


REPUBLIC OF KENYA


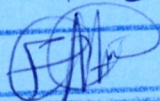


OFFICE OF THE AUDITOR-GENERAL

REPORT

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OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – KANDARA CONSTITUENCY**

**FOR THE YEAR  
ENDED 30 JUNE 2018**





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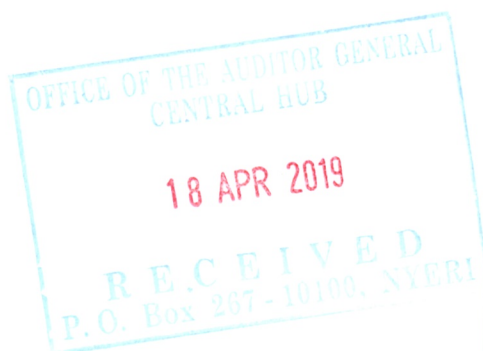
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUNDKANDARA  
CONSTITUENCY**

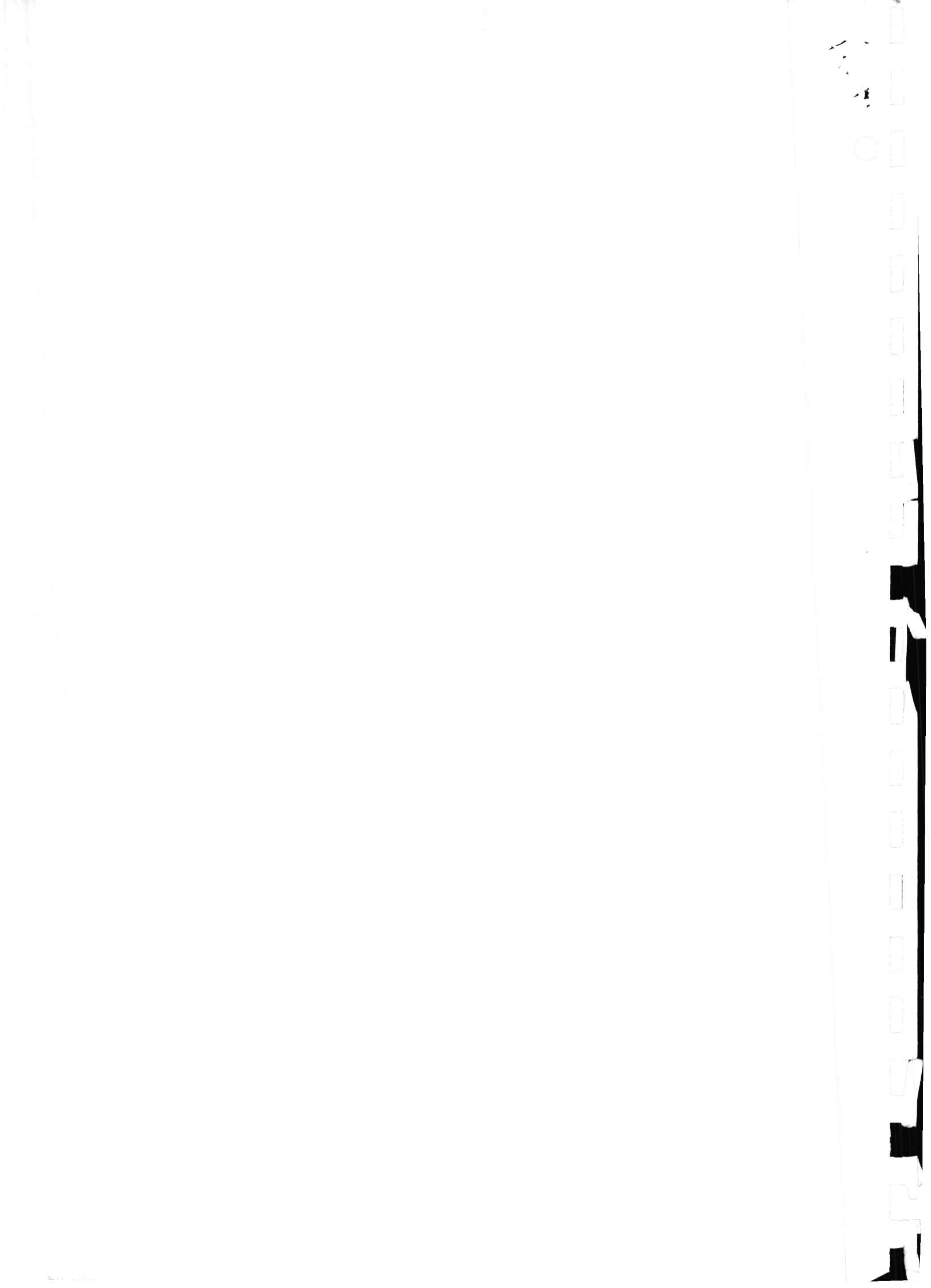
**REPORTS AND FINANCIAL STATEMENTS**

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

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





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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
KANDARA 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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**

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

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

**Core Values**

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

**(b) Key Management**

The NGCDF Kandara day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	STEPHEN KINYINGI
3.	Sub-County Accountant	PETER MUHINDI
4.	Chairman NGCDFC	PETER N. KAGICHU
5.	Member NGCDFC	ESTHER WAIRIMU

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 111 -01034  
KANDARA,  
NG-CDF Building  
KANDARA TOWN  
Next to Kandara Law court

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

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**(f) NGCDF kandara Constituency Contacts**

Telephone: (254)7 013031  
E-mail: ngkandaracdf.go.ke  
Website: www.go.ke

**(g) NGCDF KANDARA Constituency Bankers**

1. COOPERATIVE BANK  
A/C No.  
Branch - Thika

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

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

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**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

**Constituency Allocation**

I am pleased to present the unaudited financial statements for Kandara Constituency for the financial year ended 30th June 2018. During the year, the Constituency was allocated a total of Kshs 98,189,655.16 consisting of Kshs 86,810,344.82 as normal allocation and Kshs 11,379,310.34 as additional allocations.

On receipt of the above allocations, Kandara National Government Constituencies Development Fund Committee (NGCDFC) pursuant to the provisions of the National Government CDF Act 2015, as amended in 2016, met and allocated funds to various projects with reference to the priorities of the public participation meetings held across the Constituency. It is noteworthy that during the FY 2017/2018, we received 50% of the normal Constituency funding equivalent to Kshs 43,405,172 and these funds were then disbursed to earmarked projects.

**Sector Prioritization**

During the year, a total of Kshs 21,444,746 was allocated as transfers to other Government Units which consist of transfers to primary schools, secondary schools and tertiary institutions. Compensation of employees consisted of Kshs, 1,508,330, use of goods and services, Kshs. 2,202,382, other grants and transfers, Kshs. 13,690,666. The total payments for the year were Kshs. 38,846,124 leaving a deficit of Kshs, 4,559,048.10

