets	824,424	-	824,424	-	824,424	0%
Other Payments	-					
<b>TOTAL</b>	<b>86,810,345</b>	<b>44,336,014</b>	<b>131,146,358</b>	<b>58,450,531</b>	<b>72,695,826</b>	<b>45%</b>



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

(a) The constituency received only Kshs 37,905,172 for F/Y 2017/18 and Kshs. 30,148,275 for F/Y 2016/17:

- i. High turnover of Fund Account Managers four in one Financial year
- ii. Board resolution that pegged the cost of a classroom at Kshs. 1.20M while CDFC insists on Kshs.1.50 leading to delayed to the delayed funding
- iii. Political instability due to the General Election and the stalemate that followed and at constituency level a petition against the local member of parliament
- iv. Supplementary budget that was done in May, 2018 meant funds would come after year end

The comparative balance of the Summary of appropriation table above can be checked against the cash book balance as below:

Appropriation	72,695,826
less Undisbursed	60,284,483
Cashbook bal	12,411,343

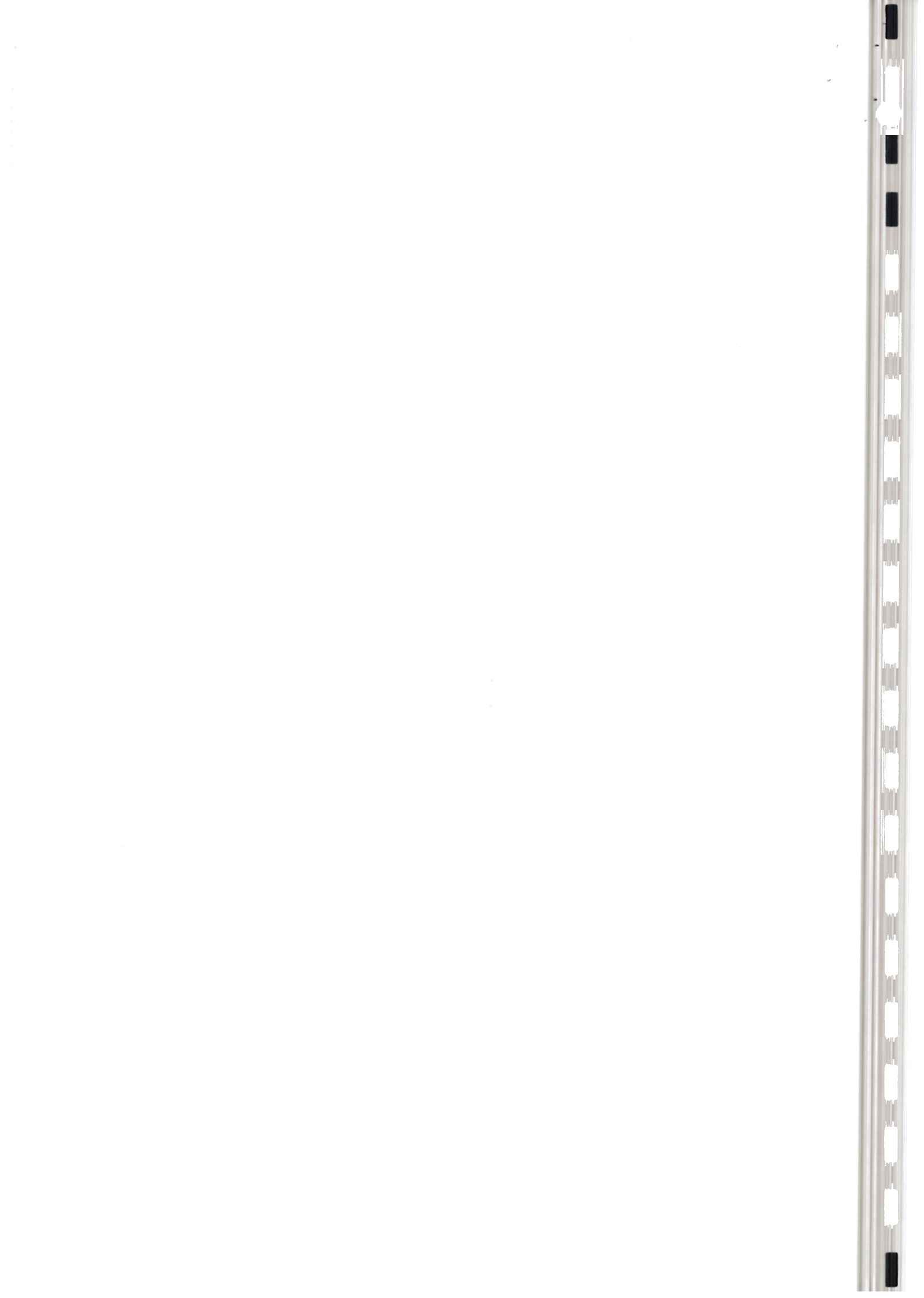
Where the undisbursed funds = 86,810,345-37,905,172(disbursements) = 48,905,173 + 11,379,310(supplementary) =60,284.483

