

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 19 FEB 2020

Day:  
WED

OF

Hon. Aden Duale MP  
Leader of Majority Party  
Anneshubako

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
GEM CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2018

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND GEM  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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

**Reports and Financial Statements**

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

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

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
GEM 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 GEM 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	Moses Karakacha
3.	Sub-County Accountant	Edgar Wafula
4.	Chairman NGCDFC	Daniel Onyiego
5.	Member NGCDFC	Judith Wajewa

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 53-Sawagongo  
CDF Building  
Wagai Market  
Sawagongo, KENYA

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

**Reports and Financial Statements**

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

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**(f) NGCDF GEM Constituency Contacts**

Telephone: (254) 723896642  
E-mail: [cdfgem@ngcdf.go.ke](mailto:cdfgem@ngcdf.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(g) NGCDF GEM Constituency Bankers**

1. Cooperative Bank Of Kenya  
Account no: 01141256320000  
YALA 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



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

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

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**FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

The Gem Ng-constituency development fund in the financial year 2017/18 was allocated kshs 98,589,655.22 the cdf board and a further kshs 400,000 due from financial year 2016/2017 was not remitted. During the financial year kshs 43,405,172.00 was disbursed to the constituency by end of June 2017. This left a balance of kshs 55,584,483.22 as funds due to the constituency from the board to fund the various projects as per our budget proposal. Our budget therefore has been funded 44%. Transfers to other government entities took kshs 6,046,234 accounting for 17% of its allocation. Other grants and transfers utilized kshs 32,115,967.00 against an allocation of kshs 50,938,555.87 representing 63% utilization. Assets acquisition was allocated kshs 7,201,394.23 and only kshs 395,185 used to renovate the office to give 5 % usage. An allocation of ksh 6,750,000 for purchase of motor vehicle in this category has not been approved by the board. Compensation of Employees utilized kshs 1,983,487 against budget of kshs 3,134,063.45 for 63% performance level. This vote head had the month of June salaries and allowances not paid as at the time of reporting. Use of goods and services allocation of kshs 7,258,413.62 was utilized 88% at kshs 6,375,330. The overall budget performance was at 47% for receipts and 45% on expenditure reflecting the level of funding received in the year of kshs 44%. Therefore on comparable basis for income and expenditure our performance is about 100%. The bursary was paid over 95% of its allocation in the financial year. The project management committee is the model used in the constituency for the implementation of projects. In the year ended most of the projects reported inadequacy of funds allocated for the completion of their projects this could be attributed to inadequate allocations and /or increasing costs for the various projects materials and labour. Cases of misappropriation may not be ruled out. For the year ended some of the projects on budget had not received funds due to the delay of release of funds by the board. The board should try to release funds in two instalments of 50% each before end of the financial year to enable implementation of projects within the financial year.

We look forward to better performance in the next financial year 2018/19

Signed:



Daniel Washington Onyiego

**CHAIRMAN NGCDF COMMITTEE**



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

**Reports and Financial Statements**

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

**II. 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-GEM 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, 20XX. 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-GEM Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-GEM 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.

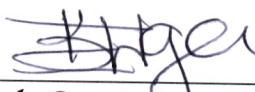
The Accounting Officer in charge of the NGCDF-GEM Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-GEM Constituency financial statements were approved and signed by the Accounting Officer on 31/08/ 2018.



Fund Account Manager  
Name: Moses Karakacha  
ICPAK Member Number: 14662



Sub-County Accountant  
Name: Edgar Wafula  
ICPAK Member Number:



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

#### REPORT ON THE FINANCIAL STATEMENTS

#### Disclaimer of Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund – Gem Constituency set out on pages 6 to 29 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 comparison of budget and actual amounts 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

##### 1. Failure to Update Fixed Asset Register

Included in Annexure 4 to the financial statements is Summary of Fixed Asset Register which reflects a balance of Kshs.4,237,000 as at 30 June 2018. However, the Summary fixed assets register had not been updated since the figures disclosed on the annexure were not tallying with the ones on the register as tabulated below:

Item	Financial Statement Balance Kshs.	Asset Register Balance Kshs.	Difference Kshs.
Land	0	0	0
Buildings and structures	2,625,000	4,642,535	2,017,535
Transport equipment	1,087,000	6,135,217	5,048,217
Office equipment, furniture and fittings	350,000	233,209	116,791
ICT Equipment, Software and Other ICT Assets	175,000	108,500	66,500
<b>Total</b>	<b>4,237,000</b>	<b>11,119,461</b>	<b>7,249,043</b>

Further, the figure reported under buildings and structures decreased from Kshs.3,000,000 as at 30 June 2017 to Kshs.2,625,000 yet an amount of Kshs.395,185 was spent on acquisition of additional building and structures during the year as reported in note 8 to the financial statements.

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

In consequence, the accuracy of the balance of fixed assets and the completeness fixed assets register could not be ascertained as at 30 June 2018.

## **2. Reallocation of Funds**

Included in the figure of Kshs.32,115,967 under Other Grants and Transfers is Kshs.16,423,000 in respect to Bursary for secondary schools which includes Kshs.1,000,000 transferred to St. Peters Wagai Mixed Secondary School Project Management Committee (PMC) account on 28 July 2017 for the construction of a classroom which was budgeted in the year 2016/2017 which ought to be reported under transfers to other government entities and not bursary expenses.

## **3. Irregular Bank Reconciliation Statements**

A review of bank reconciliations statement revealed that cheques amounting to Kshs.3,022,879 issued in the year 2017/2018 had by 31 December 2018 not been presented to the bank for payment and therefore rendered stale. However, it was noted that these cheques which included bursary payments of Kshs.1,798,000, statutory deductions of Kshs.834,879 and payment to suppliers of Kshs.390,000 had been treated as expenses in the financial statements for the year ended 30 June 2018. In the circumstances, the expenses and cash and bank balance for the year are misstated.

