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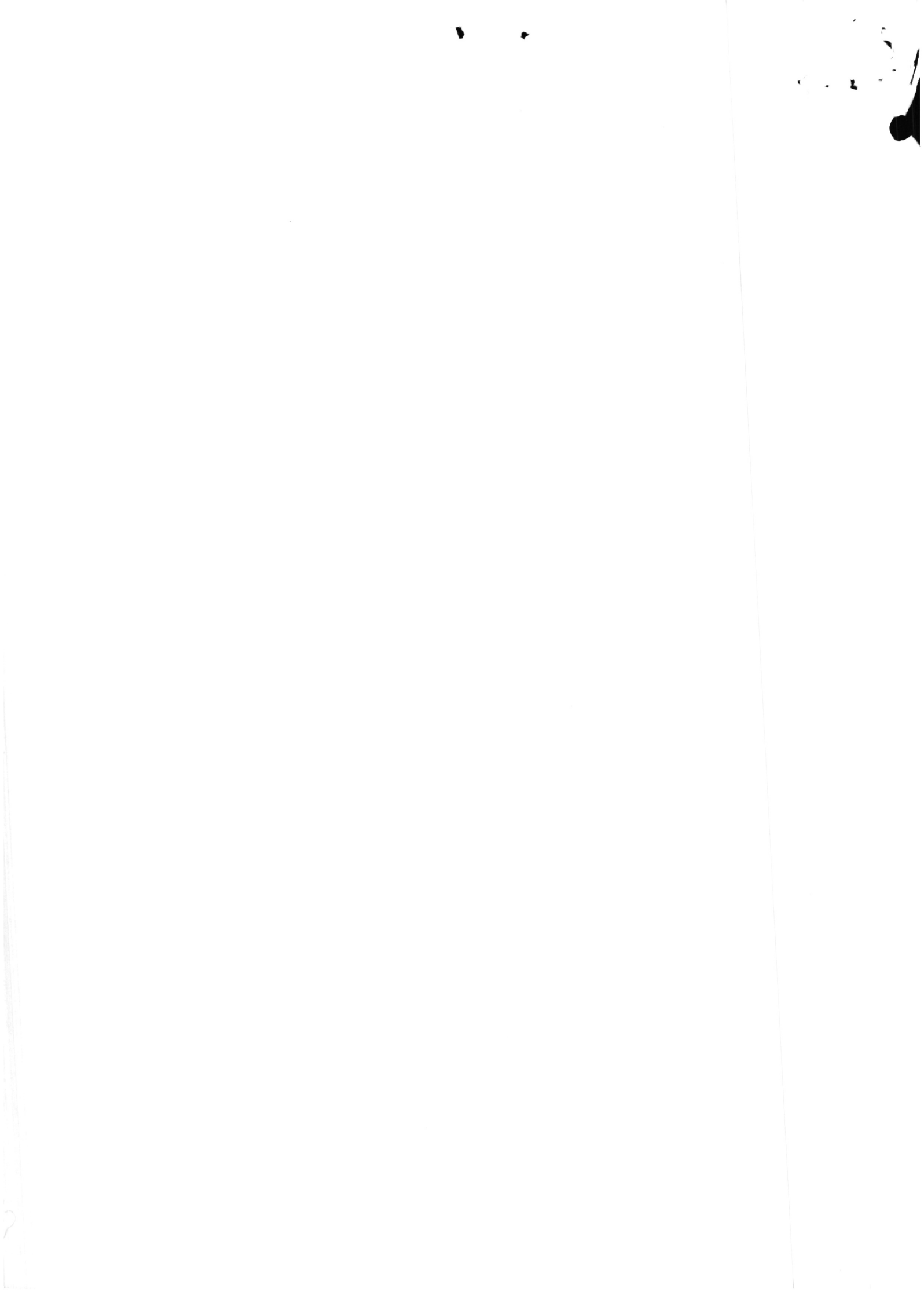
REPORT

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2018**



Revised 30th June 2018



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MARAGUA
CONSTITUENCY

AMMENDED 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)

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MARAGUA 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)
MARAGUA 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 MARAGUA 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	Alex Mwangi
3.	Sub-County Accountant	Kago Gichohi
4.	Chairman NGCDFC	Simon Kiragu
5.	Member NGCDFC	Simon Karanja

(d) Fiduciary Oversight Arrangements

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

NG CDF Office Building.
P.O Bo 643-10205
Maragua

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MARAGUA CONSTITUENCY
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(f) NGCDF MARAGUA Constituency Contacts

