

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 25 SEP 2019

Day: Wednesday

OF

TABLED

BY:

MEMBER:

*Majority party whip
Hon Benjamin Juma
Held*

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
NDHIWA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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



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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 NDHIWA 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	Wilson Ochola
3.	Sub-County Accountant	Meshack Amayo
4.	Chairman NGCDFC	Lameck Ogola
5.	Member NGCDFC	Pamela Olela

(d) Fiduciary Oversight Arrangements

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

NGCDF Office Building,
P.O Box 61-40302,
Ndhiwa.
HomaBay County.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NDHIWA CONSTITUENCY**

**Reports and Financial Statements
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(f) NDHIWA NGCDF Contacts

Telephone: +254 (0) 720352119
E-mail: cdfndhiwa@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NDHIWA NGCDF Bankers

1. Co-operative Bank
P.O Box 228 - 40302
Ndhiwa, Kenya.
2. Equity Bank
P.O. Box 366 - 40300
Homabay, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Summary of the budget performance against actual amounts for current year based on economic classification and programmes

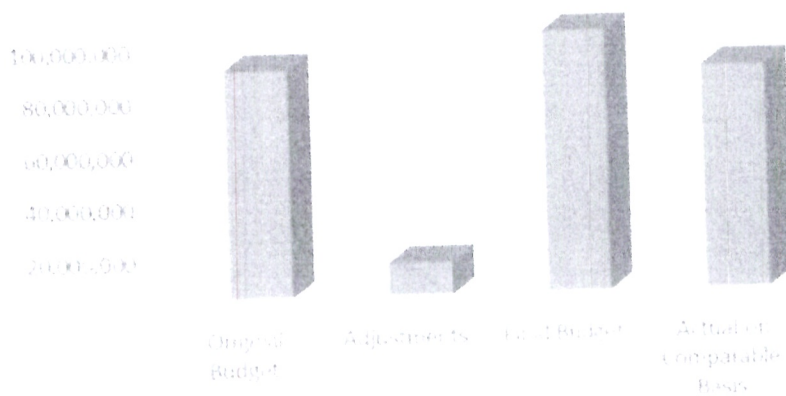
Statements of Receipts and payment 2017/2018
 against 2016/2017



Key
 1-(Surplus of FY 2017/2018)
 2-(Deficient of Fy 2016/2017)

This is an indicator of a Better performed Year 2017/2018 Compared to 2016/2017.

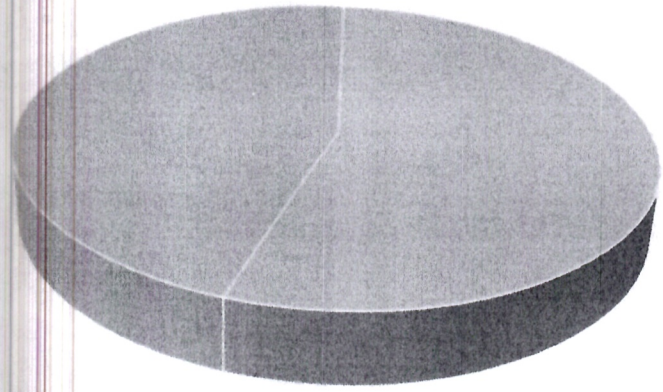
Original Budget, Adjustment, Final Budget and
 Actual receipts



NB: Total Actual on Comparable Basis i.e The Total Funds Allocated during the year was implemented at 85.5% comparatively before the Year Additional Fund Allocation

TITLE:

Allocation for FY 2017/2018 against 2016/2017



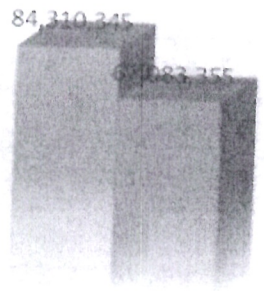
• 2017 - 2018 • 2016 - 2017

Key

- 1-FY 2017/2018 Showing great improvement on financial year allocation.
- 2 FY 2016/2017 Allocation which shows less funds than the current year allocation

**RECEIPTS AND PAYMENTS FOR
 2017/2018**

100,000,000
 80,000,000
 60,000,000
 40,000,000
 20,000,000



1 2
 ■ TOTAL RECEIPTS ■ TOTAL PAYMENTS



KEY ACHIEVEMENTS IN THE FINANCIAL YEAR 2017/2018



FIG 1.1: Ndhiwa Kenya Police line constructed to completion for financial year 2017-2018.



FIG1.2: Construction to completion of Ratanga Police Post in Ndhiwa financial year 2017-2018.



