

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

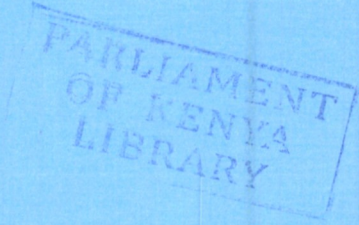
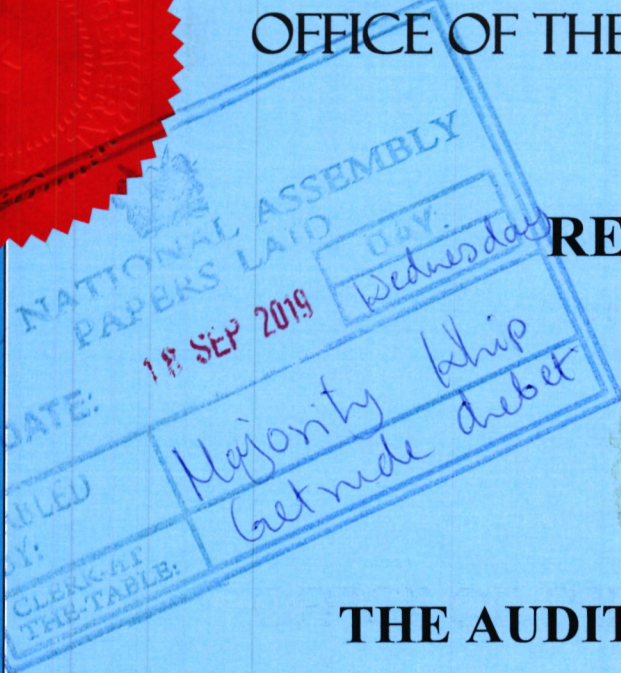
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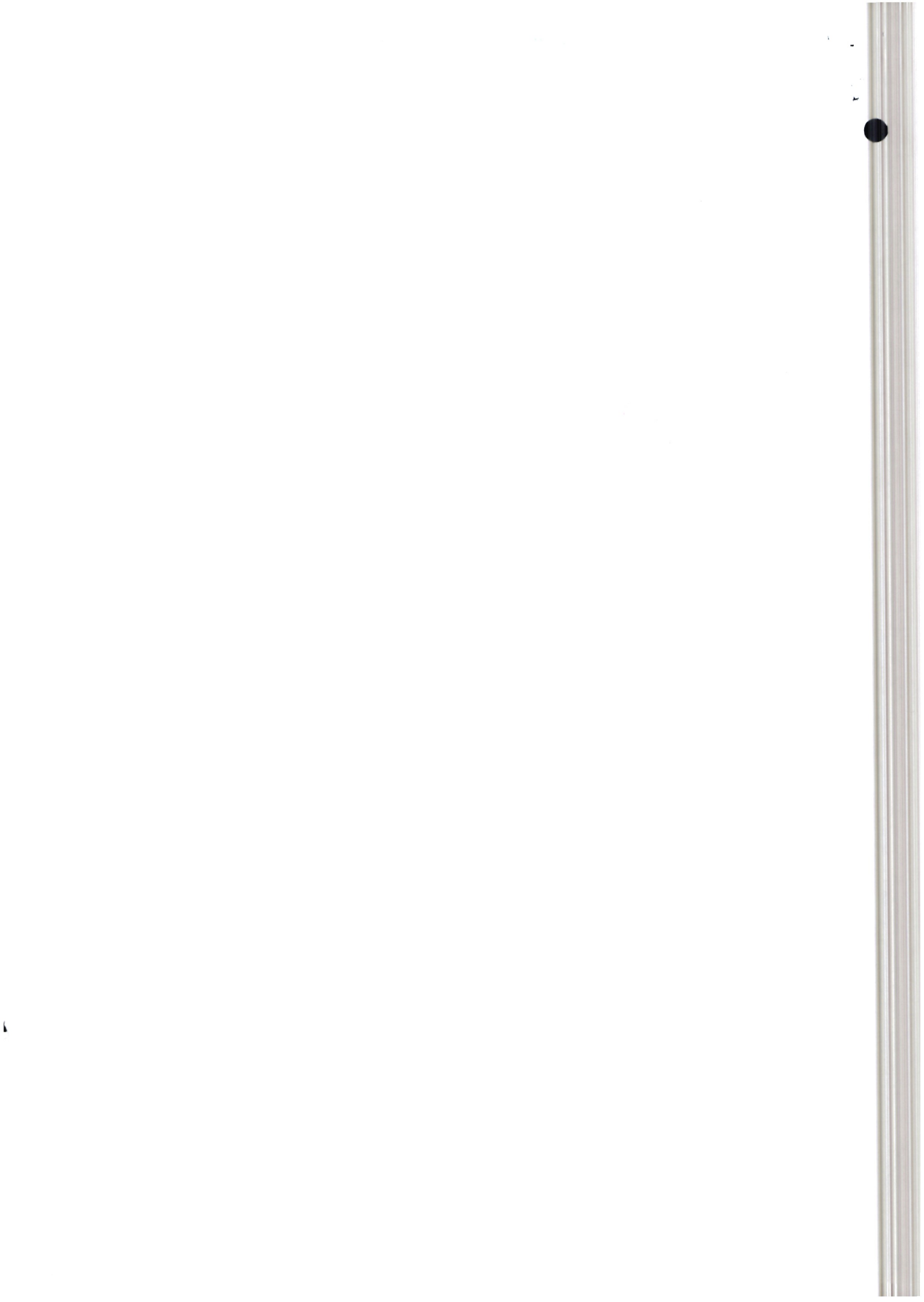
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
NAKURU TOWN EAST CONSTITUENCY

