

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 09 MAY 2019

DAY
THURSDAY

TABLED
BY:

HON. ADEN DUALE
LEADER OF MAJORITY

CLERK-AT

INDITU MWALE

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
MWINGI CENTRAL CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MWINGI
CENTRAL 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)

KENYA NATIONAL AUDIT OFFICE
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MWINGI CENTRAL 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MWINGI CENTRAL CONSTITUENCY**

Reports and Financial Statements

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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 MWINGI CENTRAL 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	Samuel Nzuki
3.	Sub-County Accountant	Francis Nyamai Kiio
4.	Chairman NGCDFC	Wilfred S.N Muna
5.	Member NGCDFC	Name of alternate signatory

(d) Fiduciary Oversight Arrangements

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

P.O. Box 585-90400
KANU Building
Nairobi –Garissa Rd
Nairobi, KENYA

(f) NGCDF Mwingi Central Constituency Contacts

Telephone: (254)726322626
E-mail: cdfmwingicentral@cdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Mwingi Central Constituency Bankers

1. Equity Bank Kenya limited
Mwingi Branch
P.O Box 280-90400
Mwingi.

(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

Mwingi Central NG-CDF had an allocation of Kshs. 86,810,345.00 in the financial year 2017/2018. We have been able to implement some of the projects. The NG-CDF Board disbursed **Ksh. 30,948,275.10** of the previous year and **Ksh. 43,405,172.00** totalling to **Ksh. 74,353,447.00**.

The total payment of FY 2017-2018 was **Ksh. 54,610,833.00** compared to last financial year 2016-2017 of **Ksh. 121,167,273.00**. Find below a graph analysis the comparison.

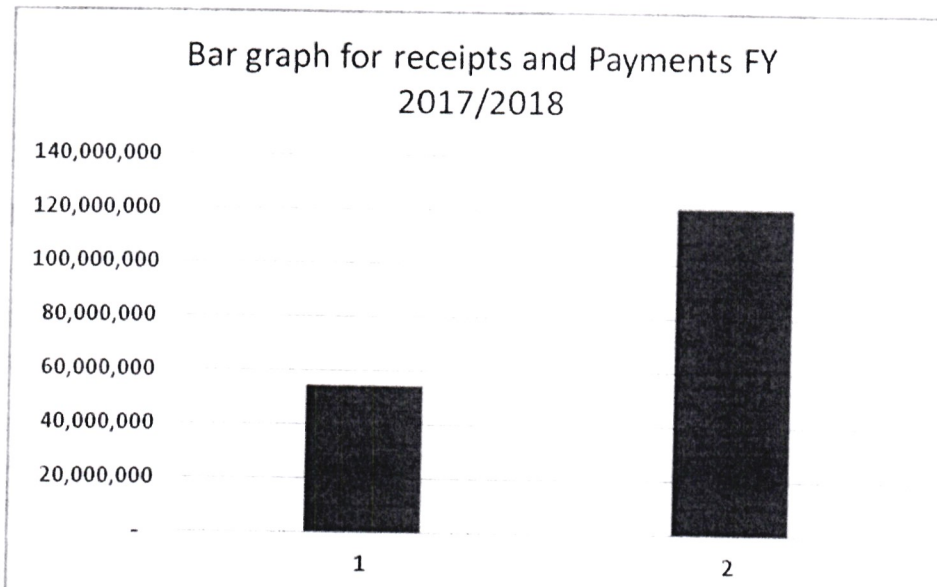
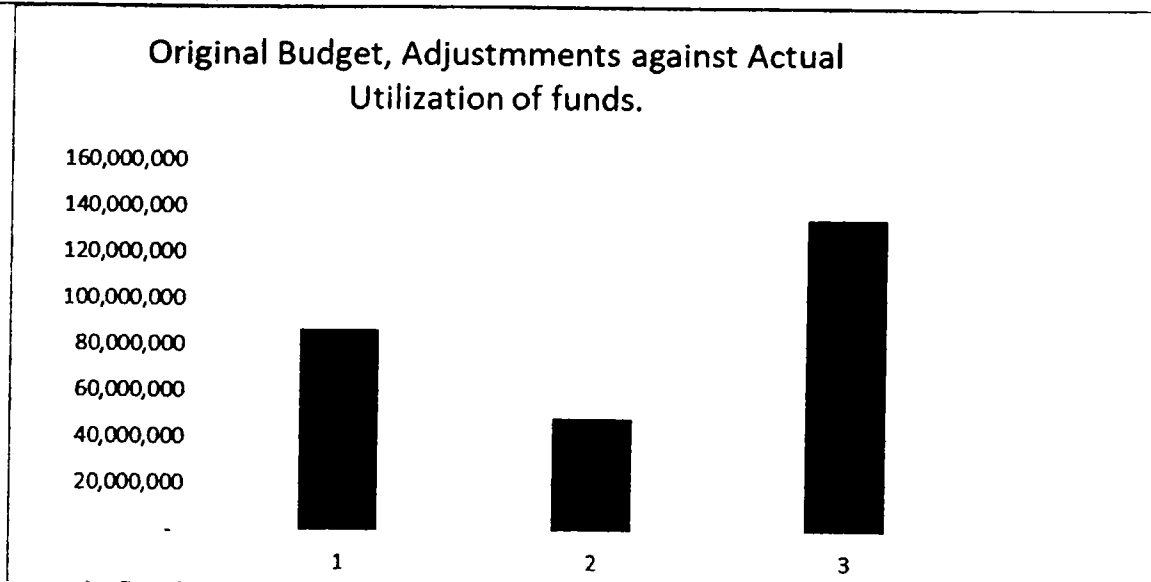


Figure 1 Ksh. 54,610,833.00

Figure 2 Ksh. 121,167,273.00



Key

1. Original Budget Allocation
2. Total Adjustment Allocation during the year 2017/2018
3. Total Actual on comparable basis