The NGCDF-LAMU WEST Constituency financial statements were approved on 16/8/ 2018 and signed by:

*Chande*

Fund Account Manager  
 Name: STEPHEN CHARO

Sub-County Accountant  
 Name:GREGORY MWANIKI  
 ICPAK Member Number:12536



**VII. 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-LAMU WEST 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 30<sup>th</sup> June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

##### **Other receipts**

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

#### **b) Recognition of payments**

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

##### **Compensation of Employees**

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

##### **Use of Goods and Services**

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

##### **Acquisition of Fixed Assets**

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**SIGNIFICANT ACCOUNTING POLICIES**

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**9. Pending Bills**

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

**10. Unutilized Funds**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**SIGNIFICANT ACCOUNTING POLICIES**

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> 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 30<sup>th</sup> 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) – LAMU  
WEST CONSTITUENCY**

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

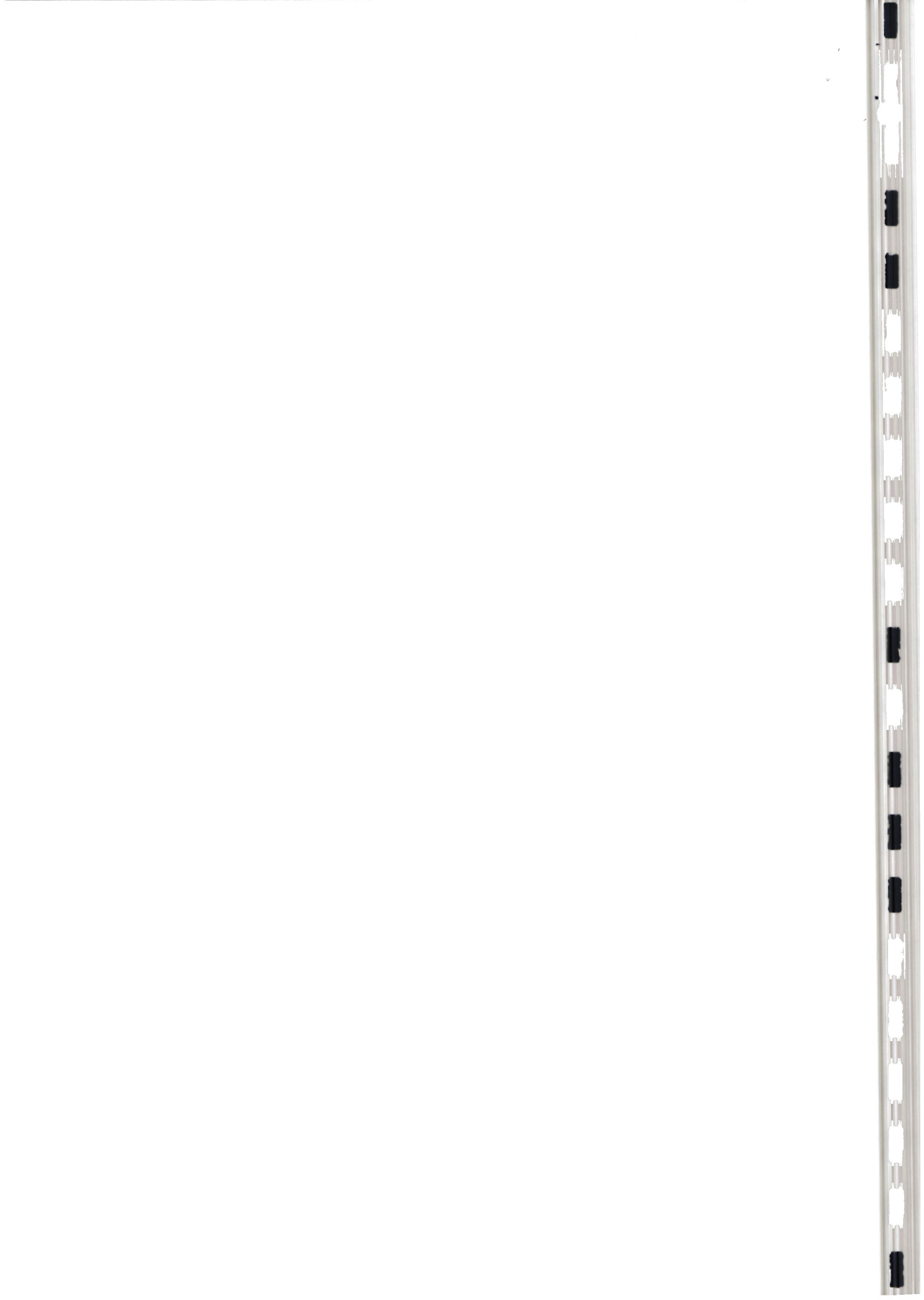
**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

