

REPUBLIC OF KENYA

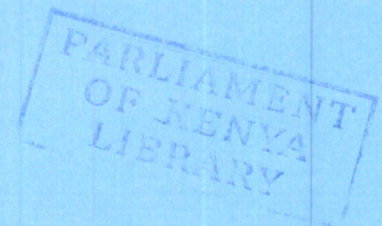


OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

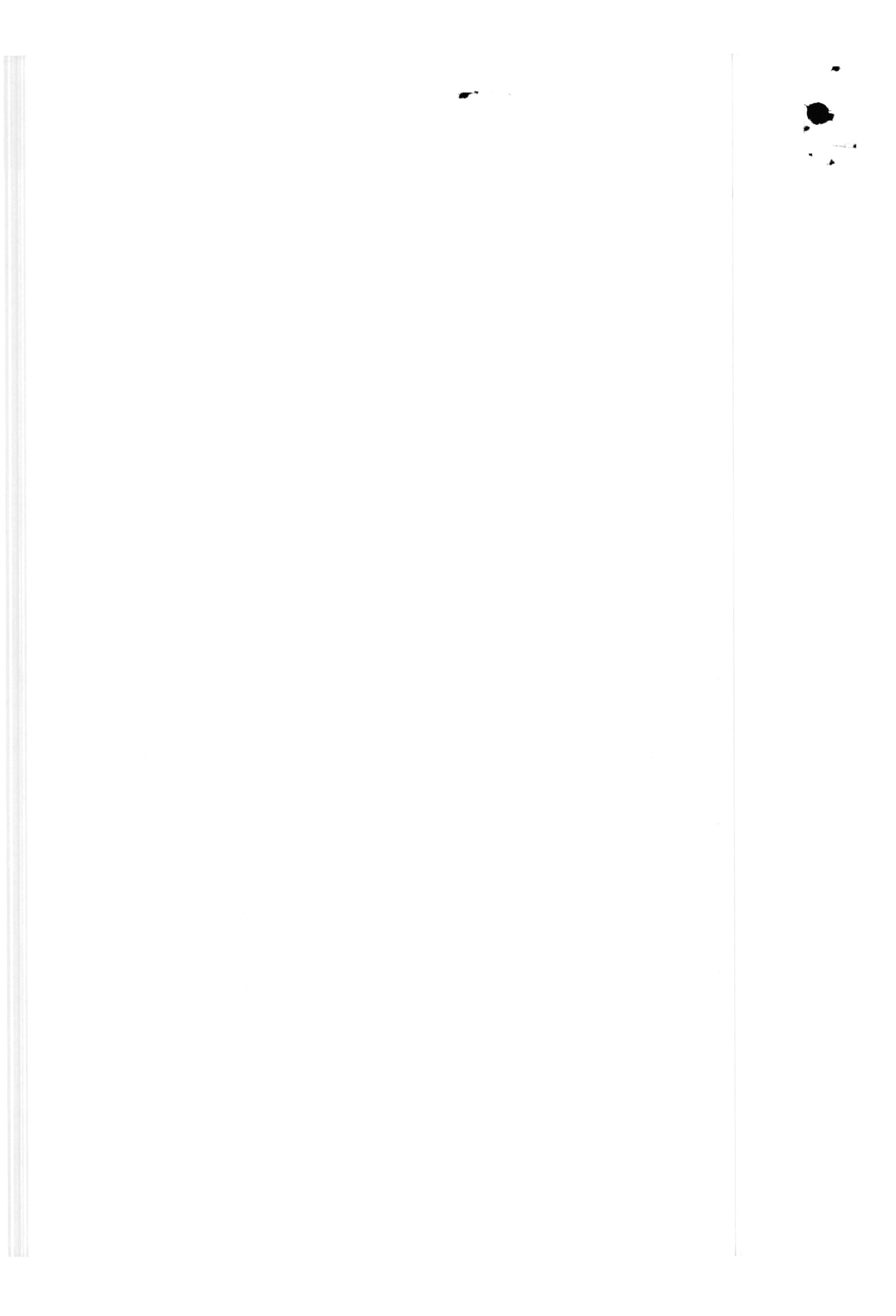


THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
KITUTU CHACHE NORTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018






**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KITUTU
CACHE NORTH 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)