Telephone: (254) 0723146 230
E-mail.cdfmaragua@cdf.go.ke

(g) NGCDF MARAGUA Constituency Bankers

1. Equity Bank Kenya Ltd
P.O Box 443
Kenol.

(h) Independent Auditors

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

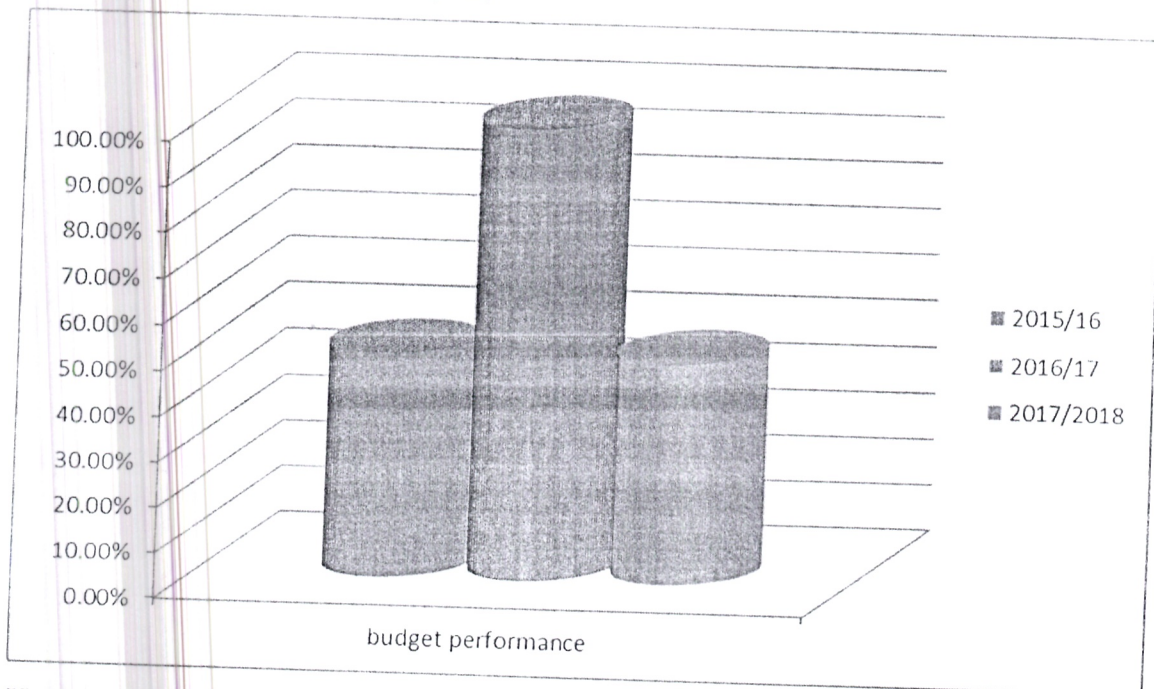
(i) Principal Legal Adviser

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Achievements of Maragua NG CDF

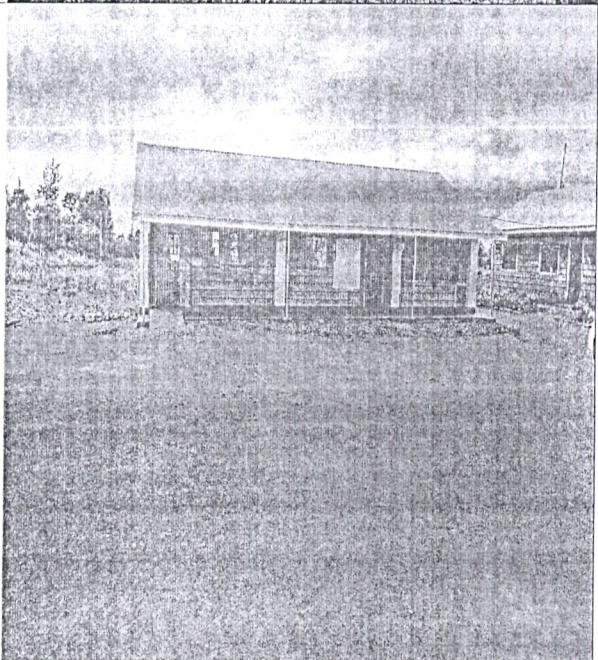
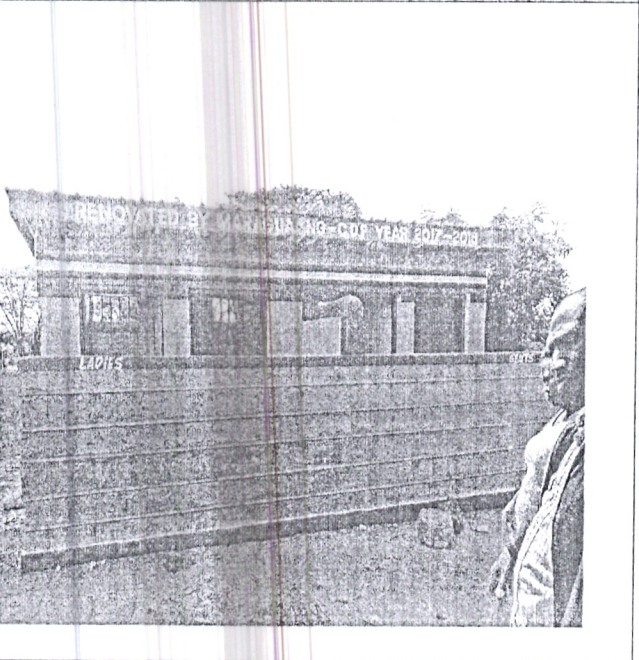
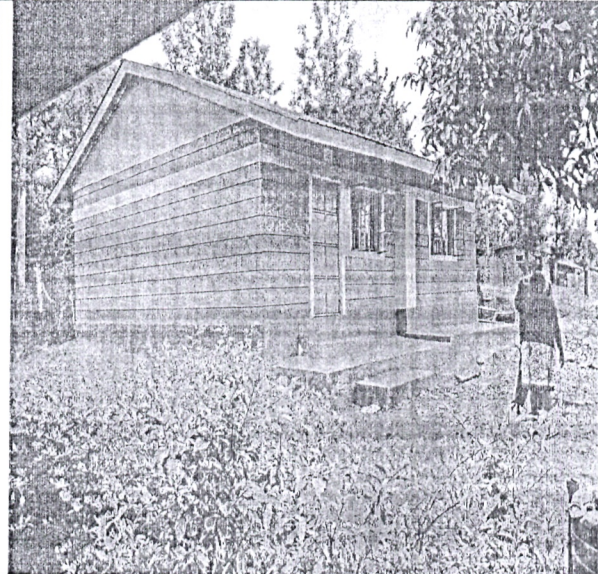
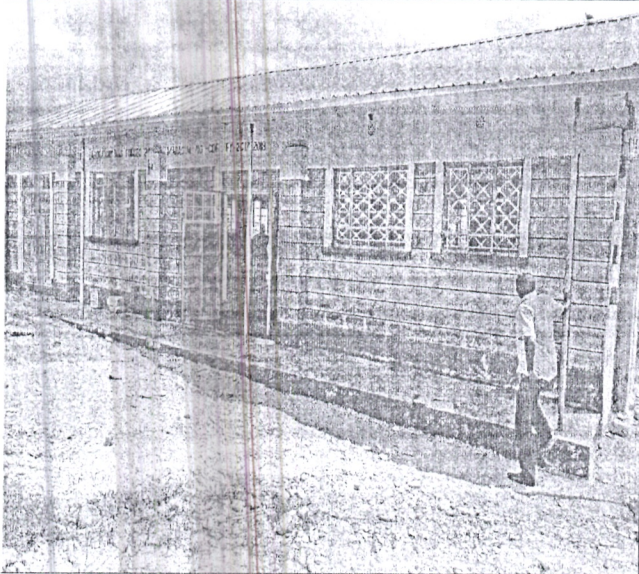
On behalf of the committee and management, I am pleased to inform you that Maragua NG CDF, managed to disburse of Kes.49 million towards various projects for the year under review. This translates to decrease in budget performance to 48.6% from the previous year's performance of 98.7% this therefore results to slow budget absorption. This is despite the uncertainty in politics, delayed disbursement of funds and late formation of NGCDFCs within the financial year,