**Sectoral Analysis of Funding**

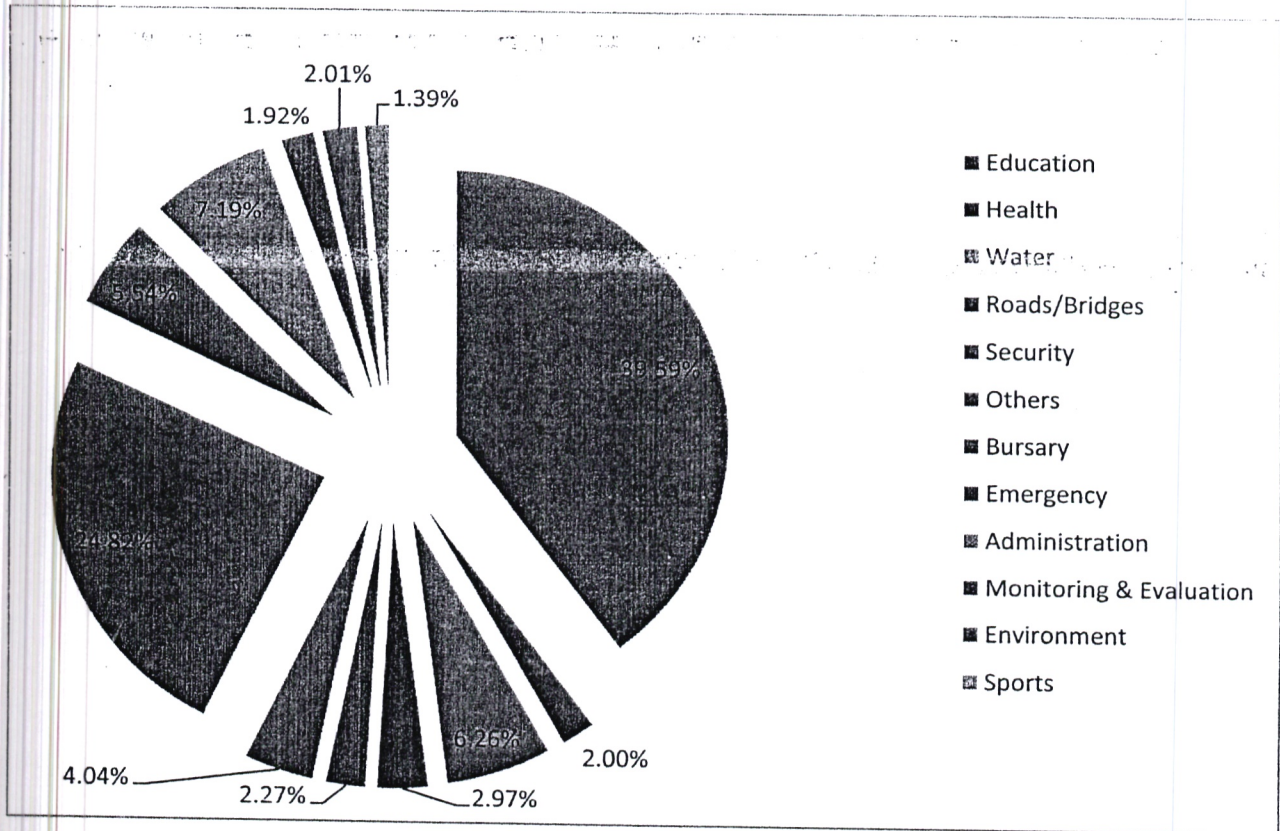
Over the past 5 years, the Constituency has received a total of Kshs 422,445,653 which were subsequently been disbursed to various projects in such sectors as education, water, health, roads and bridges, energy, agriculture, security etc in addition to the statutory bursary, emergency, sports, environment, administration and monitoring and evaluation, the analysis is as tabulated below

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KANDARA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

Financial Year	Education	Health	Water	Roads/Bridges	Security	Others	Bursary	Emergency	Admin	Monitoring & Evaluation	Environment
2013/2014	29,250,000	4,820,000	11,603,000	1,100,000	5,900,000	5,132,759	13,084,360	3,564,466	4,506,736	2,153,308	1,200,000
2014/2015	28,746,992	3,630,000	14,830,000	11,465,000		4,750,000	21,000,000	5,400,259	6,575,093	3,287,546	1,600,000
2015/2016	29,200,000	0	0	0	0	0	23,500,000	5,767,647	6,888,710	0	2,322,903
2016/2017	40,580,172	0	0	0	1,100,000		25,475,000	4,094,827.59	6,113,793	1,256,896.55	1,637,931.03
2017/2018	39,483,755	0	0	0	2,592,666	7,177,027	21,782,506	4,568,965.00	6,408,620	1,404,300.00	1,736,206.90
Totals	167,260,919	8,450,000	26,433,000	12,565,000	9,592,666	17,059,786	104,841,866	23,396,165	30,372,952	8,102,121	8,497,041
Percentage	39.59%	2.00%	6.26%	2.97%	2.27%	4.04%	24.82%	5.54%	7.19%	1.92%	2.01%



**PIE CHART (SECTORAL ANALYSIS)**

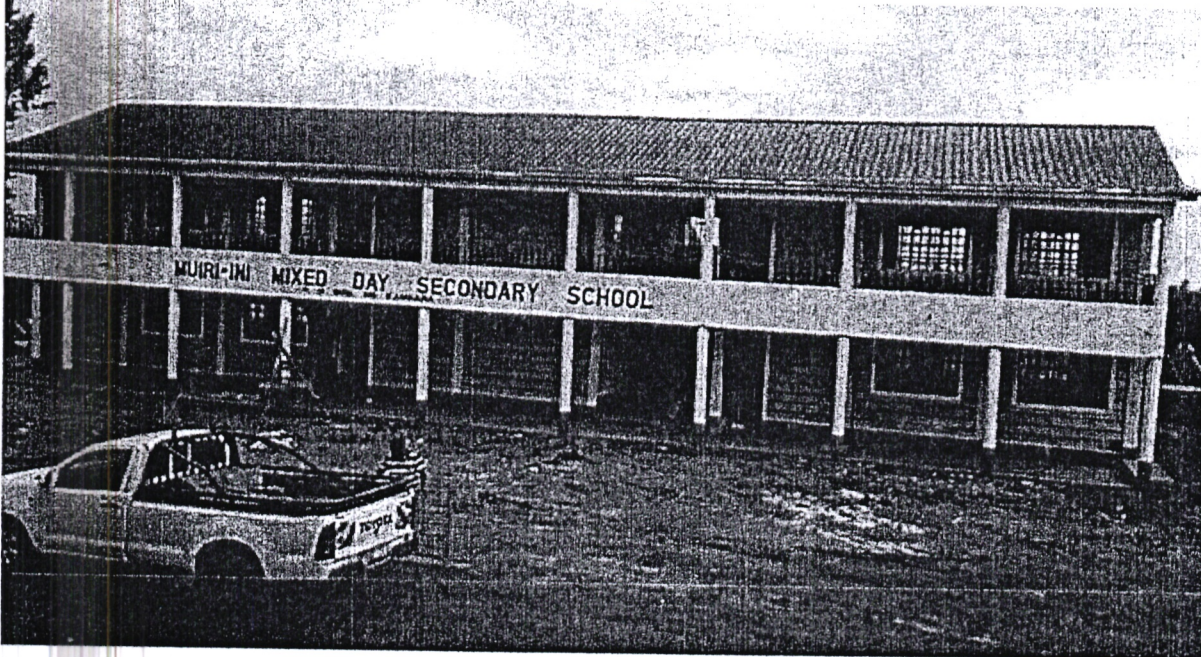
The reduction in projects in each sector as can be observed in the pie chart was due to the change of Act  
 Under this Act only projects falling within the functions of the National Government as outlined in the Constitution of Kenya 2010 will be funded. This effectively means that the Fund has since been concentrating primarily on education, security, sports and environment sectors as well as other national government residual functions.