DESCRIPTION	AIE NO	2017-2018 Kshs	2016-2017 Kshs
NGCDF Board	A829644	-	4,094,827
NGCDF Board	A839556	-	15,965,872
NGCDF Board	A855169	-	36,853,449
NGCDF Board	A839680	-	10,000,000
NGCDF Board	A855898	5,500,000	-
NGCDF Board	A892590	30,148,275	-
NGCDF Board	A896851	18,405,172	-
NGCDF Board	A892996	14,000,000	-
<b>TOTAL</b>		<b>68,053,447</b>	<b>66,914,148</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2017-2018 Kshs	2016-2017 Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
<b>Total</b>		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEPTS**

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

**4. COMPENSATION OF EMPLOYEES**

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	2,357,000	2,492,000
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>	<b>-</b>	<b>-</b>
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Employer contribution to NSSF	-	17,000
Gratuity	-	1,949,284
Other personnel payments-Employer NSSF	32,200	-
<b>Total</b>	<b>2,389,200</b>	<b>4,458,284</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST 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 Expenses	3,049,026	4,434,715
Utilities, supplies and services	77,600	-
Communication, supplies and services	17,587	-
Domestic travel and subsistence	181,775	2,863,032
Printing, advertising and information supplies & services	181,775	-
Rentals of produced assets	-	-
Training expenses	632,000	498,000
Hospitality supplies and services	58,600	-
Insurance costs	-	-
Specialized materials and services	-	346,000
Office and general supplies and services	120,889	1,374,942
Other operating expenses- Fuel oil and lubricants	406,000	1,308,312
Routine maintenance – vehicles and other transport equipment	544,546	540,484
Routine maintenance – other assets bank charges	-	23,966
<b>Total</b>	<b>5,269,798</b>	<b>10,891,451</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

