

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

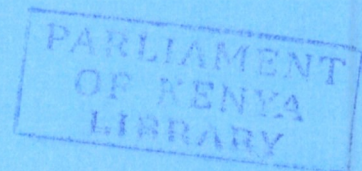


REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 24 JUL 2019 DAY: Wednesday

TABLED BY: Hon. Aden Duale (Lem) OF
Hakim Ahmed



THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
SEME CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
SEME CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

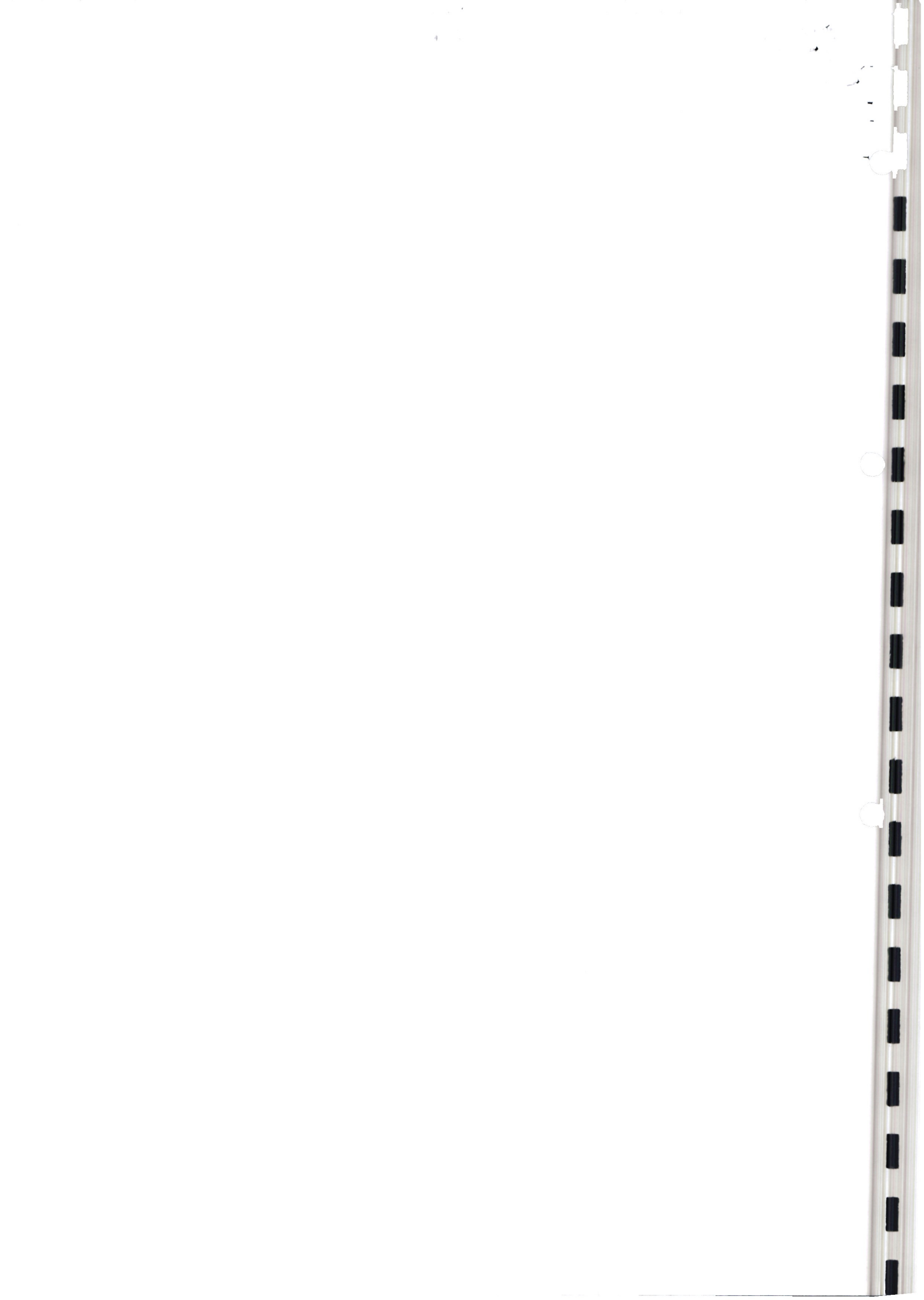
**Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) SEME
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

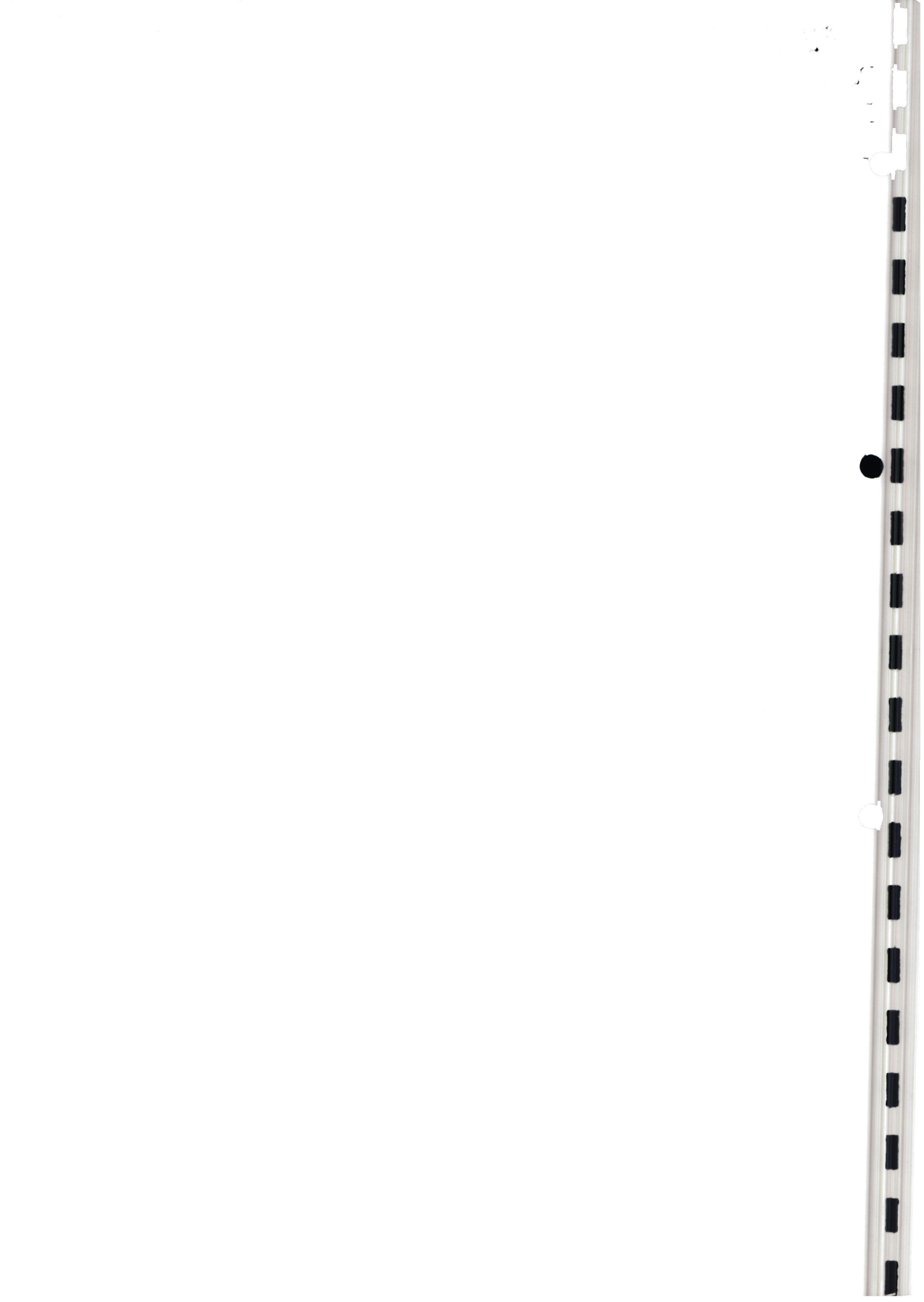
The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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



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

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

Equitable Socio-economic development countrywide

Mission

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

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 SEME 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)

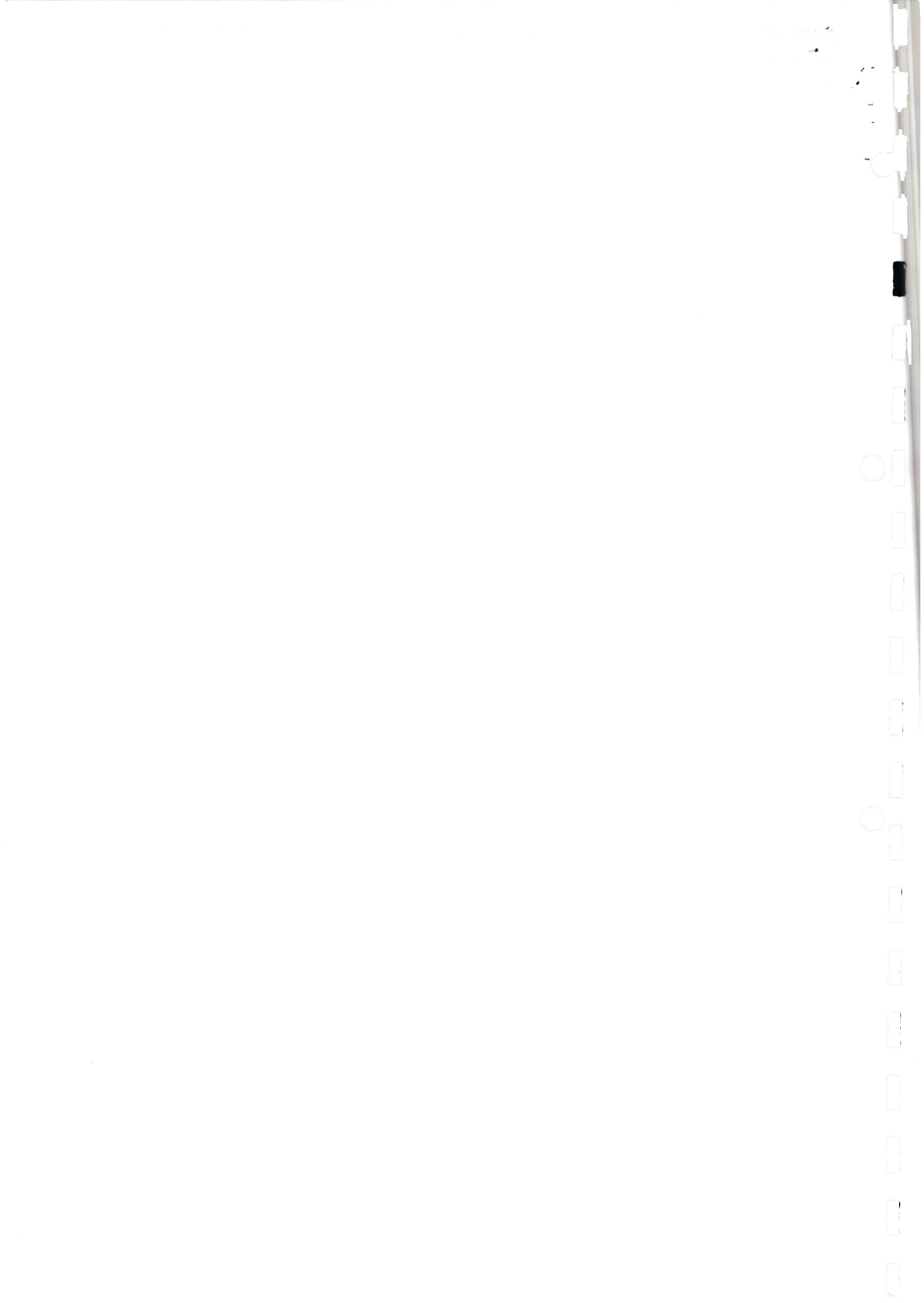
(c) Fiduciary Management

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 Sub-County	Tom Wasike
3.	Accountant	George Okongo
4.	Chairman NGCDFC	Henry Adundo
5.	Member NGCDFC	Willy Onyango

(d) Fiduciary Oversight Arrangements

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



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

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

(e) NGCDF SEME Constituency Headquarters

P.O. Box 209
NG CDF Building
DCC Compound
Kombewa, KENYA

NGCDF SEME Constituency Contacts

Telephone: (254) 0722359230
E-mail: cdfseme@ngcdf.go.ke
Website: www.cdf.go.ke

(f) NGCDF SEME Constituency Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

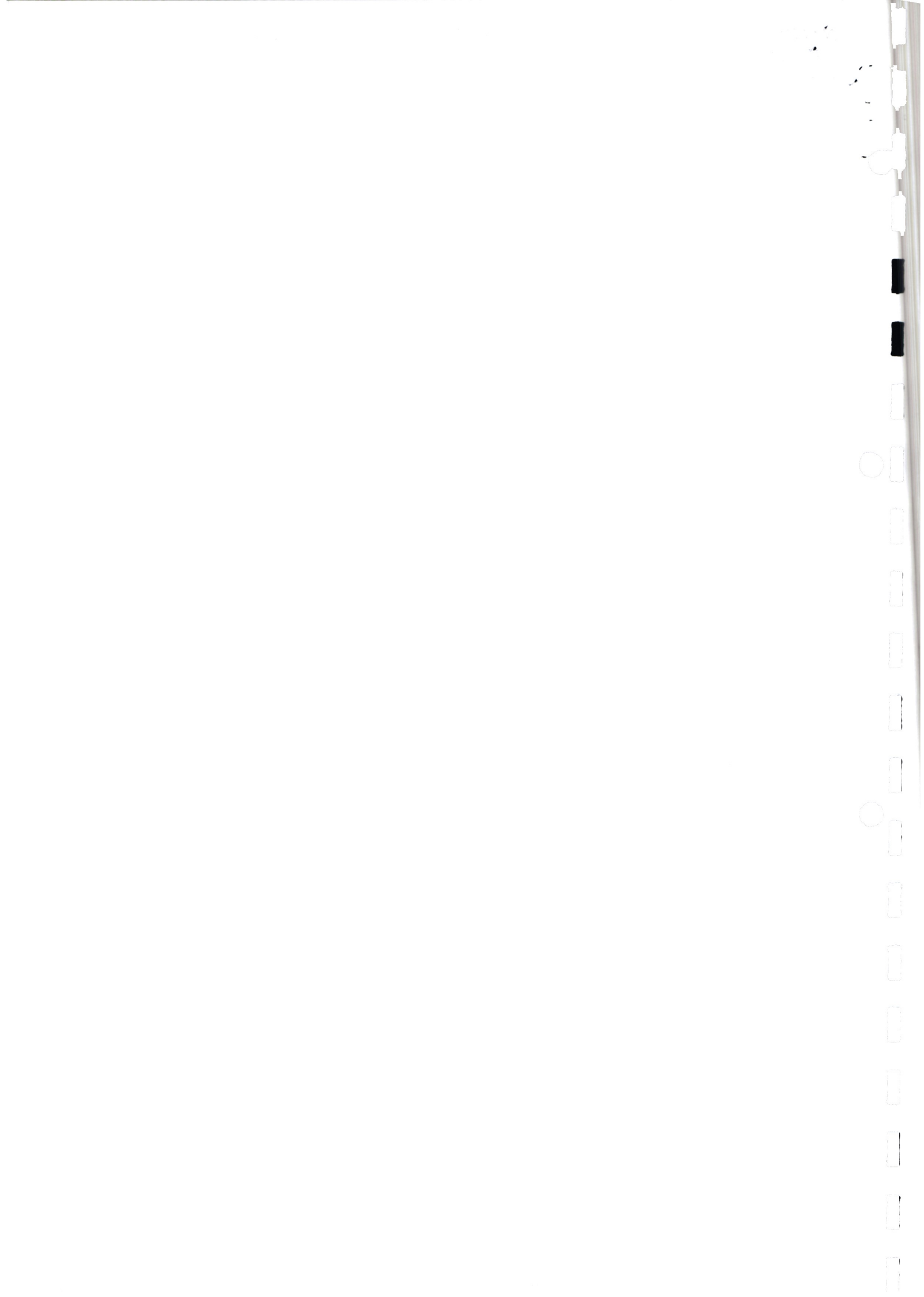
Equity Bank
Angawa Avenue Branch
Account Number 1260261899624
P.O Box
KISUMU