**Achievements and Major Undertakings**

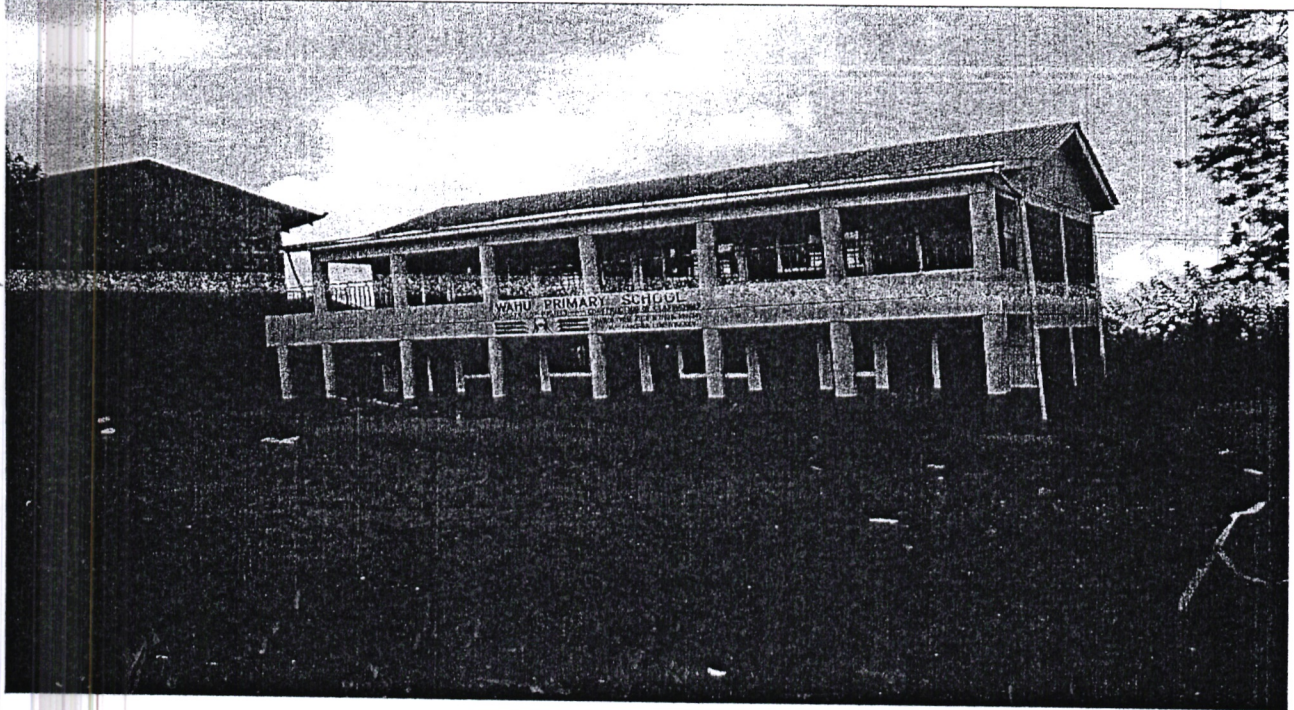
Kawendo Primary School classroom blocks



Muri-ini Day Secondary School Classroom Block



Wahu Primary School Classroom Block



### **Budgetary Appropriations**

During the financial year 2017/2018, the overall budget utilization stood at 89.5% percent based on the funds received. This was achieved due to expeditious disbursement of funds received to earmarked projects by the NGCDF Committee. During the period Kshs 43,405,172 was received against the total allocation of Kshs 98,189,655.16 which consists of Kshs 86,810,344.82 in normal funding and Kshs 11,379,310.34 in additional allocations.

### **Development Planning**

The constituency development plan is guided by a constituency strategic plan. The proposals come from the public through public participation forums and ward forums that lead to generation of a ward report that is forwarded to the board.

To ensure focus and expedite Constituency development, the Committee is reviewing its strategic plan which is a formalized road map that spells out where the Constituency is going over the next five years in project identification, implementation and management taking cognizance of the global Sustainable Development Goals, Kenya Vision 2030 and related County Integrated Development Plans. The NGCDF Committee is convinced that the strategic plan shall help the Constituency in setting priorities, focusing energy and resources, strengthening operations and ensuring that the Committee, its employees and other stakeholders are working towards a common goal and results.

### **Challenges**

Despite the above impressive performance and plans, the Committee has noted various challenges in project implementation and management during the FY 2017/2018.

1. Lack of compliance with the procurement procedures by some Project Management Committees
2. Lack of technical officers to guide in project implementation
3. Lack of proper staffing in the Constituency Office

**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

Include among others the following:

- Mention in summary the budget performance against actual amounts for current year based on economic classification and programmes, *(under this section, include graphs, pie charts, figures and tables)*
- Detail key achievements for the entity *(under this section use pictorials to depict successful projects undertaken during the year),*
- List emerging issues related to the entity,
- List the implementation challenges and recommended way forward. *(Ensure that you include what the entity is doing to overcome the challenges noted).*

Sign

  
CHAIRMAN NGCDF COMMITTEE

**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-Kandara Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Kandara 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, 20XX, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Kandara 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-Kandara 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-Kandara Constituency financial statements were approved and signed by the Accounting Officer on 18<sup>th</sup> Apr 2019.



Fund Account Manager  
Name: Stephen Naini  
ICPAK Member Number:

Name:



Sub-County Accountant  
Mary N. Kamau  
20897

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kandara Constituency set out on pages 6 to 28, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Kandara Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Cash and Cash Equivalents

The statement of assets reflects bank balances of Kshs.4,588,146 as at 30 June 2018. However, the bank reconciliation statement as at 30 June 2018 includes items in the cash book not yet recorded in the bank statement (unpresented cheques) totalling Kshs.129,135.80 which were stale but had not been replaced or reversed in the cash book. Consequently, the accuracy of the bank balances of Kshs.4,588,146 could not be confirmed.

##### 2. Net Financial Position

The statement of assets as at 30 June 2018 reflects total financial assets of Kshs.4,588,146 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the net financial position of Kshs.4,588,146 has instead been presented as net liabilities.

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

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters discussed in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Unutilized Laboratory at Kandara Mixed Secondary School**

Disclosed in Note 6 to the financial statements under transfer to other government units of Kshs.21,444,746 is an expenditure of Kshs.6,340,062 on transfers to secondary schools. Included in the latter expenditure is an amount of Kshs.919,430 disbursed to Kandara Mixed Secondary School for the construction of a laboratory during the year. Although physical verification carried out on the project revealed that the project was complete, it had not been utilized due to lack of water, equipment and electricity to the facility which appear to have been omitted in the bills of quantities for the project. No explanation was provided for the failure to include the essential utilities and equipment in the bills of quantities.

#### **2. Project Implementation Analysis**

A review of project implementation status report revealed that the CDF management had identified and allocated funds amounting to Kshs.89,607,358 for development projects during the year but incurred actual expenditure of Kshs.35,135,412 as analyzed below:

Project Category	No of Approved Projects	No of Projects Completed	Ongoing Projects	Projects not Started	Approved Budget-Kshs.	Actual Amount-Kshs.	Variance Kshs.
Transfer to Other Government Units	26	9	5	12	49,024,734	21,444,746	27,579,988
Other Grants and Transfers	26	12	22	6	40,582,624	13,690,666	26,891,958
<b>Total</b>	<b>52</b>	<b>21</b>	<b>27</b>	<b>18</b>	<b>89,607,358</b>	<b>35,135,412</b>	<b>54,471,946</b>

Although the management attributes the low absorption of funds mainly to delay by the National Government Constituencies Development Fund Board in releasing funds to the Constituency, the CDF committee did not take appropriate measures to ensure that approved projects were implemented within the set timelines.

### 3. Bursary to Needy Students

Disclosed in Note 7 to the financial statements under other grants and transfers are payments of Kshs.3,996,000 and Kshs.4,470,000 for bursary-secondary schools and bursary-tertiary institutions, respectively. However, records indicating how the needy students were identified as well as vetting committee minutes and reports were not made available for audit review. In the circumstances, it was not possible to confirm whether the total amount disbursed as bursaries of Kshs.8,466,000 for the year ended 30 June 2018 benefited deserving and needy cases.