FIG 1.3 Grading and muraming of Okok-Kobodo-Kidoi-Malela road By NGCDF NDHIWA Constituency for Better transportation. FY 2017/2018





FIG 1.4 Installation of ICT Innovation Hub by NG-CDF Ndhiwa. FY 2017/2018

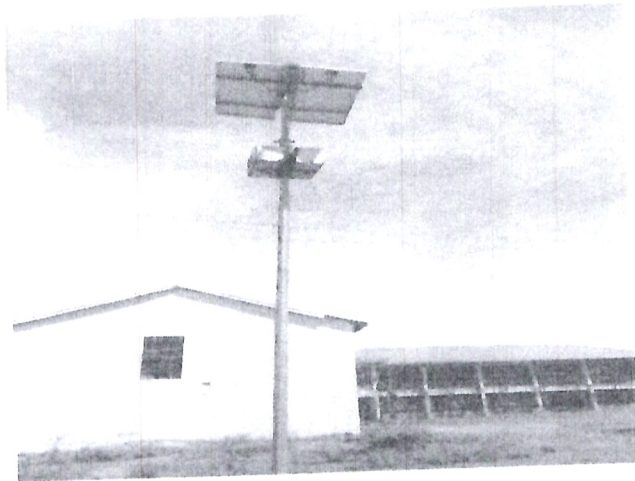


FIG 1.5 Installation of solar lights in Ratanga Secondary school by NG-CDF Ndhiwa. FY 2017/2018

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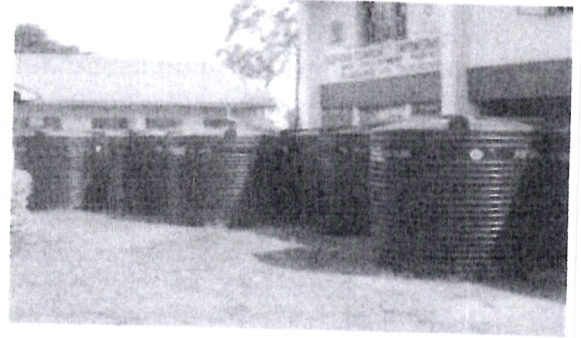
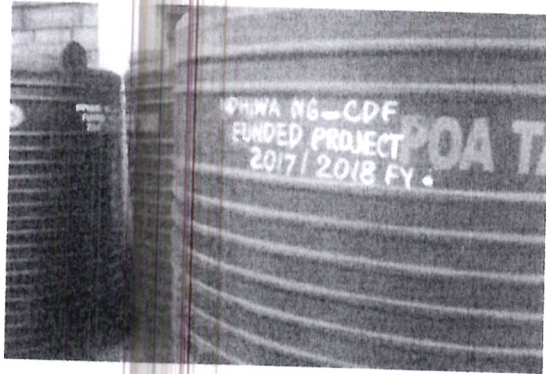


FIG 1.4 Purchase of water tanks by NG-CDF Ndhiwa. for various Primary school for financial 2017/2018.



Fig 1.5 Constituency tournament sponsored by NG-CDF Ndhiwa Constituency Financial 2017/2018.



Fig 1.6 Bursary award to 2017/2018 Ng-CDF Ndhiwa Constituency sponsored student



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IMPLEMENTATION CHALLENGES

There has also been The staff turnover challenge i.e. Fund account managers transfers which results to time consumption in understanding the constituency environment with it operational challenges.

Despite the fact that the year financial year 2017/2018 has had a fare share of challenges, i.e the board gave the first disbursement in February 2018, the absorption rate of the constituency has been good given the odds of events.



Sign

CHAIRMAN NGCDF COMMITTEE

Lameck Otieno Ogola

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
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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- NDHIWA 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- NDHIWA 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-NDHIWA 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- NDHIWA 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- NDHIWA Constituency financial statements were approved and signed by the Accounting Officer on 14-09-2018.



Fund Account Manager
Name: Wilson Ochola



Sub-County Accountant
Name: Meshack Amayo
ICPAK Member Number: 16033



REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

Adverse Opinion

I have audited the accompanying financial statements Ndhwa National Government Constituencies Development Fund set out on pages 12 to 38 which comprise the statement of assets as at 30 June 2018 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation 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, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Ndhwa National Government Constituency 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 do not comply with the Public Finance Management Act, 2012 and NGCDF Act, 2015.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

1.1 Misstatement of Cash and Cash Equivalents

The statement of assets as at 30 June 2018 reflects bank balance as per cash book of Kshs.17,766,574 out of which Kshs.16,165,134 was bank balance at Equity Bank while Kshs.1,601,440 at Cooperative bank. The bank reconciliations statement in support of this cash book balance reflects payment in bank statement not in cash book of Kshs.609,939.08 in respect to long outstanding bank commission. No explanation has been made for non-recording of the long outstanding commission payment in the cash book.

In the circumstances, the accuracy and validity of the cash and cash equivalents balance of Kshs.17,766,574 as at 30 June 2018 could not be confirm.

1.2 Unpresented Bursary Cheques

The statement of assets as at 30 June 2018 reflects bank balance as per cash book of Kshs.17,766,574 of which Kshs.16,165,134 was bank balance at Equity while Kshs.1,601,440 from Cooperative bank. The bank reconciliation statement in

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support of this cash book balance reflects unpresented cheques of Kshs.4,796,162 for the two bank accounts which includes Kshs.2,973,000 for Bursary funds which were prepared between May-June 2018. It was not clear why the bursaries cheques were not issued to the needy students. Consequently, the propriety of the expenditure totaling to Kshs.4,796,162 could not be confirmed.

1.3 Misstatement of Statement of Appropriation on Recurrent and Development

Included in the summary of statement of appropriation recurrent and development of the final budget of Kshs.99,229,239 is an adjustment of Kshs.12,418,894 less opening bank balance leaves a balance of Kshs.11,879,310 which is fully spent during the year and is not supported by any documentary evidence. As a result, the accuracy and propriety of the adjustment expenditure/receipt of Kshs.11,879,310 could not be ascertained.