## **4. Non-Disclosure of Project Management Committee (PMC) Account Balances**

The management did not disclose PMC cash and bank balances as at 30 June 2018 in the financial statements as required by the public Sector Accounting Standards Board reporting template. Gem NG-CDF therefore was in breach of the law.

## **5. Non Compliance with the Reporting Framework**

The management did not disclose a progress report on follow-up of auditor's recommendations on prior year issues in the financial statements as required by the public Sector Accounting Standards Board reporting template. Gem NG-CDF therefore breach of the law.

## **6. Transactions in the Cash Book not Posted to the Ledger**

Included in the cash book and bank statements of the period ended 30 June 2018 are twenty (29) transactions amounting to Kshs.422,280 that were not recorded in the ledger and consequently omitted from the financial statements for the year then ended 30 June 2018. Further, included in the cash book folio 4183 on 21 May 2018 are 29 transactions totaling Kshs.476,000 whose serial numbers are outside the serial numbers 6400 in use during that period. This transaction was not included as part of un-presented cheques as at 31 May 2018 despite the fact that none of them had been cleared by the bank nor were they reversed in the cash book.

## **7. Misstatement of Cash and Cash Equivalent**

Included in the bank reconciliations statement for the month of June 2018 is an adjustment of Kshs.212,184, that is composed of bank charges of Kshs.87,031 and

- posting errors in the cash book of Kshs.125,153. Also included as an adjustment in the reconciliation statement is an item described as receipts in the bank statement not yet recorded in the cash book of Kshs.223,001 relating to cheques issued in the financial 2016/2017 but were returned as unpaid by the bank. The amounts of Kshs.212,184 and Kshs.223,001 ought to be adjusted against the cash book balance of Kshs.1,740,837 and not treated as reconciling items.

Further, included in the figure of un-presented cheques as at 30 June 2018 of Kshs.8,163,163 are cheque numbers 6596 and 6541 whose amounts in the cash book are not in agreement with amounts reflected on the bank statements as indicated below;

Date	Chq No	Payee	Cash Book (Kshs)	Statement (Kshs)	Remarks
20-Jun-18	6541	Kaimosi Boys High School	10,000	800,000	Cheque Retuned Unpaid on 19 July 2018
21-Jun-18	6596	Mt Kenya University	20,000	10,000	

Under the circumstances, the cash and cash equivalents balance of Kshs.1,740,836 could not be confirmed.

## 8. Non Preparation of a Trial Balance

The financial statements balances of NG- CDF Gem constituency for the year ended 30 June 2018 have not been supported by a trial balance as required and therefore the accuracy and completeness of all the balances reflected in the financial statements as at 30 June 2018 could not be confirmed.

## 9. Summary Statement of Appropriation

Included in the summary of statement of appropriation recurrent and development of the final receipt of Kshs.103,841,523 is an adjustment of Kshs.16,460,046 which is however not supported by any documentary evidence.

Consequently, the accuracy and validity of the financial statement could not be ascertained.

## 10. Budgetary Control and Performance

NGCDF Gem constituency was allocated a total of Kshs.86,810,000 and a further Kshs.11,379,310 under the supplementary budget bringing the total allocation in the year to Kshs.98,189,655. Out of this total budget, only Kshs.85,939,655 has been supported by an approved project activity list provided by the NG-CDF Board leaving a balance of Kshs.12,250,000 unsupported. It was further noted that the Actual expenditures in the year was Kshs.46,916,203 against the final budgeted amount of Kshs.98,189,655 resulting in an under absorption by Kshs.51,273,452 or approximately 52% of the budget as indicated below;

Item	Current year Final Budget Figures	Current Year Actual Figures	Variance	Variance
	Kshs	Kshs	Kshs	%
Compensation of employees	3,082,223	1,983,487	(25,369)	-1%
Use of Goods and Services	9,378,951	6,375,330	3,003,621	32%
Transfer to Other Government Units	33,309,096	6,046,234	27,262,862	82%
Other Grants and Transfers	36,165,069	32,115,967	4,049,102	11%
Acquisition of Assets	5,128,421	395,185	4,733,236	92%
Unsupported budgetary items	12,250,000			
<b>Totals</b>	<b>98,189,655</b>	<b>46,916,203</b>	<b>51,273,452</b>	<b>45%</b>

In addition, the final budget figure has been reported in the statement of appropriation as Kshs.103,841,523 instead of Kshs.98,189,655 resulting in an overstatement of the final budget figure by Kshs.5,651,868.

#### 11. Delayed in Disbursement of Funds

Gem NG-Constituency Development Fund was allocated a sum of Kshs.98,189,655 in the financial year 2017/2018 but only Kshs.43,405,172 was disbursed by the NG-CDF Board during the year leaving undisbursed balance of Kshs.54,784,483. Consequently, out of the total amount of Kshs.41,035,172 set aside for the construction of classrooms only Kshs.6,046,234 was disbursed to schools due to slow absorption of funds.

#### 12. Project Implementation Status

In the Financial year 2017/2018, the Gem NG-CDF was to implement a total of 69 project valued at Kshs.60,489,624.61 . Further analysis indicates that twelve (12) projects valued at Kshs.12,677,027 were not yet started, one(1) project valued at Kshs.1000,000 was ongoing, one (1) project valued at Kshs.1000,000 stalled while fifty five projects were completed as analyzed below;

Sector	Completed Value		On-Going		Not yet Started		Stalled	
	No.	Value (Kshs.)	No.	Value (Kshs)	No.	Value (Kshs.)	No.	Value (Kshs)
Emergency	5	5,137,931.03						
Environment	6	602,383			1	100,000		
Sports	1	1,963,793.10						
Education	37	29,277,096.05	1	1,000,000	2	1,769,256.80	1	1,000,000
Security	5	8,380,000			7	2,888,513.60		
Admin	1	451,394.23			2	7,919,256.80		
<b>Total</b>	<b>55</b>	<b>45,812,597.41</b>	<b>1</b>	<b>1,000,000</b>	<b>12</b>	<b>12,677,027.20</b>	<b>1</b>	<b>1,000,000</b>

Consequently, failure to utilize all funds as budgeted/dispensed is an indication that programs and activities are not implemented as planned hence not achieving the intended objectives of improving delivery of goods and services to the residents of Gem constituency.

## REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

### Conclusion

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Disclaimer of Opinion] section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### Basis for Conclusion

#### 1. Payment of Salaries for Staff not in the Payroll

Included in the Gem NGCDF payroll is a list of four (4) staff' members who are paid monthly salary of Kshs.10,000 without valid employment contracts as required by law.

#### 2. Unsupported Bursary Disbursement

Included in the figure of other grants and transfers amounting of Kshs.32,115,967 is Kshs.4,782,000 disbursed in form of bursary to students in both tertiary institutions and secondary schools that has not been supported by application forms and CDFC minutes showing how the beneficiaries were identified and allocated bursaries.

#### 3. Bursary Disbursement to Non Existent Beneficiaries

Included in Other Grant and Other Payments of Kshs.32,115,967 is Kshs.7,836,000 in respect to bursaries to tertiary institutions which in turn includes Kshs.600,000 paid to Nakuru College of Health Sciences and Management on 21 June 2018 vide Voucher number 048 for the benefit of 60 students awarded a bursary of Kshs.10,000 each that were not supported by bursary application forms and their details does not appear in the bursary register and CDFC minutes. It was further discovered that some of the names used to support the disbursement of funds to College were beneficiaries in other institutions and was irregularly used to cover up the fraudulent transfer of funds to the institution.

Further, it was also noted that Kshs.230,000 paid to Virgo Computing Solutions and Kshs.250,000 to Memba secondary school as bursaries were not supported by relevant documents as payment vouchers

#### 4. Bursary Disbursement not Credited to Student Account

The NG-CDF Gem constituency disbursed Kshs.402,000 to Maseno University in respect of bursary for 40 students and Kshs.435,000 to St. Mary's School Yala for 44 students. The funds were received by the two institutions but upon physical verification during the month of March 2019 it was noted that funds amounting to Kshs.204,000 meant for the 20 students in Maseno University and Kshs.110,000 meant for 10 students in St Mary's Yala had not been credited to the student ledger (Fee Statements).

## 5. Wasteful Expenditure

Included in the figure of Kshs.6,375,330 under use of goods and services is Kshs.400,000 paid in respect of committee expenses to CDFC members vide payment voucher number 17 as allowances to Kisumu for 3 days to vet bursary applications. However, there is no circular allowing them to travel to Kisumu and yet the Gem CDF office has enough office and Board room to carry out the vetting exercise.

## 6. Irregular Training Expenses

Included in the figure Kshs.6,375,330 under use of goods and services is Kshs.680,000 paid under training expenses as expenditure incurred on per diem during the training of CDFC members in Kisumu. However, according to the invitation letter, the training was to take three days and yet the constituency ended up paying per diem for four days resulting in unauthorized excess expenditure of Kshs.369,600 tabulated as follows;

	No	Rate (Kshs)	Amount (Kshs)	Remarks
National Govt Officers	3	11200	33,600	An extra day per diem
CDFC Members	9	6000	54,000	An extra day per diem
National Govt Officers	3	24000	72,000	Paid half board accommodation yet they had been paid full per diem
Participation fees	12	12500	150,000	Participation fees in excess of Kshs.7,500 per person
Transport expenses	12	5000	60,000	Transport expenses not supported
			<b>369,600</b>	

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

### Conclusion

I do not express a conclusion on the effectiveness of internal controls, risk management and governance as required by Section 7 (1) (a) of the Public Audit Act, 2015. Because of the significance of the matters described in the Basis for [Conclusion of Internal Controls, Risk Management and Governance / Disclaimer of Opinion] section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit 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.

In preparing the financial statements, management is responsible for assessing the constituency ability to continue 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 liquidate the Gem National Government Constituencies Development 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Gem National Government Constituencies Development Fund 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the

compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 Gem National Government Constituencies Development Fund 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 Gem National Government Constituencies Development Fund 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 Gem National Government Constituencies Development 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 Gem National Government Constituencies Development 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**

**23 August 2019**

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

**Reports and Financial Statements**

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

**III. STATEMENT OF RECEIPTS AND PAYMENTS**

	Not e	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	43,405,172	81,496,551
Proceeds from Sale of Assets	2	0	-
Other Receipts	3	171,000.00	-
<b>TOTAL RECEIPTS</b>		<b>43,576,172</b>	<b>81,496,551</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,983,487	2,189,271
Use of goods and services	5	6,375,330	9,128,655
Transfers to Other Government Units	7	6,046,234	43,980,000
Other grants and transfers	8	32,115,967	54,119,403
Acquisition of Assets	10	395,185	-
Other Payments	11	-	-
<b>TOTAL PAYMENTS</b>		<b>46,916,203</b>	<b>109,417,329</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(3,340,031)</b>	<b>(27,920,778)</b>