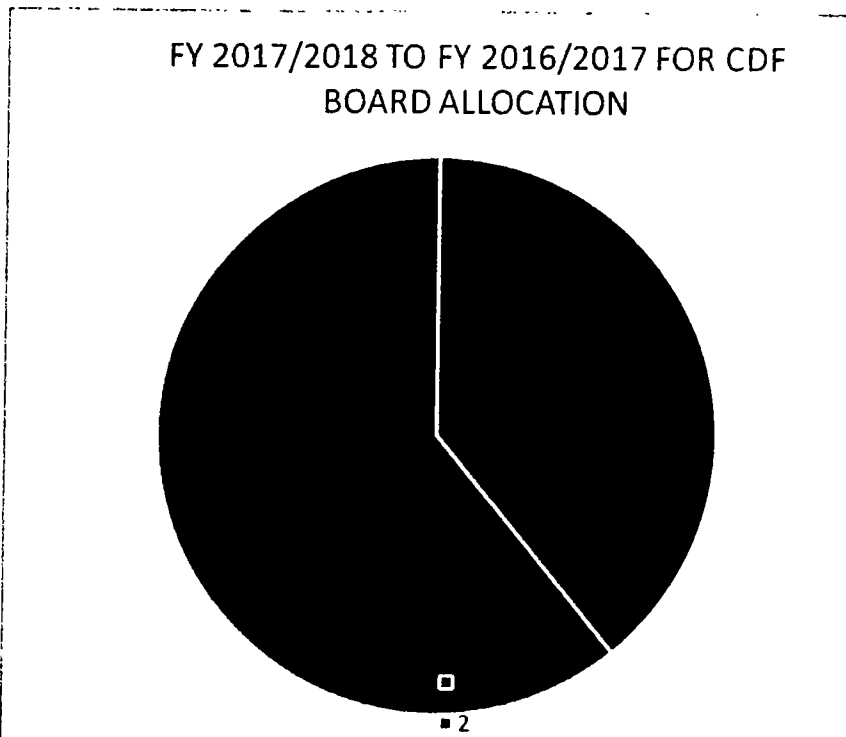


Figure 3Ksh. 115,991,191. Figure 4Ksh. 74,353,447.00

Reports and Financial Statements

For the year ended June 30, 2018

The total payment of Fyr 2017-2018 was **Ksh. 74,353,447.00** compared to last financial year 2016-2017 of **Ksh. 115,991,191.00**. Find above a pie chart analysis the comparison.

The constituency experienced the following emerging issues;

- Challenges in formation of project management committees.
- High political temperatures caused low absorption of funds.
- Transfer of Fund Account Manager and hand over takeover took some time
- Lack of capacity building to help in implementation of the fund

Mwingi Central NG-CDF committee as a development wheel is faced with numerous challenges. The society is yet to embrace it as a non-political fund hence a negative attitude towards the fund is also another big challenge to the implementers. Nevertheless, we hope following the enactment of NG-CDF Act 2015 this will change as we focus on project that are of interest to the National Government.

KEY ACHIEVEMENTS IN THE FINANCIAL YEAR 2017/2018



Fig. 1 MALIONI SECONDARY SCHOOL- CONSTRUCTION OF 5 CLASSROOMS



Fig -2 GUNGI SECONDARY SCHOOL SCIENCE LABORATORY.

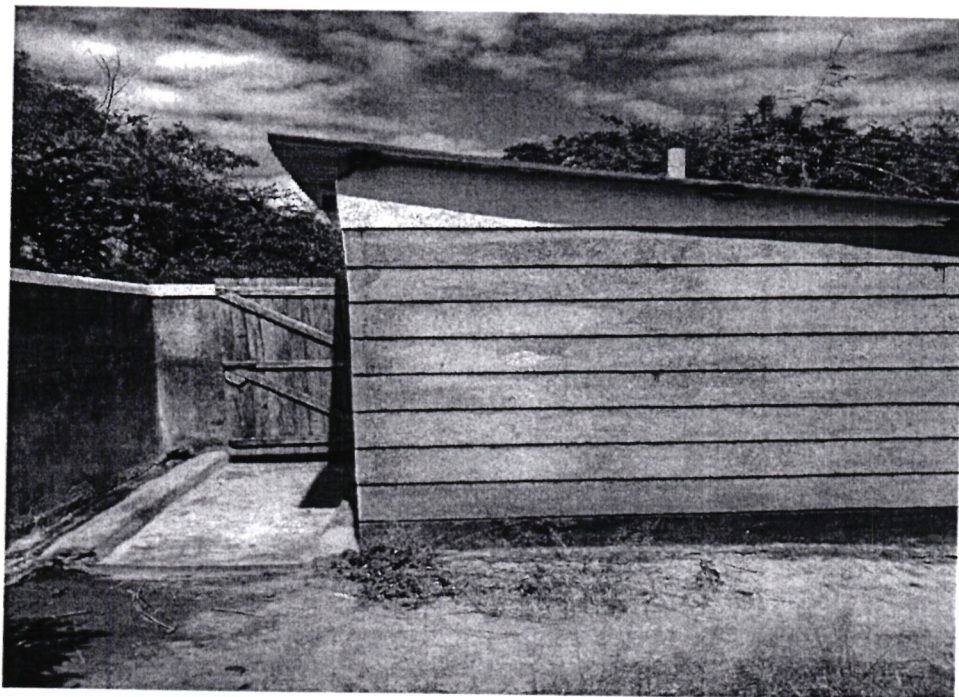


FIG 3 COMPLETE CONSTRUCTION OF 4 DOOR LATRINE AT KYULUNGWA SECONDARY.



FIG 4.. KIVIU SECONDARY COMPLETE CONSTRUCTION OF CLASSROOM.