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 JUN 2019	DAY: Wednesday
TABLED BY:	Hon. Aden Sale, MP (Hon)
CLERK TO THE TABLE:	Halima Suliman

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY**

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Core Values

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

(b) Key Management

The NGCDF KITUTU CHACHE NORTH day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Edwin K. Rutto
3.	Sub-County Accountant	Omae Birundu
4.	Chairman NGCDFC	Samwel Ondieki

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF KITUTU CHACHE NORTH Constituency Headquarters

Kitutu Chache NG-CDF Office Building,
1st Floor ,
P.o Box 4576,
KISII

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF KITUTU CHACHE NORTH Constituency Contacts

Telephone: (254) 720140374
E-mail: cdfkkitutuchachenorth@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF KITUTU CHACHE NORTH Constituency Bankers

1. Co-operative Bank of Kenya,
Kisii Branch
P.o Box 2469
KISII,KENYA

(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

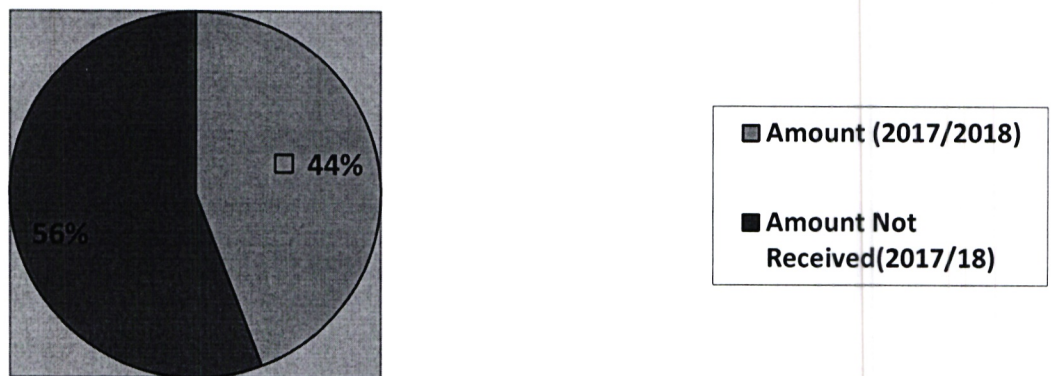
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

During the financial year 2017/2018 Kitutu Chache North Constituency was allocated Ksh.86, 810,344.82 in the initial allocation, later during the financial year a supplementary budget was passed increasing allocation by Ksh.11, 379310.34. Therefore the total allocation for the year was Ksh.98, 189,656.16. The total amount was budgeted for in the proposal and the board approved in totality. From the approved the constituency received a total of Ksh.43, 405, 172.

On appropriation the constituency utilization was average, the constituency was able to absorb about 41% of the total available funds. This was somehow lower than previous years; this low absorption was caused by delay in gazetting of NG-CDF Committee members which was done in the third quarter of the year.

The chart below shows a representation of amount received from board the financial year in comparison to the amount not yet received is represented by the pie chart below;