(g) Independent Auditors

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

(h) Principal Legal Adviser

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



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

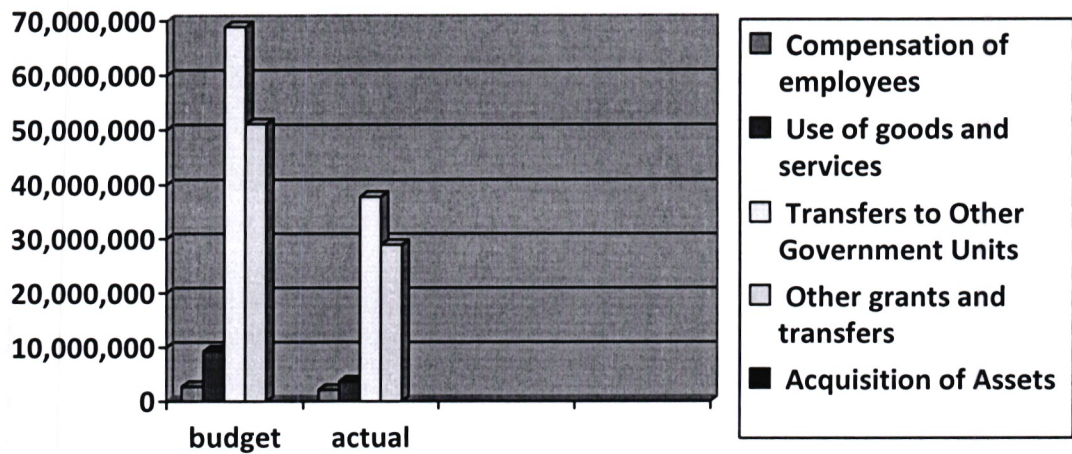
Reports and Financial Statements For the year ended June 30, 2018

FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Budget Performance:

During the year Seme NG CDF was earmarked to receive Ksh. 131,880,261 from the NG CDF Board, of this Ksh. 45,069,916 was supplementary budget being cash book opening balance and funds yet to be received from the Board at the end of 2015 – 2016. However the absorption of the funds was slow due to the elections held during the year and consequent lack of substantive constituency committee

Budgeted and Actual Expenditure during the FY 2017 -2018



Key Achievements for the Entity

Key achievements by the Constituency Committee included construction of 4 classrooms at Kombewa MTC and co funding of Ranen Girls Secondary School with the community





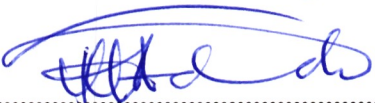
Pic 1: Kombewa MTC Four classrooms

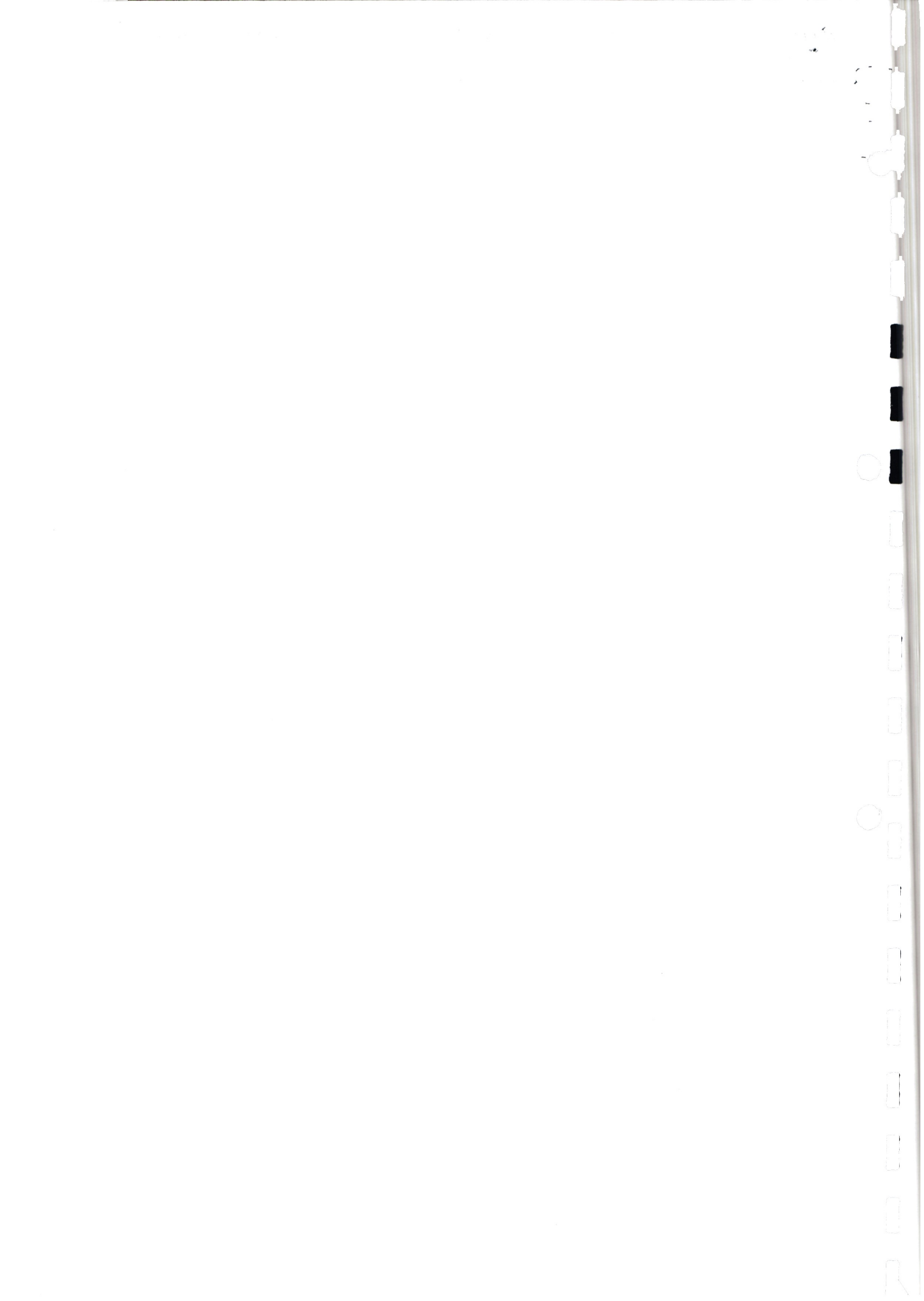


Pic 2: Ranen Girls secondary school

Challenges and recommended way forward

One of the challenges is on procurement under PMC and in particular on the interpretation of Section 36 of NGCDF Act 2015, PFM Act 2012 Section 68 and PPDA Act 2015 section 44. Different interpretations of these sections have made Constituency Committee engage in the management of the FUND with their hands tied to their backs. There is need to have a written interpretation of PFM Act 2012 and PPDA Act 2015 whether FAM an Accounting Officer can set aside their role vide section 36 of NG CDF Act 2015


Sign.....
CHAIRMAN, SEME NGCDF COMMITTEE



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

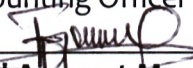
The Accounting Officer in charge of the NGCDF-SEME Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018.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

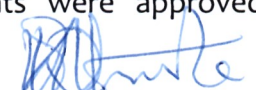
The Accounting Officer in charge of the NGCDF-SEME Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards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

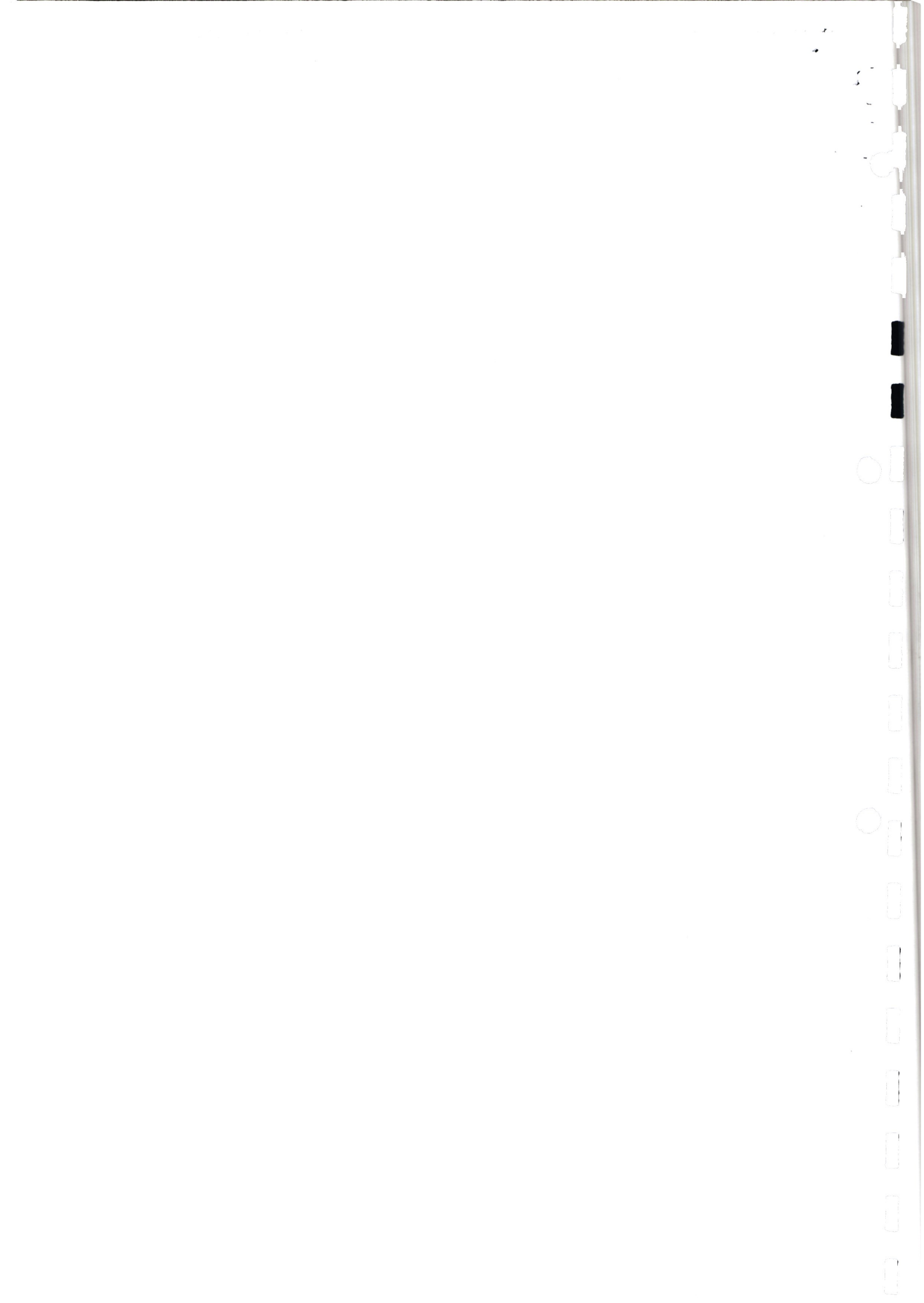
The Accounting Officer in charge of the NGCDF- SEME Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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- SEME Constituency financial statements were approved and signed by the Accounting Officer on 27/9 2018.


Fund Account Manager
Name: TOM WASIKE


Sub-County Accountant
Name: GEORGE OKONDA
ICPAK Member Number: 20344



REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements Seme National Government Constituencies Development Fund set out on pages 7 to 30 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 have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Seme National Government Constituencies Development Fund 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in the Financial Statements

1.1.1 The Financial Statements Comparative Figures

The comparative balances reflected on the financial statements under receipts and payment balance brought forward from previous year differ from the amount in the previous year certified accounts, as shown below:

Item	Balance as per Current Year Comparative Kshs.	Balance as per Certified Report of 30 June 2017 Kshs.	Variance Kshs.
Compensation of employees	2,007,753	1,788,032	219,721
Transfers to Other Government Units	76,227,819	82,127,819	(5,900,000)

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

Item	Balance as per Current Year Comparative Kshs.	Balance as per Certified Report of 30 June 2017 Kshs.	Variance Kshs.
Other grants and transfers	44,319,126	38,446,129	5,872,997

Statement of Assets

Bank balances(as per cash book)	2,742,333	2,935,053	(192,720)
Current receivables-Outstanding Imprest	1,034,000	0	1,034,000
Surplus/Deficit	(26,895,028)	(26,702,309)	192,719

Statement of Cashflow

Compensation of Employees	2,007,753	1,788,032	219,721
Transfers to Other Government Units	76,227,819	82,127,819	(5,900,000)
Other grants and transfers	44,319,126	38,446,129	5,872,997
Net cash flow from operating activities	(24,610,024)	(24,417,305)	(192,719)

Further, the accounts are normally countersigned by the Chairman to take full responsibility of the statements. It was noted that the sub- county Accountant signed on the statements without any written authority. However, contrary to Section 43(a) of the Public Finance Management National Government regulations, 2015 stipulate that an Accounting Officer shall sign financial statements thereby making himself or herself responsible for their correctness.

1.1.2 Net Increase in Cash and Cash Equivalents

Included in the statement of receipts and payments is surplus of Kshs.1,699,169 while the net increase in cash and cash equivalents is Kshs.1,907,669 resulting to difference of Kshs.208,500 and no evidence was availed for the increase. However, contrary to Section 43 (a) of the Public Finance Management National Government regulations, 2015 stipulate that an Accounting Officer shall sign financial statements thereby making himself or herself responsible for their correctness.

Consequently, accuracy and validity of the financial statements for the year ended 30 June 2018 could not be ascertained.

1.2 Bank Balances

Included in the statement of assets and liabilities as at 30 June 2018 under note 10A reflects bank balances of Kshs.4,650,002. However, the bank reconciliation statement reflects payments in the cash book not recorded in the bank statement (unpresented cheques) of Kshs.7,777,440, out of which stale cheques totaling Kshs.400,870 as at 30 June 2017 had not been reversed in the cash book nor replaced with other cheques. Further, contrary to Section 90(3) of Public Finance Management (National Government) Regulations, 2015 provides that Accounting Officers shall ensure any

discrepancies noted during bank reconciliation exercise, are investigated immediately and appropriate action taken including updating the relevant cash books.

Consequently, the accuracy and validity of the bank balance of Kshs.4,650,002 as at 30 June 2018 could not be confirmed.