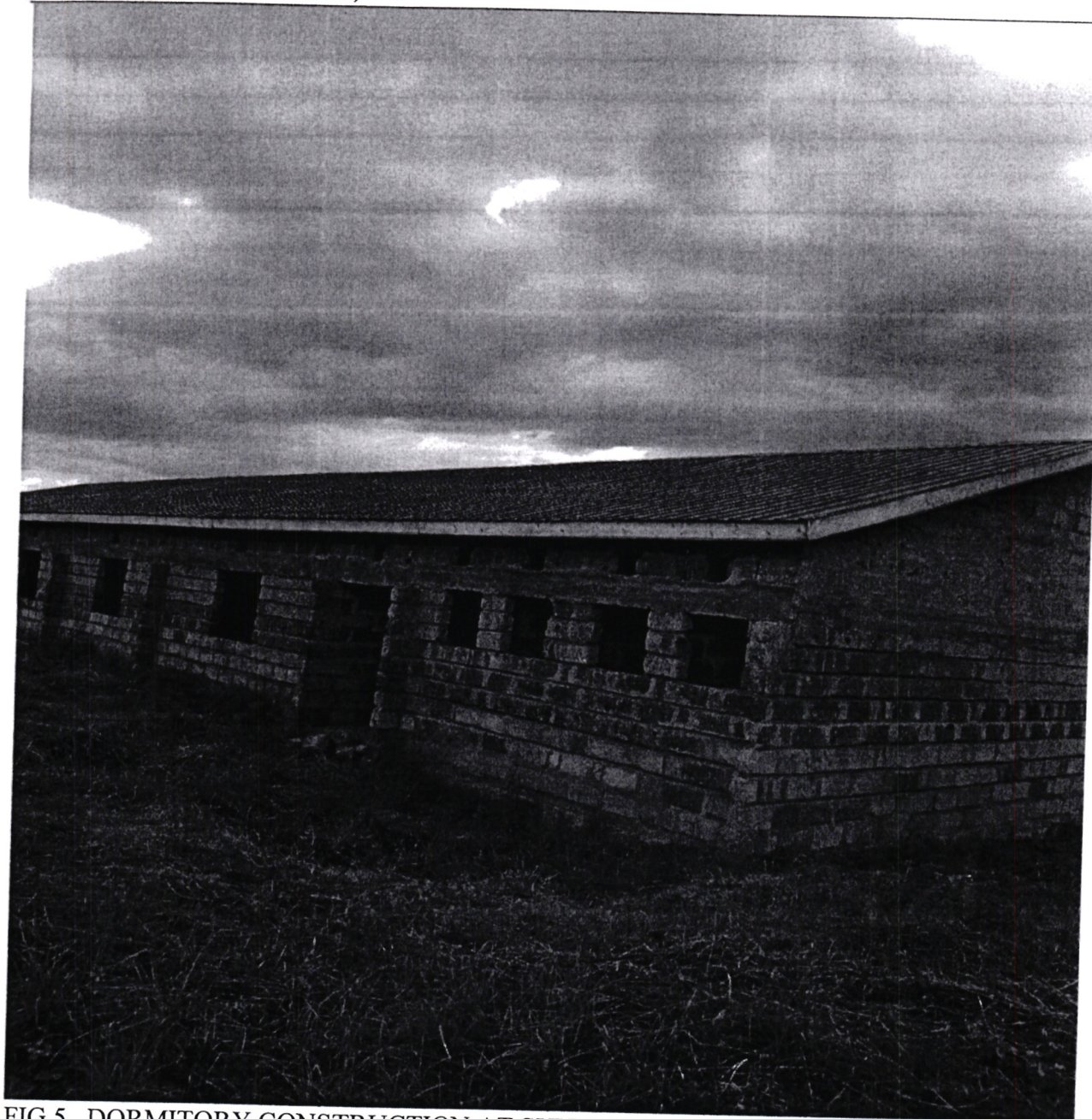


FIG 5 ..DORMITORY CONSTRUCTION AT SYUNGII SECONDARY SCHOOL.



FIG 6 MULANG'A PRIMARY SCHOOL COMPLETE CONSTRUCTION OF CLASSROOM.

Sign

CHAIRMAN NGCDF COMMITTEE

WILRED MUNA VIRA

Reports and Financial Statements

For the year ended June 30, 2018

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-Mwingi Central Constituency is responsible for the preparation and presentation of the entities 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-Mwingi Central 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 *entities* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-Mwingi Central 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.

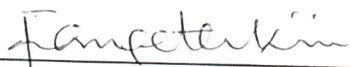
The Accounting Officer in charge of the NGCDF-Mwingi Central Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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-Mwingi Central Constituency financial statements were approved and signed by the Accounting Officer on 30th June 2018.



Fund Account Manager
Name: SAMUEL NZUKI



Sub-County Accountant
Name: FRANCIS NYAMAI
ICPAK Member Number: 6161



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) - MWINGI CENTRAL CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund (NG-CDF) - Mwingi Central Constituency set out on pages 13 to 44, which comprise the statement of financial assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary 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, 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 National Government Constituencies Development Fund (CDF) - Mwingi Central Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Adverse Opinion

1.0 Accuracy of the Financial Statements

1.1 Inaccurate Brought Forward Balances

The financial statements for the year ended 30 June, 2018 reflects a comparative 2016/2017 balance of Kshs.9,839,319 in respect to ten (10) items. However, the audited 2016/2017 financial statements reflected a balance of Kshs.26,547,336 for the same items resulting to unreconciled variance of Kshs.16,708,017 as detailed below:

	Items	2017/2018 Financial Statements (Kshs)	2016/2017 Audited Financial Statements (Kshs)	Variances (Kshs)
	Payments			
1	Office Rent	-	120,000	(120,000)
2	Office and general supplies and services	393,200	273,200	120,000
3	Fuel, oil & lubricants	-	600,000	(600,000)
4	Routine Maintenance - Vehicles and other transport equipment	1,071,039	471,039	600,000

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

	Items	2017/2018 Financial Statements (Kshs)	2016/2017 Audited Financial Statements (Kshs)	Variances (Kshs)
5	Basic wages of contractual employees	2,169,384	1,925,976	243,408
6	Other personnel payments	-	166,800	(166,800)
7	Constructions of Buildings	-	3,500,000	(3,500,000)
8	Purchase of Office Furniture and Fittings	-	2,500,000	(2,500,000)
9	Acquisition of Land	-	2,295,000	(2,295,000)
	Cash and bank balances			
10	Equity Bank Ltd, Mwingi Branch Account Number - 0590260983402	6,205,696	14,695,321	(8,489,625)
		9,839,319	26,547,336	(16,708,017)

In the circumstance, the accuracy of the financial statements balances amounting to Kshs.9,839,319 for the year ended 30 June 2018 cannot be confirmed.

1.2 Inaccuracy in the Statement of Financial Assets

The statement of financial assets as at 30 June 2018 reflects Kshs.420,258 in respect to prior year adjustments which appears like a balancing figure in the financial statements as the respective details and supporting documents were not availed for audit verifications. In addition, the statement of financial assets and note 13 to the financial statement reflects Kshs.6,205,696 in respect to fund balance brought forward from audited 2016/2017 financial statements. However, the audited 2016/2017 financial statements reflects Kshs.14,695,321 as bank account balances resulting to unexplained and unreconciled variance of Kshs.8,489,625.