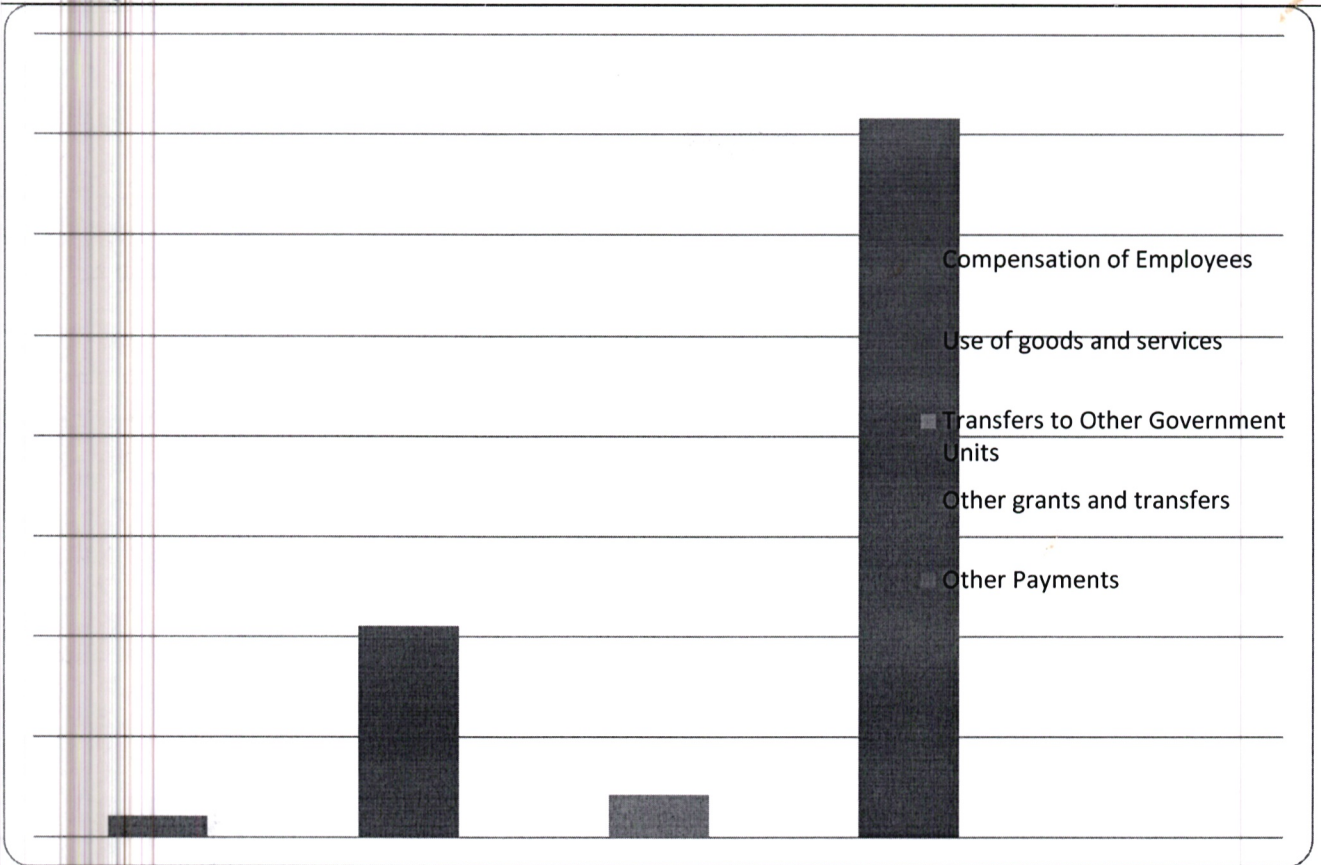


From the chart it can be seen that a large bulk of 56% of the fund was still with the NG-CDF Board at the end of the financial year.

The NG-CDF Committee prioritized the funds which were received and gave priority to projects in Other Grants and Transfers and Transfers to other government entities. Most of these projects were done to satisfaction. The bulk of funds utilized in the financial were in bursary and education projects.

The table below shows the utilization proportion of various votes during the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 KITUTU CHACHE NORTH CONSTITUENCY
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Kitutu Chache North National Government Constituency Development Fund Committee (NGCDF) projects were implemented through Project Management Committees. Some of the projects implemented during the year are represented pictorially below.

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KITUTU CHACHE NORTH NG CDF PROJECT-4 CLASSROOMS AND ADMINISTRATION BLOCK AT NYANSAKIA SECONNDARY SCHOOL

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY**
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KITUTU CHACHE NORTH NG CDF PROJECT-ADMINISTRATION BLOCK CONSTRUCTED BY NG-CDF AT ERAMBA SECONDARY SCHOOL

The major challenge faced by the Committee delay in gazettelement of NG-CDF Committee members which greatly affected the operations of the fund another challenge faced during the year is piecemeal disbursement of fund by CDF Board which meant that some projects had to be held back thereby affecting performance and effecting utilization of funds when need. This challenge was highly felt while disbursing bursary funds because these funds are more effective when disbursed when needed and not later.

During the course of implementation of projects Constituencies Development Fund Committee noted that Project Management Committees require adequate training to ensure effective implementation of projects

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY**

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It is our hope that these challenges will be handled effectively in future through proper planning on priority areas.