1.3 Unutilized Funds

Included in the financial statements under annex 3 is the unutilized funds of Kshs.33,990,608 as at 2017-2018 (2016-2017:Kshs.30,948,213) differ with the summary statement of appropriation recurrent and development combined column of adjustments reflects Kshs.45,514,606. However, contrary to Significant accounting policies note 10 states that unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board 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 Section 6(2) and Section 7(1) of National Government Constituencies Development Fund Act, 2015.

Consequently, the accuracy and validity of the bank balance of Kshs.45,514,606 could not be confirmed as at 30 June 2018.

1.4 Unsupported Pending Bills

Included in the financial statements under Annex 1 is analysis of pending accounts payable of Kshs.265,606 appearing as the outstanding cost of repairs to GKA647T by CMC, no documents were made available such as invoices and suppliers' statements to support the liability. However, contrary to section 99 (3) of the Public Finance Management (National Government) Regulations 2015 stipulate that every entry in the accounts shall be supported by a voucher or other approved document gazetted by the Cabinet Secretary containing the full details, clear narrations and particulars of the item or items to which it relates.

As a result, the propriety of the expenditure of Kshs.265,606 could not be confirmed.

1.5 Understated Bank Charges

Included in the financial statements under note 5 is use of goods and services which includes bank charges of Kshs.169,218 while the bank reconciliation availed for audit reflects a figure of Kshs.213,187 resulting to a difference of Kshs.43,970 represents bank charges in the bank reconciliation as at 30th June, 2018 which were already paid in the bank but were not reflected as part of payments for FY 2017/2018. Contrary to Section 43(a) of the Public Finance Management National Government regulations 2015 stipulate that an Accounting Officer shall sign financial statements thereby making himself or herself responsible for their correctness.

Consequently, the accuracy and validity of bank charges of Kshs.169,218 could not be confirmed

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

Emphasis of Matter

1. Budget Performance

The Fund's approved budget for the year 2017/2018 amounted to Kshs.132,324,951 comprising of 2017/2018 allocation of Kshs.86,810,345 and balance brought forward from 2016/2017 of Kshs.45,514,606. The analysis of comparison of budget and actuals is as summarized below:

Item	Approved Budget for 2017/2018 Kshs.	Actual Expenditure 2017/2018 Kshs.	Under Absorption Kshs.	Under Absorption in %
Compensation of Employees	2,709,689	2,159,742	549,947	79.7
Use of Goods and Services	9,256,263	3,670,645	5,585,618	39.7
Transfers to Other Government Units	69,152,295	37,787,125	31,365,170	54.6
Other Grants and Transfers	51,061,955	28,881,517	22,180,438	56.6
Other Payments	144,750		144,750	
TOTAL	132,324,951	72,499,028	59,825,923	54.8

During the period, the Fund incurred an expenditure of Kshs.72,499,028 representing 55% of the approved budget resulting in under-absorption of Kshs.59,825,923.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no Key Audit Matters to report in the year under review.

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

Conclusion

As required by Section 7(1) (a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Non-Existing Construction of Pediatric Research Unit

Included in the financial statements under note 6 is transfers to tertiary institutions figure of Kshs.9,485,000, which includes an expenditure of Kshs.4,000,000 in relation to construction of a pediatric research unit paid to the project management committee vide payment voucher number 102. However, the construction works had not started as at the time of audit in February 2019 while the title deed to confirm ownership of the land where the pediatric research unit was to be constructed was not availed for audit review. Contrary to section 43(d) of Public Finance Management Regulation 2015, which stipulate that an accounting officer shall manage, control and ensure that policies are carried out efficiently and wastage of public funds is eliminated and section 25, (1) of the National Government Constituencies Development Fund Act (NG-CDF), 2015 requires that any funding under this Act shall be for a complete project or a defined phase of a project and may include the acquisition of land and buildings.

Consequently, the propriety of the expenditure of Kshs.4,000,000 could not be confirmed and the delay in the construction of the facility affects service delivery to the public and also they have not got value for money.

2. Non-Existing Construction of Laboratory

Included in financial statements under note 6 is transfer to other government entities of Kshs.37,787,125 which includes transfers to tertiary institutions figure of Kshs.9,485,000 out of which an amount of Kshs.5,485,000 paid to Kombewa Kenya Medical Training College (KMTC) project management committee vide payment voucher 101 in relation to construction of two hostels at the campus site. However, the following issues were noted during audit review;

- i) The amount of Kshs.5,485,000 was a part payment for the entire amount allocated of Kshs.9,000,000 in the approved code list for the financial year 2016/2017. The allocated amount of Kshs.9,000,000 was to be utilized in construction of two hostels, two lecture classrooms and one resource centre.
- ii) On 7th February 2018, the principal through the letter referenced KMTC/KOMB/DEV./VOL I/2 requested for reallocation of funds from construction of hostels to construction and equipping of a demonstration

laboratory. The reallocation of Kshs.4,000,000 was approved by CDF Board on 30 July 2018 for the same.

- iii) Project verification in February 2019 established that the two lecture classrooms and one resource centre had been completed and were in use. However, labelling had not been done.
- iv) Construction of the demonstration laboratory had not started as at the time of audit in February 2019.

However, contrary to section 43(d) of Public Finance Management Regulation 2015, stipulate that an accounting officer shall manage control and ensure that policies are carried out efficiently and wastage of public funds is eliminated.

Consequently, the propriety of the expenditure of Kshs.5,485,000 could not be confirmed and the delay in the construction of the facility affects service delivery to Kombewa Kenya Medical Training College (KMTC) and also they have not got value for money.

3. Administration Police Line/Houses not in Use

Included the financial statements under note 7 is other grants and payments of Kshs.28,881,517 which includes security expenditure of Kshs.6,900,000. Physical verification revealed the following anomalies in regard to implementation of security projects:

(i) Nyaguda AP Line-construction of 4 AP Units - Complete but not in use

Though the building were complete, the security officers were yet to be deployed since the standard number is five, and an armory is not yet built. The project might not get additional funding due to change of Government Policy which directs that officers to rent houses outside the lines.

(ii) Kolenya Police Post-Purchase of Land

The PMC had opted to first acquire land for construction of the units. An amount of Kshs.900,000 for purchase of land alone had been spent. The project might not get additional funding due to change of Government Policy which directs that officers to rent houses.

(iii) Kipasi AP Line-Construction of 2 AP Units

Though the project had been completed, the security officers were yet to be deployed since their standard number is five, and an armory is not yet built.

The project might not get additional funding due to change of Government Policy which directs that officers to rent houses outside the lines. However, contrary to section 74 (6 (b)) of Public Finance Managements Regulations 2015, stipulate that an

accounting officer of a national government entity shall ensure that whenever projects are completed, the project assets including buildings, plant, vehicles, furniture, fittings and equipment are properly recorded and handed over to the accounting officer in accordance with the financing agreement; (c) where no time frame is provided for the project, ensure that the assets are handed over within three months from the date of the closure of the project;

Consequently, there is no value for money since the completed units are yet to be used by the security officers.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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.

A review is limited primarily to analytical procedures and to inquiries, and therefore provides less assurance than an audit. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this compliance review.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 1265. The standard requires that I plan and perform the review so as to obtain limited assurance as to whether effective processes and systems of internal control, risk management and governance was maintained in all material respects.

The matters reported are limited to the deficiencies identified during the audit that I have concluded are material to be reported. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this review.

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.

In preparing the financial statements, management is responsible for assessing the projects 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 Seme 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 Seme 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 Seme 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 Seme National Government Constituencies Development Fund's ability to continue as a going concern or to sustain its services. If I conclude that a material

uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Seme 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 Seme 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

24 April 2019

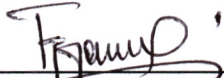
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SEME CONSTITUENCY**


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

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017 Re-stated
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	74,053,447	105,138,370
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	144,750	0
TOTAL RECEIPTS		74,198,197	105,138,370
PAYMENTS			
Compensation of employees	4	2,159,742	2,007,753
Use of goods and services	5	3,670,645	8,227,696
Transfers to Other Government Units	6	37,787,125	76,227,819
Other grants and transfers	7	28,881,517	44,319,126
Acquisition of Assets	8	0	1,251,004
Other Payments	9	0	0
TOTAL PAYMENTS		72,499,028	132,033,397
SURPLUS/DEFICIT		1,699,169	(26,895,028)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SEME Constituency financial statements were approved on 27/9 2018 and signed by:


 Fund Account Manager
 Name: TOM WASIKE


 Sub-County Accountant
 Name: George Okonko
 ICPAK Member Number: 20344



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

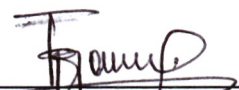
Reports and Financial Statements For the year ended June 30, 2018


IV. STATEMENT OF ASSETS

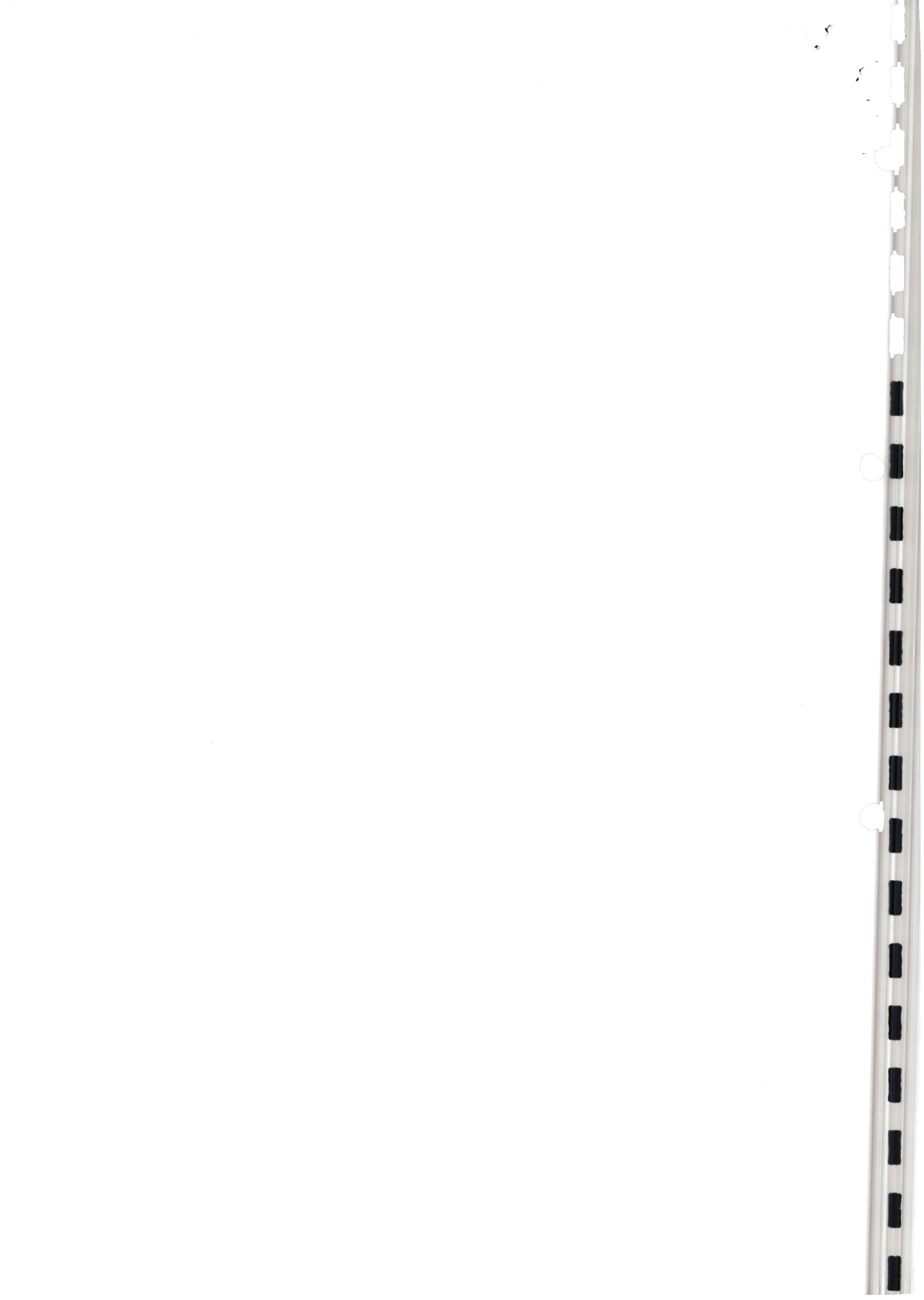
	Note	2017-2018	2016-2017 Re-stated
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	4,650,002	2,742,333
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		4,650,002	2,742,333
Current receivables - Outstanding Imprest	11	0	1,034,000
TOTAL FINANCIAL ASSETS		4,650,002	3,776,333
FINANCIAL LIABILITIES			
Accounts payable - Retention	12	0	0
NET FINANCIAL ASSETS		4,650,002	3,776,333
REPRESENTED BY			
Fund balance b/fwd 1st July 2016	13	2,742,333	29,637,361
Surplus/Deficit for the year		1,699,169	(26,895,028)
Prior year adjustments	14	208,500	0
NET LIABILITIES		4,650,002	2,742,333

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF SEME Constituency financial statements were approved on

27/9 2018 and signed by:


Fund Account Manager
 Name: TOM WANJIKU


Sub-County Accountant
 Name: GEORGE OKONDO
 ICPAK Member Number: 20344



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

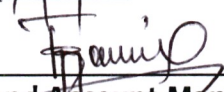
Reports and Financial Statements For the year ended June 30, 2018


V. STATEMENT OF CASHFLOW

	Note	2017-2018	2016-2017 Re-stated
		Kshs	Kshs
FINANCIAL ASSETS			
Transfers from CDF Board	1	74,198,197	105,138,370
Other Receipts	3	-	-
		74,198,197	105,138,370
Payments for operating expenses			
Compensation of Employees	4	2,159,742	2,007,753
Use of goods and services	5	3,670,645	8,227,696
Transfers to Other Government Units	6	37,787,125	76,227,819
Other grants and transfers	7	28,881,517	44,319,126
Other Payments	9	-	-
		72,499,028	130,782,393
Adjusted for:			
Adjustments during the year	14	208,500	-
Changes in Accounts Receivables			1,034,000
Net cash flow from operating activities		1,907,669	(24,610,024)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(1,251,004)
Net cash flows from Investing Activities		-	(1,251,004)
NET INCREASE IN CASH AND CASH EQUIVALENT		1,907,669	(25,861,028)
Cash and cash equivalent at BEGINNING of the year	13	2,742,333	28,603,360
Cash and cash equivalent at END of the year		4,650,002	2,742,333

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SEME Constituency financial statements were approved on

27/9 2018 and signed by:


Fund Account Manager
Name: TOM WASIKE


Sub-County Accountant
Name: GEORGE OKONDO
ICPAK Member Number: 20344

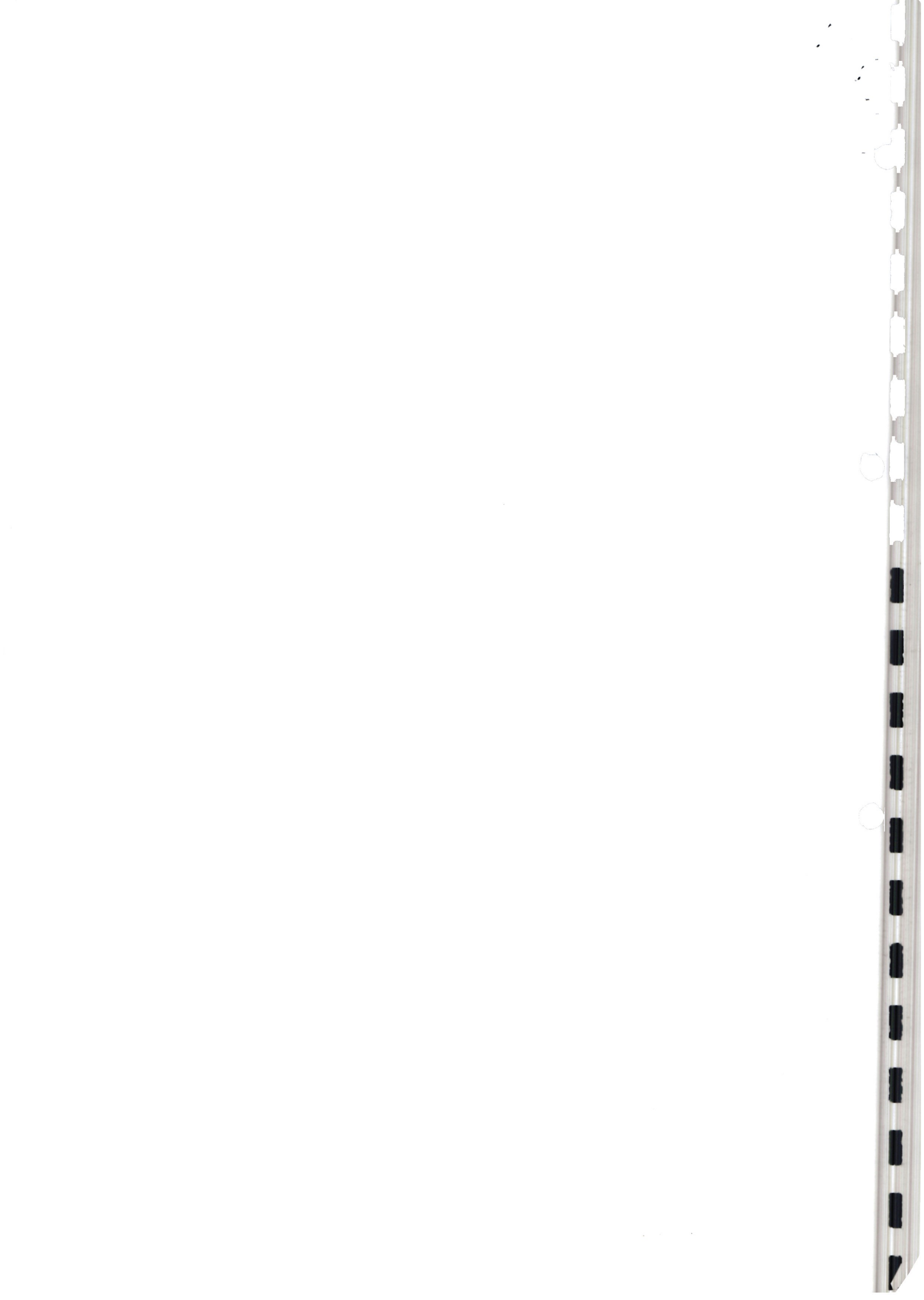


VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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	45,369,856	132,180,201	76,795,780	55,384,421	58.1%
Proceeds from Sale of Assets					-	
Other Receipts		144,750	144,750	144,750	-	
TOTAL	86,810,345	45,514,606	132,324,951	76,940,530	55,384,421	58.1%
PAYMENTS						
Compensation of Employees	2,328,988	380,701	2,709,689	2,159,742	549,947	79.7%
Use of goods and services	4,898,977	4,357,286	9,256,263	3,670,645	5,585,618	39.7%
Transfers to Other Government Units	37,703,628	31,448,667	69,152,295	37,787,125	31,365,170	54.6%
Other grants and transfers	41,878,753	9,183,202	51,061,955	28,881,517	22,180,438	56.6%
Acquisition of Assets		-	-	-	-	
Other Payments		144,750	144,750		144,750	
TOTAL	86,810,345	45,514,606	132,324,951	72,499,028	59,825,923	54.8%

The budget under performance as captured in the appropriation statement was due to the following reasons


- a. Receipts Adjustment figure of Ksh 45,369,856 consisted of the following; Ksh 2,742,332.72 being cashbook opening balance for FY 2017/18, Ksh.300,000 due during financial year 2016/17 not remitted by NG CDF Board, Ksh 30,948,213 for transfer to GoK units in FY 2016/17 and Ksh, 11,379,310 supplementary budget for 2017/18 financial year
- b. Compensation of Employees realized an absorption percentage of 79.7%. The budget was planned for 7 employees however the Constituency Committee never advertised for the second security guard position




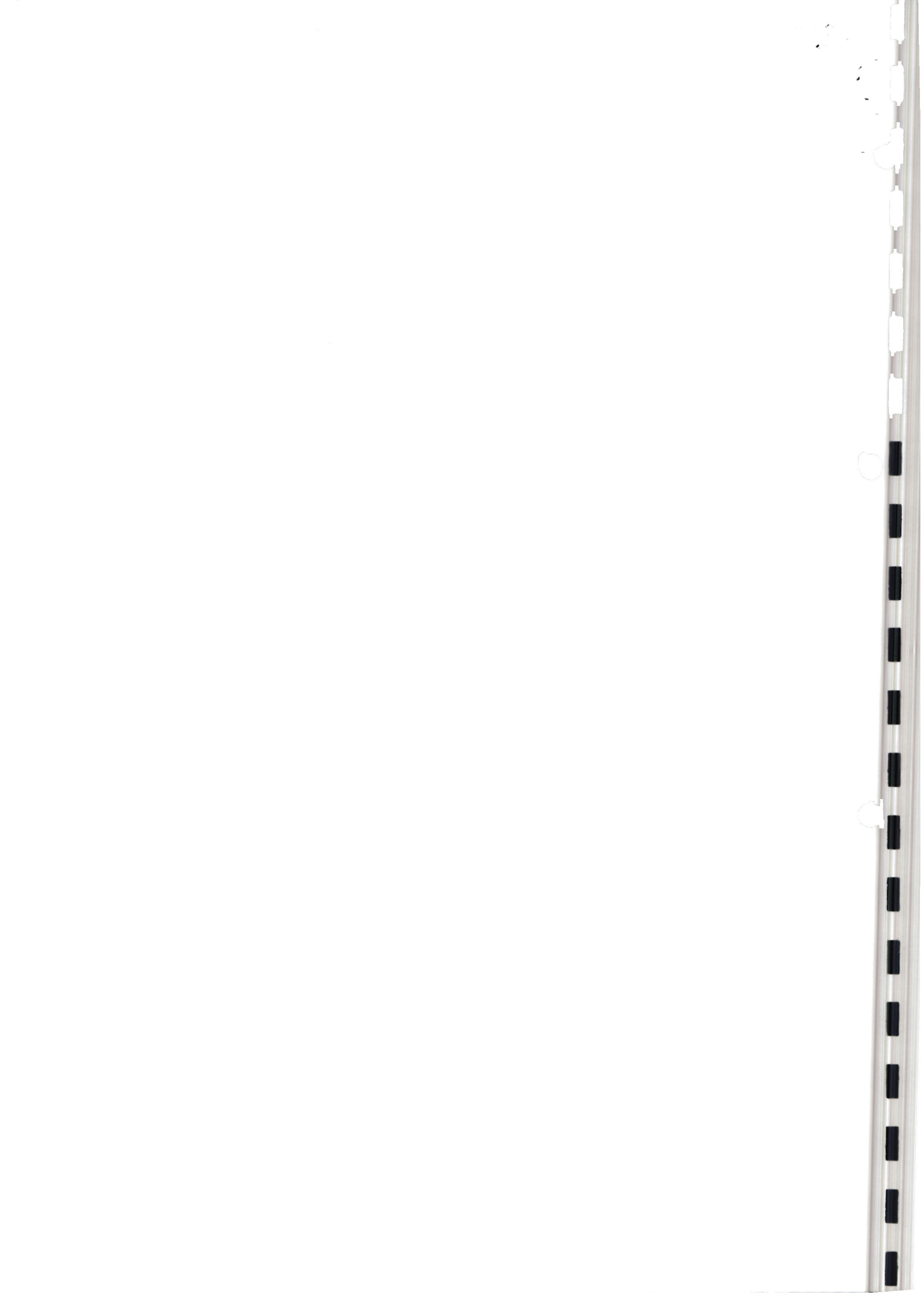
Reports and Financial Statements
For the year ended June 30, 2018

- c. Use of goods and services realised a percentage 39.7% during the financial year this is attributed to the non use to the constituency vehicle which was grounded most of the financial year therefore not spending on repairs, maintenance and fuel
- d. Transfers to Other Government Units and Other grants and transfers achieved a budget performance of 54.9% and 56.6% respectively. This was due non remittance of funds by the NGCDF Board between May and November 2017 due to general elections

The NGCDF-SEME Constituency financial statements were approved on 27/9 2018 and signed by:


Fund Account Manager
Name: TOM WASILIK


Sub-County Accountant
Name: GEORGE OKONKO
ICPAK Member Number: 20344



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-SEME Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

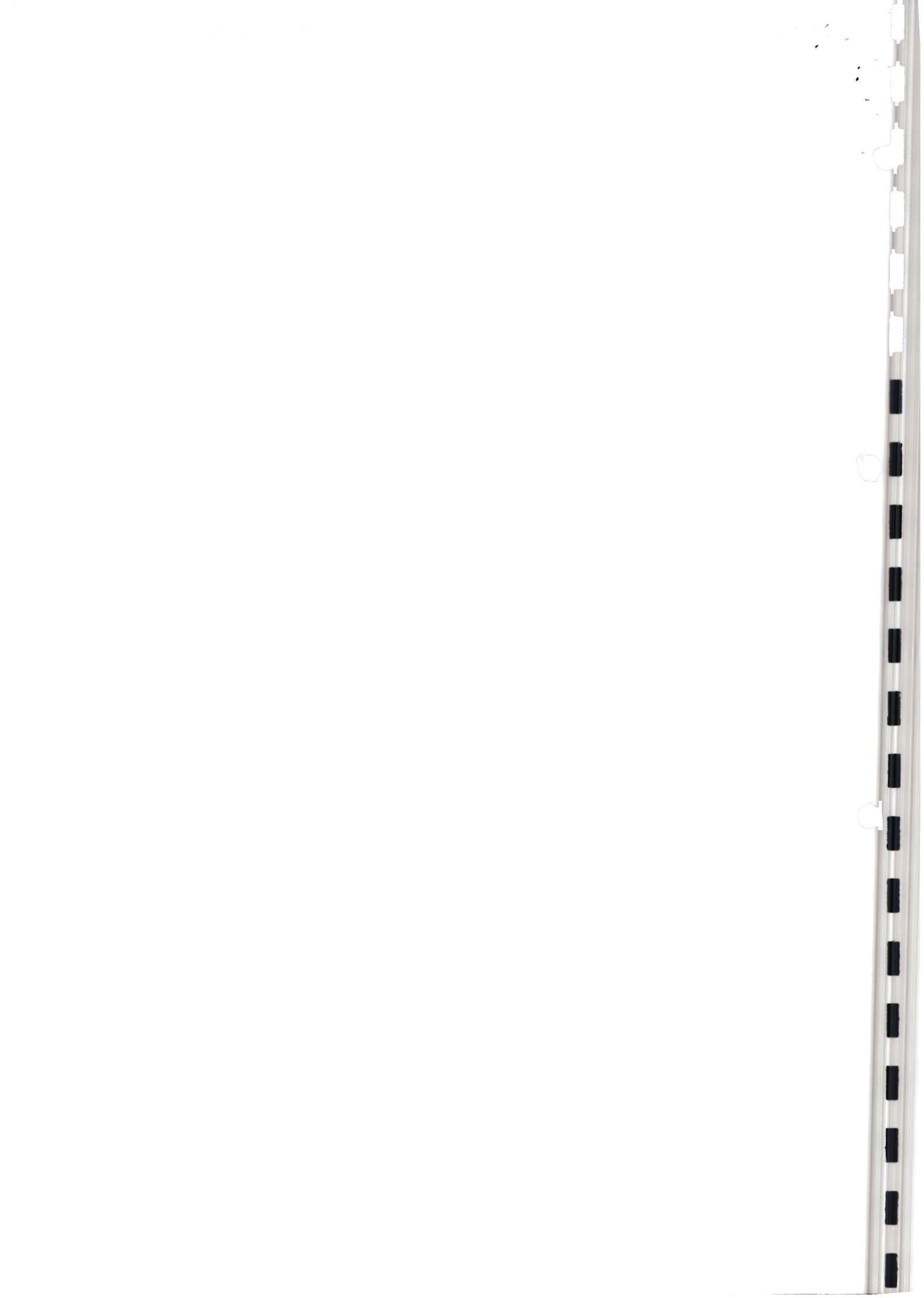
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

Tax Receipts

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

Transfers from the Exchequer

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



SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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



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

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

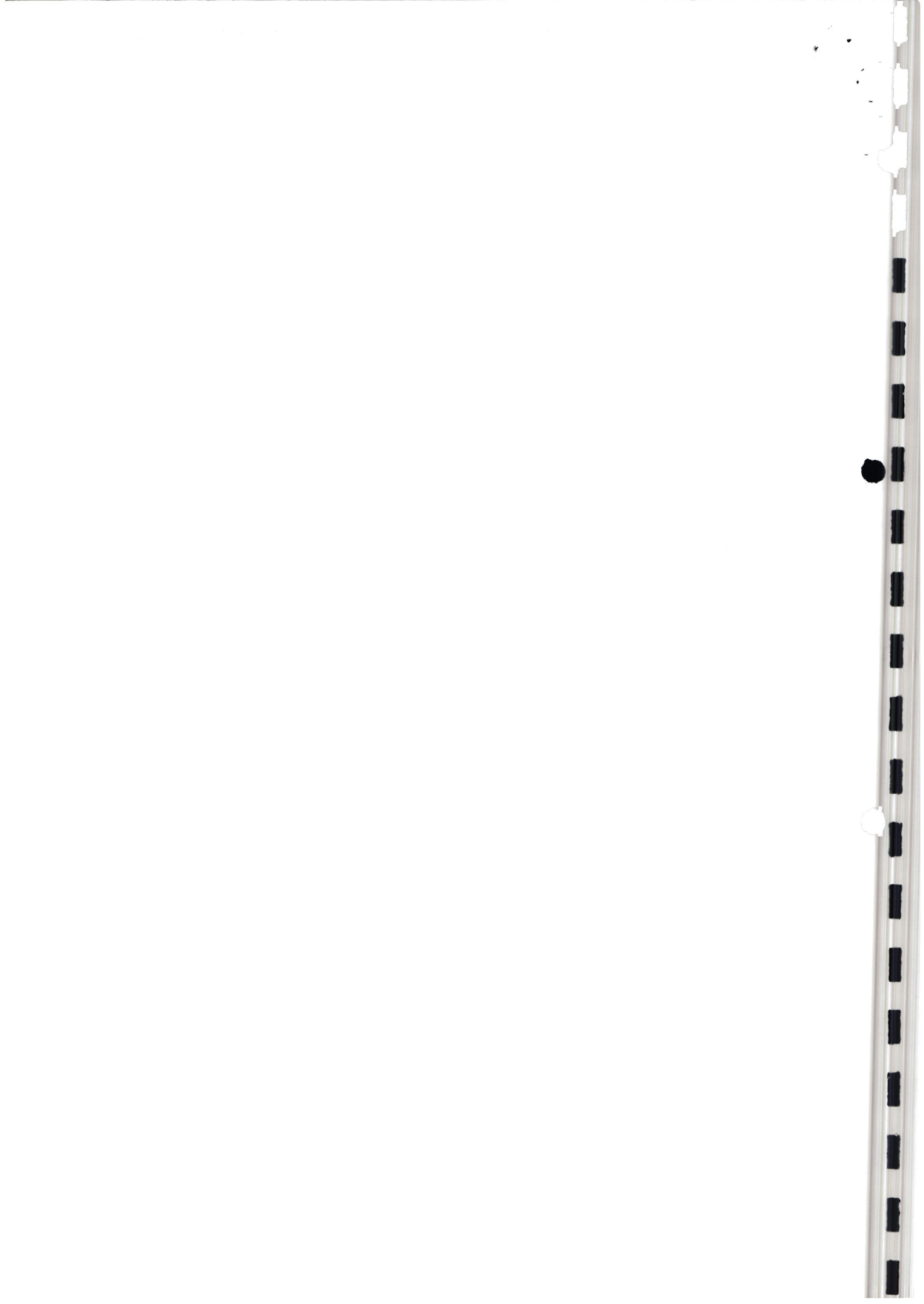
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations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