In the circumstances, the accuracy of the of financial statements balances as at 30 June 2018 cannot be ascertained.

1.3 Cash and Cash Equivalents

Note 10A to the financial statements reflects Kshs.26,405,312 in respect to bank balances as at 30 June 2018. However, the respective bank reconciliation statement reflects Kshs.27,296,937 in respect to unpresented cheques out of which Kshs.2,748,528 had become stale as at the time of this audit in January, 2019 but the same had not been replaced or reversed in the cash book.

In the circumstances, the cash and cash equivalents balance of Kshs.26,405,312 reflected in the financial statements as at 30 June, 2018 is understated by Kshs.2,748,528.

1.4 Inaccuracy in the Statement of Receipts and Payments

The statement of receipts and payments for the year ended 30 June 2018 reflects a nil balance in respect to acquisition of assets while note 8 to the financial statements reflects Kshs.2,200,000 on the same item resulting to unexplained variance of Kshs.2,200,000 between note 8 and the statement of receipts and payments.

In addition, note 5 to the financial statements reflected a balance of Kshs.1,000,000 in respect to training expenses while the ledger reflected Kshs.802,100 for the same item resulting to an unexplained or reconciled variance of Kshs.197,900.

In the circumstances, the accuracy of the financial statements balances for the year ended 30 June 2018 cannot be ascertained.

2.0 Use of Goods and Services

2.1 Fuel, Oil & Lubricants

Note 5 to the financial statements for the year ended 30 June 2018 reflects Kshs.6,450,098 in respect to use of goods and services procured during the year under review. However, the ledger reflects fuel, oil and lubricants worth Kshs.300,000 which is not included in these financial statements and also its supporting documentations including quotations, evaluation report and fuel register were not availed for audit review.

In the circumstances, it was not possible to ascertain the completeness, accountability and value for money Kshs.6,450,098 in absence of the fuel, oil and lubricants expense of Kshs.300,000 for the year ended 30 June 2018.

2.2 Routine Maintenance – Vehicles and Other Transport Equipment

Note 5 to the financial statements for the year ended 30 June, 2018 reflects Kshs.6,450,098 in respect to use of goods and services which include Kshs.25,600 in respect to routine maintenance – vehicles and other transport equipment. However, procurement documents including quotations, evaluation reports, invoices and delivery notes availed revealed that Kshs.285,619 was spent on the same item resulting to a unexplained understatement of the financial statements by Kshs.260, 019.

In the circumstances, the validity and accuracy of Kshs.25,600 in respect to routine maintenance – vehicles and other transport equipment balance for the year ended 30 June, 2018 cannot be confirmed.

2.3 Unsupported Training Expenses

Note 5 to the financial statements for the year ended 30 June, 2018 reflects Kshs.6,450,098 in respect to use of goods and services which include Kshs.1,000,000 in respect to training expenses and which did not have supporting documentation including bus tickets/work tickets, attendance registers, time table of the courses attended and payment schedules. In the circumstances, the propriety and value for money for the Kshs.1,000,000 training expenses for the year ended 30 June, 2018 cannot be ascertained.

2.4 Committee Expenses

Note 5 to the financial statements for the year ended 30 June 2018 reflected Kshs.6,450,098 in respect to use of goods and services and which include Kshs.4,235,910 in respect to committee expenses which comprises of Kshs.1,775,710 and which was not accounted for and Kshs.2,460,200 paid to facilitate Constituency Development Fund Committee (CDFC) members for project inspection visits in six wards, bursary cheques distribution and oversight

meetings in the constituency which does not have supporting documentations including attendance register, projects status reports, work tickets, signed minutes.

In the circumstances, the propriety and value for money for Kshs.4,235,910 on committee expenses for the year ended 30 June, 2018 cannot be ascertained.

2.5 Domestic Travel and Subsistence

Note 5 to the financial statement for the year ended 30 June 2018 reflects Kshs.6,450,098 in respect to use of goods and services and which include Kshs.236,800 in respect to domestic travel and subsistence. However, the supporting documentations including bus tickets/work tickets, imprests warrants and purpose of travel were not availed for audit verification.

In the circumstances, the propriety and value for money for the Kshs.236,800 domestic travel and subsistence balance for the year ended 30 June, 2018 of cannot be ascertained.

3.0 Transfer to Other Government Entities

Note 6 to the financial statements for the year ended 30 June, 2018 reflects Kshs.23,700,000 in respect to transfer to other government entities which include Kshs.1,500,000 in respect to transfer to secondary schools and whose disbursement schedules, list of projects and payment records were not availed for audit verifications;

Further, included in the Kshs.1,500,000 is Kshs.250,000 which was disbursed to two secondary schools both totalling to Kshs.500,000 for construction of barbed wire fence using wooden poles and installation of gates. However, physical verification during the month of November, 2018 revealed that the construction had not been done contrary to Section 25 (1) of the National Government Constituencies Development Fund Act, 2015 on funding of projects, which states 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.

In addition, Kshs.850,000 was disbursed to a secondary school for construction of a classroom but the project had not started as at the time of audit in November 2018. Further, included in the Kshs.850,000 is Kshs.350,000 disbursed to a secondary school which was not supported by an acknowledgement of the receipt by the respective school creating doubts as to whether the amount was sent and received by the school.

In the circumstances, the propriety and value for money for Kshs.500,000 for construction of barbed wire fence and Kshs.850,000 for construction of a classroom both totalling to Kshs.1,350,000 for the year ended 30 June 2018 in respect to transfer to secondary schools could not be ascertained.

4.0 Other Grants and Other Payments

4.1 Bursary Funds

Note 7 to the financial statements for the year ended 30 June, 2018 reflects a balance of Kshs.22,191,470 in respect to other grants and other payments which include Kshs.10,263,000 bursary to secondary schools and Kshs.4,550,000 bursary to tertiary institutions both totaling to Kshs.14,813,000. However, the respective supporting documentation including the bursary application forms, criteria for identifying the bursary

beneficiaries and amounts, final list of the approved applicants by the vetting committee and acknowledgement of the funds by the recipients has not been availed for audit verifications. In addition, the cashbook reflects Kshs.15,194,500 as bursaries to secondary schools and tertiary institutions again resulting to an unexplained variance of Kshs.381,500.