Sign 

Samwel Ondieki
CHAIRMAN NGCDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY**

**Reports and Financial Statements
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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-KITUTU CHACHE NORTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-KITUTU CHACHE NORTH Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-KITUTU CHACHE NORTH Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

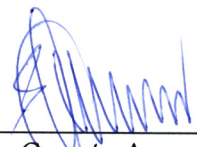
The Accounting Officer in charge of the NGCDF-KITUTU CHACHE NORTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF-KITUTU CHACHE NORTH Constituency financial statements were approved and signed by the Accounting Officer on 18/07/ 2018.



Fund Account Manager
Name: Edwin Kimutai




Sub-County Accountant
Name: Omae Birundu
ICPAK Member Number: 18248

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY
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For the year ended June 30, 2018**

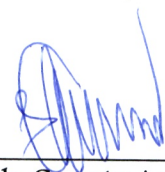
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	43,405,172.00	144,722,378.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		43,405,172.00	144,722,378.00
PAYMENTS			
Compensation of employees	4	1,058,947.00	2,528,633.00
Use of goods and services	5	10,530,359.00	8,608,829.00
Transfers to Other Government Units	6	2,120,000.00	44,229,312.00
Other grants and transfers	7	35,816,592.00	68,814,250.00
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		49,525,898.00	124,181,025.00
SURPLUS/(DEFICIT)		<u>(6,120,726.00)</u>	<u>20,541,353.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KITUTU CHACHE NORTH Constituency financial statements were approved on 15/07 2018 and signed by:



Fund Account Manager
Name: Edwin Kimutai



Sub-County Accountant
Name: Omae Birundu
ICPAK Member Number: 18248

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

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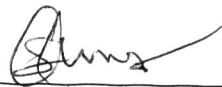
The Accounting Officer in charge of the NGCDF-KITUTU CHACHE NORTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

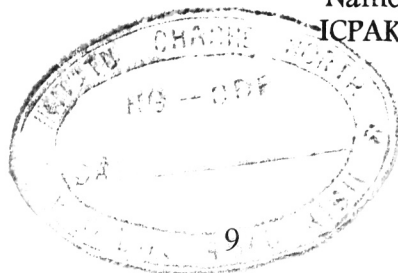
The NGCDF-KITUTU CHACHE NORTH Constituency financial statements were approved and signed by the Accounting Officer on 15/07/18 2018.



Fund Account Manager
Name: Edwin Kimutai



Sub-County Accountant
Name: Omae Birundu
ICPAK Member Number: 18248



REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the financial statements of National Government Constituencies Development Fund - Kitutu Chache North Constituency set out on pages 10 to 31, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Kitutu Chache North Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Summary Statement of Appropriation

Included in the summary statement of appropriation-recurrent and development combined for the year ended 30 June 2018 are adjustments of Kshs.34,208,696 for both receipts and payments, respectively. The adjustments are in respect of payments for compensation of employees Kshs.241,667, use of goods and services Kshs.824,195, transfers to other government units Kshs.14,220,688, other grants and transfers Kshs.18,422,146 and other payments Kshs.500,000. However, detailed schedule of the projects and programmes in the approved code list in the prior year to be funded was not provided for audit.

In the circumstances, the accuracy and completeness of the statement of appropriation-recurrent and development combined for the year ended 30 June 2018 could not be confirmed.

*Report of the Auditor-General on the Financial Statements of National Government Constituencies
Development Fund - Kitutu Chache North Constituency for the Year Ended 30 June 2018*

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Kitutu Chache North Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Implementation of Devolved Projects

1.1 Implementation of Water Projects

Included in other grants and transfers expenditure of Kshs.35,816,592 is an amount of Kshs.5,104,975 which was paid for water projects. Provision of water is a function devolved to the County Government under the Constitution of Kenya, 2010 Fourth Schedule on distribution of functions between national and county governments.

Although the management has indicated and produced evidence that these projects were in the approved code list for 2015/2016 financial year, there was no evidence that management complied with section 26 (1) of the National Government Constituencies Development Fund Act, 2015 during the 2017/2018 financial year. The section stipulates that a constituency with unspent funds at the end of the financial year shall submit new proposals to the NGCDF Board for approval in accordance with section 31 of the Act.

In the circumstances, the regularity and value for money of the expenditure of Kshs.5,104,975 incurred on water projects could not be ascertained.