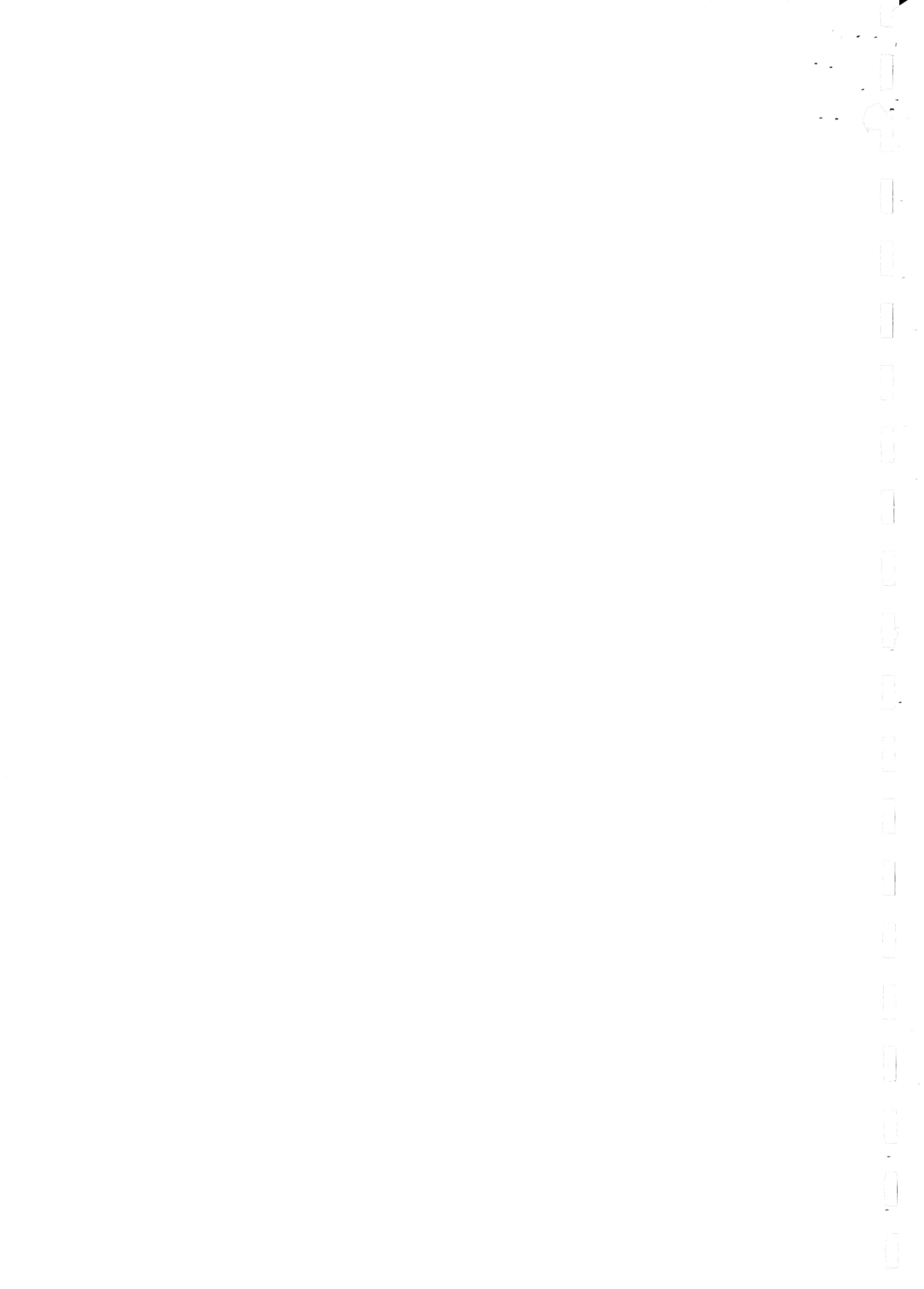
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GEM Constituency financial statements were approved on 31/08/ 2018 and signed by:



**Fund Account Manager**  
Name: Moses Karakacha  
ICPAK Member Number: 14662



**Sub-County Accountant**  
Name: Edgar Wafula  
ICPAK Member Number:



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

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

**IV. STATEMENT OF ASSETS**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	1,740,836	5,080,867
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalent</b>		<b>1,740,836</b>	<b>5,080,867</b>
<b>current receivable</b>			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>1,740,836</b>	<b>5,080,867</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Current payables</b>			
Retention	12	-	-
<b>NET FINANCIAL ASSETS</b>		<b><u>1,740,836</u></b>	<b><u>5,080,867</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July 2016/2017	13	5,080,867	33,001,545
Surplus/Defict for the year		-3,340,031	- 27,920,778
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		<b><u>1,740,836</u></b>	<b><u>5,080,767</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GEM Constituency financial statements were approved on 31/08/ 2018 and signed by:



Fund Account Manager  
Name: Moses Karakacha  
ICPAK Member Number: 14662



Sub-County Accountant  
Name: Edgar Wafula  
ICPAK Member Number:



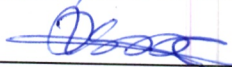
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
GEM CONSTITUENCY**


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

**V. STATEMENT OF CASHFLOW**

		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	43,405,172	81,496,552
Other Receipts	3	171,000	-
		<b>43,576,172</b>	<b>81,496,552</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,983,487	2,189,271
Use of goods and services	5	6,375,330	9,128,655
Transfers to Other Government Units	6	6,046,234	43,980,000
Other grants and transfers	7	32,115,967	54,119,403
Other Payments	9	00	00
		<b>46,521,018</b>	<b>109,417,329</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	00	00
<b>Net cash flow from operating activities</b>		<b>(2,944,846)</b>	<b>( 27,920,777)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	395,185.00	-
<b>Net cash flows from Investing Activities</b>		<b>395,185.00</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(3,340,031.00)</b>	<b>(27,920,777.00)</b>
Cash and cash equivalent at BEGINNING of the year	13	5,080,868.00	33,001,545.00
Cash and cash equivalent at END of the year		1,740,837.00	5,080,768.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GEM Constituency financial statements were approved on 31/08/ 2018 and signed by:

  
**Fund Account Manager**  
**Name: Moses Karakacha**  
**ICPAK Member Number: 14662**

  
**Sub-County Accountant**  
**Name: Edgar Wafula**  
**ICPAK Member Number:**



**NATIONAL GOVERNMENT ENTITY –GEM CONSTITUENCY**

**Reports and Financial Statements**

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

**I. 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
	<b>A</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>RECEIPTS</b>						
Cashbook balance b/forward	-	5,080,868	5,080,868	5,080,868	-	100
Transfers from CDF Board	86,810,345	11,379,310	98,189,655	43,405,172	43,805,173	50
Proceeds from Sale of Assets	-	-	-	-	-	0
Other Receipts(A-I-A)	-	171,000	171,000	171,000	-	100
	<b>86,810,345</b>	<b>16,631,178</b>	<b>103,441,523</b>	<b>48,657,040</b>	<b>54,784,483</b>	<b>47</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,133,176	949,048	3,082,223	1,931,647	1,150,576	63
Use of goods and services	5,627,916	1,630,498	7,258,414	6,375,330	883,084	88
Transfers to Other Government Units	27,813,234	7,095,862	34,909,096	6,046,234	28,862,862	17
Other grants and transfers	43,982,785	6,955,771	50,938,556	32,115,967	18,822,589	63
Acquisition of Assets	7,201,394	-	7,201,394	395,185	6,806,209	5
Other Payments	51,840	-	51,840	51,840	-	100
<b>TOTALS</b>	<b>86,810,345</b>	<b>16,631,178</b>	<b>103,441,523</b>	<b>46,916,203</b>	<b>56,525,320</b>	<b>45</b>


- i. The budget was funded 44% of its allocation in the financial year.
- ii. All expenditure items performed at below 70 per cent except bursary which spent 88% of allocation. This was occasioned by the delay in disbursement of funds during the year. Our constituency received its funds (44% of budget) in the month of March. Most of this was utilised on bursary as a priority area for students' fees payment.
- iii. On comparable basis of actual income and expenditure our budget performance was at about 100 per cent.
- iv. The original budget of kshs 86,810,345 is less than the final budget of kshs 103,441,523. The difference of kshs 16,631,178 are amounts related to balances brought down of ksh 5,080,868, Kshs 11,379,310 as supplementary budget and kshs 171,000 being appropriation in aid collected during the year.



The NGCDF-GEM Constituency financial statements were approved on 31/08/ 2018 and signed by:



Fund Account Manager  
Name: Moses Karakacha  
ICPAK Member Number: 14662



Sub-County Accountant  
Name: Edgar Wafula  
ICPAK Member Number:



**VII. 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-GEM 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**

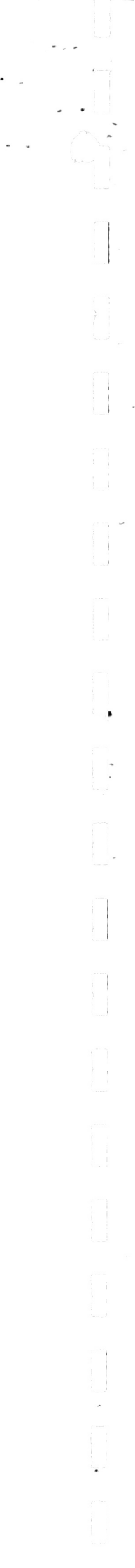
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