1.4 Unexplained Variance

The statement of receipts and payments reflects Kshs.3,041,529 in respect to compensation of employees. However, analysis of the expenditure showed a balance of Kshs.2,471,086 resulting in an unexplained variance of Kshs.570,443 as shown below.

Item	Financial Statements Balance Kshs.	Ledger /Analysis Balance Kshs.	Variance Kshs.
Basic wages of employees	2,038,131	1,711,838	326,293
Employer contribution to NSSF, NHIF	190,440	26,690	163,570
Gratuity	812,958	732,558	80,400
Total	3,041,529	2,471,086	570,443

1.5 Non-Disclosure of Routine Maintenance of Motor Vehicle

Included in the receipts and payments is use of goods of Kshs.2,325,970 which includes Nil balance of routine maintenance-vehicles and other transport equipment. However, a review of the bank reconciliation statements of Equity Bank account reflects unpresented cheque in favour of P. Njuguna Garage for routine maintenance of motor vehicle. This expenditure of Kshs.331,897 was not disclosed under use of goods and services. In the circumstances, the accuracy and completeness of use of goods and services expenditure of Kshs.2,325,970 as at 30 June 2018 could not be confirmed.

1.6 Fixed Assets Register

Included in annexure 4 to the financial statements is summary of fixed asset register which reflects a total balance of Kshs.32,836,333 as at 30 June 2018. However, it was noted that the fixed assets increased from Kshs.32,836,333 as at

30 June 2017 to Kshs.33,213,933 as at 30 June 2018 by Kshs.377,600. The years were erroneously transposed. Consequently, the accuracy and completeness of fixed assets register could not be confirmed.

1.7 Unutilized Funds from Budget

Significant Accounting Policies Note no.10 states that the unutilized funds should consist of opening bank balance in the constituency account and previous years' balance not yet disbursed by the board. However, from Note 15.3 the unutilized balance was Kshs.32,145,885. From the same note it was indicated that the undisbursed funds was Kshs.11,379,310 and opening cash balance is Kshs.539,584 amounting to a total of Kshs.11,918,894 therefore resulting to unreconciled and unexplained variance of Kshs.20,226,991.

Under the circumstances, the accuracy and completeness of the unutilized balance of Kshs.32,145,885 as at 30 June 2018 cannot be confirmed.

In view of the foregoing, the accuracy and completeness of the financial statements for the year ended 30 June 2018 could not be ascertained.

2. Unsupported Emergency Project

Included in other grants and other payments balance of Kshs.52,343,456 is emergency projects out of which Kshs.5,658,456 was spent on various projects from the emergency reserve. However, no documentary evidence was provided to demonstrate that the projects were eligible for funding as emergencies as provided for in Section 8 (3) and Section 10 of the NG-CDF Act 2015. Consequently, the propriety of Kshs.5,658,456 cannot not be confirmed.

3. Unaccounted for Cash Withdrawals

Included in the statement of receipts and payments is use of goods of Kshs.2,325,970. However a review of the bank statements at Cooperative and Equity Bank accounts reflects cash withdrawals of Kshs.3,394,700 and Kshs.1,415,456 respectively resulting to total cash withdrawals for the period of Kshs.4,810,156, therefore unexplained variance of Kshs.2,484,186.

In the circumstance, the propriety of the use of goods and services amount of Kshs.2,325,970 for the year ended 30 June 2018 could not be confirmed.

4. Irregular Land Purchase for Tom Mboya University

A review of financial record at Ndhiwa NG-CDF, revealed that a Sale Agreement was made between NG-CDF Ndhiwa as the purchaser and Tom Obunga Guga holder of ID Card No 3503296 as the vendor in respect of construction of the proposed construction of Tom Mboya University in Ndhiwa. The land Parcel No KANYAMWA/KABONYO/KWANDIKU/1005 in Kologi ward in Mirogi of 17.7Ha (45 Acres) was valued at Kshs.24,750,000. Terms of the contract are:

Terms of the Contract

The Vendor was to be paid Kshs.2.5 Million on signing of the sale agreement done on 20 June 2018. A sum of Kshs.10 Million will be paid in November 2019 and

balance of Kshs.12.25 Million will be paid in May 2020. However audit verification revealed the following anomalies in relation purchase of the said land:

- Minutes by the university council approving the proposal to open a University at Ndhiwa.
- No application/approval by the Commission of University Education to open a university at Ndhiwa.
- An expression of interest to secure Land by Tom Mboya University College Principal was dated 2nd January 2018 after the first payment had been made on 20 June 2018.
- A request for Land valuation for the said parcel was dated 30th October 2018 by the Fund Manager, NG-CDF Ndhiwa after a payment of 2.5 Million was already made to the vendor on 26 June 2018. TOM OBUNGA GUGA Land Purchase Payment voucher.
- The valuation report by the office of the valuer, Ministry of Lands, Housing and urban Development Kisii/Nyamira/Homa bay & Migori was dated 31 October 2018, after signing of the sale agreement.
- Certificate of official Search was dated 31 October 2018, after signing a sale agreement, this was irregular as the search precedes the sale agreement.
- There was not official receipt paid in respect to the search availed for audit review in order to establish if the search was actually conducted and was genuine, further the person who applied for the search had only a name called "Silas", no ID Number or phone number was shown on the official search thus giving rise to very minimal disclosure of the person who applied for the official search.
- The budget proposal for 2017/2018, an amount of Kshs.2.5 Million was approved by the CDF Board in respect to Jaramogi Oginga Odinga University and not Tom Mboya University College under tertiary Institutions.
- Further the expression of interest was done by the Acting Principal of Tom Mboya University whereas the sale agreement is for the purpose of building the proposed Jaramogi Oginga Odinga University thus difficult to ascertain the exact university the project was in respect.