9. Pending Bills

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

10. Unutilized Funds

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



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) – SEME
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

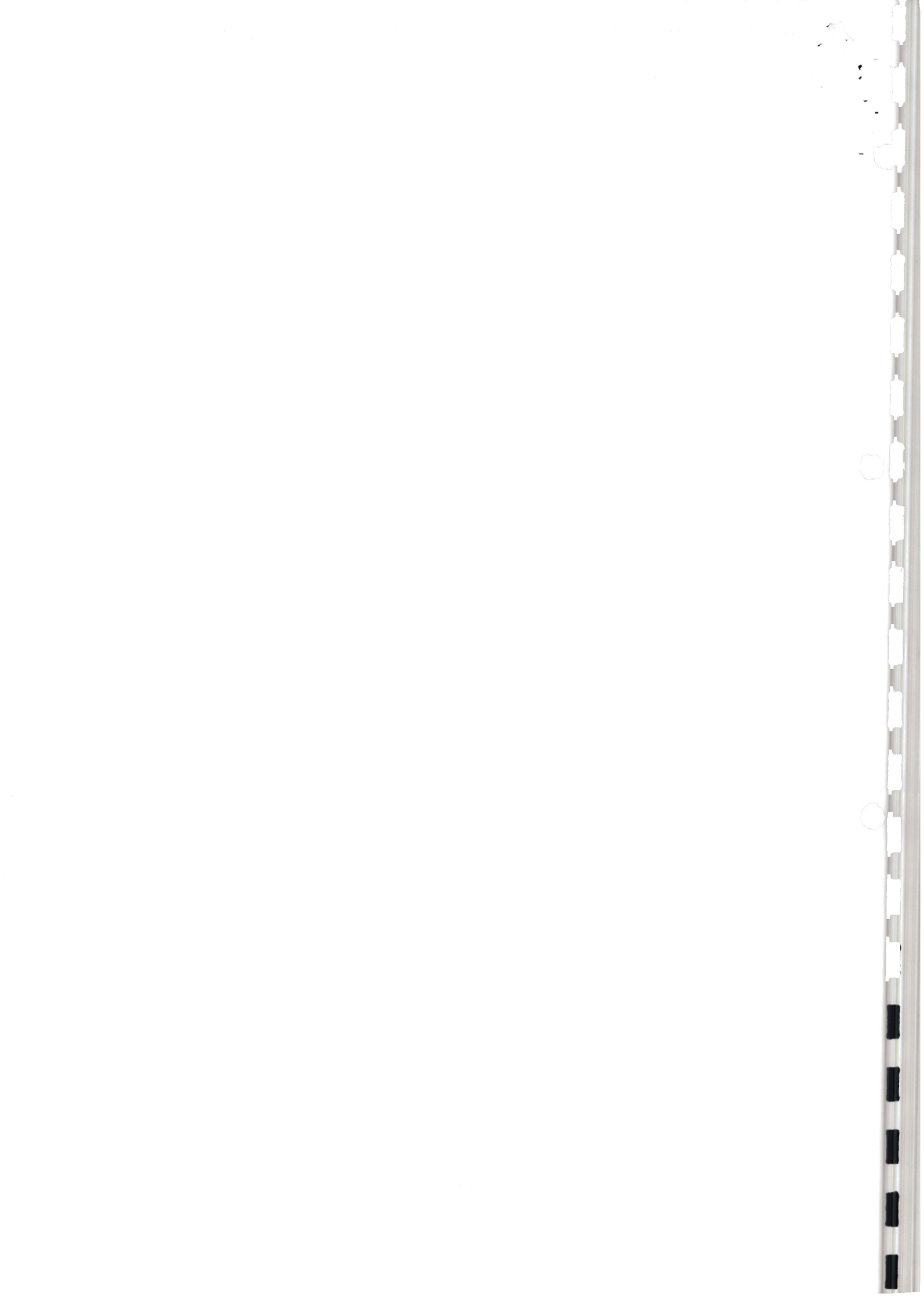
VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A892502	5,500,000.00	54,190,093.00
AIE NO	A892611	30,648,275.10	4,094,827.60
AIE NO	A896779	37,905,172.00	36,853,449.00
AIE NO		0	10,000,000.00
TOTAL		74,053,447.1	105,138,369.6

2. PROCEEDS FROM SALE OF ASSETS

	2017-2018	2016-2017
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
	0	0
Total	0	0



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

Reports and Financial Statements

For the year ended June 30, 2018

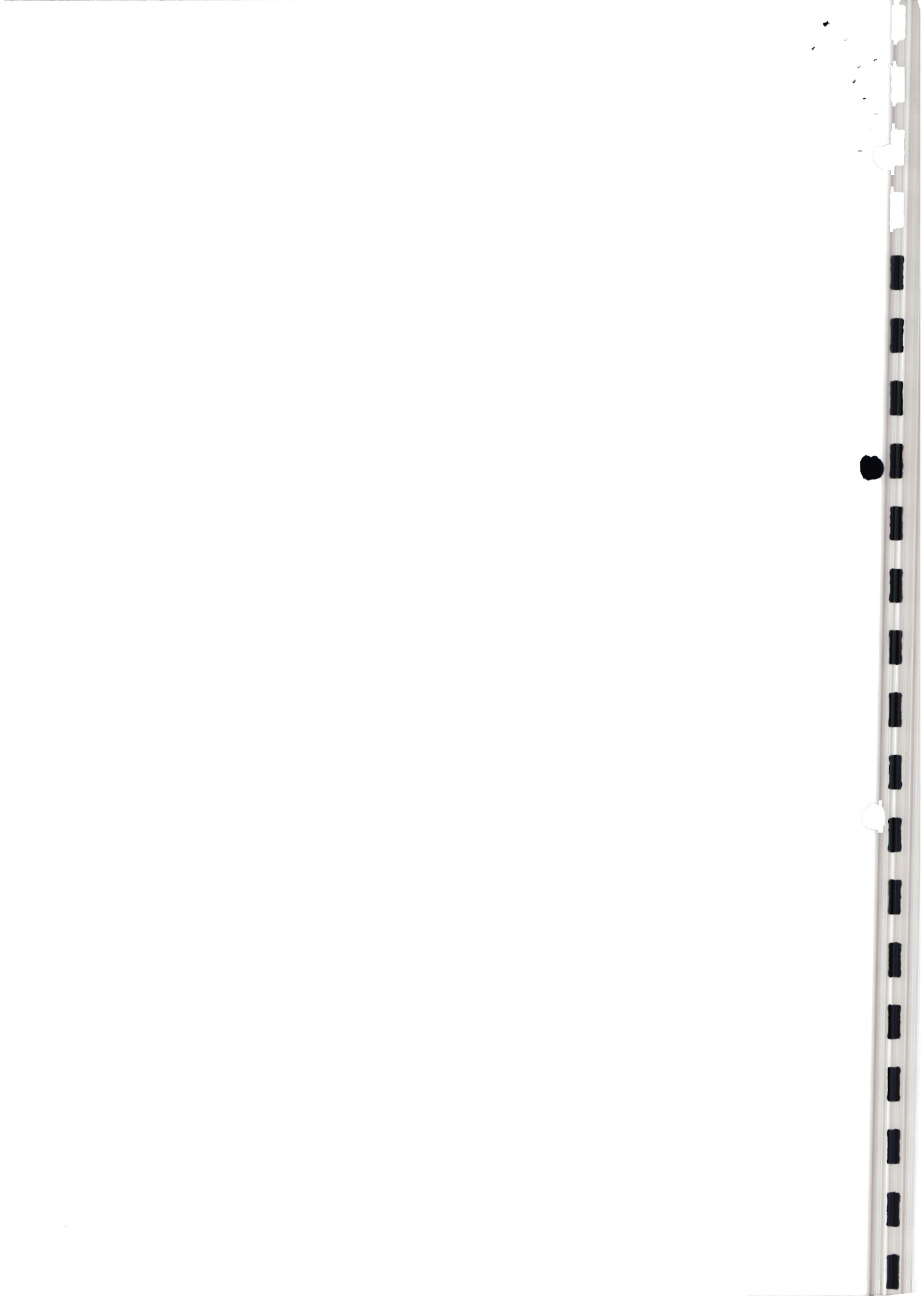
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	144,750	0
Other Receipts Not Classified Elsewhere	0	0
Total	144,750	0

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Re-stated Kshs
Basic wages of contractual employees	2,079,682	2,007,753
Basic wages of casual labour	0	0
Personal allowances paid as part of salary	0	0
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Other personnel payments	0	0
Employer contribution to NSSF	80060	0
Total	2,159,742	2,007,753



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

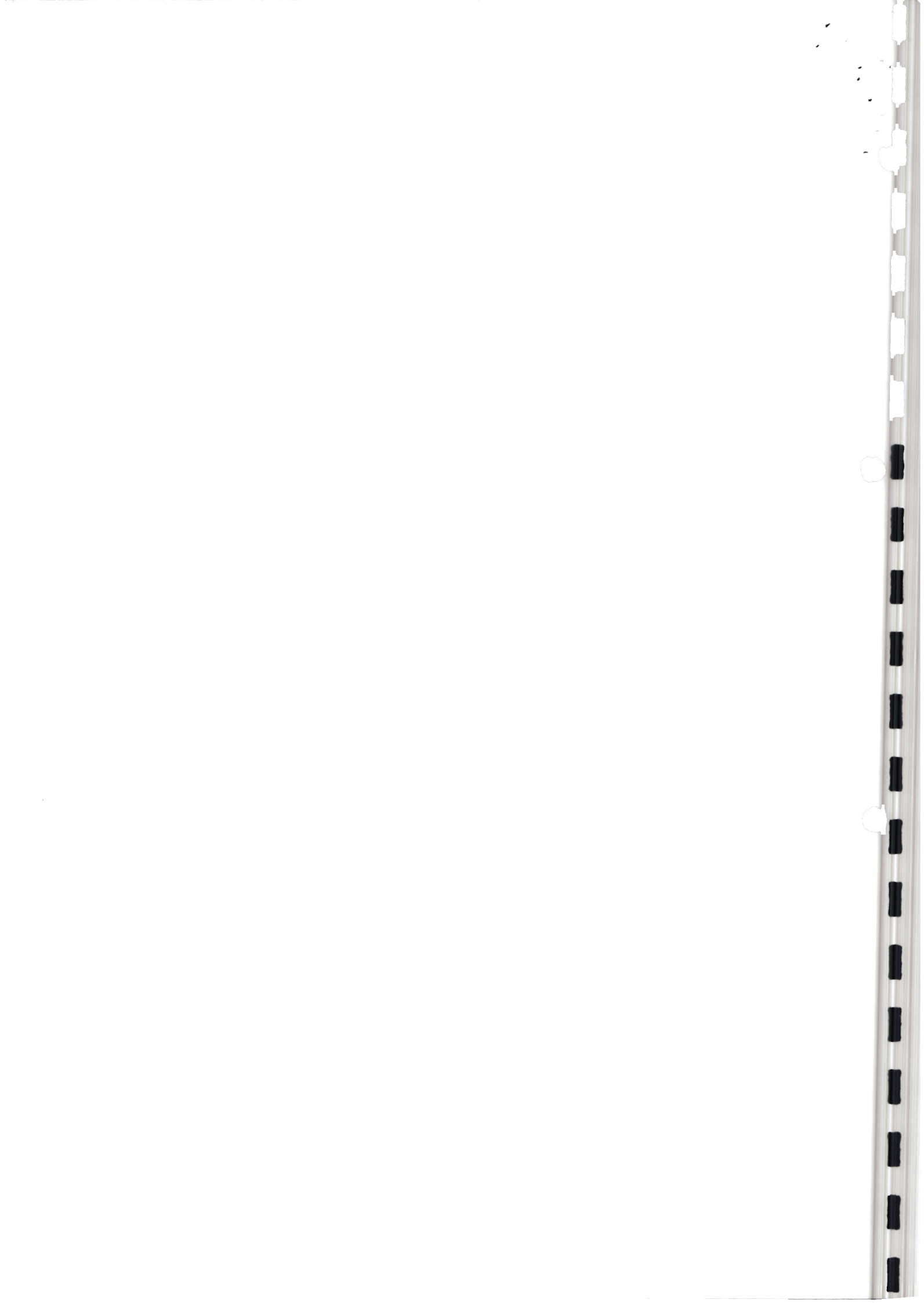
Reports and Financial Statements

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	45,000	93,751
Office rent	-	180,000
Communication, supplies and services	167,500	69,000
Domestic travel and subsistence	135,700	56,400
Printing, advertising and information supplies & services	175,751	782,600
Rentals of produced assets		
Training expenses	382,650	1,180,439
Hospitality supplies and services	-	400,000
Other committee expenses		
Committee allowance	1,637,750	3,554,500
Insurance costs		
Office and general supplies and services	384,649	289,250
Fuel ,oil & lubricants	72,977	714,481
Other operating expenses (bank charges)	169,218	
Routine maintenance – vehicles and other transport equipment	420,400	907,275
Routine maintenance – other assets	79,050	
Total	3,670,645	8,227,696