**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.

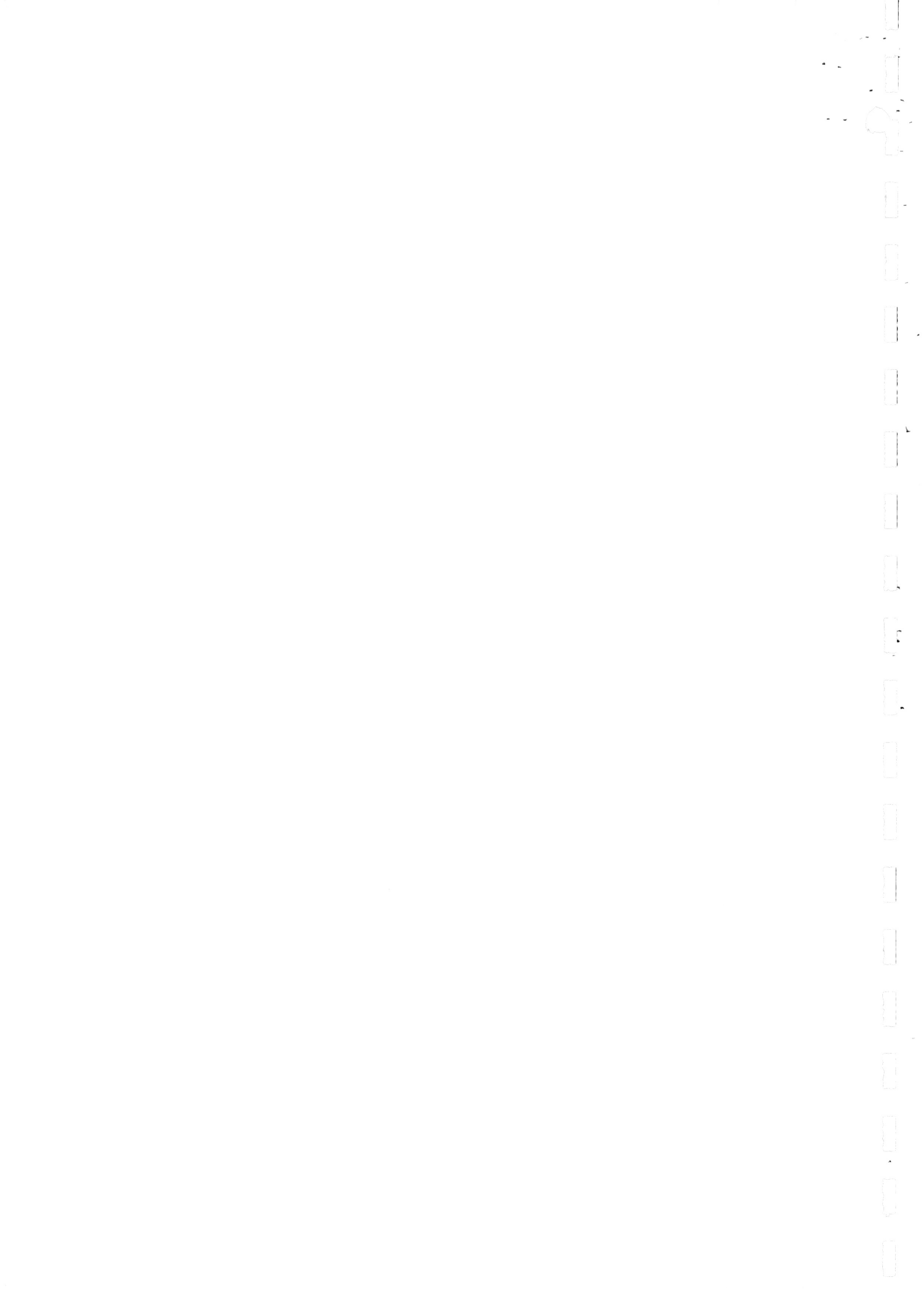
#### **Use of Goods and Services**

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) – GEM  
CONSTITUENCY**

**Reports and Financial Statements**

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

**SIGNIFICANT ACCOUNTING POLICIES**

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**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.



**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) – GEM  
CONSTITUENCY**

**Reports and Financial Statements**

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

**VIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A829554		4,094,827
AIE NO	A855002		36,853,449
AIE NO	A85695		40,548,276
AIE NO	A855810	5,500,000	
AIE NO	A892822	37,905,172	
<b>TOTAL</b>		<b>43,405,172</b>	<b>81,496,552</b>

**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	00	00
Receipts from sale of office and general equipment	00	00
Receipts from the Sale Plant Machinery and Equipment	00	00
<b>Total</b>	<b>00</b>	<b>00</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GEM  
CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	00	00
Rents	00	00
Receipts from Sale of tender documents	171,000	171,000
Other Receipts Not Classified Elsewhere	00	00
<b>Total</b>	<b>171,000</b>	<b>171,000</b>

**4. COMPENSATION OF EMPLOYEES**

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,983,487	2,189,271
Basic wages of casual labour		
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Gratuity		
Other personnel payments		
<b>Total</b>	<b>1,983,487</b>	<b>2,189,271</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GEM  
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	3,377,832	0
Utilities, supplies and services	1,862,945	9,128,655
Communication, supplies and services		
Domestic travel and subsistence		
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses	1,134,553	
Hospitality supplies and services		00
Insurance costs		
Specialized materials and services		
Office and general supplies and services		
Other operating expenses		
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
<b>Total</b>	<b>6,375,330</b>	<b>9,128,655</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GEM  
CONSTITUENCY**

**Reports and Financial Statements**

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

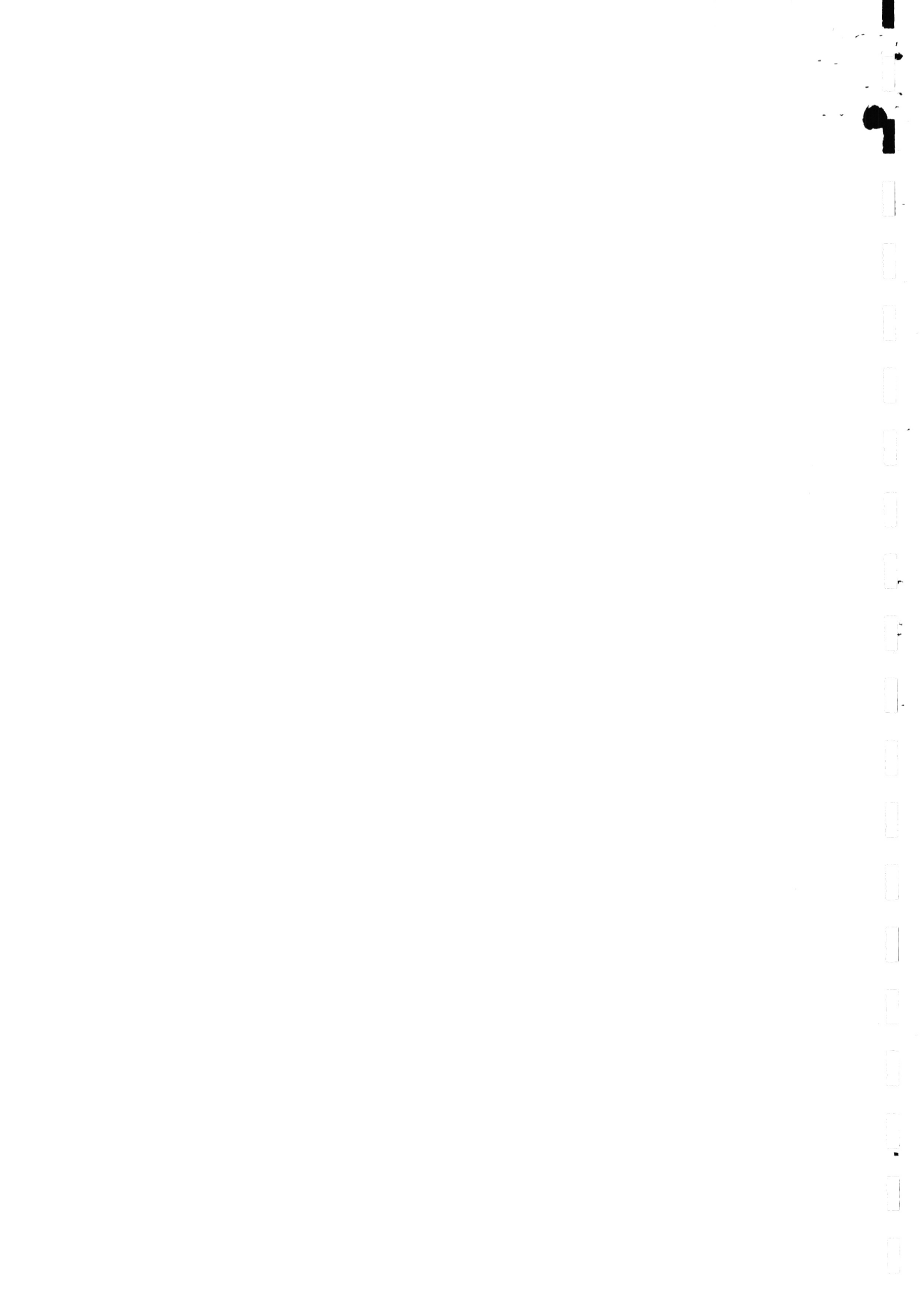
*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	00	00
Transfers to primary schools (see attached list)	5,046,234	15,800,000
Transfers to secondary schools (see attached list)	-	19,140,000
Transfers to tertiary institutions (see attached list)	1,000,000	7,740,000
Transfers to health institutions (see attached list)	0	1,300,000
<b>TOTAL</b>	<b>6,046,234</b>	<b>43,980,000</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	16,423,000	20,245,000
Bursary – tertiary institutions (see attached list)	7,836,000	18,760,403
Bursary – special schools (see attached list)	-	344,000
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	2,600,000	2,900,000
Sports projects (see attached list)	-	710,000
Environment projects (see attached list)	100,000	600,000
Emergency projects (see attached list)	5,156,967	8,220,000
Market sheds	-	340,000
Electricity projects	-	2,000,000
<b>Total</b>	<b>32,115,967</b>	<b>54,119,403</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GEM 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	00	00
Construction of Buildings	00	00
Refurbishment of Buildings	395,185.00	00
Purchase of Vehicles and Other Transport Equipment	00	00
Overhaul of Vehicles and Other Transport Equipment	00	00
Purchase of Household Furniture and Institutional Equipment	00	00
Purchase of Office Furniture and General Equipment	00	00
Purchase of ICT Equipment, Software and Other ICT Assets	00	00
Purchase of Specialized Plant, Equipment and Machinery	00	00
Rehabilitation and Renovation of Plant, Machinery and Equip.	00	00
Acquisition of Land	00	00
Acquisition of Intangible Assets	00	00
<b>Total</b>	<b>395,185.00</b>	<b>00</b>