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that, nothing else 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 processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and Those Charged with Governance**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of National Government Constituencies Development Fund-Kandara Constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**9 May 2019**

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

**KANDARA CONSTITUENCY**

**Reports and Financial Statements**


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

IV. \STATEMENT OF RECEIPTS AND PAYMENTS	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>RECEIPTS</b>			
Receipts from the Board	1	43,405,172	139,018,198
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>43,405,172</b>	<b>139,018,198</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,508,330	1,670,400
Use of goods and services	5	2,202,382	9,521,110
Transfers to Other Government Units	6	21,444,746	72,133,276
Other grants and transfers	7	13,690,666	58,200,598
Acquisition of Assets	8	-	69,500
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>38,846,124</b>	<b>141,594,883</b>
<b>SURPLUS/DEFICIT</b>		<b>4,559,048.10</b>	<b>(2,576,685.40)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kandara Constituency financial statements were approved on 8<sup>th</sup> April 2019 and signed by:

  
 Fund Account Manager  
 Name: Stephen Maina  
 ICPAK Member Number:

Name:

  
 Sub-County Accountant  
May N. Kamau  
20897

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

**KANDARA CONSTITUENCY**

**Reports and Financial Statements**

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

**V. STATEMENT OF ASSETS**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	4,588,146	25,105
Cash Balances (cash at hand)	10B	-	-
		4,588,146	25,105
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		4,588,146	25,105
<b>REPRESENTED BY</b>			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	25,104	2,601,790
Surplus/Deficit for the year		4,559,048	(2,576,685)
Prior year adjustments	14	3,993	-
<b>NET LIABILITIES</b>		4,588,146	25,104

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

18th April 2019 and signed by:

Fund Account Manager

Name: Stephen Maini

ICPAK Member Number:

Name:

Sub-County Accountant

Mary N. Kamau

20897

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)****KANDARA CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2018****VI. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
Transfers from NGCDF Board	1	43,405,172	139,018,198
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,508,330	1,670,400
Use of goods and services	5	2,202,382	9,521,110
Transfers to Other Government Units	6	21,444,746	72,133,276
Other grants and transfers	7	13,690,666	58,200,598
Other Payments	9	-	-
<b>Adjusted for:</b>			
Adjustments during the year	14	3,993	
<b>Net cash flow from operating activities</b>		<b>4,563,041</b>	<b>(2,507,185)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(69,500)
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(69,500)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>4,563,041</b>	<b>(2,576,685)</b>
Cash and cash equivalent at BEGINNING of the year	13	25,104	2,601,790
Cash and cash equivalent at END of the year		4,588,146	25,104

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kandara Constituency financial statements were approved on 15 April 2019 and signed by:

  
 Fund Account Manager

Name:

ICPAK Member Number:

Name:

  
 Sub-County Accountant

Mary N. Kamau

20897

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-a	f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	86,810,344	11,408,408	98,218,752	43,430,277	54,788,476	44%
Proceeds from Sale of Assets			-	-		
Other Receipts			-	-		
	86,810,344	11,408,408	98,218,752	43,430,277	54,788,476	
<b>PAYMENTS</b>						
Compensation of Employees	2,074,400	431,979	2,506,379	1,508,330	99,049	60%
Use of goods and services	5,678,531	935,450	6,613,981	2,202,382	4,411,599	33%
Transfers to Other Government Units	39,483,756	9,540,979	49,024,734	21,444,746	27,579,988	44%
Other grants and transfers	39,513,658	500,000	40,013,658	13,690,666	26,322,992	34%
Acquisition of Assets	60,000		60,000	-	60,000	0%
Other Payments			-	-		
<b>TOTALS</b>	<b>86,810,344</b>	<b>11,408,408</b>	<b>98,218,752</b>	<b>38,846,124</b>	<b>59,372,628</b>	

On receipts, the total receipt from the board is 44%. This was due to;

- A supplementary budget of Kshs 11,379,310.34 submitted later in the financial year but not received by 30<sup>th</sup> June 2018.
- Delay in disbursement of Kshs.43,405,172.49 from NG-CDF board being the balance amount for financial year 2017/18.

The changes between the original budget and final budget are as a result of balance brought forward of Kshs 25,004 and a supplementary budget of Kshs 11,379,310.34.

The budget utilization for Compensation of Employees, Use of goods and services, Transfers to Other Government Units, Other Grants and Transfer as well as Acquisition of Assets stand at 60%,33%,44%,34% and 0% respectively. These ratios would have been much higher but delay in disbursement of funds led to low absorption.

**Reports and Financial Statements**

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

The NGCDF-KANDARA Constituency financial statements were approved on 18th April 2019 and signed by:



Fund Account Manager  
Name:



Sub-County Accountant

Name:

May N. Kamau

ICPAK Member Number:

20897

**VII. SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

**2. Reporting Entity**

The financial statements are for the NGCDF- Kandara Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **External Assistance**

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

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

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

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

### **Other receipts**

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

### **b) Recognition of payments**

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

### **Compensation of Employees**

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

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

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

### **Acquisition of Fixed Assets**

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

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

**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 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

**12. Comparative Figures**

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

**13. Subsequent Events**

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

**14. Errors**

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

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

**15. Related Party Transactions**

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

VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
	AIE 825856		57,121,646
	AIE 829581		4,094,828
	AIE 855026		36,853,449
	AIE 855637		40,948,275
	AIE 855839	5,500,000	
	AIE 892948	37,905,172	
<b>TOTAL</b>		<b>43,405,172</b>	<b>139,018,198</b>

2. PROCEEDS FROM SALE OF ASSETS

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KANDARA 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	~	~
<b>Total</b>	<b>~</b>	<b>~</b>

**4. COMPENSATION OF EMPLOYEES**

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,478,730	1,641,600
Basic wages of casual labour	~	~
<b>Personal allowances paid as part of salary</b>	~	~
House allowance	~	~
Transport allowance	~	~
Leave allowance	~	~
Gratuity	~	~
Employer contribution to NSSF	29,600	28,800
<b>Total</b>	<b>1,508,330</b>	<b>1,670,400</b>

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

5. **USE OF GOODS AND SERVICES**

	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	226,685	511,015
Office rent		
Communication, supplies and services		200,000
Domestic travel and subsistence		102,150
Printing, advertising and information supplies & services		-
Rentals of produced assets		-
Training expenses		-
Hospitality supplies and services	50,000	140,000
Insurance costs	206,967	353,645
Specialised materials and services		-
Office and general supplies and services	50,000	658,300
Fuel ,oil & lubricants		650,000
Other operating expenses		-
Routine maintenance – vehicles and other transport equipment		200,000
Routine maintenance – other assets		-
Other committee expenses	527,500	2,251,750
Committee allowance	1,141,230	4,454,250
<b>Total</b>	<b>2,202,382</b>	<b>9,521,110</b>

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

6. **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	15,104,684	53,133,276
Transfers to secondary schools (see attached list)	6,340,062	11,300,000
Transfers to tertiary institutions (see attached list)	-	2,000,000
Transfers to health institutions (see attached list)	-	5,700,000
<b>TOTAL</b>	<b>21,444,746</b>	<b>72,133,276</b>

7. **OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see attached list)	3,996,000	14,210,000
Bursary – tertiary institutions (see attached list)	4,470,000	9,874,000
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Security projects (see attached list)	792,666	-
Sports projects (see attached list)	1,000,000	2,100,363
Environment projects (see attached list)	1,000,000	2,100,363
Emergency projects (see attached list)	2,432,000	10,348,440
water		5,100,000
Roads		8,367,432
Other capital grants and transfer		6,100,000
<b>Total</b>	<b>13,690,666</b>	<b>58,200,598</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	69,500
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>69,500</b>