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

Reports and Financial Statements

For the year ended June 30, 2018

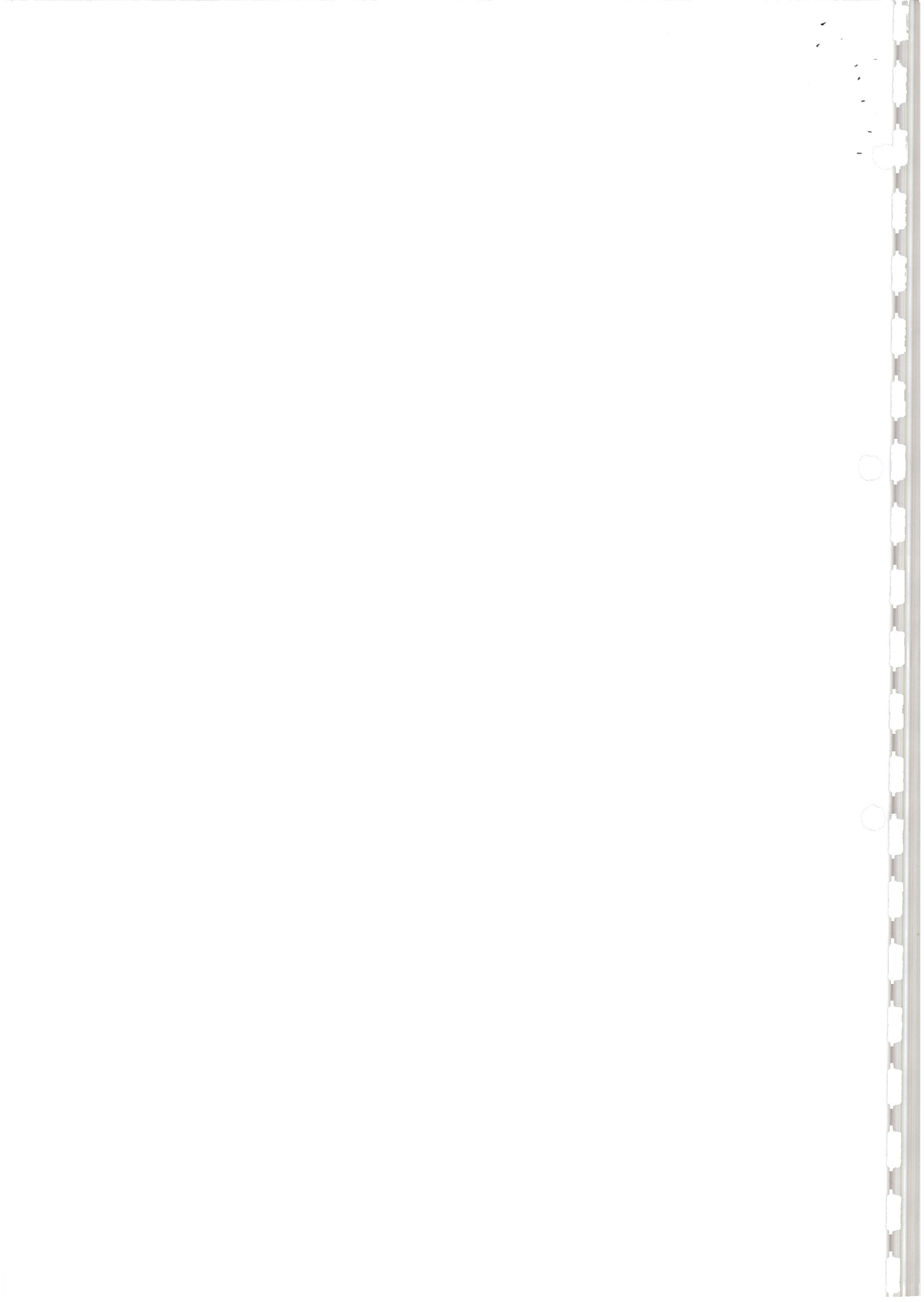
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017 Re-stated
	Kshs	Kshs
Transfers to primary schools	18,302,125	49,044,316
Transfers to secondary schools	10,000,000	9,268,503
Transfers to Tertiary institutions	9,485,000	17,915,000
Transfers to Health institutions	0	
TOTAL	37,787,125	76,227,819

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017-2018	2016-2017 Re-stated
	Kshs	Kshs
Bursary -Secondary	14,503,017	15,647,290
Bursary -Tertiary	7,478,500	5,823,800
Bursary-Special schools		
Mocks & CAT		300,000
Environment		1,200,000
Security	6,900,000	7,684,434
Sports		4,263,602
Emergency Projects (specify)	-	9,400,000
Total	28,881,517	44,319,126



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

Reports and Financial Statements

For the year ended June 30, 2018

8. ACQUISITION OF ASSETS

Non Financial Assets	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	951,504
Refurbishment of Buildings		
Purchase of Vehicles		
Purchase of Bicycles & Motorcycles		
Overhaul of Vehicles		
Purchase of office furniture and fittings	-	299,500
Purchase of computers ,printers and other IT equipments		
Purchase of photocopier		
Purchase of other office equipments		
Purchase of soft ware		
Acquisition of Land	-	-
Total	-	1,251,004

9. OTHER PAYMENTS

Description	2017-2018	2016-2017
Strategic Plan	-	-
ICT Hub	-	-
TIVET	-	-
TOTAL	-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SEME
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 (A) BANK BALANCES (CASH BOOK BALANCE)

Name of Bank, Account No. & currency		2017-2018	2016-2017 Re-stated
	Account Number	Kshs	Kshs
Equity Bank, Angawa Branch Kisumu	1260261899624	4,650,002	2,742,333
Total		4,650,002	2,742,333

10 (B) CASH IN HAND

		2017-2018	2016-2017
		Kshs	Kshs
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
Total		-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SEME
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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. OUTSTANDING IMPRESTS

Name of Officer	Date imprest taken	Amount Taken	Amount Surrendered	Balance (30/6/2018)
		Kshs	Kshs	Kshs
				-
		-	-	-

12. RETENTION

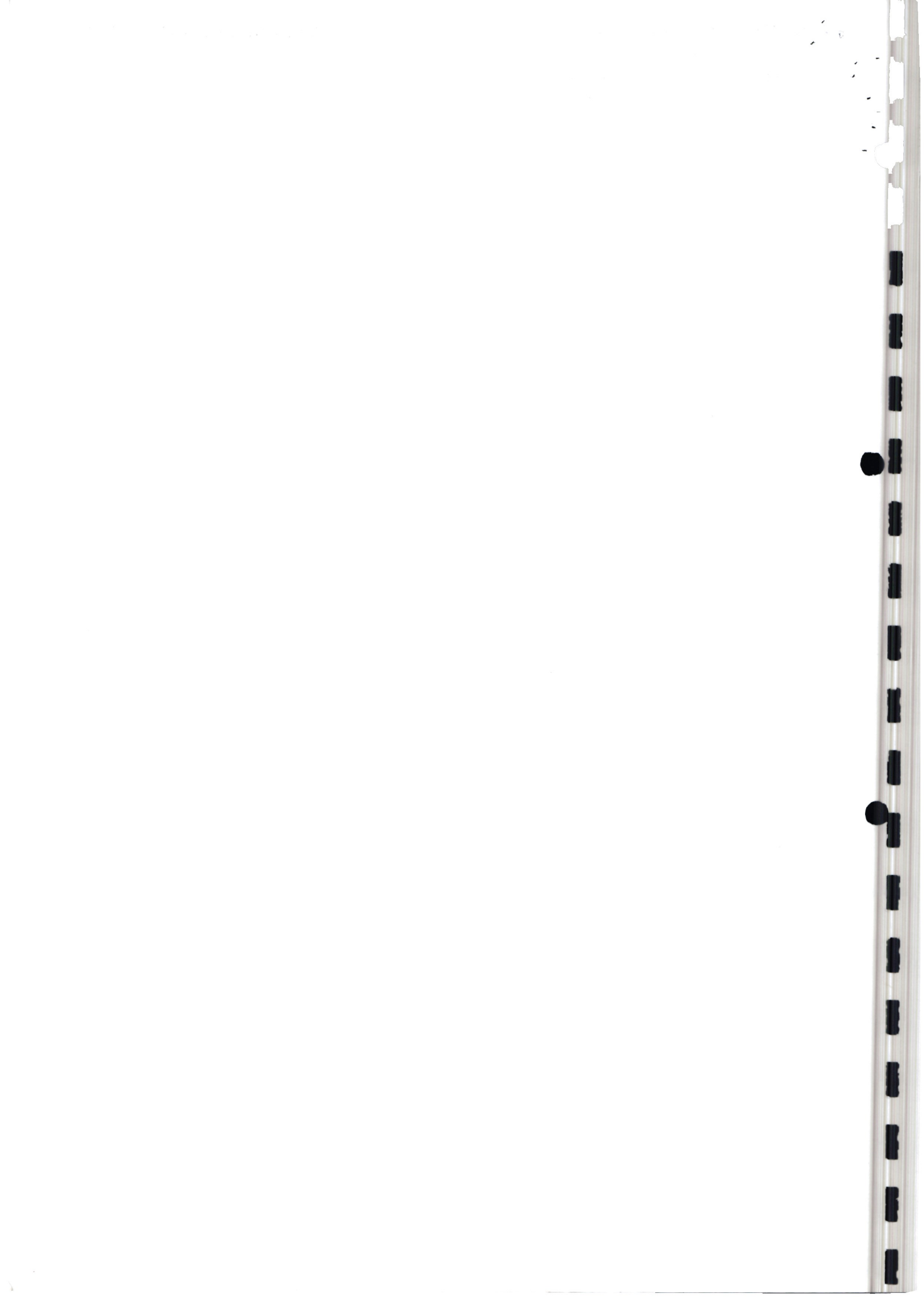
Supplier/Contractor	PV no	2017-2018	2016-2017
		0	0

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	2,742,333	28,603,360
Cash in hand	0	0
Imprest	0	0
Total	2,742,333	28,603,360

14. PRIOR YEAR ADJUSTMENT

	2017-2018	2016-2017
Description	Kshs	Kshs
Bank accounts	208,500	
Cash in hand	-	-
Imprest	-	-
Total	208,500	-



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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

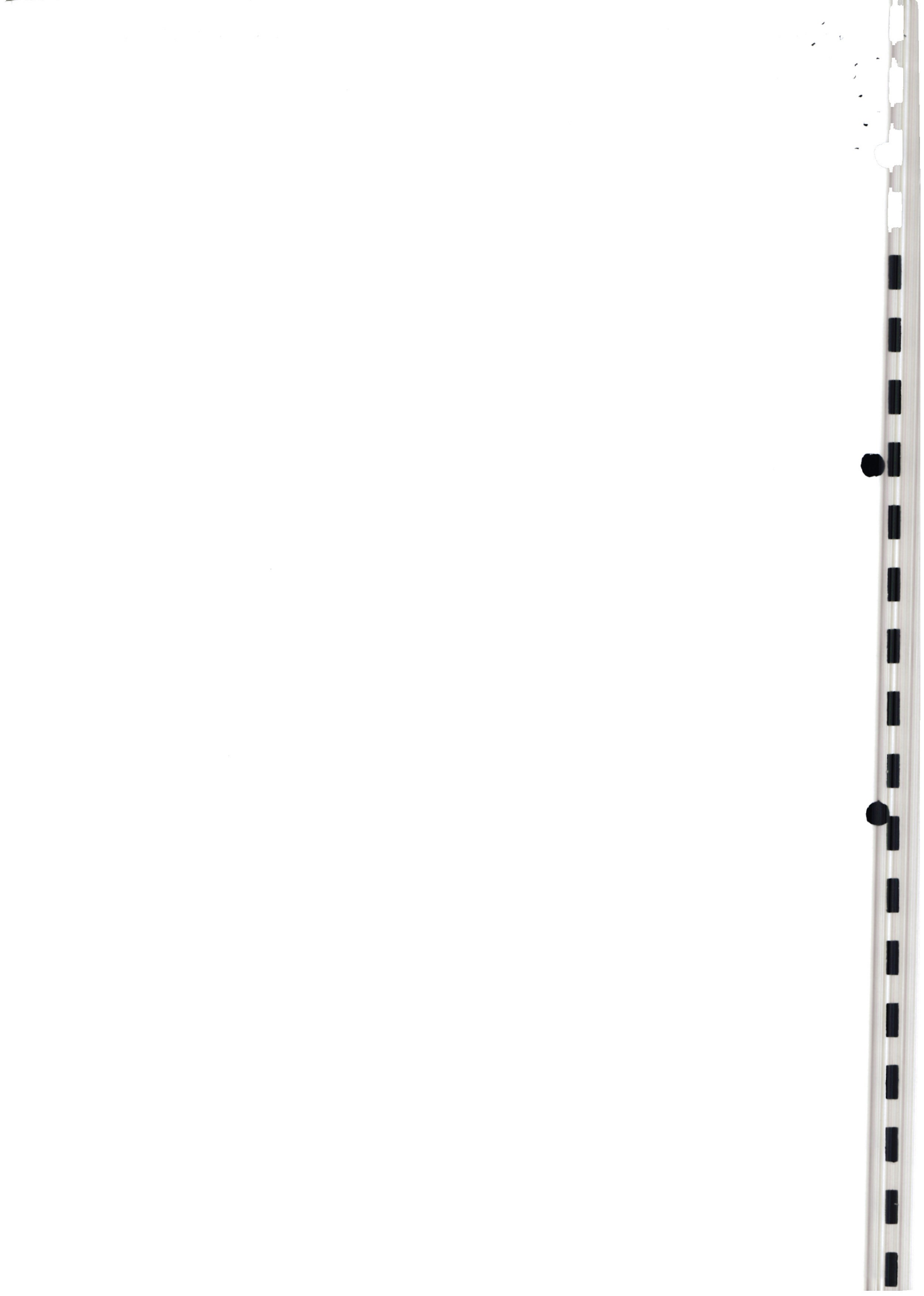
	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	320,550	265,606
	320,550	265,606

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others (<i>Gratuity</i>)	102,675	241,990
	102,675	241,990

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Fund Balance b/f	2,742,333	
Compensation of employees	0	0
Use of goods and services	2,364,778	0
Amounts due to other Government entities (see attached list)	14,698,497	23883433
Amounts due to other grants and other transfers (see attached list)	14,185,000	4700000
Acquisition of assets		0
Others (Constituency Inf Hubs)		2364780
	33,990,608	30948213



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SEME
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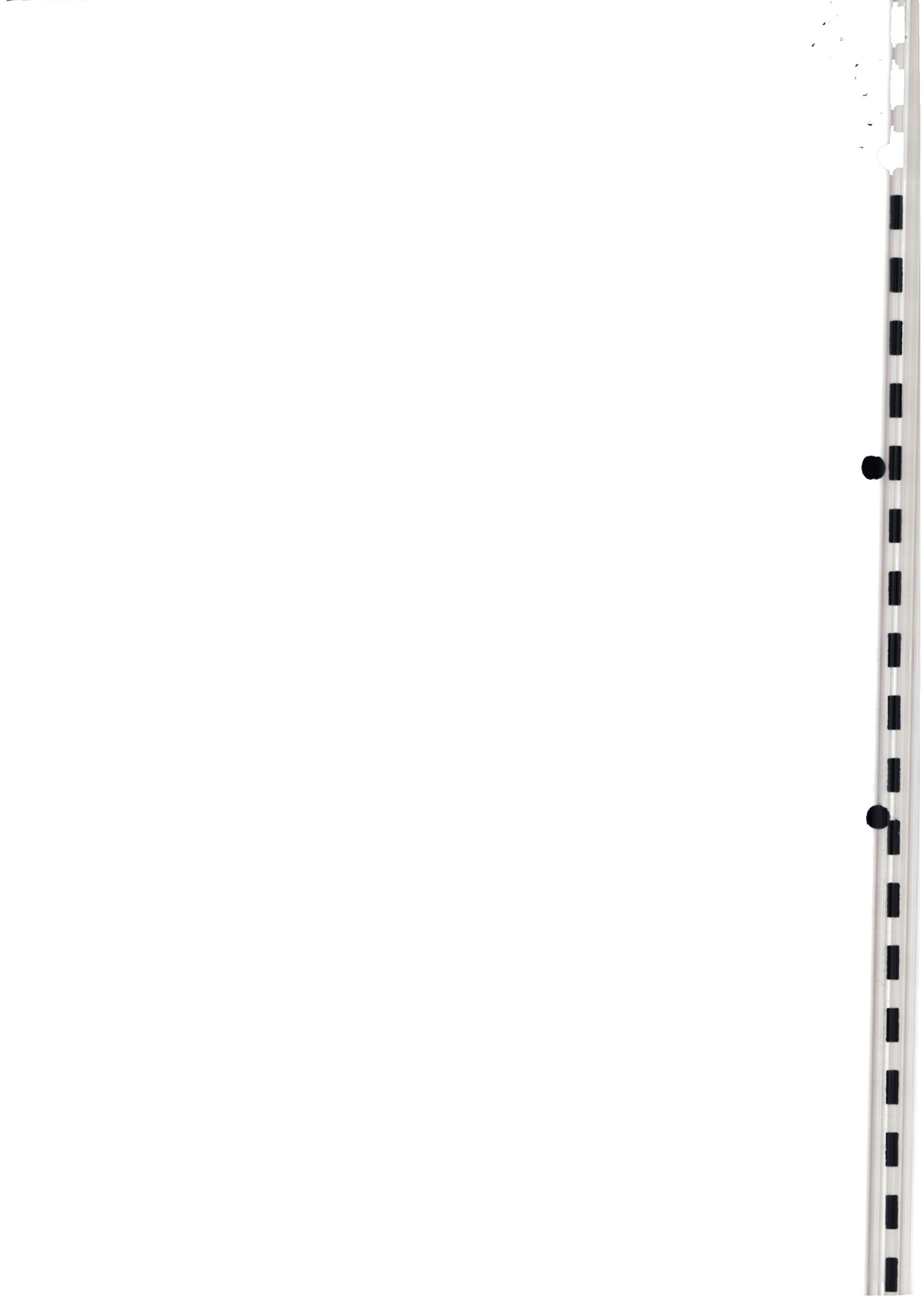
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