Project Physical Verification

Physical verification was carried out on 27 March 2019 and the following was noted:

The site was an irregular shaped piece of land with a small stream at the slopping end of the land.

Beacons were present on one side of the land which was accessible to the audit team as the land was bushy with overgrown shrubs.

In the vicinity there were human settlements, thus it was difficult to determine the exact demarcation as the area was bushy with shrubs.

In view of these anomalies, the propriety and validity of the expenditure of Kshs.2,500,000 in respect to the purchase of land could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of 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 adverse opinion.

Emphasis of Matter

1. Budgetary Control and Performance

Budget Performance Analysis

Ndhiwa NG-CDF constituency was allocated a total of Kshs.86,810,345 and a further Kshs.11,379,310 under the supplementary budget and prior year unutilized funds of Kshs.1,039,584 bringing the total allocation in the year to Kshs.99,229,239. It was further noted that the actual expenditures in the year was Kshs.67,083,355 against the final budgeted amount of Kshs.99,229,239 resulting in an under absorption by Kshs.32,145,884 or approximately 32 % of the budget as indicated below;

Item	Current year Final Budget Figures Kshs	Current Year Actual Figures Kshs	Variance Kshs
Compensation of employees	4,228,018	3,041,529	1,186,489
Use of Goods and Services	5,129,345	2,325,970	2,803,375
Transfer to Other Government Units	22,019,800	8,994,800	13,025,000
Other Grants and Transfers	60,659,202	52,343,456	8,315,746
Acquisition of Assets	1,515,848	377,600	1,138,248
Other Payments	5,677,027	0	5,677,027
Totals	99,229,239	67,083,355	32,145,884

Consequently, the under absorption indicates that the citizens of the constituency failed to get timely delivery of services, works and goods.

2. Project Implementation Status

In the Financial year 2017/2018, the Ndhiwa NG-CDF was to implement a total of 60 project valued at Kshs.86,810,345. Further analysis indicates that Nine (9) projects valued at Kshs.22,143,768 were not yet started, fifteen (15) project valued at Kshs.14,424,086 were ongoing, twenty-one (21) projects valued at Kshs.34,255,478 were completed as analyzed below:

Sector	Completed Value		On-Going		Not Yet Started	
	No.	Value (Kshs.)	No.	Value (Kshs)	No.	Value (Kshs.)
Emergency	5	4,568,965				
Environment			1	885,252	1	836,206
Sports			1	800,321		456.296
Bursary	1	14,638,000		800,000		
Education	5	9,810,000	16	8,500,000		13,025,000
Other grants	8	2,900,000	5	1,100,000	7	3,605,079
Constituency ICT hub	2	2,338,513	2	2,338,513	1	4,677,027
Total	21	34,255,478	25	14,424,086	9	22,143,768

The stalled projects were approved and partly funded between 2013 - 2017 but have remained uncompleted. Our verification on 21 March 2019, also confirmed that some of the stalled projects such as classrooms, health facilities and dispensaries, water services building bridges among others are at foundation, walling, window, ring beam and Lintel level. We also noted that some projects were allocated too little funds which may contribute to the projects taking too long before completion. This contravenes Sec 44(1) of the National Government CDF Act 2015 that requires consultations with the relevant Government departments to ensure the cost estimates for the projects are realistic. Consequently, the value for money from the expenditure already incurred on these projects could not be confirmed.

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 matter(s) described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter(s) described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ Qualified Opinion] section of my report, I confirm that, nothing else has come to my attention to cause

me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

5. Unaccounted for Expenditure

Included in the receipts and payments is other grants and other payments of Kshs.52,343,456 which includes Kshs.19,324,000 for Roads and Bridges which in turn includes Kshs.5,100,000 for completion of the Lwanda-Ndaria Bridge. However, records including payments vouchers indicated that projects was implemented by CDFC awarding contracts to a local firm M/s Jovtec Enterprise Limited contrary to the NG-CDF Act 2015 Sec 36 which states that CDF Projects should be implemented by PMCs. The contract was above the prescribed maximum value for using requests for quotations as prescribed in Sec 105 of the procurement regulations. In addition, the following anomalies were noted:

- i. Jovtec was not pre-qualified contractor for 2017-2018
- ii. Jovtec address on contract agreement of P O Box 48 - 40300 Homabay, while payment voucher is P O Box 407 - Homabay.
- iii. Contract was signed on 10 May 2018 and inspection and acceptance was approved on 14 May 2018 in the absence of a representative from KERRA. It is not clear how the concrete works in the inspection report for the bridge was completed in 3 days.
- iv. The project had been funded during fiscal years 2014-2015 and 2015-2016 at Kshs.6,000,000 and Kshs.7,800,000 respectively giving total expenditure of Kshs.13,800,000. An additional expenditure in 2017/2018 raises doubt especially where no variation of prices is indicated.
- v. Physical verification revealed that there was no current concrete works on the bridge except what was constructed and paid for in the previous years. The records also indicated that the contract agreement was signed on 10 May 2018 and the committee of inspection and acceptance report on 14 May 2018 confirming the work was done in 3 days casting doubt on how the concrete works worth Kshs.5,100,000 was satisfactorily completed in 3 days.