9. OTHER PAYMENTS

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

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Cooperative Bank-Thika , 1120074486100</i>	4,588,146	25,105
<b>Total</b>	<b>4,588,146</b>	<b>25,105</b>
<b>10B: CASH IN HAND</b>		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations ( <i>specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<i>[Provide cash count certificates for each]</i>		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KANDARA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Name of Officer or Institution		-	-	-
Name of Officer or Institution		-	-	-
Name of Officer or Institution		-	-	-
Name of Officer or Institution		-	-	-
Name of Officer or Institution		-	-	-
Name of Officer or Institution		-	-	-
<b>Total</b>				-

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

12 RETENTION

	2017 - 2018	2016-2017
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
<b>Total</b>	-	-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	25,105	2,601,790
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	25,105	2,601,790

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts (cheque error being reversed resulting to an overcast in cash book bal.)	3,993	-
Use of goods and services(balance 9,249,360 was understated by 271,750 which arose from other committee expenses being posted as 1,980,000 instead of 2,251,750(schedule attached)	-	271,750
Imprest	-	-
<b>Total</b>	<b>3,993</b>	<b>271,750</b>

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	998,049	-
Use of goods and services	4,411,599	25,104
Amounts due to other Government entities (see attached list)	27,579,988	-
Amounts due to other grants and other transfers (see attached list)	26,322,992	-
Acquisition of assets	60,000	-
Others ( <i>specify</i> )	-	-
	<b>59,372,628</b>	<b>25,104</b>

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

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	4,735,816.05	xxx
	4,735,816.05	xxx

**Reports and Financial Statements  
For the year ended June 30, 2018 (Kshs'000)**

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018 (Kshs'000)**

**ANNEX 3 - UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2017/18	2016/17	
Compensation of employees		998,049		
Use of goods & services		4,411,599		
Sub-Total		5,409,648		
Amounts due to other Government entities				
Mutundu Primary School	Renovation: Plastering, roof repairs, verandas, metal doors and windows, painting, Flooring of 7 No. classrooms	3,211,813.50		
Kiawangeny Primary School	Part Purchase of school land 2 acres	1,000,000.00		
Gakoigo primary school	Construction of 2No. classrooms to completion	1,000,000.00		
waitua primary	Completion works: roofing,plastering,painting valendar of 2 No. Classrooms,	1,791,619.35		
Gathage Primary school	Renovation: Plastering, roof repairs, verandas, metal doors and windows, painting, Flooring of 4 No. classrooms	2,000,000.00		
Gathige primary school	Renovation: Plastering, roof repairs, verandas, metal doors and windows, painting, Flooring of 2 No. classrooms	813,750.00		
Githuya Primary School	Part Construction of 2 No. classrooms, Plastering, flooring, valendar and painting	473,697.00		

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

**Reports and Financial Statements**

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

Rwathe primary school	plastering and painting of one classroom Kshs 184,453.50 and Construction of a school gate Kshs 264,180	448,633.50		
Riandegwa DEB Primary School	Completion works: slabbing, pillars, steel windows and doors, plastering and painting of two classes and an office Kshs 1,112,570, Construction of Gate and fencing Works Kshs 654,780	767,350.00		
Gituru sec sch	Completion of 3 No. classroom block: slabbing, columns reinforcement, and internal finishes.	1,832,146.50		
Muiri-ini sec sch	Completion of 2 classroom block internal finishes, plastering, painting, flooring and fencing Kshs 1,733,375, perimeter wall Kshs 694,440, girls and boys 12 door Latrines Kshs 1,272,185	3,700,000.00		
Githigi Sec Sch	Completion of 2 classrooms, Slabbing, pillars, and staircases	1,000,000.00		
Kirunguru Primary School	Completion of renovation of 3.No.classrooms: roof repairs, painting, flooring	500,000.00		
Kihuri-ini Primary School	Renovation of 11 classrooms plastering, wall finishes (internal and external), floor finishes, roof repairs, door and windows	3,247,986.00		
Mutitu Primary School	renovating of 12 classrooms, staffroom & head teachers office: plastering, wall finishes (internal and external), door and windows	3,992,992.50		
Waitua Secondary School	Part Purchase of 1.5 Acres of school land	1,800,000.00		
<b>Sub-Total</b>		<b>27,579,988</b>		
<b>Transfers to Other Government Units</b>				

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY

Reports and Financial Statements

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

Strategic Plan	preparation of constituency strategic plan	2,500,000		
bursary	payment of bursary to needy students in the constituency	13,236,586		
Matuta Kamunyaka village	Installation of transformer-cofunding with KPLC	500,000		
Muruka Security Light	Installation of security light	1,800,000		
Emergency Fund	To cater for any unforeseen occurrences in the constituency during the financial year	2,136,965.00		
Environment project	Planting of trees at 18 primary schools to a cost of Kshs 96,455.94: Gathugu,Mutitu, Ngararia,Waitua,Ruona, Mungaria,Karugia, Githaiti, Kanyeri- ini, Muruka, Karigu-ini, Kirirwa, Kagongo, Kahiga,Wangai,Makindi,Ngaaini and Mahutia	736,206.90		
Sports	Carry out constituency sports tournaments and cultural activities	736,206.90		
Constituency innovation hubs project	Establishment of Constituency Innovation and Internet Hub	4,677,027.20		
	Sub-Total	26,322,992		
Acquisition of assets		60,000		
Others ( <i>specify</i> )				
	Sub-Total	60,000		
	Grand Total	59,372,628		

Reports and Financial Statements

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	7,898,000	-	-	7,898,000
Office equipment, furniture and fittings	510,015	-	-	510,015
ICT Equipment, Software and Other ICT Assets	706,650	-	-	706,650
Other Machinery and Equipment	553,450	-	-	553,450
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	9,668,115	-	-	9,668,115

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
KANDARA CONSTITUENCY**  
Reports and Financial Statements  
for the year ended June 30, 2018 (Kshs'000)