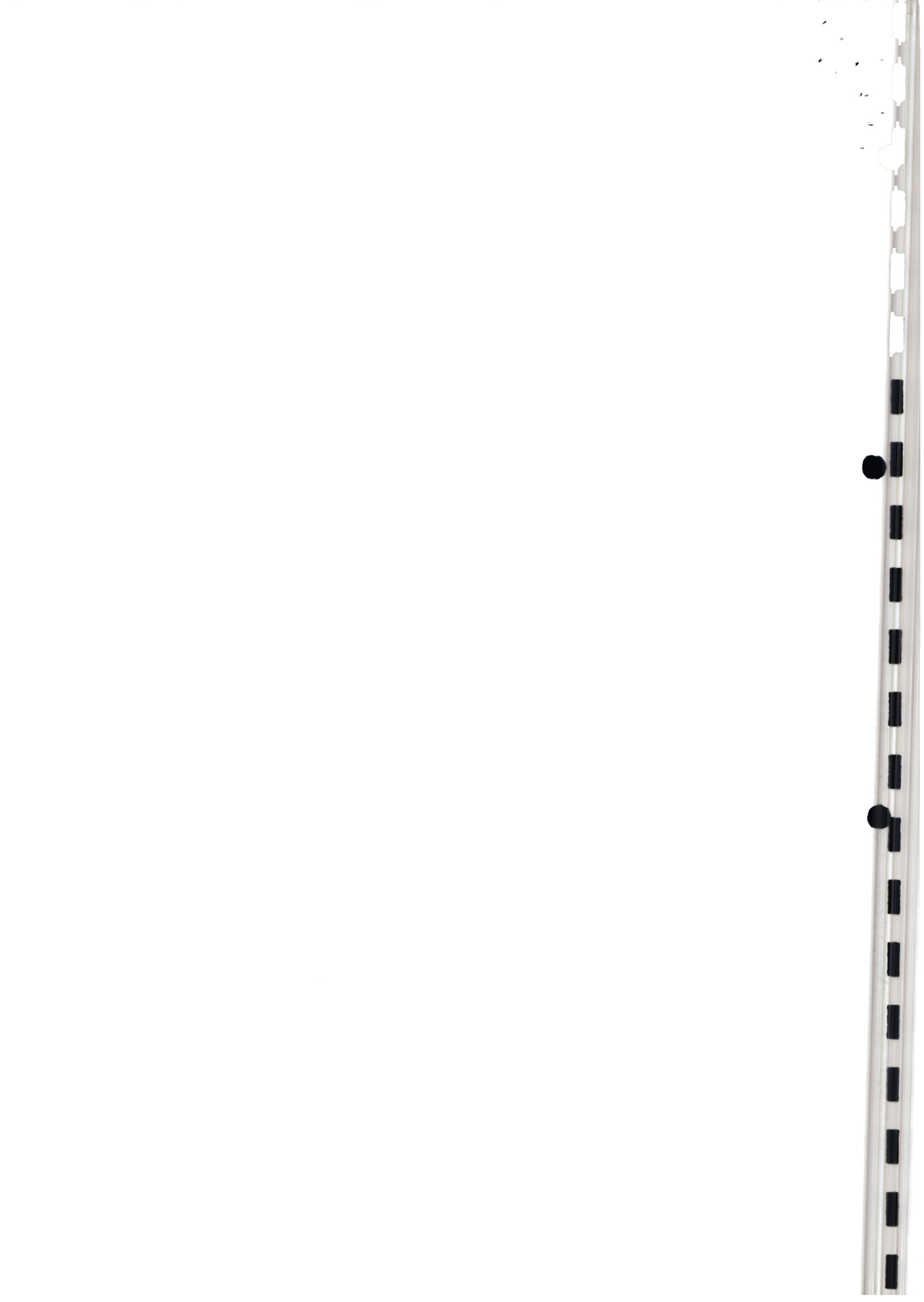
15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	31,885,152	23,974,655
	31,885,152	23,974,655



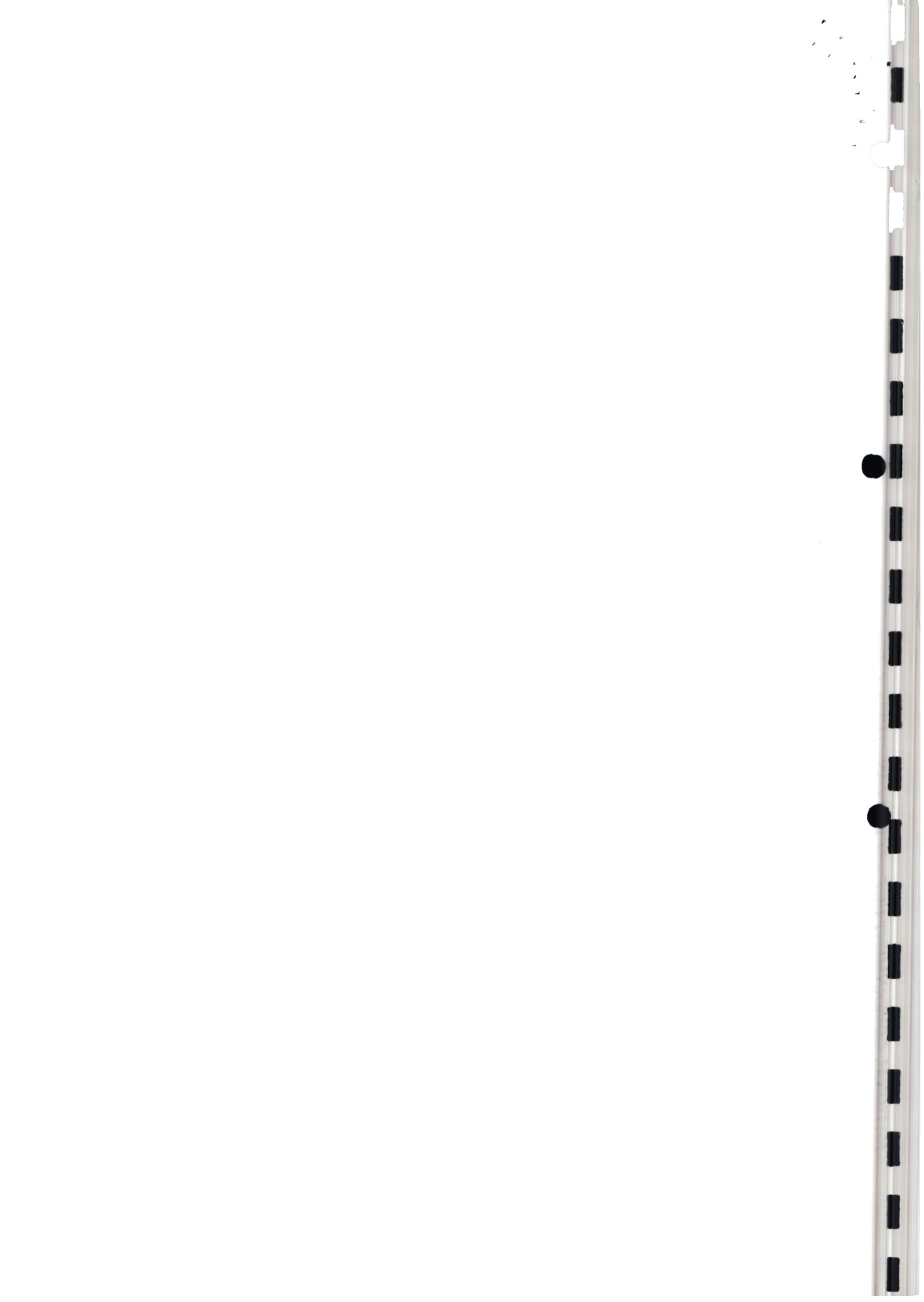
ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2018 d=a-c	Outstanding Balance 2017	Comments
Construction of buildings						
1.				0	0	
2.				0	0	
3.				0	0	
Sub-Total				0	0	
Construction of civil works						
4.				0	0	
5.				0	0	
6.				0	0	
Sub-Total				0	0	
Supply of goods						
7.				0	0	
8.				0	0	
9.				0	0	
Sub-Total				0	0	
Supply of services						
10. CMC MOTORS				320,550	265,606	repairs of GKA647T
11.				0	0	
12.				0	0	
Sub-Total				320,550	265,606	
Grand Total				320,550	265,606	



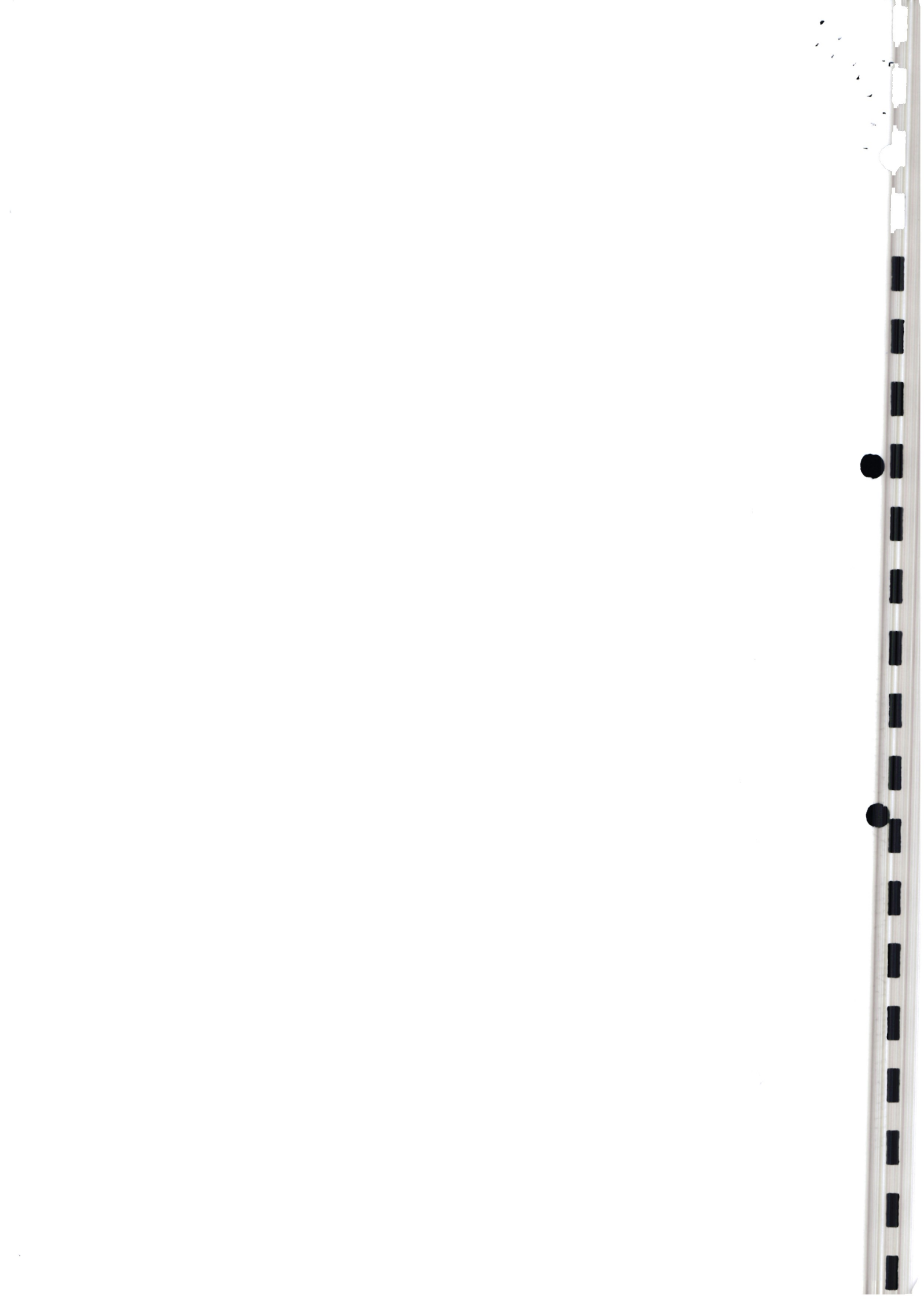
ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		a	B	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total					0	0	
Middle Management							
4.							
5.							
6.							
Sub-Total					0	0	
Unionisable Employees							
7.							
8.							
9.							
Sub-Total					0	0	
Others (specify)							
10.					102,675	494,280	
11.					0	0	
12.					0	0	
Sub-Total					102,675	494,280	
Grand Total					102,675	494,280	