Consequently, the propriety of Kshs.5,100,000 cannot not be confirmed.

6. Transfer to other Government Units

i) Secondary Schools

Included in the receipts and payments is transfers to other government entities of Kshs.8,994,800 which in turn includes Kshs.3,000,000 transfers to secondary schools at note 6. Expenditure of Kshs.3,000,000 was incurred to erect flood lights in six secondary schools. However, the project was implemented by CDFC awarding contracts to a local firms Zitex Enterprise Limited contrary to the NG-CDF

Act 2015 Section 36 which states that CDF Projects should be implemented by Project Management Committees.

In addition, the following anomalies were noted:

- i) A review of tender documents availed indicated that four (4) firms bid, for the contract as follows:

Company's Name	Amount (Kshs)
Covasco Engineering Co. Ltd	3,930,000
Colleah Enterprises Co. Ltd	4,000,000
Zitex Enterprises Limited	3,000,000
Essy Agencies Limited	3,650,000

Zitex Enterprises Limited was awarded the contract (Contract No NG/CDF/NDH/SEC/06/2017-2018) being the lowest bidder having quoted Kshs.3,000,000 to erect 2 single arm solar flood lights 5 secondary schools in various wards in Ndhiwa constituency.

- ii) From the list of prequalified suppliers only Zitex Enterprises limited was prequalified, the other 3 firms were not prequalified contrary to requirement of the Act.
- iii) Further no regret letters were availed for the losing bidders contrary to Section 87(3) of the Public Procurement and Disposal Act, 2015 which states that, the accounting officer of the of the procuring entity shall also notify in writing all other persons submitting tenders that, their tenders were not successful, disclosing the successful tenderer as appropriate and reasons thereof.
- iv) Physical verifications visit to the school on 27 March 2019 revealed that, the flood light was not marked or labelled thus difficult to ascertain the financial year done and the financier. Interaction with the school management, we noted that only one arm of the flood light was working while the other arm had stopped working.

Consequently the propriety of Kshs.3,000,000 cannot be confirmed.

ii) Primary Schools

Included in the statement of receipts and payments is transfers to other government entities of Kshs.8,994,800 which include Kshs.3,494,800 transfer to primary schools at Note 6 which in turn includes expenditure of Kshs.2,400,000 to renovate classroom in thirty (30) primary schools. However, project physical verification on 28 March 2019 we noted that some classrooms had floor which was poorly done with cracks due poor workmanship. Consequently, no value for money may have been achieved.

7. Non Remittance of Taxes

From the availed records the Constituency Fund management awarded contracts to several local companies to construct several roads. However payments remittance of withholding value tax of 6% of Kshs.1,274,110 and 3% withholding tax of Kshs.653,440 to KRA was not deducted. As result the KRA might have lost Kshs.1,927,550 on non-payment of withholding tax. Therefore the management was in breach of the law.

8. Irregular Procurement Procedures on Road Contracts

Included in other grants and other payments balance of Kshs.52,343,456 out of which Kshs.19,324,000 was spent on roads and bridges projects. However, review of the records including payments vouchers indicated that projects were implemented by CDFC awarding contracts to different firms contrary to the NG-CDF Act 2015 Sec 36 which states that CDF Projects should be implemented by PMCs. In addition, the anomalies were noted in some road projects as expenditure in the year under review as shown below.

From the availed records the Constituency fund management awarded contracts to several local companies to construct several roads. However, some contracts awarded were above the prescribed maximum value for using requests for quotations as prescribed in Regulations. It was not clear why the management did not comply to the sections of the procurement act. We also noted that most of the acceptance and agreement were signed over the weekend. Further, the inspection and acceptance reports for majority of roads constructed were dated 21 February 2018.

Name of Roads	Contractor	Amount	Observations
Got – Kojowi – Kabondo- Nyandoto-13Kms	Jovtec Enterprise	3,000,000	-Jovtec not prequalified acceptance and contract on 17 February 2018 weekend. Inspection on 21 Feb 2018
Kodiero-Ongeng-13Km	Elgibor Ventures Ltd	2,000,000	Acceptance and contract on 17 February 2018 weekend. Inspection on 21 Feb 2018
Manera –Omako Koth	Roland Ventures Ltd	1,724,000	Acceptance & contract on 06 February. Inspection on 13 Feb 2018.
Ndiwa - Sigama	Oghati Enterprise	2,100,000	Acceptance and contract on 18 February 2018 weekend. Inspection on 21 Feb 2018
Okok – Malela-	Roland Ventures Ltd	4,000,000	Acceptance 18 February 2018. Contract on 16 February 2018 before acceptance. Inspection on 18 February 2018
Ototo-Junction-Ogada	Alton Construction Ltd	1,200,000	Acceptance & contract on 17 February. Inspection on 02 March 2018.