Key Achievements

Within the year under review Maragua NG-CDF has managed to fully sponsor 30 bright and needy students throughout their secondary education. Maragua NGCDF has also been able to pay bursary fees for 4500 students in secondary school and 1000 students in tertiary institutions amounting to Ksh 17.9 million. In terms of project implementation, 15 projects allocated during the first disbursement are fully completed and in use as shown below.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MARAGUA CONSTITUENCY**
Reports and Financial Statements
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Sampled complete projects in use.

Emerging issues relating to NG CDF

Maragua like any other public institution is faced with emerging issues and this relates to increase in the bursaries request. We attribute this to the hard economic times parents are faced with as well as increase in the School fees. Most parents are finding it very hard to afford school fees for both secondary and tertiary education at the same time. This we find poses a great danger to our education sector and much effort is needed.

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

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Implementation challenges and recommended way forward.

Project Management Committees procurement process still poses a greater challenge to the committee. We shall continuously endeavour to train and build PMCs capacity in order to appreciate the laws and regulations governing procurements.

Appreciation

The great progressive success that Maragua NG CDFC has achieved has been because of invaluable support from Maragua Constituents, and in this regard and on behalf of the NG CDFC, i wish to take this opportunity to thank you all and request you to continue with the same spirit for many years to come.

Allow me to also recognise and thank NGCDFB, KNAO, MP Hon. Mary Waihera, MCAs and District heads in Maragua who have given us support and all other stakeholders who stood with us all along. Finally, i would like to appreciate the contribution and individual dedication of Maragua NG CDF staff towards our success.

Sign Simon

CHAIRMAN NGCDF COMMITTEE

SIMON KIRAGU

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

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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.

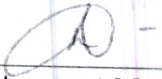
The Accounting Officer in charge of the NGCDF-MARAGUA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. 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.

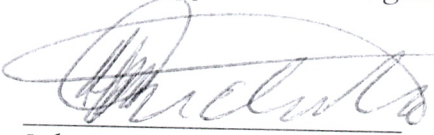
The Accounting Officer in charge of the NGCDF-MARAGUA Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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-MARAGUA 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-MARAGUA 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-MARAGUA Constituency financial statements were approved and signed by the Accounting Officer on 19/08/2018 2018.


Fund Account Manager
Name: Alex Mwangi


Sub-County Accountant
Name: Benson K. Gichohi
ICPAK Member Number: 123456789

THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
MARAGUA CONSTITUENCY
P. O. BOX 12-01000,
MARAGUA

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Maragua Constituency set out on pages 9 to 35, 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 for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Maragua 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 Opinion

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

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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources section, I have determined that there are no key audit matters to communicate in my report.

Report of the Auditor-General on the financial statements of National Government Constituencies Development Fund-Maragua Constituency for the year ended 30 June 2018

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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. Unutilized Project Funds

During the year under review, NG-CDF-Maragua Constituency allocated Kshs.400,000 to Itaaga Secondary School for rehabilitation of a borehole and water piping installation. The funds were disbursed to the project account vide payment voucher number 89 and cheque number 14791 both dated 10 April 2018. However, a physical verification of the project carried out in March 2019 revealed that no works had been undertaken. No justification was provided for the delay in utilization of the disbursed funds.

2. Budget Execution

According to the summary statement of appropriation, during the financial year under review, Maragua NG-CDF received a total of Kshs. 90,142,145 from the National Government Constituencies Development Fund Board against a budget of Kshs.101,521,455 resulting in a shortfall of Kshs.11,379,310 or 11% of the budget. Further, out of the total receipts for the year, the Maragua NG-CDF incurred a total expenditure of Kshs.49,328,007 equivalent to an absorption rate of rate of 55% of the actual receipts. No satisfactory explanation was provided for the failure to utilize the funds received fully, which in turn impacted negatively on service delivery to the residents of Maragua Constituency.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

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

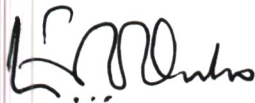
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of National Government Constituencies Development Fund-Maragua 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

21 May 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MARAGUA CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2018

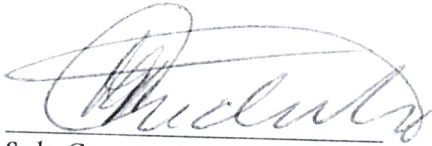
IV. STATEMENT OF RECEIPTS AND PAYMENTS


	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	86,810,345	139,541,735
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS		86,810,345	139,541,735
PAYMENTS			
Compensation of employees	4	1,014,096	1,571,374
Use of goods and services	5	7,696,479	13,719,128
Transfers to Other Government Units	6	16,349,490	67,925,431
Other grants and transfers	7	23,669,058	89,955,781
Acquisition of Assets	8	598,884	596,180
Other Payments	9	-	
TOTAL PAYMENTS		49,328,007	173,767,894
SURPLUS/DEFICIT		37,482,338	(34,226,159)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MARAGUA Constituency financial statements were approved on 19/08/2018 and signed by:


Fund Account Manager

Name: Alex Mwangi


Sub-County Accountant

Name: Benson K. Gicharu
ICPAK Member Number: 

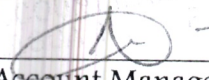
MURANG'A COUNTY
P. O. Box 32 - 01020,
KENYA