In the circumstances, the accuracy, propriety and value for money for Kshs.22,191,470 in respect to bursaries for the year ended 30 June 2018 cannot be confirmed.

4.2 Emergency Projects

Note 7 to the Fund's financial statements reflects Kshs.7,210,970 in respect to emergency projects which include Kshs.1,742,680 and whose supporting documents including payments vouchers were not availed for audit review.

In the circumstances, the accuracy and value for money for Kshs.1,742,680 in respect to emergency projects for the year ended 30 June, 2018 cannot be confirmed.

Further, a physical verification of emergency projects during the month of November 2018 revealed that Kshs.1,900,000 was disbursed to a secondary school on 8 March 2018 for construction of four classrooms. However, the respective supporting documents including Project Management Committee (PMC) minutes acknowledging receipt of the funds, signatories to the PMC bank account, the bank statements and project status and inspection reports for the emergency projects were not availed for audit verifications. In addition, contracts agreements between the Fund and the contractor and evidence to show that the project was an emergency were not availed for audit review contrary to Section 8(3) of NG-CDF, 2015 which states that Emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents.

In the circumstances, the propriety and value for money of the Kshs.1,900,000 disbursed to the secondary school for emergency project cannot be ascertained.

4.3 Doubtful Payment of Undelivered Goods for Emergency Projects

Note 7 to the financial statements reflects Kshs.22,191,470 in respect to other grants and other payments which include Kshs.7,210,970 in respect to emergency projects which further includes Kshs.3,168,290 in respect to purchase of emergency building materials for thirteen (13) primary schools and one (1) secondary school from three (3) firms. However, a project inspection carried out in November, 2018 revealed that the building materials have not been received by the said schools.

Further, no evidence was availed for audit review to support that these were emergency projects contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which states that emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents.

In the circumstances, the propriety, accuracy and value for money for Kshs.3,168,290 in respect to emergency building materials to schools for the year ended 30 June 2018 could not be ascertained.

5.0 Transfer to Primary Schools

5.1 Unimplemented Projects

Note 6 to the financial statements reflects Kshs.23,700,000 in respect to transfer to other government entities which include Kshs 22,200,000 in respect to transfer to twenty-four (24) primary schools from the Constituency Development Fund for the year under review for renovation of one class room in each school. The renovation comprised of re-roofing, floor repairs, painting and installation of doors and windows. However, physical verifications during the month of November, 2018 indicated that six primary schools did not receive funds amounting to Kshs.1,800,000.

In the circumstances, the value for money and accuracy of the Kshs.1,800,000 in respect to transfer to primary schools could not be confirmed.

5.2 Irregular Projects

Note 6 to the financial statements reflected Kshs.23,700,000 in respect to transfer to other government entities which included Kshs.22,200,000 in respect to transfer to primary schools from the Constituency Development Fund which further included Kshs.3,300,000 transferred to eleven (11) primary schools to undertake projects that were not budgeted for in the year under review and the same were not approved by Constituency Development Fund Board. Further, the respective Bills of Quantities (BQs) were not availed for audit review.

In the circumstances, the value for money and accuracy of the Kshs.3,300,000 in respect to transfer to primary schools for the year ended 30 June 2018 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 were no other key Audit Matters to communicate in my report.

Other Matter

1. Budget Control and Performance

1.1 Revenue Analysis

The statement of appropriation: recurrent and development combined reflects an approved receipt budget of Kshs.135,343,626 for the year ended 30 June, 2018 while the actual receipt was Kshs.80,559,143 resulting to a shortfall of Kshs.54,784,483.

Overall, the fund failed to actualize its budget by Kshs.54,784,483 or 40.5% an indication that most of the programmes and activities that had been planned were not implemented.

There is need therefore for Constituency Development Fund management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Mwingi Central Constituency.

1.2 Expenditure Analysis

The statement of appropriation: recurrent and development combined reflects an approved expenditure budget of Kshs.135,343,626 for the year ended 30 June 2018 while the actual expenditure was Kshs.54,574,088.resulting to a under expenditure of Kshs.80,769,538 or 60% as shown below:

Item	Budget (Kshs.)	Actual (Kshs.)	Under (Kshs.)	% of Utilization
Compensation of Employees	2,233,600	2,232,520	1,080	0%
Use of Goods and Services	6,458,495	6,450,098	8,397	0%
Transfer to Other Government Units	67,630,000	23,700,000	43,930,000	65%
Other Grants and Transfers	58,531,531	22,191,470	36,340,061	62%
Acquisition of Assets	490,000	0	490,000	100%
Total	135,343,626	54,574,088	80,769,538	60%

The under expenditure of Kshs.80,769,538 translate to equivalents services expected but denied to the residents of Mwingi Central Constituency. Further, out of the Kshs.80,559,143 receipts only Kshs.54,574,088 was utilized while Kshs.25,985,055 remained un utilized. The funds could have been allocated to other deserving areas that would have improved delivery of goods and services to the constituents. There is need therefore for the management to rebook at its budgeting mechanism with a view to refocusing on areas which will improve service delivery to the residents of Mwingi Central Constituency.

2.0 Project Management Implementation

The summary statement of appropriation: recurrent and development combined reflects an approved expenditure budget of Kshs.135,343,626 for the year under review which was apportioned among various sectors within the constituency namely primary schools, secondary schools, Bursary, emergency projects, administration and committee expenses. However, respective analysis of the project implementation status was not made available for audit purposes. It has therefore not been possible to establish the number of projects completed, ongoing, not started and stalled if any, per each sector together with the total amounts allocated and disbursed for each project.

3.0 Progress on Follow up of Auditors Recommendations

Page 43 of the financial statements for the year under review contains the progress on follow up of auditors recommendations which indicates that one issue/observation on unsupported expenditure of Kshs.22,359,860 raised in the audited 2016/2017 financial statements had

been resolved while the other six remained unresolved. However, no documentary evidence was availed to show how the issue/observation was resolved.

In the circumstances, the issues raised in the 2016/2017 Auditor-General's report remained unresolved as at 30 June 2018.

4.0 Presentation of the Financial Statements

The Public Sector Accounting Standards Board (PSASB) stipulates that the financial statements of the Fund should include a separate summary statements of appropriation – recurrent and development and budget execution by programmes and sub- programmes. However, the Fund's financial statements did not include these statements. In addition, (PSASB) stipulates that the Fund's financial statements should include the statement of assets and liabilities. However, this statement is not included in the financial statements for the year under review as it has been replaced by another statement named statement of financial assets which is not a requirement as per PSASB.