1.2 Implementation of Road Projects

Included in other grants and transfers of Kshs.35,816,592 is an amount of Kshs.200,000 which was paid for roads projects. Maintenance of minor roads is

similarly a devolved function to the County Government under the Constitution of Kenya, 2010 Fourth Schedule.

Although the management has indicated and produced evidence that these projects were in the approved code list for 2015/2016 financial year, there was no evidence that management complied with section 26 (1) of the National Government Constituencies Development Fund Act, 2015 during the 2017/2018 financial year. Therefore, payment of Kshs.200,000 for the road projects was irregular.

2. Emergency Project

2.1 Renovation of Riragia Primary School

Included also in other grants and transfers of expenditure Kshs.35,816,592 are payments totalling Kshs.5,246,697 for emergency projects. The latter in turn include a payment of Kshs.420,000 for renovation of classrooms at Riragia Primary School. There was no proof of emergency and urgency in the renovation of the classrooms and the project did not therefore meet the criteria for emergency set out under section 8(3) of National Government Constituencies Development Fund Act 2015. Consequently, the regularity of the expenditure of Kshs.420,000 incurred could not be confirmed.

3. Budget Performance Analysis

A comparison of budgeted and actual expenditure revealed material under-utilization of funds as detailed below:

Expenditure Component	Final Approved Budget (Kshs.)	Actual Expenditure (Kshs)	Under-expenditure (Kshs.)	Under-utilization in %
Compensation of Employees	1,427,817	1,058,947	368,870	26 %
Transfers to Other Government Units	51,620,688	2,120,000	49,500,688	96 %
Other Grants and Transfers	52,342,533	35,816,592	16,525,941	32 %
Other Payments	5,177,027	0	5,177,027	100 %

The underutilization of the allocated funds negatively affected the achievements of some of the core objectives of the Fund and denied the constituents efficient and effective service delivery.

4. Project Verification Status

Twelve projects for which disbursements totalling Kshs.7,652,000 had been made were verified and the observations are as follows:

Project Name	Budget (Kshs)	Activity	Status
Isechi D.O office	400,000	Completion of assistant county commissioners office (roofing, plastering, fixing doors, windows, flooring and painting)	Only paint works not yet done

Project Name	Budget (Kshs)	Activity	Status
Kionganyo Primary	400,000	Renovating of one leaking classroom (reroofing and plastering)	Three classrooms are complete and in use Not branded.
Sensi Primary school	300,000	Renovating of one leaking classroom (reroofing and plastering)	Two classrooms were renovated and painted Project is complete Not branded.
Nyabworoba Primary School	420,000	Construction of toilets that had collapsed due to heavy rains	Complete but not branded. The facility is in use
Monyerero primary	300,000	Completion of one classroom (roofing, fixing doors , windows and plastering)	Three classrooms under construction. Project is ongoing
Kionganyo Primary	400,000	Renovating of one leaking classroom (reroofing and plastering)	Three classrooms are complete and in use Not branded.
Nyamokenye Primary School	250,000	Construction of toilets that had collapsed due to heavy rains	Complete but not branded. The facility is in use
Engotogoti Primary School	415,000	Construction of toilets that had collapsed due to heavy rains	Complete but not branded. The facility is in use
Gesurura Primary School	250,000	Construction of toilets that had collapsed due to heavy rains	Complete but not branded. The facility is in use
Isecha Water Project	4,247,000	Erection of tanks, Purchase of pipes and digging trenches and laying of water distribution for Isecha water project.	The facility is complete and in use
Nyamokomba Water Project	208,000	Completion of pump house, plastering, flooring and roofing.	Complete and is in use
Nyakoora Water Project	62,000	Completion of pump house, plastering and roofing.	Complete and is in use
Total	7,652,000		

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 procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether 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 Financial Reporting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

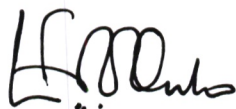
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituencies Development Fund - Kitutu Chache North Constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

18 June 2019

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KITUTU CHACHE NORTH 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
RECEIPTS			
Transfers from NGCDF board	1	43,405,172.00	144,722,378.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		43,405,172.00	144,722,378.00
PAYMENTS			
Compensation of employees	4	1,058,947.00	2,528,633.00
Use of goods and services	5	10,530,359.00	8,608,829.00
Transfers to Other Government Units	6	2,120,000.00	44,229,312.00
Other grants and transfers	7	35,816,592.00	68,814,250.00
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		49,525,898.00	124,181,025.00
SURPLUS/(DEFICIT)		<u>(6,120,726.00)</u>	<u>20,541,353.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KITUTU CHACHE NORTH Constituency financial statements were approved on 18.7.18 2018 and signed by:



Fund Account Manager
Name: Edwin Kimutai



Sub-County Accountant
Name: Omae Birundu
ICPAK Member Number: 18248

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


VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

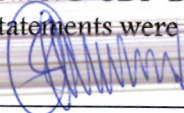
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345.00	34,208,696.00	121,019,041.00	64,234,558.00	56,784,483.00	53.10%
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	86,810,345.00	34,208,696.00	121,019,041.00	64,234,558.00	56,784,483.00	53.10%
PAYMENTS						
Compensation of Employees	1,186,150.00	241,667.00	1,427,817.00	1,058,947.00	368,870.00	74.00%
Use of goods and services	9,626,781.00	824,195.00	10,450,976.00	10,530,359.00	79,383.00	100.80%
Transfers to Other Government Units	37,400,000.00	14,220,688.00	51,620,688.00	2,120,000.00	49,500,688.00	4.10%
Other grants and transfers	33,920,387.00	18,422,146.00	52,342,533.00	35,816,592.00	16,525,941.00	68.40%
Other Payments	4,677,027.00	500,000	5,177,027.00	0.00	5,177,027.00	0.00%
TOTALS	86,810,345.00	34,208,696.00	121,019,041.00	49,525,898.00	71,493,143.00	41.00%

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

- i. The underutilization of 74% on compensation to employees was caused by delay in employing NG-CDF staff.
- ii. The overutilization of 100.80% in use of goods and services was occasioned by NG-CDF Committee expenses which slightly increased because some the work which was to be done by staff was done by committee e.g vetting and distribution of bursary cheques.
- iii. The utilization of 4.1%, 68.40% and 0% in Transfers to Other Government units, Other Grants and Transfers and Other payment was caused by delay in disbursement of funds from NG-CDF Board.

The NGCDF-KITUTU CHACHE NORTH Constituency financial statements were approved on 18/07 2018 and signed by


Fund Account Manager
Name: Edwin Kimutai


Sub-County Accountant
Name: Omae Birundu
ICPAK Member Number: 18248

VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-KITUTU CHACHE NORTH Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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) –
KITUTU CHACHE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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

Reports and Financial Statements

For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO:A855883	1	5,500,000	
AIE NO:A892923	2	37,905,172	
AIE NO:A825867			59,825,826.00
AIE NO:A825925			3,000,0000.00
AIE NO:A829625			4094827.00
AIE NO:A855168			36,853,449.00
AIE NO:A855736			40,948,275.00
TOTAL		43,405,172.00	144,722,377.00

2. PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,058,947.00	2,528,833.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance		-
Transport allowance		-
Leave allowance		-
Gratuity		-
Other personnel payments		-
Total	1,058,947.00	2,528,633.00

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

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	3,509,137	3,400,000.00
Utilities, supplies and services	1,750,000	2,230,000
Communication, supplies and services	300,000	450,000.00
Domestic travel and subsistence	50,000	-
Printing, advertising and information supplies & services	210,000	290,883.00
Other Committee expenses	-	1,900,000.00
Training expenses	756,000	700,000.00
Hospitality supplies and services	100,000.00	120,000.00
Specialized materials and services	-	-
Office and general supplies and services		458,000.00
Fuel ,Oil and Lubricants	425,221.00	419,898.00
Routine maintenance – vehicles and other transport equipment	230,000.00	540,047.00
Routine maintenance – other assets	200,000.00	-
Other Operating activities	3,000,000,00	
Total	10,530,359.00	8,608,828.00

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities		-
Transfers to primary schools (see attached list)	2,120,000.00	22,887,931.00
Transfers to secondary schools (see attached list)	-	15,600,000.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	5,741,381.00
TOTAL	2,120,000	44,229,312.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see attached list)	14,566,000.00	15,751,000.00
Bursary – tertiary institutions (see attached list)	8,179,000.00	10,034,000.00
Roads	200,000.00	-
Mock & CAT (see attached list)	-	-
Water Projects	5,104,975.00	21,299,490.00
Security projects (see attached list)	400,000.00	10,838,320.00
Sports projects (see attached list)	1,526,920.00	2,939,000.00
Environment projects (see attached list)	593,000.00	500,000.00
Emergency projects (see attached list)	5,246,697.00	6,152,440.00
Agriculture Projects		1,300,000.00
Total	35,816,592.00	68,814,250.00