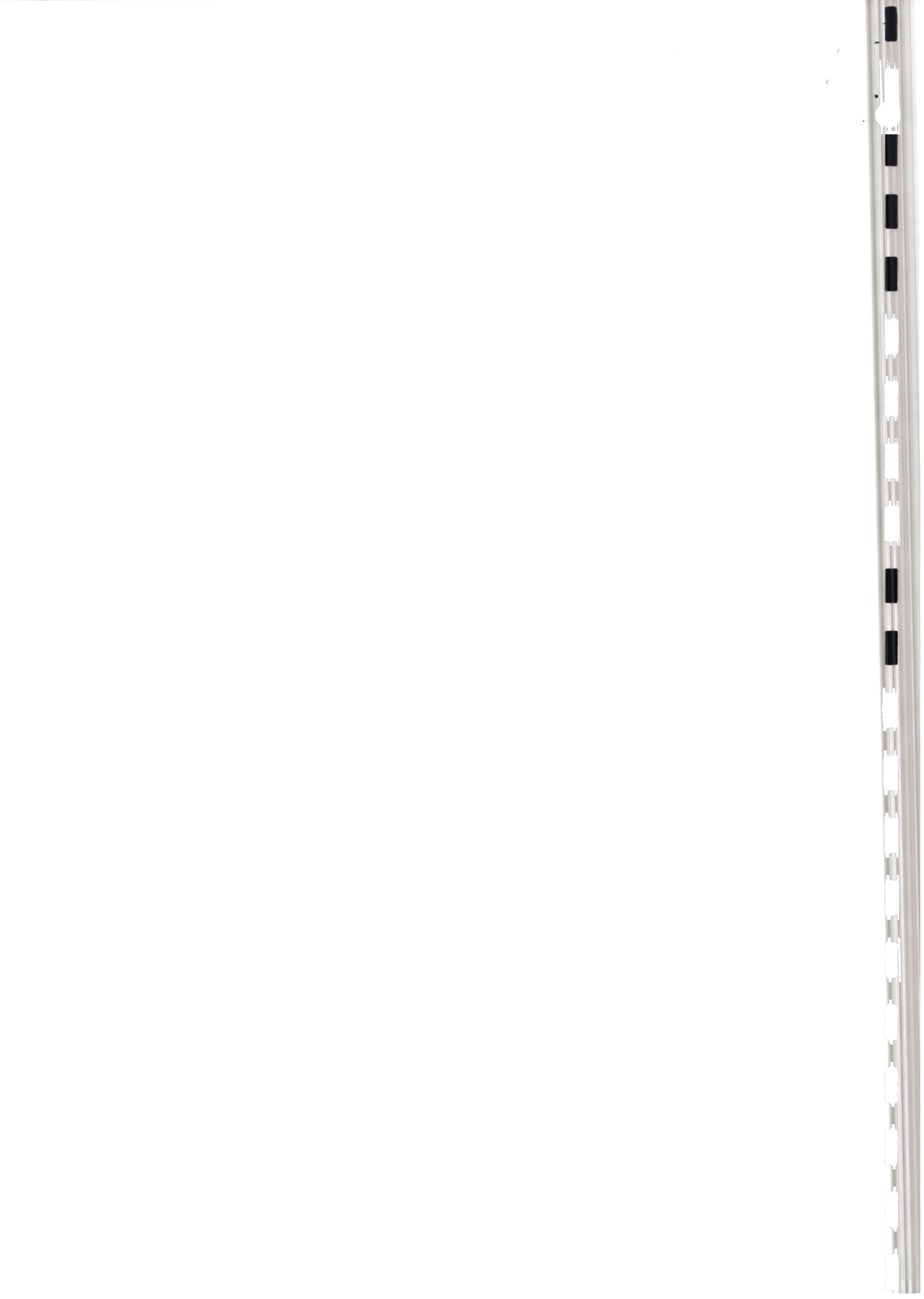
*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to National Government entities-	-	-
Transfers to primary schools	6,450,000	12,898,000
Transfers to secondary schools	18,839,655	5,800,000
Transfers to Tertiary institutions	-	-
Transfers to Health institutions	-	-
<b>TOTAL</b>	<b>25,289,655</b>	<b>18,698,000</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools	14,317,500	17,325,300
Bursary – tertiary institutions	8,438,000	15,767,600
Bursary – special schools	-	558,000
Mock & CAT	-	-
Electricity -	-	300,000
Security projects	2,391,379	6,000,000
Sports projects	-	1,637,931
Environment projects	-	2,637,931
Emergency projects	355,000	4,618,160
<b>Total</b>	<b>25,501,879</b>	<b>48,834,922</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