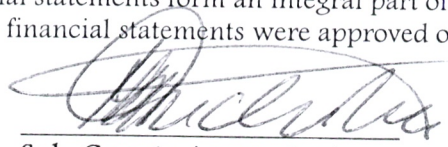
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 MARAGUA CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2018

V. STATEMENT OF ASSETS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	40,814,138	2,289,260
Cash Balances (cash at hand)	10B		
Total cash and cash equivalents		40,814,138	2,289,260
Current receivables-Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		40,814,138	2,289,260
FINANCIAL LIABILITIES			
Retention	12		
NET FINANCIAL ASSETS		40,814,138	2,289,260
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	2,289,260	36,515,419
Surplus/Deficit for the year		37,482,338	(34,226,159)
Prior year adjustments	14	1,042,540.00	
NET FINANCIAL POSITION		40,814,138	2,289,260

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MARAGUA Constituency financial statements were approved on 19/06/2018 and signed by:


 Fund Account Manager
 Name: Alex Nwanyi


 Sub-County Accountant
 Name: Benson K. Cicuto
 ICPAK Member Number:
 MURANG'A SOUTH
 P. O. Box 32 - 01020.
 KENYA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MARAGUA CONSTITUENCY

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

VI. STATEMENT OF CASHFLOW		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from CDF Board	1	86,810,345	139,541,735
Other Receipts	3	-	-
		86,810,345	139,541,735
Payments for operating expenses			
Compensation of Employees	4	1,014,096	1,571,374
Use of goods and services	5	7,696,479	13,719,128
Transfers to Other Government Units	6	16,349,490	67,925,431
Other grants and transfers	7	23,669,058	89,955,781
Other Payments	9	-	-
		48,729,123	173,171,714
Adjusted for:			
Adjustments during the year	14	1,042,540.00	-
Net cash flow from operating activities		39,123,762	(33,629,979)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(598,884)	(596,180)
Net cash flows from Investing Activities		(598,884)	(596,180)
NET INCREASE IN CASH AND CASH EQUIVALENT		38,524,878	(34,226,159)
Cash and cash equivalent at BEGINNING of the year	13	2,289,260	36,515,419
Cash and cash equivalent at END of the year		40,814,138	2,289,260

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MARAGUA CONSTITUENCY

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

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MARAGUA Constituency financial statements were approved on 19/06/2018 2018 and signed by:

Fund Account Manager
Name:

Alex Mwangi

Sub-County Accountant

Name: *BENSON W. GICHTOH*

ICPAK Member Number:

THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
MURANGA SOUTH
P. O. BOX 62 - 01020,
KENYA


VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

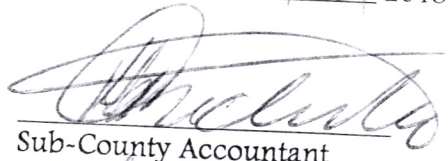
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,345	14,711,110	101,521,455	90,142,145	11,379,310	88.8%
Proceeds from Sale of Assets			-		-	
Other Receipts			-		-	
TOTAL	86,810,345	14,711,110	101,521,455	90,142,145	11,379,310	88.8%
PAYMENTS						
Compensation of Employees	1,520,000		1,520,000	1,014,096	505,904	66.7%
Use of goods and services	7,881,724	700,000	8,581,724	7,696,479	885,245	89.7%
Transfers to Other Government Units	37,471,275	11,622,019	49,093,294	16,349,490	33,462,024	31.8%
Other grants and transfers	39,337,346	2,389,091	41,726,437	23,669,058	17,339,159	58.4%
Acquisition of Assets	600,000		600,000	598,884	1,116	99.8%
Other Payments			-		-	
TOTAL	86,810,345	14,711,110	101,521,455	49,328,007	52,193,448	48.6%

Notes:

- i. Underutilization on compensation of employees relate to a vacant post for the office assistant that is currently being sought.
- ii. Underutilization on transfer to other government units and other grants and transfers relates to late receipt of allocated funds towards the said project this has however been received and disbursed to relevant projects.
- iii. Underutilisation in other payment relates to final payment for the strategic plan that is currently underway.

The NGCDF-MARAGUA Constituency financial statements were approved on 17/08/ 2018 and signed by:


 Fund Account Manager
 Name: Alex Alwaye


 Sub-County Accountant
 Name: Benson K. Gichuho
 ICPAK Member Number:
 THE NATIONAL SOCIETY OF COUNTY ACCOUNTANTS
 MURANG'A SOUTH
 P. O. Box 32 - 01020,
 KENYA

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

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-MARAGUA 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.

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

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

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the end 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) –
MARAGUA CONSTITUENCY
Reports and Financial Statements
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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) –
 MARAGUA 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
AIE NO: A825936	1		57,645,183
AIE NO: A829916	2		4,094,828
AIE NO: A855211	3		36,853,449
AIE NO: A855738	4		40,948,275
AIE NO: A855922	1	5,500,000	
AIE NO: A892627	2	37,905,172	
AIE NO: A896864	3	43,405,173	
TOTAL		86,810,345	139,541,735

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) –
MARAGUA CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECIEPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received		
Rents		
Receipts from Sale of tender documents		
Total		

4. COMPENSATION OF EMPLOYEES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	779,296	1,120,448
Basic wages of casual labour		
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF gratuity	70,730	22,400
	164,070	428,526
Total	1,014,096	1,571,374

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

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	326,640	906,805
Office rent	12,500	40,000
Communication, supplies and services	10,960	
Domestic travel and subsistence		
Printing, advertising and information supplies & services		281,637
Rentals of produced assets		
Training expenses	896,400	1,700,000
Hospitality supplies and services		
Other committee expenses	1,608,900	2,642,000
Committee allowance	2,958,600	5,025,556
Insurance costs		
Specialised materials and services		
Office and general supplies and services	232,069	2,349,000
Fuel ,oil & lubricants	170,000	300,000
Other operating expenses	1,352,317	190,621
Routine maintenance – vehicles and other transport equipment		105,708
	128,093	
Routine maintenance – other assets		177,801
Total	7,696,479	13,719,128