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

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
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	-	-
		-

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

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Co-operative Bank, Account No. 01141422029200</i>	14,708,660.00	20,829,386.00
Total	14,708,660.00	20,829,386.00
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

Total

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

12 RETENTION

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

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	14,708,660.00	20,829,386.00
Cash in hand	-	-
Imprest	-	-
Total	14,708,660.0	20,839,386.00-

[Provide short appropriate explanations as necessary]

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts		
Cash in hand	~	~
Imprest	~	~
Total	~	~

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Staff salaries	~	~
Staff gratuity	~	~
	~	~

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	~	~
Use of goods and services	~	~
Amounts due to other Government entities (see attached list)	~	~
Amounts due to other grants and other transfers (see attached list)	~	~
Acquisition of assets	~	~
Others (<i>specify</i>)	~	~
	~	~

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 KITUTU CHACHE NORTH 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	0	501,851.00
	0	501,851.00

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	B	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT ENTITY - (KITUTU CHACHE NORTH CONSTITUENCY)
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Sub-Total				
Amounts due to other grants and other transfers				
Sub-Total				
Sub-Total				
Acquisition of assets				
Others (<i>specify</i>)				
Sub-Total				
Grand Total				

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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	15,100,000.00			15,100,000.00
Transport equipment	6,150,000.00	-	-	6,150,000.00
Office equipment, furniture and fittings	3,293,130.00	-	-	3,293,130.00
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	24,543,130.00	-	-	24,543,130.00

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Balances			00	501,851
Total				501,851

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor in 2016/2017 financial year, 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)
I.Cash and cash equivalent	Bank balance as at 30 th June 2017 amounted Kshs.20,829, 385.50 as at 30 th June 2017 However, a review of bank reconciliation statements reflects a cash book balance of Kshs.15,783,015.95 leading to un reconciled difference of Kshs. 5,046,369.55. Further, the reconciliation statement includes several unrepresented stale cheques amounting to Kshs.2,129,499 that were issued in the financial year under review and prior years that had not been reversed in the cashbook.	<i>The Cash Book balance at the end of the 2016/2017 financial year was Ksh. Kshs.20,829,385.50 as reported in the Financial Statements, this is supported by both Cash Book and June 2017 Bank Reconciliation Statement. We noted that Bank Reconciliation initially submitted was erroneous. We hereby forward the correct Bank Reconciliation as at 30th June 2017. On the issue of unrepresented cheques, we would like to state that most of them relate to bursary issued to various institution</i>	Fund Manager and Accountant	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p><i>but had not been presented, since these cheques are now stale the committee has directed the Sub County Accountant to reverse the cheques for new allocation and payments. The committee has made a minute resolution to reverse all stale cheques immediately.</i></p>			
<p>2.Payment Not Adequately Supported</p>	<p>Included in the use of goods and services balance of Ksh.8,608, 829 is amount of Kshs. 1500,000 other committee allowances out of which Kshs.940,000 was spent in various activities which were not adequately supported by necessary reports</p>	<p><i>The management usually keeps all reports and minutes in files at their respective file in office. Bulky reports these are in most cases not attached to the voucher but reference is made to the respective files kept in which they are kept. The respective minutes were delivered to auditor for</i></p>	<p>Fund Account Manager</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>verification</i>			
3.Project Expenditure Returns	The Constituency Development Committee disbursed a total of Kshs.44, 229, 312 being transfers to other Government units in the year under review. However disbursement totaling Kshs.1, 300, 000 to two primary schools and a secondary school did not agree with schedules submitted for audit review totaling Kshs,923,770.The resultant variance of Kshs.376,230 has not been reconciled or explained.	<i>We are following up with the schools to account for Kshs.376, 230 and since head teachers are currently in Mombasa for the annual (Kenya Primary Schools Heads Association) KEPSHA meeting they have now promised to provide the documents once they arrive. Once we receive the documents we will avail them to your office.</i>	Fund Account Manager	Resolved	