Sec 24(a) of the CDF Act 2015 requires that project under this Act shall-(a) only be in respect of works and services falling within the functions of the national government under the Constitution. Construction and maintenance of roads fall under the devolve functions. No explanation was given for breach of law.

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 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 audit 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

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

Responsibilities of Management and Those Charged with Governance

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

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 Ndhwa 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 Ndhiwa 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 Ndhiwa 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 Ndhiwa National Government Constituencies Development Fund ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Ndhiwa 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 Ndhiwa National Government Constituencies Development Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

23 August 2019


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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	84,310,345	81,896,552
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		84,310,345	81,896,552
PAYMENTS			
Compensation of employees	4	3,041,529	3,812,417
Use of goods and services	5	2,325,970	4,566,760
Transfers to Other Government Units	6	8,994,800	11,597,500
Other grants and transfers	7	52,343,456	68,633,277
Acquisition of Assets	8	377,600	1,332,500
Other Payments	9	-	-
TOTAL PAYMENTS		67,083,355	89,942,454
SURPLUS/DEFICIT		17,226,990	(8,045,902)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- NDHIWA Constituency financial statements were approved on 14-09-2018 and signed by:


 Fund Account Manager
 Name:


 Sub-County Accountant
 Name: 16033


ICPAK Member Number:


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

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	17,766,574	539,584
Cash Balances (cash at hand)	10B	-	-
Current Receivable- Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		17,766,574	539,584
REPRESENTED BY			
Current Payables-Retention	12		
Fund balance b/fwd 1 st July...	13	539,584	8,585,486
Surplus/Defict for the year		17,226,990	(8,045,902)
Net Liabilities		17,766,574	539,584

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- NDHIWA Constituency financial statements were approved on 14-09-2018 and signed by:


Fund Account Manager
Name:


Sub-County Accountant
Name: 16033
ICPAK Member Number:

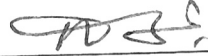


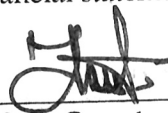
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NDHIWA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

VI. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
		Kshs	Kshs
Receipts for operating income			
Transfers from CDF Board	1	84,310,345	81,896,552
Other Receipts	3	-	-
		84,310,345	81,896,552
Payments for operating expenses			
Compensation of Employees	4	3,041,529	3,812,417
Use of goods and services	5	2,325,970	4,566,760
Transfers to Other Government Units	6	8,994,800	11,597,500
Other grants and transfers	7	52,343,456	68,633,277
Other Payments	9	-	-
		66,705,755	88,609,954
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		17,604,590	(6,713,402)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	377,600	1,332,500
Net cash flows from Investing Activities		(377,600)	(1,332,500)
NET INCREASE IN CASH AND CASH EQUIVALENT		17,226,990	(8,045,902)
Cash and cash equivalent at BEGINNING of the year	13	539,584	8,585,486
Cash and cash equivalent at END of the year		17,766,574	539,584

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- NDHIWA Constituency financial statements were approved on 14-09-2018 and signed by:


Fund Account Manager
Name:


Sub-County Accountant
Name: 16033
ICPAK Member Number:

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Differenc	% of Utilisation
	a	b	c=a+b	d	e	f=d/c %
RECEIPTS					e=c-d	f=d/c %
Transfers from CDF Board	86,810,345	12,418,894	99,229,239	84,849,929	14,379,310	85.5%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
TOTAL	86,810,345	12,418,894	99,229,239	84,849,929	14,379,310	85.5%
PAYMENTS						
Compensation of Employees	3,535,675	692,343	4,228,018	3,041,529	1,186,489	71.9%
Use of goods and services	4,277,256	852,089	5,129,345	2,325,970	2,803,375	45.3%
Transfers to Other Government Units	16,700,000	5,319,800	22,019,800	8,994,800	13,025,000	40.8%
Other grants and transfers	55,604,539	5,054,663	60,659,202	52,343,456	8,315,746	86.3%
Acquisition of Assets	1,515,848	0	1,515,848	377,600	1,138,248	24.9%
Other Payments	5,177,027	500,000	5,677,027	-	5,677,027	0.0%
TOTAL	86,810,345	12,418,895	99,229,239	67,083,355	32,145,884	67.6%

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]



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

IN B GIVE EXPLANATION ON ALL ITEMS BELOW 85.5% UTILIZATION

On Receipts, the Total Receipt from the NGCDF Board is 85.5% which is due to an additional Fund which was planned in May 2018 for proposal submission of 11,379,310.34.

On actual expenses, we have utilised 67.6% because of late disbursement of funds from the board and procurement process.

Utilisation of funds on compensation of employees was 71.9% because of late disbursement of funds from the board and procurement process

Use of goods and services utilisation was 45.3% because of late disbursement of funds from the board and procurement process


Transfer to other Government units utilisation was 40.8% because of late disbursement of funds from the board and procurement process


Other Grants and transfers utilisation was 86.3% because of late disbursement of funds from the board and procurement process

Acquisition of Assets utilisation was 24.9% because of late disbursement of funds from the board and procurement process

Other payment utilisation was 0% because of late disbursement of funds from the board and procurement process

The NGCDF- NDHIWA Constituency financial statements were approved on 14-09- 2018 and signed by:


Fund Account Manager
Name: Wilson Ochola


Sub-County Accountant
Name: Meshack Amayo
ICPAK Member Number: 16033

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- NDHIWA 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NDHIWA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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.