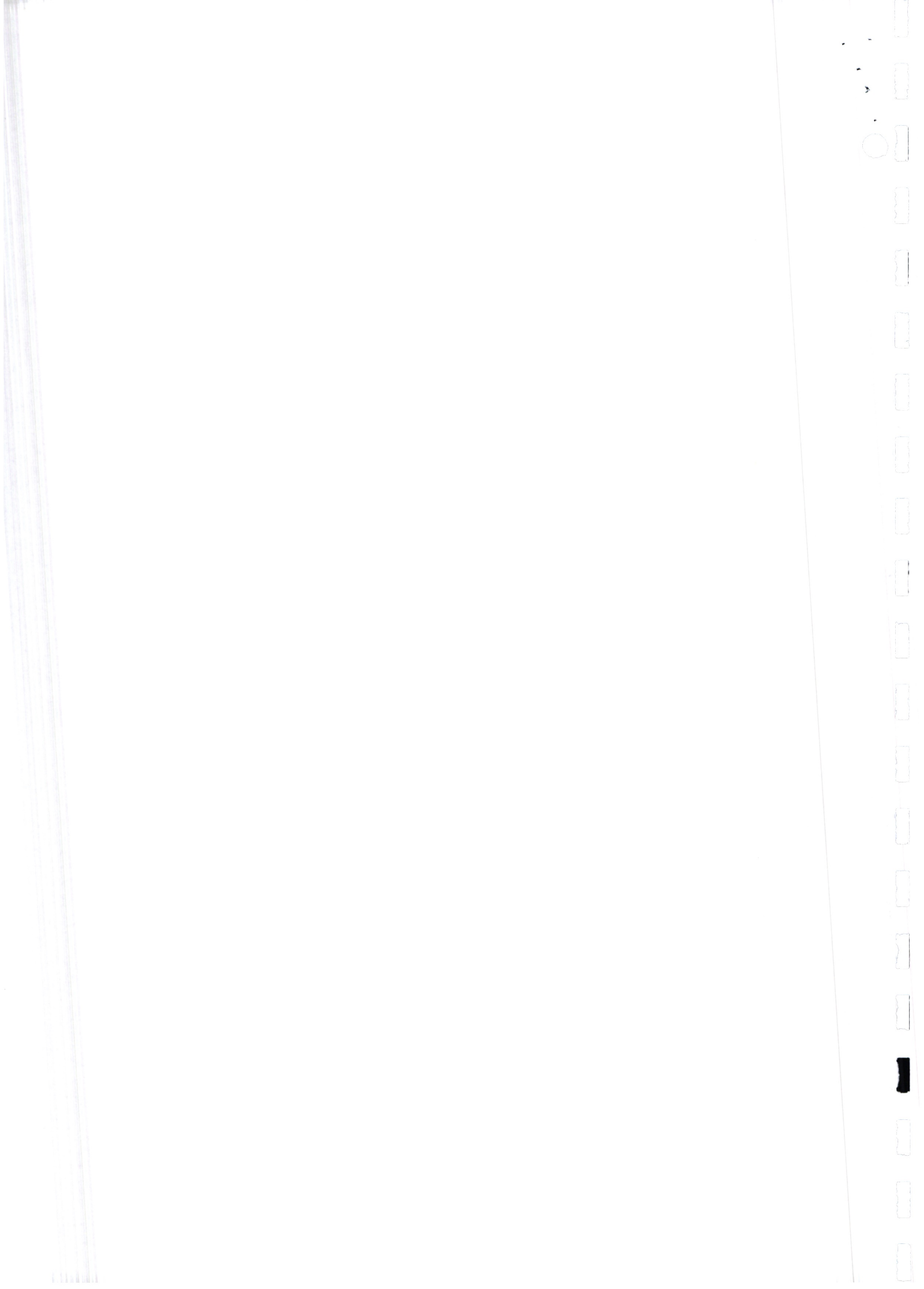
**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account number	Bank Balance 2017/18
GITURU MIXED DAY SECONDARY SCHOOL	EQUITY, KENOL	0890265477517	1,205.00
KANDARA MIXED SECONDARY SCHOOL	EQUITY, KENOL	0890268045302	1,074,663.00
MUKERENJU SECONDARY SCHOOL	EQUITY, KENOL	0890265677096	60.00
GITHIGI SECONDARY SCHOOL	EQUITY, KENOL	0890265478163	211,707.20
MUNGARIA AP POST	EQUITY, KENOL	0890272203326	531.00
KANDARA CONST. ELECTRICITY PROJECT	EQUITY, KENOL	0890269870511	4,145.00
KAWENDO PRIMARY SCHOOL	EQUITY, KENOL	0890272204283	453,574.00
GITHUNGURI PRIMARY SCHOOL	EQUITY, KENOL	0890277102484	205.00
RUKIRA PRIMARY SCHOOL	EQUITY, KENOL	0890272203702	1,466.00
GAKOIGO PRIMARY SCHOOL	EQUITY, KENOL	0890271509277	581,815.00
KARUMU PRIMARY SCHOOL	EQUITY, KENOL	0890263705553	335.00
KIAWANGENYE PRIMARY SCHOOL	EQUITY, KENOL	0890277340432	1,000,000.00
MUNGARIA PRIMARY SCHOOL	EQUITY, KENOL	0890270950181	193.50
MURUKA PRIMARY SCHOOL	EQUITY, KENOL	0890272203037	480.00
KIRUNGURU PRIMARY SCHOOL	EQUITY, KENOL	0890269930203	590.50
RIANDEGWA PRIMARY SCHOOL	EQUITY, KENOL	0890268044862	2,236.85
WAHU PRIMARY SCHOOL	EQUITY, KENOL	0890264153171	1,714.50
KANDARA CONST. ENVIRONMENT PROJECT	CO-OPERATIVE,THIKA	01141557617300	512,360.50
KANDARA CONST. SPORTS PROJECT	CO-OPERATIVE,THIKA	01141557514200	888,534.00
<b>TOTAL</b>			<b>4,735,816.05</b>

**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)
	<p><b>1. Transfer from NG CDF Board</b></p> <p>The statement of receipts and payments for the year ended 30 June 2016 reflects receipts from NG CDF Board of Kshs. 82,688,487. However, the summary statement of appropriation; recurrent and development combined indicate actual receipts of Kshs. 96,613,034 during the year under review. The resultant variance of Kshs. 13,924,547</p>	<p><b>Response</b></p> <p><i>The variance of Kshs. 13,924,547 is the cashbook balance brought forward for financial year 2014/2015. The statement of appropriation; recurrent and development combined indicate actual receipts of Kshs. 96,613,034 which includes the actual receipts of Kshs. 82,688,487 and the opening balance of Kshs. 13,924,547.</i></p>	FAM	Resolved	Resolved



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)
	<p><b>1. Transfer from NG CDF Board</b></p> <p>The statement of receipts and payments for the year ended 30 June 2016 reflects receipts from NG CDF Board of Kshs. 82,688,487. However, the summary statement of appropriation; recurrent and development combined indicate actual receipts of Kshs. 96,613,034 during the year under review. The resultant variance of Kshs. 13,924,547</p>	<p><b>Response</b></p> <p><i>The variance of Kshs. 13,924,547 is the cashbook balance brought forward for financial year 2014/2015. The statement of appropriation; recurrent and development combined indicate actual receipts of Kshs. 96,613,034 which includes the actual receipts of Kshs. 82,688,487 and the opening balance of Kshs. 13,924,547.</i></p>	FAM	Resolved	Resolved

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT AUTHORITY  
**Reports and Financial Statements**  
**For the year ended June 30, 2018 (Kshs'000)**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue. (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>30<sup>th</sup> June 2016 amounted to Kshs 434,000 in which was apparently not disclosed in the financial statements. No explanation was provided for the omission. Consequently, the accuracy of cash and cash equivalent balance of Kshs. 2,601,790 as at 30 June 2016 could not be confirmed.</p>	<p>statements have since been corrected and presented to the auditor for verification and review. <i>Kshs. 2,601,790 is the correct cash and cash equivalent as at the end of the financial year as indicated in the bank reconciliation statement and cashbook closing balance.</i></p>			
	<p><b>1. Unsupported Expenditure</b>                      Included in note 1.4 to the financial statement on use of goods and services payments for the year ended 30 June 2016 of Kshs. 6,785,820, is</p>	<p><b>Response</b>  <i>Kshs. 787,250 was payments that were made to cater for monitoring and evaluation and purchases for office equipments that were made during the financial year. Therefore Kshs. 6,785,820 represents the correct position for use of</i></p>	FAM	Resolved	Resolved