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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 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 primary schools	2,668,220	44,325,431
Transfers to secondary schools	13,681,270	22,600,000
Transfers to Tertiary institutions		
Transfers to Health institutions		1,000,000
TOTAL	16,349,490	67,925,431

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	11,185,848	21,672,660
Bursary -Tertiary	6,654,000	7,646,600
Mocks & CAT		1,583,000
water		7,650,000
Electricity projects		2,479,193
Security	1,461,474	21,328,665
Roads		10,600,000
Sports	1,644,828	3,322,903
Environment		3,322,903
Other capital grants and transfer		
Emergency Projects (specify)	2,722,908	10,349,857
Total	23,669,058	89,955,781

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 MARAGUA 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	598,884	596,180
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	598,884	596,180

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
ICT Hub		
Total		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MARAGUA CONSTITUENCY

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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
Equity Bank, Kenol Branch, 220 291 029 972	40,814,138	2,289,260
Total	40,814,138	2,289,260
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) –
 MARAGUA 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
Equity Bank, Kenol Branch, 220 291 029 972	40,814,138	2,289,260
Total	40,814,138	2,289,260
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) -
MARAGUA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
Name of Officer or Institution	dd/mm/yy			
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		

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	2,289,260	36,515,419
Cash in hand		
Imprest		
Total	2,289,260	36,515,419

[Provide short appropriate explanations as necessary]

EXHIBIT 30 - June 2018

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MARAGUA CONSTITUENCY**
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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		
Reversed stale cheques	1,042,540	
Total	1,042,540	XX

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	XX	XXX
Middle management	XX	XXX
Union sable employees	XX	XXX
Others (<i>specify</i>)	XX	XXX
	XX	XXX

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	800,000	400,000
Use of goods and services	2,549,734.13	1,600,000
Amounts due to other Government entities (see attached list)	21,621,785	XX
Amounts due to other grants and other transfers (see attached list)	15,842,618.87	289,260
Acquisition of assets	XX	XX
Others (<i>specify</i>)	XX	XX
	40,814,138	2,289,260

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 MARAGUA CONSTITUENCY
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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)	10,732,111.0	26,125,431
	10,732,111.0	26,125,431

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						

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						

NATIONAL GOVERNMENT ENTITY - (Maragua NG-CDF)
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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				

NATIONAL GOVERNMENT ENTITY - (Maragua NG-CDF)
 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
	N/A			
Land	9,500,000			9,500,000
Buildings and structures	5,020,000			5,020,000
Transport equipment	1,405,527	598,884		2,004,411
Office equipment, furniture and fittings	621,000			621,000
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	16,546,527	598,884		17,145,411

NATIONAL GOVERNMENT ENTITY - (Maragua NG-CDF)
Reports and Financial Statements
For the year ended June 30, 2018(Kshs'000)

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18
Githuya primary school	Equity bank kenol branch	0890270188582	258370
Gathuri primary school	Equity bank kenol branch	0890262346548	305172
Wathiani primary school	Equity bank kenol branch	0890262761170	61617
College primary school	Equity bank kenol branch	0890263515449	5068
Ihumbu primary school	Equity bank kenol branch	0890262366291	92889
Athara primary school	Equity bank kenol branch	0890297379806	131250
Kianjiru-ini secondary school	Equity bank kenol branch	0890262365917	128423
Igikiro day secondary school	Equity bank kenol branch	0890261522977	1512109
Maranjau secondary school	Equity bank kenol branch	0890293494755	1626376
Kirimiri secondary school	Equity bank kenol branch	0890269306953	1512364
Mwangaza secondary school	Equity bank kenol branch	0890263551235	481883
Nginda mixed secondary school	Equity bank kenol branch	890272204665	242860
Itaaga secondary	Equity bank kenol branch	0890263459730	489296
Thangira Umoja secondary school	Equity bank kenol branch	0890299719701	1933817
Kagaa secondary school	Equity bank kenol branch	0890264454684	1200033
Mihango A.P post	Equity bank kenol branch	0890269319890	500780
Kamuiru assistant chief office	Equity bank Murang'ab branch	0220269426195	249804
Maragua sub-county headquarters	Equity bank kenol branch	0890277475600	NIL
Maragua sub-county headquarters treasury	Equity bank kenol branch	0890277475617	NIL
Total			10,732,111.0

NATIONAL GOVERNMENT ENTITY - (Maragua NG-CDF)
 Reports and Financial Statements
 For the year ended June 30, 2018 (Kshs'000)

ANNEX 4 -PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17
Saba saba primary school cdf/pmc account.	Equity bank kenol branch	890262345961	1,000,000
Matanya Primary School cdf/pmc account	Equity bank kenol branch	890264391537	500,000
Kambiti Primary School cdf/pmc account	Equity bank kenol branch	890264487860	500,000
Ichagaki primary school cdf/pmc account	Equity bank kenol branch	890270885093	800,000
Munguini primary school cdf/pmc account	Equity bank kenol branch	890270885792	300,000
Itaara primary school cdf/pmc account	Equity bank kenol branch	890272197464	600,000
Wairuri primary school cdf/pmc account	Equity bank kenol branch	890262366583	800,000
kirimiri Primary School cdf/pmc account	Equity bank kenol branch	890269253967	1,000,000
Githuya primary school cdf/pmc account	Equity bank kenol branch	890270188582	400,000
Gathuri primary school cdf/pmc account	Equity bank kenol branch	890262346548	1,200,000
Igikiro primary school cdf/pmc account	Equity bank kenol branch	890269235746	500,000
Ndorome primary school cdf/pmc account	Equity bank kenol branch	890264467805	300,000
Kiawamanda primary school cdf/pmc account	Equity bank kenol branch	890270343430	500,000
Muchagara primary school cdf/pmc account	Equity bank kenol branch	220299452022	525,431
Irembu Primary School cdf/pmc account	Equity bank kenol branch	890271953441	450,000
Kiunguini Primary School cdf/pmc account	Equity bank kenol branch	890262346060	1,000,000
Kimorori Primary School cdf/pmc account	Equity bank kenol branch	0890264455375	1,000,000
Mihango Primary School cdf/pmc account	Equity bank kenol branch	890263528346	800,000
Marema Primary School cdf/pmc account	Equity bank kenol branch	890299519601	600,000
unda milia A.P post	Equity bank kenol branch	890272139685	1,000,000