Further, note 6 to financial statements contains an item referred to as transfer to National Government entities. However, this is misleading as the transfer to National Government entities is the heading of the component but not an item resulting to distortion in alignment between items and their corresponding amounts.

In the circumstances, the presentation of the financial statements for the year under review is not in accordance with the recommended PSASB format.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for conclusion

1.0 Outstanding 2016/2017 Projects

Note 1 to the financial statements reflects Kshs.74,353,447 in respect to transfer from other government entities which includes Kshs.30,948,275 in respect to fund brought forward from 2016/2017 and which was budgeted for the completion of the outstanding 2016/2017 projects. However, the funds were used for new projects in the 2017/2018 financial year without evidence that the expenditure was approved by the Board contrary to Section 6(2) of the CDF Act 2015 which states that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board.

In the circumstances, the Fund was in breach of the 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT GOVERNANCE

Conclusion

As required by Section 7(1) (a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern/ 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 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 resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

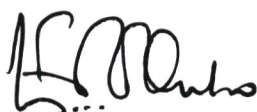
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 Fund to cease to continue as a going concern or 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 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

29 March 2019

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MWINGI CENTRAL CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018


IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016 - 2017
			Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	74,353,447	115,991,191
Proceeds from Sale of Assets	2		-
Other Receipts	3		-
TOTAL RECEIPTS		74,353,447	115,991,191
PAYMENTS			
Compensation of employees	4	2,232,520	3,137,438
Use of goods and services	5	6,450,098	10,722,422
Transfers to Other Government Units	6	23,700,000	30,671,413
Other grants and transfers	7	22,191,470	68,341,000
Acquisition of Assets	8	-	8,295,000
Other Payments	9		-
TOTAL PAYMENTS		54,574,088	121,167,273
SURPLUS/DEFICIT		19,779,359	(5,176,082)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Mwingi Central Constituency financial statements were approved on 30th June 2018 and signed by:




Fund Account Manager
Name: SAMUEL NZUKI


Sub-County Accountant
Name: FRANCIS NYAMAI
ICPAK Member Number: 6161

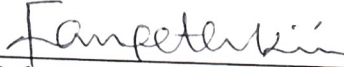
V. STATEMENT OF FINANCIAL ASSETS

	Note	2017-2018	2016 - 2017
		Kshs	
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	26,405,312	6,205,696
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		26,405,312	6,205,696
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July...	13	6,205,696	20,524,289
Surplus/Deficit for the year		19,779,359	(5,176,082)
Prior year adjustments	14	420,258	-
NET LIABILITIES		26,405,312	15,348,207

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



Fund Account Manager
Name: SAMUEL NZUKI



Sub-County Accountant
Name: FRANCIS NYAMAI
ICPAK Member Number: 6161

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MWINGI CENTRAL CONSTITUENCY

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

VII SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,345	48,533,281	135,343,626	80,559,143	54,784,483	59.5%
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	86,810,345	48,533,281	135,343,626	80,559,143	54,784,483	59.5%
PAYMENTS						
Compensation of Employees	2,198,600	35,000	2,233,600	2,232,520	1,080	100.0%
Use of goods and services	5,124,332	1,334,164	6,458,495	6,450,098	8,397	99.9%
Transfers to Other Government Units	33,000,000	34,630,000	67,630,000	23,700,000	43,930,000	35.0%
Other grants and transfers	45,997,413	12,534,118	58,531,531	22,191,470	36,340,061	37.9%
Acquisition of Assets	490,000	-	490,000	-	490,000	0.0%
Other Payments						
TOTAL	86,810,345	48,533,281	135,343,626	54,574,088	80,769,538	40.3%

b) *Commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)*

1. Total receipts received from NGCDF board at 59.5%- this is due planned funds of 50% allocation and the supplementary of 11,379,310 to be received from the board.
2. Transfer to other Government Units at 35% is due to delayed disbursements of funds and formation of PMC's
3. Other grants and transfer at 37.9% is delayed disbursements of funds.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-Mwingi Central Constituency financial statements were approved on 30th June 2018 and signed by:



Fund Account Manager
Name: SAMUEL NZUKI



Sub-County Accountant
Name: FRANCIS NYAMAI
ICPAK Member Number: 6161

IX. 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-Mwingi Central 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.

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 ENTITY - (Mwingi Central Constituency)
Reports and Financial Statements
For the year ended June 30, 2018

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A855953	5,500,000.00	10,000,000.00
AIE NO	A892606	30,948,275.10	36,853,444.00
AIE NO	A892789	37,905,172.00	4,094,827.00
			65,042,920.00
TOTAL		74,353,447.00	115,991,191

2. PROCEEDS FROM SALE OF ASSETS

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

NATIONAL GOVERNMENT ENTITY - (Mwingi Central Constituency)
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,158,751	2,169,384
Basic wages of casual labour		-
Personal allowances paid as part of salary		
House allowance	288,000	172,800
Transport allowance		-
Leave allowance		28,000
Gratuity	521,770.30	767,254
Other personnel payments	264,000	
Total	2,232,520.00	3,137,438

NATIONAL GOVERNMENT ENTITY - (Mwingi Central Constituency)
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses		
Utilities, supplies and services	4,235,910	7,422,880
Communication, supplies and services	12,850.00	346,579
Domestic travel and subsistence	10,500	-
Printing, advertising and information supplies & services	236,800	308,382
Rentals of produced assets	0	0
Training expenses	131,500.00	0
Hospitality supplies and services	1,000,000.00	925,000
Insurance costs	50,420	160,000
Specialized materials and services	0	0
Office and general supplies and services	0	0
Other operating expenses	46,665	393,200
Routine maintenance – vehicles and other transport equipment	49,465	95,342
Routine maintenance – other assets	25,600.00	1,071,039
	650,388	0
Total	6,450,098	10,722,422

NATIONAL GOVERNMENT ENTITY - (Mwingi Central Constituency)
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	22,200,000	20,200,000
Transfers to primary schools (see attached list)	1,500,000	9,371,413
Transfers to secondary schools (see attached list)	-	1,100,000
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
TOTAL	23,700,000	30,671,413