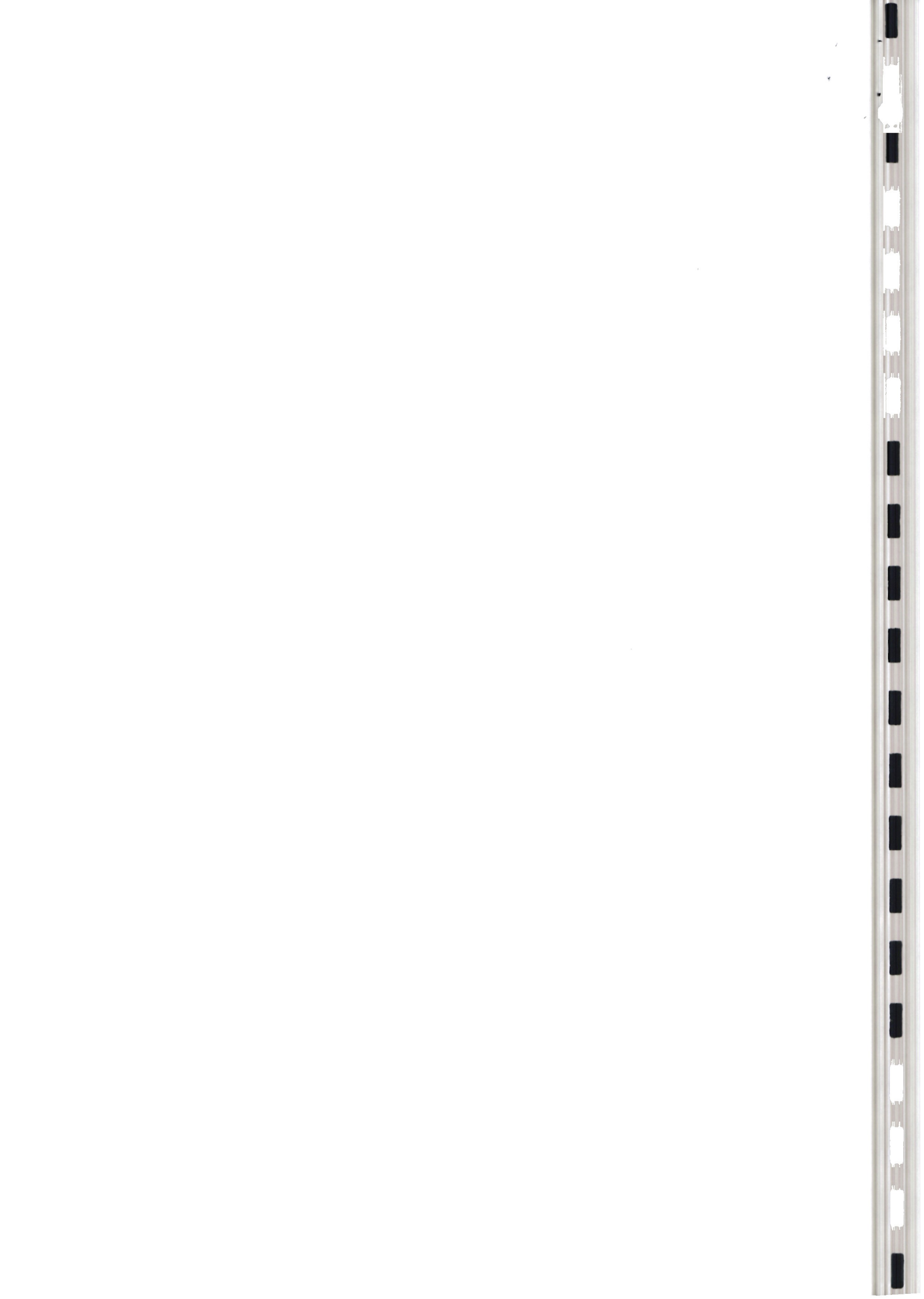
Non Financial Assets

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

**Total**

**9. OTHER PAYMENTS**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST 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>Name of Bank, Account No. 1270263908321</i>	12,411,343	2,708,428
<b>Total</b>	12,411,343	2,708,428
<b>10B: CASH IN HAND</b>		
Location 1	-	100,000
Location 2		
Location 3		
Other Locations ( <i>specify</i> )		
<b>Total</b>	-	100,000