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PMC	Bank	Account number	Bank Balance 2016/17
Kaharo A.P post	Equity bank kenol branch	890272141240	1,000,000
Kiambaa A.P post	Equity bank kenol branch	890272137871	700,000
Thagira Secondary School cdf/pmc account	Equity bank kenol branch	890299719701	2,000,000
Mwangaza Secondary School cdf/pmc account	Equity bank kenol branch	. 0890263551235	1,000,000
Nginda Secondary School cdf/pmc account	Equity bank kenol branch	890272204665	800,000
Mungu-ini Secondary School cdf/pmc account	Equity bank kenol branch	890263469559	400,000
Ichagaki Secondary School cdf/pmc account	Equity bank kenol branch	890261651001	600,000
Senior Gichohi Primary School cdf/pmc account	Equity bank kenol branch	90192429990	500,000
Percy Davis Primary School cdf/pmc account	Equity bank kenol branch	890262345894	1,000,000
Muhohoyo Primary School cdf/pmc account	Equity bank kenol branch	890299421499	300,000
Kinoo Primary School cdf/pmc account	Equity bank kenol branch	890263683913	1,000,000
Maji kiboko Primary School cdf/pmc account	Equity bank kenol branch	890261630521	500,000
Punda milia Primary School cdf/pmc account	Equity bank kenol branch	890263718690	500,000
Kaharo Primary School cdf/pmc account	Equity bank kenol branch	890264496893	600,000
Maragua Primary School cdf/pmc account	Equity bank kenol branch	890272138521	500,000
Ikindu Primary School cdf/pmc account	Equity bank kenol branch	890272140348	450,000
Nginda Primary School cdf/pmc account	Equity bank kenol branch	890270948692	500,000
Total			26,125,431

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. in 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>4.1 IDLE NG-CDF DEVELOPMENT FACILITIES. Security projects worth KSH 4,100,000 for the construction of A.P housing Units, assistant chiefs offices and an A.P post were implemented and completed as scheduled but when the project were physically verified on 12th July 2018, it was noted that the projects had not been put to use as intended. It was not ascertained when the completed projects will be put to use. Further, it was noted that the housing units were constructed at sites where no chiefs or Dos office existed.</p>	<p>Response The management takes note of the fact that the said projects were not in use at the time of Audit. The said projects are however been factored in the 2017/2018 budget so as to ensure that the projects are fully complete and in use. The projects have been built in public land. For example Kimorori administration posts 4no. Houses are complete but only lack toilets and bathrooms which have been factored to be financed in future. Kimorori divisional office lacks water and toilets and fencing thus the reason for being not in use this has since been factored to make the project be in use. mutithi, mihang'o, kaharo A.P and kamuiru assistant chiefs office all lack toilets bathrooms which have been factored for implementation within the 2017/2018. See annex 4.1(a)</p>	FUND ACCOUNT MANAGER	NOT-RESOLVED	30 TH SEPTEMBER 2018
	.2 LONG OUTSTANDING	<p>Response It is true that at the time of</p>	FUND ACCOUNT	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>RECONCILING ITEMS IN CASHBOOK NOT IN BANK STATEMENT.</p>	<p>The financial statement reflects cash and cash equivalent balance of ksh 2,289,259 as at 30th June 2017. This cash book balance was reconciled with the bank statements balance of ksh 11,836,583 vide the bank reconciliation statement of 30th June 2017. However, amongst the reconciling items are payments in the cashbook not yet recorded in the bank statements (unpresented cheques) totaling ksh 9,472,922 which includes stale cheques totaling Ksh30,000 that was apparently issued for bursary. The stale cheques had not been reversed at the close of the financial year.</p>	<p>audit the bank reconciliation showed cheques totalling to ksh 30,000 as UN presented and stale. The NG-CDF office has since written to the district accountant to reverse the cheques in the subsequent financial year. The cheques have been reversed in the cash book and reissued. The financial statement has also been amended and is available for your perusal. <i>See annex 4.2(a)</i></p>	<p>MANAGER</p>		