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	10,263,000-	30,030,750
Bursary – tertiary institutions (see attached list)	4,550,000-	10,010,250
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	7,575,000
Security projects (see attached list)	-	9,650,000
Sports projects (see attached list)	-	3,500,000
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	7,210,970	-
Other Payments	-	7,575,000
Total	22,191,470	68,341,000

NATIONAL GOVERNMENT ENTITY - (Mwingi Central Constituency)
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018 Kshs	2016-2017 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	2,200,000	-

9. OTHER PAYMENTS

	2017-2018 Kshs	2016-2017 Kshs
	-	-
ICT Hub	-	-
	-	-
	-	-
	-	-
	-	-

NATIONAL GOVERNMENT ENTITY - (Mwingi Central Constituency)
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
Equity Bank Ltd, Mwingi Branch Account Number- 0590260983402	26,405,312	6,205,696
<i>Name of Bank, Account No.</i>	-	-
<i>Name of Bank, Account No.</i>	-	-
Total	26,405,312	6,205,696
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

NATIONAL GOVERNMENT ENTITY - (Mwingi Central Constituency)
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A		
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A		
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A		
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A		
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A		
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A		
<i>Total</i>				

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

12 RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1		
Supplier 2		N/A
Supplier 3		
Total		

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts		
Cash in hand	6,205,696	20,524,289
Imprest	-	-
Total	6,205,696	20,524,289

[The amount of Ksh 14,695,321 quoted as the opening balance for the year under review and Ksh 20,524,289 for FY 2016/2017 were erroneously quoted when preparing the financial statements. The re-instated figures are as indicated in note 13 and supported by copies of cashbook and bank reconciliation]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts (Reversed stale cheques and cashbook adjustment that is overcasts and undercasts)	420,258	
Cash in hand	-	
Imprest	-	
Total	420,258	0.00

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,080	-
Use of goods and services	8,397	-
Amounts due to other Government entities (see attached list)	43,930,000	-
Amounts due to other grants and other transfers (see attached list)	36,340,061	-
Acquisition of assets	490,000	-
Others (<i>specify</i>)	-	-
	80,769,538	-

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15.4 UTILIZATION OF FUNDS (See Annex 5)

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Total				

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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						

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Committee Expenses		0		
Compensation of employees		1,080		
Use of goods & services		8,397		
Amounts due to other Government entities		43,930,000		
Sub-Total		43,939,477		
Amounts due to other grants and other transfers		36,340,061		
Ndiamumo Primary School	Purchase, transport and planting of tree seedlings	200,000		
Kamulewa Primary School	Purchase, transport and planting of tree seedlings	200,000		
Kiliku Primary School	Purchase, transport and planting of tree seedlings	200,000		
Ndandini Primary School	Purchase, transport and planting of tree seedlings	200,000		
Kiruini Primary School	Purchase, transport and planting of tree seedlings	200,000		
Kangilwa Primary School	Purchase, transport and planting of tree seedlings	200,000		
Waasya Primary School	Purchase, transport and planting of tree seedlings	200,000		
Yanyonge Primary School	Purchase, transport and planting of tree seedlings	200,000		
Kaela Secondary School	Completion of girl's dormitory (Phase II)	1,000,000		
Kanzui Secondary School	Completion of science laboratory	1,000,000		
Kivou Secondary School	Completion of dining hall (phase II)	1,000,000		
Constituency Innovation Hubs (CIH)	Establishment and support of four(4) CIH	4,677,027.2		
Constituency Strategic Plan 2017-2022	Development of Constituency Strategic Plan 2018-2022	2,500,000		
Bursary- Secondary School	Payment of bursary to needy students in secondary schools	10,883,034		
Bursary -Tertiary Schools	Payment of bursary to needy student in tertiary	4,450,000		

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
	institutions			
Mathyakani Assistant Chief's Office	Construction of Assistant Chiefs office to completion		500,000	
Musukini Assistant Chief's Office	Construction of Assistant Chiefs office to completion		500,000	
Kalisasi Assistant Chief's Office	Construction of Assistant Chiefs office to completion		500,000	
Nyaani Chief's Office	Fencing (barbed wire) of chiefs compound		200,000	
Kavindu Chief's Office	Renovation of chiefs office -re-roofing and painting		200,000	
Lundi Chief's office	Completion of chiefs office - roofing, plastering , painting and fixing of door and windows		500,000	
Mwingi East Deputy County Commissioner's office	Fencing of Deputy County Commissioner's compound -chain-link fence		330,000	
Kyanika Assistant Chief's office	Construction of Assistant Chiefs office to completion		500,000.00	
Karunga Assistant Chief's office	Construction of Assistant Chiefs office block to completion		500,000.00	
Mwambui Chief's office	Construction of Chiefs office block to completion		500,000.00	
Nuu Police Station	Construction of five (5)staff houses to completion (Kshs. 1,500,000/-) Construction of five (5) administrative offices to completion (Kshs. 1,000,000/-) and Fencing (chain link fence Kshs. 500,000/-)		1,500,000	
Nuu Assistant County Commissioner's office	Renovation of office block- re-roofing and painting		500,000	
Mwingi Central Deputy County Commissioner's office	Construction of one (1) store to completion		600,000	
Mwingi Police Station	Fencing (chain-link fence) of Mwingi Police Station		550,000	
Ndithi Primary School	Construction of one (1) Classroom to completion		850,000	

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Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Tuvani Primary School	Renovation of SIX (6) classrooms		1,000,000	
	Sub-Total			
	Sub-Total	36,340,061		
Acquisition of assets				
		490,000		
Others (specify)				
	Sub-Total	490,000		
	Grand Total	80,769,538		

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	2,200,000			2,200,000
Buildings and structures	-			-
Transport equipment	5,750,000			5,750,000
Office equipment, furniture and fittings	1,225,429			1,225,429
ICT Equipment, Software and Other ICT Assets	397,000			397,000
Other Machinery and Equipment	53,100			53,100
Heritage and cultural assets				
Intangible assets				
Total	9,625,529	0		9,625,529

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
NB: Find attached list on hard copy			2,405,336.5	
Total			2,405,336.5	

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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APPENDIX 5

15.4: PMC account balances (See Annex 5)