**9. OTHER PAYMENTS**

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	00	00
ICT Hub	00	00
TIVET	00	00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GEM  
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*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>Cooperative Bank, Yala, A/C Number 01141256320000</i>	1,740,837	5,080,867
<b>Total</b>	<b>1,740,837</b>	<b>5,080,867</b>
<b>10B: CASH IN HAND</b>		
Location 1	00	00
Location 2	00	00
Location 3	00	00
Other Locations ( <i>specify</i> )	00	00
	0	
<b>Total</b>	<b>00</b>	<b>00</b>
<i>[Provide cash count certificates for each]</i>		



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*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>Name of Officer or Institution</i>		00	00	00
<i>Name of Officer or Institution</i>		00	00	00
<i>Name of Officer or Institution</i>		00	00	00
<i>Name of Officer or Institution</i>		00	00	00
<i>Name of Officer or Institution</i>		00	00	00
<i>Name of Officer or Institution</i>		00	00	00
<i>Total</i>				<u>00</u>

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

**12 RETENTION**

	<b>2017 - 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
		00
		00
		00
<b>Total</b>	<u>00</u>	<u>00</u>

*[Provide short appropriate explanations as necessary]*

**13. BALANCES BROUGHT FORWARD**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	5,080,867	33,001,545
Cash in hand		
Imprest		
<b>Total</b>	<u>5,080,867</u>	<u>33,001,545</u>

*[Provide short appropriate explanations as necessary]*



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GEM CONSTITUENCY**

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**14. PRIOR YEAR ADJUSTMENTS**

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts		
Cash in hand		
Imprest		
<b>Total</b>	<u>00</u>	<u>00</u>

**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) – GEM  
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*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)		



**NATIONAL GOVERNMENT ENTITY – GEM CONSTITUENCY**

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

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	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>						