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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



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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NDHIWA 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
1330407	Normal Allocation	A855969	5,500,000.00	
		A892633	37,905,172.00	
		A896846	21,000,000.00	
		A896928	19,905,172.80	
		A829963		4,094,828
		A839613		36,853,449
		A855540		40,948,275
1330408	Conditional grants			-
1330409	Receipt from other Constituency		-	
	TOTAL		84,310,345	81,896,552

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
Total	0	0



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

		2017-2018 Kshs	2016-2017 Kshs
2110201	Basic wages of contractual employees	1,994,415	2,824,8-
2110202	Basic wages of casual labour	43,716	43,710
	Personal allowances paid as part of salary	-	
2110301	House allowance	-	
2110314	Transport allowance		
2110320	Leave allowance	-	
2110326	Other personnel payments	-	
2120101	Employer contribution to NSSF, NHIF	190,440	223,3
2710120	gratuity	812,958	720,5
	Total	3,041,529	3,812,417

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2210100	Utilities, supplies and services		
2210104	Office rent	40	66,720
		-	-
2210200	Communication, supplies and services		
2210300	Domestic travel and subsistence	297,490	297,490
		108,870	108,870
2210500	Printing, advertising and information supplies & services	-	12,040
2210600	Rentals of produced assets	-	-
2210700	Training expenses	-	-
2210800	Hospitality supplies and services	-	-
2210802	Other committee expenses	-	62,115
2210809	Committee allowance	555,570	1,536,945
2210900	Insurance costs	1,364,000	1,620,200
		-	-
2211000	Specialised materials and services	-	-
		-	-
2211100	Office and general supplies and services	-	229,960
2211200	Fuel ,oil & lubricants	-	298,740
2211300	Other operating expenses	-	57,090
		-	187,250
2220100	Routine maintenance – vehicles and other transport equipment	-	187,250
		-	89,340
2220200	Routine maintenance – other assets	-	89,340
		-	-
	Total	2,325,970	4,566,760



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description	2017 - 2018 Kshs	2016 - 2017 Kshs
2630204	Transfers to primary schools	3,494,800	6,397,500
2630205	Transfers to secondary schools	3,000,000	4,800,000
2630206	Transfers to Tertiary institutions	2,500,000	
2630207	Transfers to Health institutions	-	400,000
	TOTAL	8,994,800	11,597,500

7. OTHER GRANTS AND OTHER PAYMENTS

	Description	2017 - 2018 Kshs	2016 - 2017 Kshs
2640101	Bursary -Secondary	15,815,000	13,653,000
2640102	Bursary -Tertiary	7,898,000	8,092,000
2640104	Bursary-Special schools	-	
2640105	Mocks & CAT	-	500,000
2640504	water	-	2,739,000
2640505	Other Payments	-	5,100,000
2640506	Electricity projects		
2640507	Security	3,048,000	7,812,000
2640508	Roads	19,324,000	21,329,000
2640509	Sports	300,000	1,827,000
2640510	Environment	300,000	1,530,000
2640200	Emergency Projects (specify)	5,658,456	6,048,000
	Total	52,343,456	68,633,000

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets

		2017-2018	2016-2017
		Kshs	Kshs
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	-	-
3110302	Refurbishment of Buildings	-	-
3110701	Purchase of Vehicles	250,000	1,131,000
	Purchase of Bicycles & Motorcycles	-	-
3110704	Purchase of Bicycles & Motorcycles	-	-
3110801	Overhaul of Vehicles	-	-
	Purchase of office furniture and fittings	-	201,500
3111001	Purchase of office furniture and fittings	-	-
	Purchase of computers, printers and other IT equipments	127,600	-
3111002	Purchase of computers, printers and other IT equipments	-	-
3111005	Purchase of photocopier	-	-
	Purchase of other office equipments	-	-
3111009	Purchase of other office equipments	-	-
3111112	Purchase of soft ware	-	-
3130101	Acquisition of Land	-	-
	Total	377,600	1,332,500

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
TIVET	0	0
	0	0
	0	0



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>EQUITY - HOMABAY BR. - 0980277066263</i>	16,165,134	539,584
<i>COOPERATIVE - NDHIWA 01141434476700</i>	1,601,440	-
		-
Total	17,766,574	539,584
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0
<i>[Provide cash count certificates for each]</i>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
Name of Officer or Institution	N/A	Kshs	Kshs	Kshs
		0	0	0
Total				0

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

12. RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
	0	0
	0	0
	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
	Kshs (1/7/2017)	Kshs (1/7/2016)
Bank accounts		
Cash in hand	539,584	8,585,486
Imprest	-	-
Total	539,584	8,585,486

[Provide short appropriate explanations as necessary]



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts(Reversed stale Cheque not replaced)	0	0
Cash in hand	0	0
Imprest	0	0
Total	0	0

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	0	0
	0	0

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others (<i>specify</i>)	0	0
	0	0

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,186,489	9,584
Use of goods and services	2,322,665	530,000
Committee Expenses& Capacity Building	500,000	0
Amounts due to other Government entities (see attached list)	13,025,000	0
(Bursaries, sport, NGCDF office, PWO)	4,710,666	0
Amounts due to other grants and other transfers (see attached list)	3,585,790	0
Acquisition of assets	1,138,248	0
Others (<i>STRAATEGIC PLAN</i>)	5,677,027	0
	32,145,885	539,584