	Name Of the Project	Account Number	Balance as at 2018 June
1.	Mwanzeli Primary school	0590277524774	A/C opened later
2.	Sosoma Primary school	0590299471729	830
3.	Myuuni Primary school	0590269030009	80
4.	Kalulu Primary School	0590263338238	245
5.	Ngooni Primary School	0590198963596	113.55
6.	Syunoo Primary School	0590195742452	697.7
7.	Kyalamoko Primary School	0590262485354	88
8.	Nzengeni Primary School	0590267310655	335
9.	Masavi Primary School	0590264172746	250.9
10.	Ndiamumo Primary School	0590297657696	250
11.	Mboti Primary School	0590267402756	85
12.	Ndandini Primary School	0590276555476	0
13.	Kivyuni Primary School	0590266770077	15
14.	Kavoko Primary School	0590299817429	0.4
15.	Nzamani Primary School	0590264173728	494.4
16.	Lundi Primary School	0590263609173	4450
17.	Yanyonge Primary School	0590264173524	110
18.	Musukini Primary School	0590262480535	1825
19.	Mulang'a Primary School	0590269844583	850
20.	Katumba Primary School	0590196958748	664.75
21.	Mboru Primary School	0590296995609	315
22.	Katuluni Primary School	0590270264044	0.5
23.	Malioni Primary School	0590264229855	165
25.	Mwabui Primary School	0590276310919	0
26.	Ikuusya Primary School	0590263503439	4560
27.	Maongoa Primary School	0590271877785	35
28.	Muruana Primary School	0590195530391	40
29.	Ndauni Primary School	0590261543905	30
30.	Enziu Primary School	0590267527990	14.95
31.	Muungu Primary School	0590270549101	670
32.	Kalange Primary School	0590267521855	85
33.	Katuva Primary School	0590264412699	35
34.	Kisama Primary School	0590277559959	A/C opened later
35.	Syomikuku Primary School	0590261659946	215
36.	Isekele Primary School	0590264219628	100

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37.	Kyanika Primary School	0590272017035	85
38.	Kanzui Primary School	0590262550917	0.9
39.	Kwa Nzili Primary School	0590263615578	205
40.	Thitha Primary School	0590267606564	280
41.	Kivou Primary School	0590266483735	5
42.	Ndiuni Primary School	0590263724837	-135.5
43.	Kasevi Primary School	0590263616240	60
44.	Kanzui Secondary School	0590262550917	0.9
45.	Kivou Secondary School	0590293734275	3376
46.	Kivindu Secondary School	0590298955345	52,367.5
47.	Mutyangome Secondary School	0590194079459	5955.25
48.	Lundi Secondary School	0590272957398	105
49.	Yumbu Secondary School	0590194155924	129
50.	Thitha Secondary School	0590267606564	280
51.	Kasevi Girls Secondary School	0590195558542	288.35
52.	Kyulungwa Secondary School	0590193084792	616.7
53.	Mwambui Secondary School	0590265977948	615
54.	Syungii Secondary School	0590294514403	12107
55.	Mwingi Central Office Project	0590271238297	2,304,395.00
56.	Kavisu Primary School	0590277496842	A/C opened later
57.	Kamulalani Primary School	0590193097031	2791.25
58.	Nzouni Primary School	0590227489092	A/C opened later
59.	Maai primary School	0590263914580	2085
60.	Mwambuni Primary School	01141399683500	0
61.	Kausweni Primary School	01141398697800	319.00
62.	Kamunyu Primary School	01141399408300	0
63.	Kitinga Primary School	01141399183101	0
64.	Kisole Primary School	01141399548200	0
65.	Ndiani Primary School	01141399438800	0
66.	Yumbe Primary School	01141399438600	0
67.	Kyambaa Primary School	01141399578500	0
68.	Waita Primary School	01141398907000	300
69.	Kithoka Primary School	01141398674700	1430
70.	Kasovoni Primary School	01141399416700	0
71.	Nzuli Primary School	01141399554200	0
72.	Karung'a Primary School	01141399431500	0
73.	Waasya Primary School	01141399431200	0
74.	Ngaa Primary School	01141399669900	0
75.	Kalesi Primary School	01141399447400	0
76.	Mutulani Primary School	01141399705500	0
77.	Mwalili Primary School	01141399551900	0

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78.	Imwaa Primary School	01141399654200	0
79.	Mutulu Primary School	01141399549300	25
80.	Kavitu Primary School	01141399409100	0
81.	Kavindu Primary School	01141399553900	0
82.	Kangilwa Primary School	01141398966300	0
83.	Kimongo primary School	011439966300	0
84.	Thonoa Primary school	1225902169	0
85.	Kaela Secondary School	1103006797	0
86.	Nguni Secondary School	1225345987	0
87.	Mulinde Secondary School	1225706165	0
88.	Kalanga Primary School	1236606442	0
			2405336.5

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Accuracy and presentation of the financial statement- Accuracy and completeness of the balance	Doing follow up with the district accountant and former FAM	FAM and DA	Not resolved	JUNE 30 TH 2019
1.2	Presentation of the financial statements – None compliance with IPSAS (Cash Basis) : follow up of previous report	Doing follow up with the district accountant and former FAM	FAM	Not resolved	JUNE 30 TH 2019
2.0	Cash and cash equivalents balance of 14,695,321 as at 30 th June, Un presented cheques of 8,506,190 which included stale cheques of 532,527.	Doing follow up with the district accountant and former FAM	FAM	Not resolved	JUNE 30 TH 2019
3.0	Unsupported Expenditure- Unsupported expenditure of 22,359,860	Documentation available	FAM	resolved	
4.0	Doubtful Procurement of Works, Nuu Assistant Commissioner	Doing follow up with the former FAM	FAM	Not resolved	JUNE 30 TH 2019

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Office, Nuu police Post, Mwingi Central Borehole equipment , Ukasi –sosoma water pipeline, Wawathi Springs				
5.0	Ghost Projects – existence and value for money of Nuu Police Post could not be formed	Doing follow up with PMC though the NGCDFC visited the place during monitoring and evaluation, the person in charge by then was transferred, it was a challenge to verify information from the PMC file which was not availed to us.	FAM	Not resolved	JUNE 30 TH 2018
6.0	Irregular Contract Award for Mwingi Central office	Following up with the former FAM	FAM	Not resolve	JUNE 30 TH 2018
7.0	Unaccounted for Bursary Fund for Ksh 40,041,000	Following up with the former FAM	FAM	Not resolved	