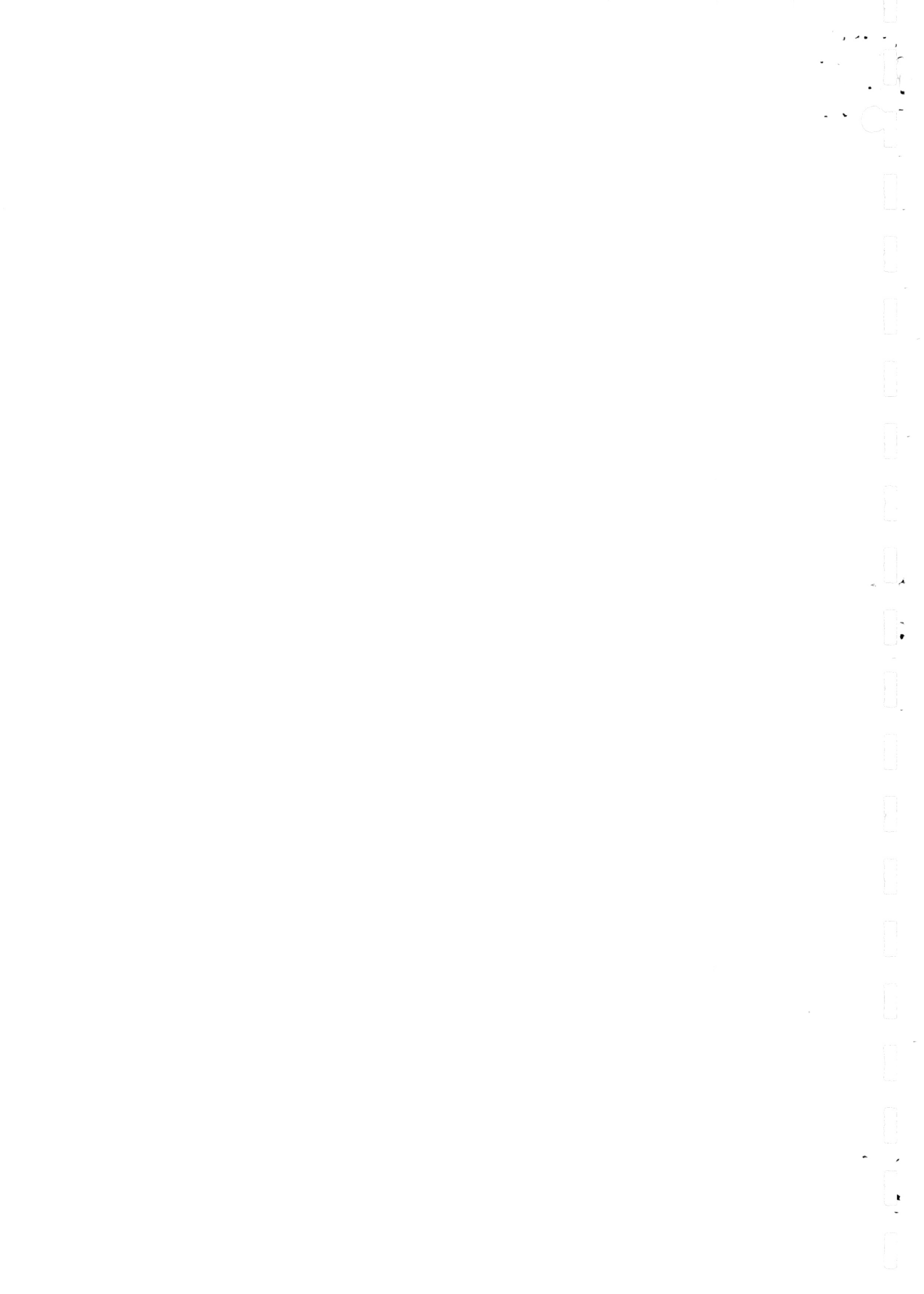
**NATIONAL GOVERNMENT ENTITY – GEM CONSTITUENCY**

**Reports and Financial Statements**

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

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

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10. Contract employees					202,019		
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							



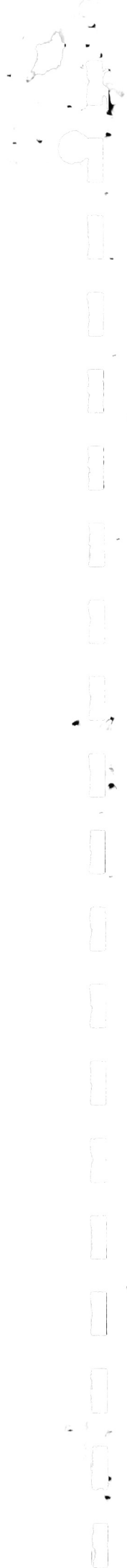
**NATIONAL GOVERNMENT ENTITY – GEM CONSTITUENCY**

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

**ANNEX 3 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	Caters for staff salaries and gratuity	1,150,576	675,944	Funds available in the bank
Use of goods & services		883,084	708,462	Funds available in the bank
Amounts due to other Government entities		29,262,862	2,000,000	Funds available in the bank
Sub-Total		31,296,522	3,384,406	
Amounts due to other grants and other transfers		18,822,589	1,696,461	Funds available in the bank
Sub-Total		18,822,589	1,696,461	
Sub-Total				
Acquisition of assets		6,806,209	00	Funds available in the bank
Others ( <i>specify</i> )			00	
Sub-Total		6,806,209	00	
Grand Total		56,925,320	5,080,867	Out of this total Khs 7,150,000 not approved/remitted by the board



**NATIONAL GOVERNMENT ENTITY – GEM CONSTITUENCY**

**Reports and Financial Statements**

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

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

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	00	00	00	00
Buildings and structures	3,000,000	00	00	2,625,000
Transport equipment	1,450,000	00	00	1,087,000
Office equipment, furniture and fittings	500,000	00	00	350,000
ICT Equipment, Software and Other ICT Assets	250,000	00	00	175,000
Other Machinery and Equipment	00	00	00	00
Heritage and cultural assets	00	00	00	00
Intangible assets	00	00	00	00
<b>Total</b>	<b>5,200,000</b>	<b>00</b>	<b>00</b>	<b>4,237,000</b>



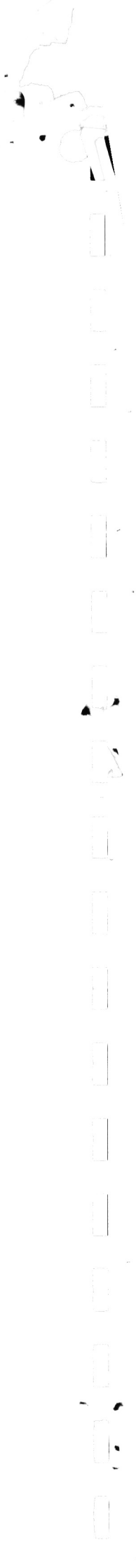
**NATIONAL GOVERNMENT ENTITY – GEM CONSTITUENCY**

**Reports and Financial Statements**

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

**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
To provide at a later date				
<b>Total</b>				



**NATIONAL GOVERNMENT ENTITY – GEM CONSTITUENCY**

**Reports and Financial Statements**

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

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	To provide at a later date				