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<i>Total</i>				<u><u>-</u></u>

*Total*

**12 RETENTION**

	2017 - 2018	2016-2017
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-

**Total**

*[Provide short appropriate explanations as necessary]*

**13. BALANCES BROUGHT FORWARD**

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	2,708,427	18,137,867
Cash in hand	100,000	-
Imprest	-	-
<b>Total</b>	<u><u>2,808,427</u></u>	<u><u>18,137,867</u></u>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST 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 Annex 5)	14,458,907	-
	14,458,907	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
WEST 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 - cheque reversal	-	639,072
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>-</b>	<b>639,072</b>

**15. OTHER IMPORTANT DISCLOSURES**

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

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	<b>-</b>	<b>-</b>

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

	Kshs 2017-2018	Kshs 2016-2017
Senior management	-	-
Middle management	-	-
Others ( <i>specify</i> )	-	-
	<b>-</b>	<b>-</b>

**15.3: UNUTILIZED FUNDS (See Annex 3)**

	Kshs 2017-2018	Kshs 2016-2017
Compensation of employees	1,217,383	1,675,359
Use of goods and services	959,978	348,069
Amounts due to other Government entities	63,460,863	39,845,345
Amounts due to other grants and other transfers	6,233,179	2,467,241
Acquisition of assets	824,424	-
Others ( <i>specify</i> )	-	-
	<b>72,695,827</b>	<b>44,336,014</b>



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

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	a	B	c	d=a-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>						



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

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		A	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
	Sub-Total						
<b>Middle Management</b>							
4.							
5.							
6.							
	Sub-Total						
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	Sub-Total						
<b>Others (specify)</b>							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						







**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU WEST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018 (Kshs)**

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

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-			-
Buildings and structures	7,000,000			7,000,000
Transport equipment	11,229,170			11,229,170
Office equipment, furniture and fittings	1,500,000			1,500,000
ICT Equipment, Software and Other ICT Assets	640,000			640,000
Other Machinery and Equipment	-			-
Heritage and cultural assets	-			-
Intangible assets	-			-
<b>Total</b>	<b>20,369,170</b>			<b>20,369,170</b>



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

**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Majembeni Secondary School			1,664,940	
Maisha Masha Primary School			156,292	
Kiongwe Secondary School			601,600	
Bahari Secondary School			3,521,481	
Shella Bright Girls			1,500,000	
Wiyoni Secondary school			600,100	
Moa Secondary School			129,806	
Witu Mjini Secondary School			33,590.00	
Hindi Primary School			700,100	
Salama Primary School			2,800,100	
Juhudi Primary School			1,061,242	
Lamu Girls Secondary School			1,689,656	
			<b>14,458,907</b>	



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU WEST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018 (Kshs)**

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	Unsupported expenditure	Documents & files availed to auditors	Stephen Charo-FAM	Resolved	30/6/2018
3	Unsupported schedules on reversed cheques vide respective expenditures for the same	Closing bank balance correct since an equal expense on the reversed cheques completed	Gregory mwaniki-DA	Resolved	30/6/2018
4	Lack of pmc expenditure returns and files	Files and returns available for submission	Stephen Charo-FAM	Resolved	30/6/2018
5	Unsupported expenditures on other committee expenses, fuel oil & lubricants	Explanation given on our respective response	Stephen Charo-FAM	Resolved	30/6/2018
6	Unjustified expenditures on coxswains training	File available for submission to auditors for further review	Stephen Charo-FAM	Not resolved	30/6/2019
7	Unavailability of logbooks for motor vehicles	File copy to be availed Logbooks sent to NGCDF head office Nairobi	Stephen Charo-FAM	Not resolved	30/6/2019