Reports and Financial Statements

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

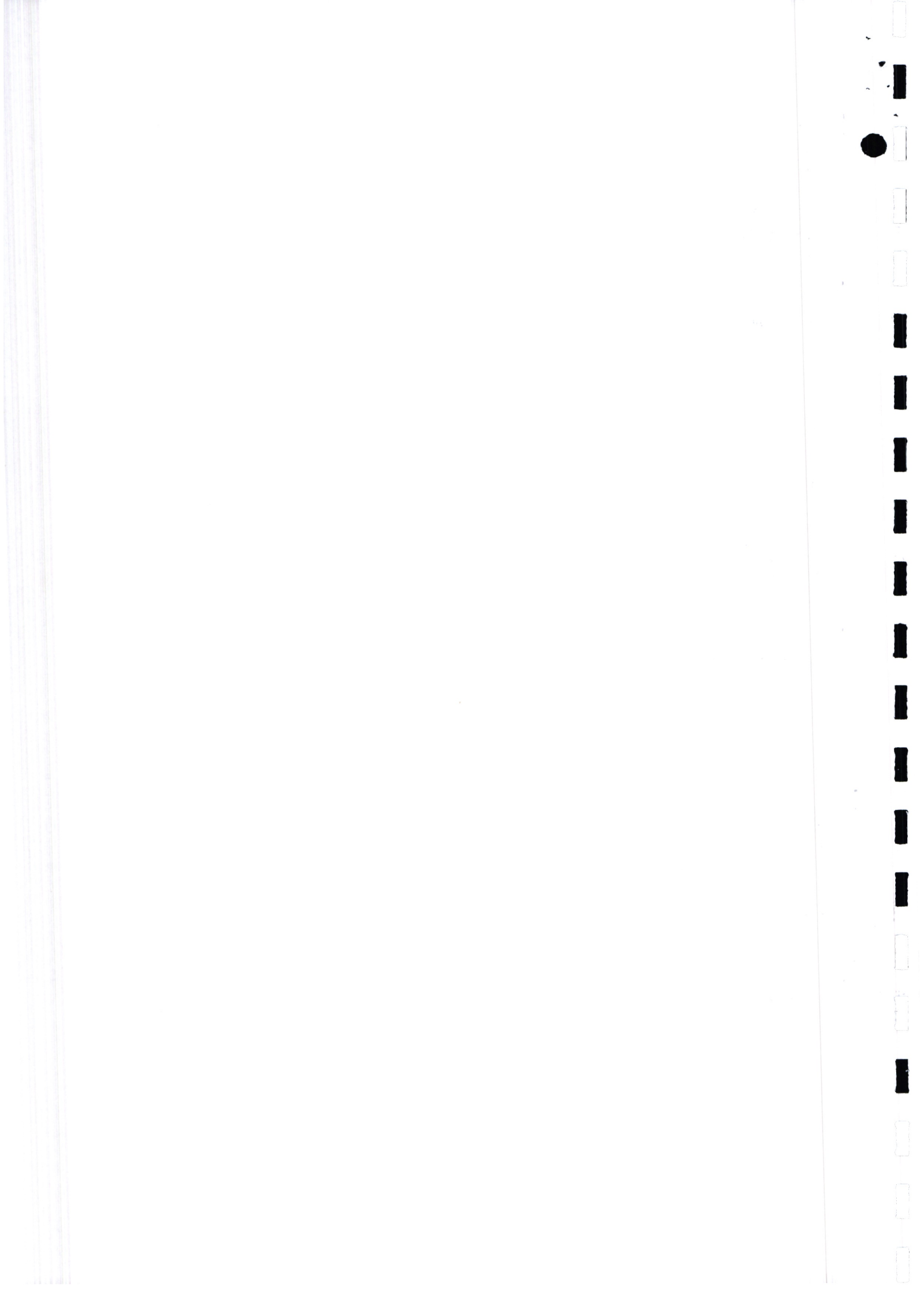
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>expenditure amounting to Kshs. 787,250 incurred on hospitality, car hire services and stationeries. However, no documentary evidence including tender documents, tender evaluation and award minutes were presented for audit review. In absence of documentary evidence, the propriety of the expenditure of Kshs. 787,250 could not be confirmed as a correct charge to public funds.</p>	<p>goods and services. The payment vouchers have been availed to the auditor for review and verification and attached herewith.</p>			
	<p><b>1. Unsupported bursary payments</b> Note 1.6 to the financial statement on other grants and</p>	<p><i>Response:</i> At the time of the audit there were few acknowledgements received from various institutions mainly because of delays on</p>	FAM	Resolved	Resolved

**Reports and Financial Statements**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>payments reflects expenditure of 31,323,537 which includes bursary awards totaling to Kshs. 12,390,738 comprising of Kshs. 6,706,700 and Kshs. 5,684,038 in respect of bursary to secondary schools and tertiary institutions respectively.</p> <p>However, although payment records indicated that the funds were disbursed as allocated, out of total bursary paid of Kshs. 12,390,738, an amount of Kshs. 8,204,740 did not have official receipts or acknowledgement letters from the various institutions attached to the payments.</p>	<p>the part of institutions. However, we have gradually continued to receive acknowledgements letters and receipts. As you may know it is quite a challenge to follow up the institutions to give us their acknowledgements or receipts timely.</p> <p>Further, the bursary committee has adopted a strategy to task the beneficiaries /parents/guardians who signs on receipt of bursary cheques and are responsible to bring the acknowledgement or the receipt. This one will help much to make sure that we have timely acknowledgement letters /receipts to support the disbursement.</p>			

The external audit Report	Issue / Observation	Management comments	pertinent to the issue (Name and designation)	Resolved	whether the expected issue to be resolved				
	<p>In absence of acknowledgement receipts, it has not been possible to confirm whether or not the bursary reached the intended beneficiaries.</p>								
	<p><b>2 Use of inappropriate procurement methods</b>  <b>2.1 Procurement of water pipes and fittings for Macaku-mairungi-kariti pipeline.</b>            Note 1.6 to the financial statement for the year ended 30 June 2016 reflects other grants and payments of Kshs. 31,323,537 which includes Kshs. 7,900,000 in respect of water project account. Included in the projects amount balance</p>	<p><i>Response:</i>            Kandara constituency did an invitation to tender advert for <b>Macaku-mairungi-kariti pipeline projects</b> and the advert was placed in chief's offices, Deputy County Commissioner offices, market places and other public places. This was in the view of giving the local merchants the benefit of financial empowerment. The list of contractors who bid for the works were:</p> <table border="1" data-bbox="795 1093 1366 1181"> <thead> <tr> <th>CONTRACTOR</th> <th>AMOUNT(kshs)</th> </tr> </thead> <tbody> <tr> <td>Kenpra Construction Limited</td> <td>4,756,000</td> </tr> </tbody> </table>	CONTRACTOR	AMOUNT(kshs)	Kenpra Construction Limited	4,756,000	FAM	Resolved	Resolved
CONTRACTOR	AMOUNT(kshs)								
Kenpra Construction Limited	4,756,000								