This is amount not disbursed from the NGCDF board 11,379,310 plus cash and equivalent of

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NDHIWA CONSTITUENCY**

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 4)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	0	0
	0	0



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) NDHIWA CONSTITUENCY
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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
Senior Management		a	B	C	d=a-c		
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 CONSTITUENCY DEVELOPMENT FUND (NGCDF) NDHIWA CONSTITUENCY
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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
		1,186,489	9,584	
Compensation of employees		2,322,665	530,000	
Use of goods & services		500,000		
Committee Expense		9,187,959		
Amounts due to other Government entities				
Sub-Total		13,197,113	539,584	
Amounts due to other grants and other transfers		12,133,496		
Sub-Total		12,133,496		
Sub-Total		25,330,609	539,584	
Acquisition of assets		1,138,248		
Others (<i>specify</i>)		5,677,027		
Sub-Total				
Grand Total		32,145,885	539,584	

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	0	-
Buildings and structures	14,030,000	250,000	0	13,780,000
Transport equipment	5,451,413	0	0	5,451,413
Office equipment, furniture and fittings	1,425,620	0	0	1,425,620
ICT Equipment, Software and Other ICT Assets	1,047,500	0	0	919,900
Other Machinery and Equipment	11,259,400	127,600	0	11,259,400
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	33,213,933	377,600	0	32,836,333



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NDHIWA CONSTITUENCY**

**Reports and Financial Statements
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ANNEX 6: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

- Awaiting certificate of audit from Kenya National Audit Office.





Pala police post	50,000	
Kobodo D.Os Office	400,000	
Kwandiku Asst	150,000	
Upper kayambo asst	300,000	
Kodiera Chiefs Office	150,000	
Kawere Togo Asst Chief office	400,000	
Nyarongi ACC Office	300,000	
Lwanda Kobita AP post	200,000	
Ombo D.O. Office	300,000	
Environment	812,838	
Manywanda-Kodumba Rairi road	442,241	
Sub Total	3,605,079	0.00
Acquisition of assets		
NG-CDF Office	915,848	
NG-CDF Office	222,400	
Sub Total	1,138,248	0.00
Others		
Strategic Plan	500,000.00	
Ratanga NG-CDF Innovation Hub	1,169,256.80	
Andiwo D.O.s Office Innovation Hub	1,169,256.80	
Ndhiwa Community Resource Hub	1,169,256.80	
Pala Koguta Hub	1,169,256.80	
Amount owed to Constituency	500,000.00	
Sub Total	5,677,027	0.00
SUMMARY		
Compensation of Employees	2017/2018	2016/2017
Use of goods and Services	1,186,489.00	9,584.00
Committee Expenses & Capacity Building	2,322,665.00	530,000.00
Amount due to other government entities	500,000.00	0.00
(Bursaries, sport, NGCDF office, PWO	13,025,000	0.00
Amounts due to other grants and other transfers	4,710,666	0.00
	3,585,790	0.00
Acquisition of assets		
Others	1,138,248	0.00
	5,677,027	0.00
GRAND TOTAL OF UNSPENT FUND	32,145,885.00	539,584

Prepared by

Wilson Ochola
Fund Account Manager

Wilson Ochola
Fund Account Manager

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NG-CDF BOARD

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 Ndhiwa Constituency
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SUMMARY OF UNSPENT FUND 2016/2017 AND 2017/2018 FINANCIAL YEAR

S/N	ITEM DESCRIPTION	AMOUNT IN KSHS	
		2017-2018	2016-2017
	Compensation of Employees	1,186,489.00	9,584.00
	Use of goods and Services	2,322,665.00	530,000.00
	Committee Expenses & Capacity Building	500,000.00	0.00
	Amount due to other government entities		
	Primary/Secondary Projects		
	Malela Primary	600,000	
	Mirogi Girls Boarding Primary	500,000	
	Nyangiendo Primary	400,000	
	Singenge Primary	200,000	
	Minyere Primary	300,000	
	Alara Mixed Secondary	600,000	
	Ojode Pala Secondary	300,000	
	Bongu Girls Secondary	600,000	
	St. Mary's Nyamogo Girls Sec	700,000	
	Got Kojowi Mixed Sec	400,000	
	Ototo Mixed Secondary	400,000	
	St. Peters Rambusi Secondary	1,000,000	
	Oridi Girls Secondary	500,000	
	Lwanda Kawuor Mixed Secondary	1,000,000	
	St. Nicansious Maranyona	800,000	
	Mirogi Girls Secondary	500,000	
	Goyo Mixed Secondary School	500,000	
	Obera Boys Secondary	400,000	
	Ojode Unga Secondary School	300,000	
	Koduogo Mixed Secondary	400,000	
	Bishop Ochiel Nyagidha Girls Sec	300,000	
	Additional fund for Flooring of 30 primary classroom.	2,325,000	
	Sub total	13,025,000	0.00
	(Bursaries, sport, NGCDF office, PWO)		
	Bursary	3,982,758.62	
	Sports	727,907	
	Sub-total	4,710,666	0.00
	Amounts due to other grants and other transfers		
	Ratanga Police post	100,000	

Vision: Equitable social-economic development countrywide

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