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

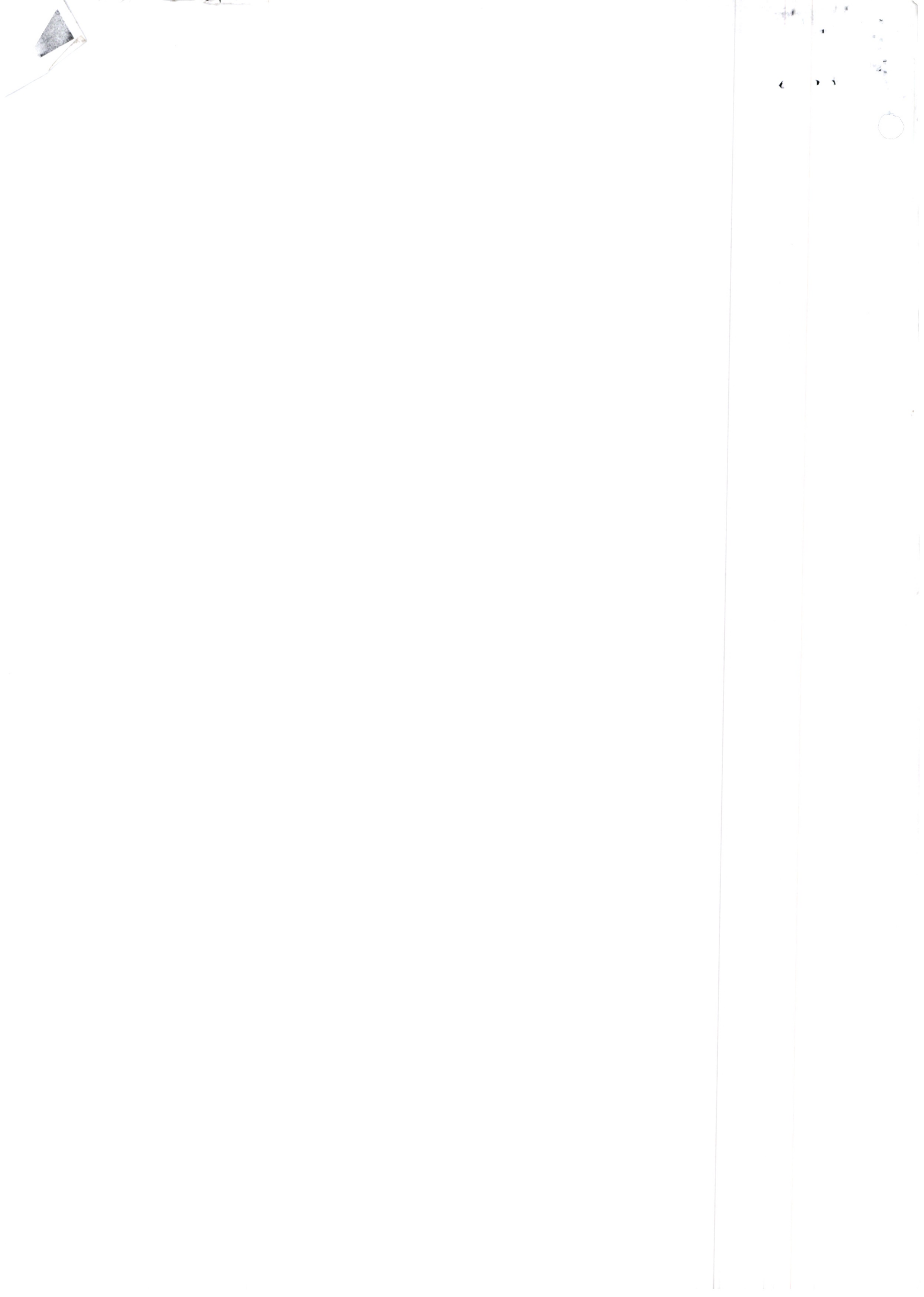
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>4.3 INCOMPLETE AND INEFFECTIVE EXPENDITURE ON KAMWANYA WATER PROJECT.</p> <p>Kamwanya water project was allocated ksh 600,000 for piping works to benefit kamwanya residents. However, at the time of audit it was observed that the pipes were laid as intended, no water could flow through the pipe line to the intended users, it also casted doubt on use of technical department of water as actually involved.</p>	<p><i>Response</i> The project was being implemented by the PMCs with the involvement of technical department of water. However, the project was implemented to completion but a challenge arose upon completion that the pressure intended from the intake was not sufficient to push water past a hilly section along the pipeline. The PMCs with the technical officer enlarged the intake to capture more water for more pressure to be realized which not yield more fruits as the water could not went past the hilly section. Water being a devolved function cannot be financed by NG-CDF as at now. However, we have engaged the PMC to liase with the Murang'a county government so as to salvage the project and redesign the water pipeline to avoid the hilly section for the water to follow on gradient. See annex 4.3(a)</p>	FUND ACCOUNT MANAGER	NOT-RESOLVED	30 TH SEPTEMBER 2018
	<p>4.4 IRREGULAR IMPLEMENTATION OF A ROAD PROJECT.</p> <p>The NG-CDF allocated Ksh 2,000,000 for bush clearing, grading, sport</p>	<p><i>Response.</i> The project was implemented as had been approved by the NG-CDF board by the PMCs with the specific task being bush</p>	FUND ACCOUNT MANAGER	NOT-RESOLVED	30 TH SEPTEMBER 2018

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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>patching of the Mbombo Tana road during the year under review. Physical verification of the road carried out on 12 July 2018, Kenya Rural Roads Authority (KERRA) signboard for the road maintenance was seen which indicated the road was under maintenance by the KERRA and therefore KERRA classified, an indication that there could be overlap of works done by CDF and KERRA.</p>	<p><i>clearing, spot patching and grading this was done to completion and an inspection certificate issued to this effect. The works were being supervised by KERRA constituency roads officer the project file is now available for your perusal. See annex 4.4(a)</i></p>			
	<p>4.5.1 OVERALL BUDGET PERFORMANCE. The approved budget for the year 2016/2017 was Ksh 81,896,552 while the total rolled over expenditure budget from the previous financial years as per the provided schedule was ksh 74,353,621 making total expenditure budget of Ksh 156,250,172 against a total actual expenditure of ksh 173,767,894. This leads to an overspending to a tune of ksh 17,517,722. The roll-over expenditure budget for administration, Monitoring, Evaluation, capacity</p>	<p><i>Response.</i> During the year under review the allocation for the year was Ksh 81,896,552 as approved by the NG-CDFB, Maragua NG-CDF had a balance that relates to the financial year 2015/2016 amounting to Ksh 57,645,183 which was received in the year under review as A.I.E no. 820977. As at 30th June 2016 the cash book balance was Ksh 36,515,419 which was the opening balance for the year under review. This therefore translates to available funds for spending of ksh 176,057,154 thus there was no overspending as actual spending was ksh</p>	<p>FUND ACCOUNT MANAGER</p>	<p>RESOLVED</p>	