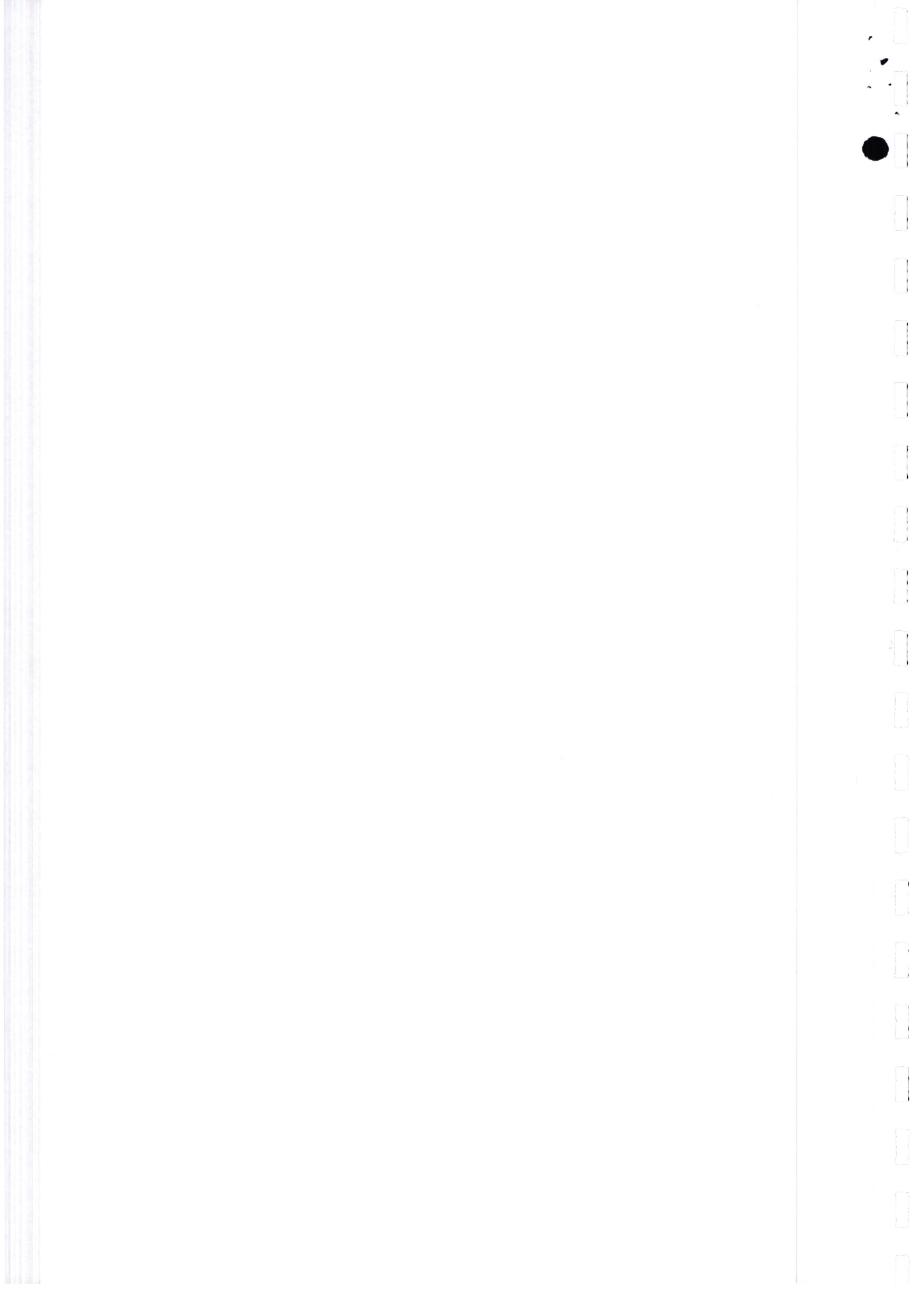


NATIONAL OPEN UNIVERSITY  
**Reports and Financial Statements**  
**For the year ended June 30, 2018 (Kshs'000)**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)												
	<p>is kshs. 4,742,500 for purchase of PVC and GI pipes for Macaku-Mairungi-Kariti water project. Records made available for audit indicates that the CDFC procured the pipes for the projects through request for quotation method. However, the contract sum of Kshs. 4,742,000 exceeded the maximum threshold of Kshs. 500,000 allowed for request for quotation as stipulated in the first schedule of the public procurement and disposal regulations, 2013 and therefore national open tender should have been used. No justification was provided for the non-</p>	<table border="1" data-bbox="806 343 1344 630"> <tr> <td><i>Heshima Construction and general suppliers limited</i></td> <td><i>4,742,500</i></td> </tr> <tr> <td><i>Fm &amp; Sons construction limited</i></td> <td><i>4,766,900</i></td> </tr> <tr> <td><i>Wellmark Limited</i></td> <td><i>4,860,000</i></td> </tr> <tr> <td><i>Naaro Builders Limited</i></td> <td><i>4,764,000</i></td> </tr> <tr> <td><i>Haricot Investment Limited</i></td> <td><i>4,802,000</i></td> </tr> <tr> <td><i>Mersarian Builders</i></td> <td><i>4,765,360</i></td> </tr> </table> <p><i>The evaluation committee reviewed the documents of these contractors and using the evaluation criteria awarded the tender to Heshima construction and general suppliers limited.</i></p>	<i>Heshima Construction and general suppliers limited</i>	<i>4,742,500</i>	<i>Fm &amp; Sons construction limited</i>	<i>4,766,900</i>	<i>Wellmark Limited</i>	<i>4,860,000</i>	<i>Naaro Builders Limited</i>	<i>4,764,000</i>	<i>Haricot Investment Limited</i>	<i>4,802,000</i>	<i>Mersarian Builders</i>	<i>4,765,360</i>			
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NATIONAL GOVERNMENT CONSTITUTION  
 Reports and Financial Statements  
 For the year ended June 30, 2018 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>compliance with the procurement law. As a result, the propriety of the expenditure of Kshs. 4,742,000 for the year ended 30 June 2016, could not be confirmed.</p>				
	<p><b>2.2 Gravelling, culvert installations and drainage of E513A Muruka – njiraInya –Kibuu Junction</b></p> <p>Included also in note 1.6 on other grants and payments is expenditure on roads totaling Kshs. 5,637,500, out of which Kshs. 4,314,480 was in respect of grading, culvert installation</p>	<p><i>Response:</i></p> <p><i>Kandara constituency did an invitation to tender advert for Muruka – njiraInya – Kibuu Junction projects and the advert was placed in chief's offices, Deputy County Commissioner offices, market places and other public places. This was in the view of giving the local merchants the benefit of financial empowerment. The list of contractors who bid for the works were:</i></p>	FAM	Resolved	Resolved



Reports and Financial Statements

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and drainage of Muruuka-Njirinya-Kibuu junction road.</p> <p>Records made available for audit indicates that contract for the road was procured by CDF Committee through request for quotations in which four contractors submitted their bids and after evaluation the lowest evaluated bidder was awarded the contract at a sum of Kshs. 4,452,600. However, the contract sum of the road exceeded the maximum threshold of Kshs 500,000 for use of request for quotation as stipulated in the first schedule of the public procurement and disposal regulations, 2013 and</p>	<p><i>CONTRACTOR</i></p> <p><i>Heshima Construction and general suppliers limited</i></p> <p><i>M/s Glymore enterprises co. limited</i></p> <p><i>Haricot investment limited</i></p> <p><i>Naaro Builders Limited</i></p> <p><i>The evaluation committee reviewed the documents of these contractors and using the evaluation criteria awarded the tender to Naaro Builders limited limited.</i></p>			

**Reports and Financial Statements**  
**For the year ended June 30, 2018 (Kshs'000)**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	therefore national open tender method should have been used. No justification was provided for the non-compliance with the procurement law.				

2210800	6 COMMITTEE EXPENSES						
	Other committee expenses						
	SECTOR/PROJECT TITLE	ALLOCATION	PAYEE	DATE	P.V NO.	CHEQUE NO.	CHQ No.
	M & E	2,456,896.55	SULEIMAN GUYO	26/01/17	2622	8691	244,500
	ADMINISTRATION	4,913,793.00	SULEIMAN GUYO	9/6/2017	2674	8788	246,000
	ADMINISTRATION	6,787,298.00	SULEIMAN GUYO	5/9/2016	2499	504	278,000
	ADMINISTRATION	6,787,298.00	SULEIMAN GUYO	15/11/16	2593	8627	345,000
	M & E	2,456,896.55	SULEIMAN GUYO	22/05/2017	2675	8774	563,500
	M & E	3,393,649.00	SULEIMAN GUYO	16/09/16	2563	8543	574,750
						<b>SUB-TOTAL</b>	<b>2,251,750</b>