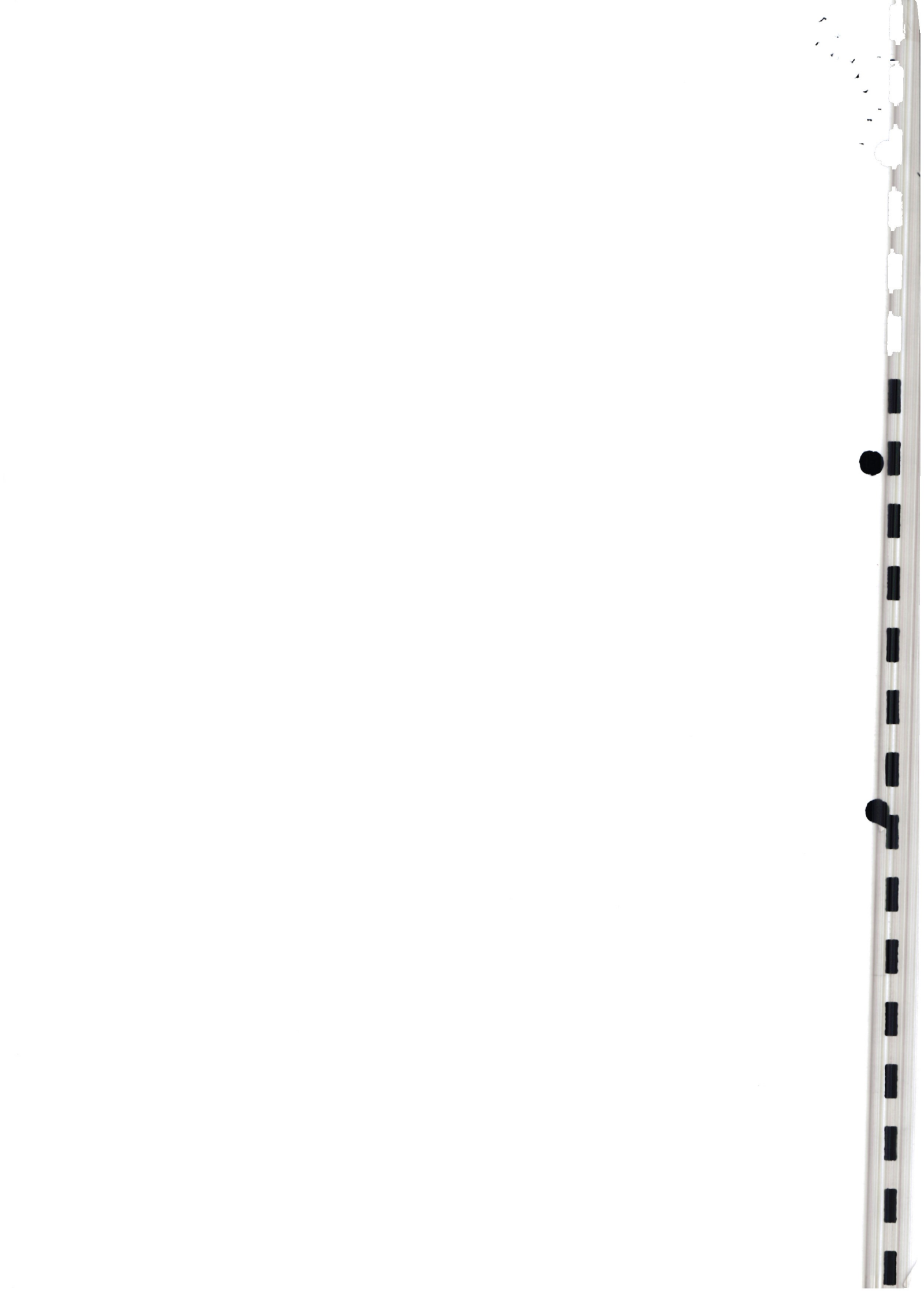
ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Fund balance b/f		2,742,333		
Compensation of employees		0	0	
Use of goods & services		2,364,778	3,536,153	
Amounts due to other Government entities		0	0	
		14,698,497	23,987,963	
		0	0	
		0	0	
Sub-Total		19,805,608	27,524,116	
Amounts due to other grants and other transfers				
		14,185,000	6,358,987	
		0	0	
		0	0	
Sub-Total		14,185,000	6,358,987	
Sub-Total				
Acquisition of assets			0	
			0	
			0	
			0	
			0	
			0	
Sub-Total			0	
Grand Total		33,990,608	30,948,213	



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	-	0	0	-
Buildings and structures	19,982,784	0	0	19,982,784
Transport equipment	5,152,000	0	0	5,152,000
Office equipment, furniture and fittings	592,500	0	0	592,500
ICT Equipment, Software and Other ICT Assets	834,000	0	0	834,000
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	26,561,284	0	0	26,561,284



NATIONAL GOVERNMENT CDF – SEME CONSTITUENCY

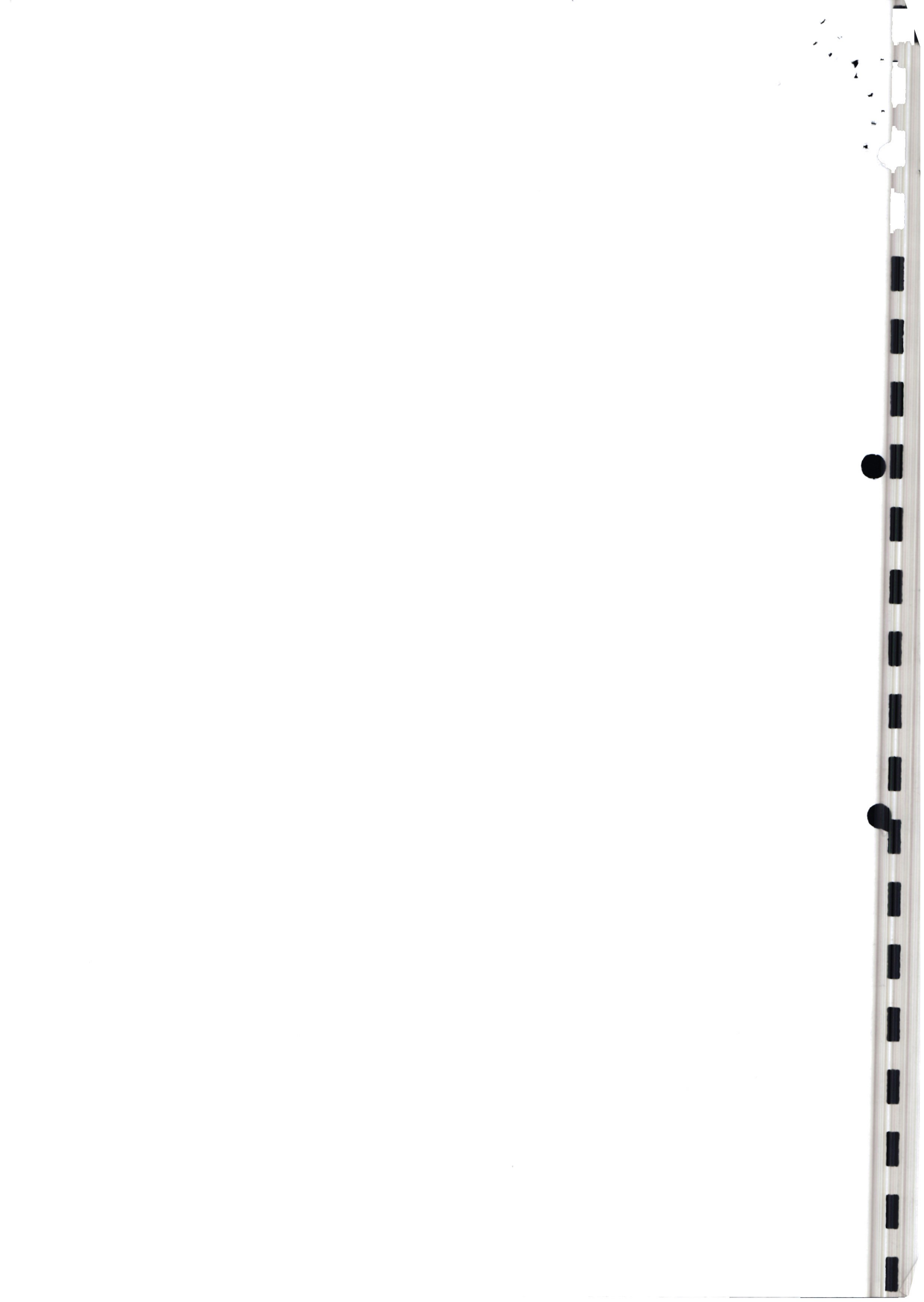
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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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.

Ref No. audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	<p>Included in the statement of financial assets is bank balance of Ksh. 2,935,053 . However , this figures differs with the cash book balance of Ksh.2,742,332 resulting in unexplained variance of Ksh. 192,721. In addition the bank reconciliation statement of 30 June 2017 included unpresented cheques that had become stale amounting Ksh. 378,220 which had not been replaced or reversed in the cash book.</p> <p>Consequently the bank balance of Ksh,2,935,053 could not be confirmed</p>	<p>We have passed JV to clear the variances (see attached)</p> <p>Stale cheques in question have also been reversed in the cashbook</p>	
2	<p>Included in the use of goods and services figure of Ksh. 8,227,695 are payments totalling Ksh. 1,093,00 relating to M & E activities which have not been supported with relevant documentation such as minutes, signed acknowledgement schedules and signed evaluation reports</p> <p>Consequently the regularity of Ksh.1,093,00 could not be confirmed</p>	<p>M & E minutes and signed schedules are now availed</p>	
	<p>Included in the transfer to other government units figure of Ksh. 82,127,819 were transfers to primary schools of Ksh. 53,744,316 and transfers to secondary schools of Ksh 10,468,503 all totalling to Ksh. 6,060,000 that were paid out of emergency fund yet classified as transfer to other government units. Management has not explained why these payments were misclassified and whether they met the threshold forthe utilization of emergency as per section 8 of NGCDF Act 2015</p>	<p>We agree with observation of the Audit Team. Except for Korwenje Secondary School Cheque number 1734 (for Kshs. 200,000) which is a bursary cheque, the rest are emergency cheques</p> <p>We have passed JV to rectify the anomalies</p>	
	<p>In Addition the following were noted Ami Primary School received Ksh. 1,600,000 for the construction of 2 classrooms and the works involved foundation, walling, roofing, fitting and painting. Physical verification of works in July 2018 revealed that the classrooms were complete</p>	<p>The contractor was recalled to do the floor, however it is still having the same challenges. Seme NGCDF has since recommended tiling of floors to address this challenge</p>	

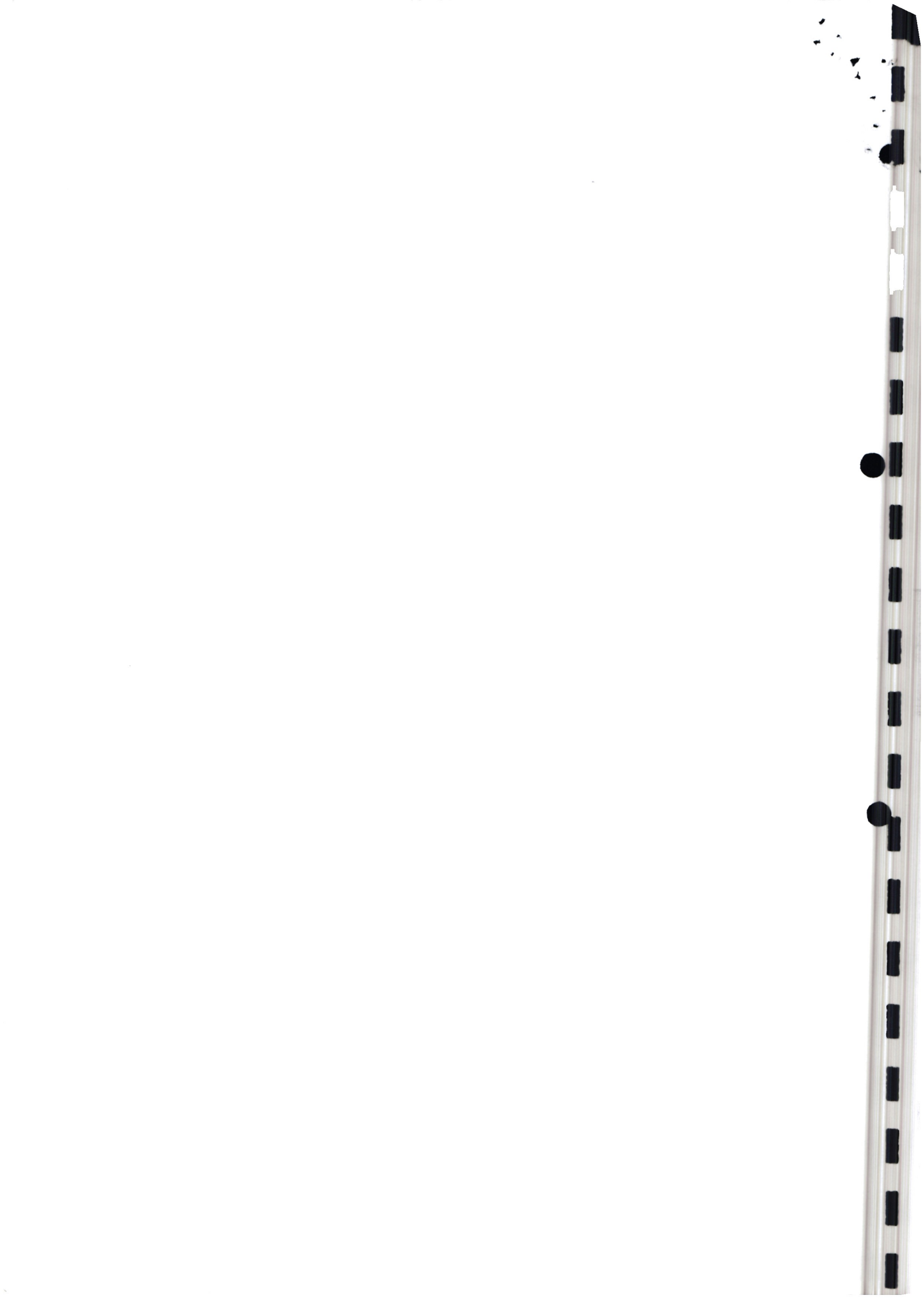


NATIONAL GOVERNMENT CDF – SEME CONSTITUENCY

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Ref No. audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	and in use but cracks on the floor were visible		
	Ranen Girls Secondary school received Ksh.800,000 in May 2017. However these funds had been budgeted and approved for Ranen Primary School. Management did not explain why the reallocation was done without Boards approval	The project was started by the community who constructed the ground floor of the building as part of improving the primary school infrastructure. Later the Primary School BOM hived that section of primary school compound where the new building is located to start a girls' secondary school. As a NGCDFC we were funding primary school until the community changed it to a secondary school.	
	Oruga Primary School received 1,000,000 in May 2017 for floor hacking, screeding plastering, painting and fitting of four classrooms. Physical verification revealed that only 2 classrooms were renovated and whose walls had already developed craccks	The project wall was demolished upto window level and columns and beams were introduced. However, it seems that during the vibration of the columns, the wall below the window was rendered weak hence the cracks. We are planning to reconstruct the old wall using the underpinning technology to curb the problem.	
4	Other grants and Transfer – unsupported payment of Ksh. 300,000.00	We have provided supporting documents from Kepsha	
5	Summary of Statement of Appropriation The summary statement of appropriation indicates that the fund received Ksh. 133, 741,730 during the year as shown in the actual on comparable basis column. This is however at variance with Ksh. 134,775,732 being sum of opening cash and cash equivalent of Ksh. 29,637,362 and receipts i the year of Ksh. 105,138,370 Consequently the accuracy of the summary of appropriation statement could not be confirmed	Include in the opening cash and cash equivalent of Ksh 29,637,362 is and outstanding imprest of Ksh 1,034,000 that was expensed during the year	
6	A review of the FS revealed the following in accuracies i. On page 4, paragraph 2 & 3 indicate the year as June 30 2016 and not June 30 2017 ii. On page 23 the figures are in '000 which	The typos have now been corrected	



NATIONAL GOVERNMENT CDF – SEME CONSTITUENCY
Reports and Financial Statements
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Ref No. audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)
	is not the case		
7	Annex 6 to the financial statements indicates that PMC balances as at June 30 2017 were Ksh. 23,974,655. However documentary evidence to support the balances has not been provided Consequently the accuracy of PMC account balances of Ksh 23,974,655 could not be confirmed	PMC bank balances certified by the bank now provided	