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Reference No. in 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)
	building and bursaries were not provided, the source of over expenditure could not be therefore established.	173,767,894. The roll-over expenditure budget for administration, Monitoring, Evaluation, capacity building and bursaries were not provided at the time of audit but are now available for your perusal. See annex 4.5.1(a)			
	4.5.2 BUDGET PERFORMANCE ON TRANSFER TO OTHER GOVERNMENT UNITS Maragua NG-CDFC budgeted to undertake fifty-five (55) projects on transfers to other government units during the year 2016/2017. The project implementation status report however showed that only forty seven (47) projects were completed while eight (8) were ongoing as at the end of financial year under review.	Response. During the year under review delay in receipt of funds for the Maragua NG-CDF from NG-CDF Board is the reason that the 8 projects were not complete at the time of Audit but these projects have since been completed and are already in use.	FUND ACCOUNT MANAGER	RESOLVED	
	4.5.4 ROLLED OVER PROJECTS FROM 2015/2016. A review of the expenditure returns and a list provided for audit revealed that (96) ninety six projects and (14) fourteen emergency	Response. The management takes note of the fact that some projects had been delayed in terms of implementation this was as a result of delay in constitution of the PMCs to manage the project as well as adherence to	FUND ACCOUNT MANAGER	RESOLVED	



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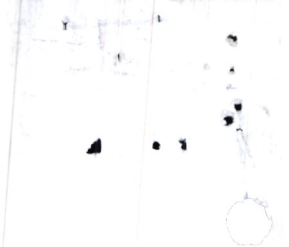
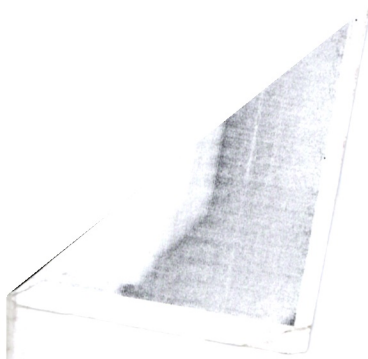
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>projects were rolled over to the financial year 2016/17 in respect of transfer to other government institution, other grants and transfer and long- term assets with a total allocation of Ksh 74,353,621. This balance was however at a variance with the one disclosed in the statement of appropriation by ksh 9,229,195.</p>	<p><i>procurement timelines which was later done and projects completed and made into use.</i> <i>The management is in the process of re-allocating unused funds and hence seeking authority from the board to utilize the funds as proposed.</i> <i>Reported in the scheduled show 100% expenditure of ksh 89,955,781 for the other grants and transfers that is the original budget plus the rolls over for financial year 2015/2016. The rolls over amount to ksh 52,786,815 as harmonized in the following table.</i></p> <p><i>This therefore means there was no variance both in the schedules and in the financial statement as the schedules portrays an expense of Ksh 89,955,781 while the statement of appropriation shows the same figure.</i></p>			
	<p>4.5.5 CONSTRUCTION OF A CLASSROOM AND AN ABOLUTION BLOCK AT KINOO PRIMARY SCHOOL. It was observed the following that the drawings were not</p>	<p>Response. <i>At the time of audit the drawings were with the contractor who was still on site as he was still undertaking the construction of the toilet. The drawings are however</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>See annex 4.5.5(a)</i>			
	<p>4.5.6 CONSTRUCTION OF A CLASSROOM BLOCK AT MWANGAZA SECONDARY SCHOOL Maragua NG-CDF allocated ksh 1,000,000 towards construction of a classroom at Mwangaza secondary school. It was observed that there were no drawings attached to the bills of quantity, the advertisement for the works lacked a tender number and that the tender opening minutes had not been signed by the chairperson hence the authenticity of the minutes. Physical verification revealed the class was completed and in use. The following payment had been made Ksh 937,527 to Imwa general contractors while ksh 173,600 was paid to Edward Kimotho Muciri on 27th march 2017. This payment was not supported by any document and hence validity not confirmed.</p>	<p><i>Response.</i> At the time of audit the updated project file was with the PMCs on site. The drawings and the supporting payment schedules accounting for the expenditure is however now available for your perusal. The process of tendering was managed by the PMCs with the involvement of the technical department that is the ministry of public works. The management takes note of the fact that some PMCs require more capacity building on procurement so as to strictly adhere and comply with the Public Procurement and Disposal Act, 2015. The payments made regarding the contract were ksh 937,530 paid in three certificates as annexed. Payment made regarding to Edward Kimotho Muciri on 27th march 2017 does not relate to the said project as it relates to a project funded in the financial year 2015/2016 for the renovation of classes that</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>See annex 4.5.5(a)</i>			
	<p>4.5.6 CONSTRUCTION OF A CLASSROOM BLOCK AT MWANGAZA SECONDARY SCHOOL Maragua NG-CDF allocated ksh 1,000,000 towards construction of a classroom at Mwangaza secondary school. It was observed that there were no drawings attached to the bills of quantity, the advertisement for the works lacked a tender number and that the tender opening minutes had not been signed by the chairperson hence the authenticity of the minutes. Physical verification revealed the class was completed and in use. The following payment had been made Ksh 937,527 to Imwa general contractors while ksh 173,600 was paid to Edward Kimotho Muciri on 27th march 2017. This payment was not supported by any document and hence validity not confirmed.</p>	<p><i>Response.</i> At the time of audit the updated project file was with the PMCs on site. The drawings and the supporting payment schedules accounting for the expenditure is however now available for your perusal. The process of tendering was managed by the PMCs with the involvement of the technical department that is the ministry of public works. The management takes note of the fact that some PMCs require more capacity building on procurement so as to strictly adhere and comply with the Public Procurement and Disposal Act, 2015. The payments made regarding the contract were ksh 937,530 paid in three certificates as annexed. Payment made regarding to Edward Kimotho Muciri on 27th march 2017 does not relate to the said project as it relates to a project funded in the financial year 2015/2016 for the renovation of classes that</p>	FUND ACCOUNT MANAGER	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>allocated ksh 1,000,000 towards the said project it was observed that some parts of the floor had developed visible cracks and the ceiling had not been installed. The painting of the wall had not been done to the required standard. The undercoat was visible in some parts of the building an indication that only two coats were done instead of three.</p>	<p><i>completed and is now in use the contractor was requested to make good the defects where this has already been done and thus the project is now complete . A certificate of making good defect has already been issued and proper supervision done by the technical officers jointly with the PMCs. The project also changed the design during the implementation where additional windows 2 in no. and additional 2 metal doors were added via the instructions of the technical officer therefore these changes eliminated the ceiling aspect as they had been overlooked. See annex 4.5.7(a)</i></p>			