FOR THE YEAR  
ENDED 30 JUNE 2018







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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NAKURU  
TOWN EAST 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)





12 FEB 2011

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

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**Core Values**

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

**(b) Key Management**

The NGCDF NAKURU TOWN EAST 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:

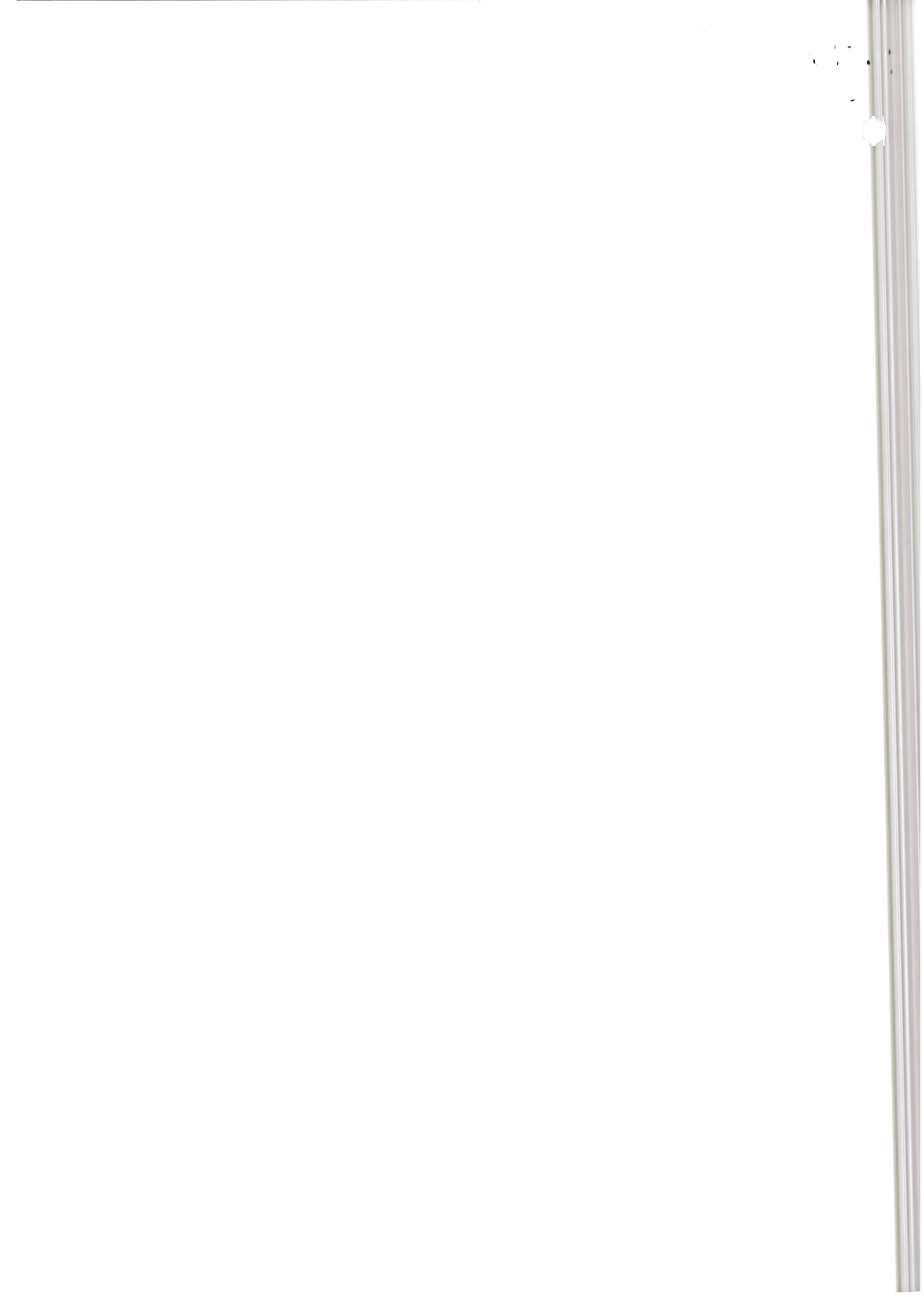
<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>PETER .M. GICHIRA</b>
3.	Sub-County Accountant	<b>FRESHIA</b> <b>NYAMDURA GITHUA</b>
4.	Chairman NGCDFC	<b>NICODEMUS AKIBA</b>
5.	Member NGCDFC	<b>FATMA YUSUF</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -NAKURU TOWN EAST 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) NGCDFNAKURU TOWN EAST Constituency Headquarters**

P.O. Box 1746-20100  
FREE AREA, LANET D.O's OFFICE  
Nakuru, KENYA



**(f) NGCDFNAKURU TOWN EAST Constituency Contacts**

Telephone: (+254) 715515817

**(g) NGCDFNAKURU TOWN EAST Constituency Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. FAMILY BANK-NAKURU  
KENYATTA AVENUE  
FINANCE HOUSE  
NAKURU, KENYA

**(h) Independent Auditors**

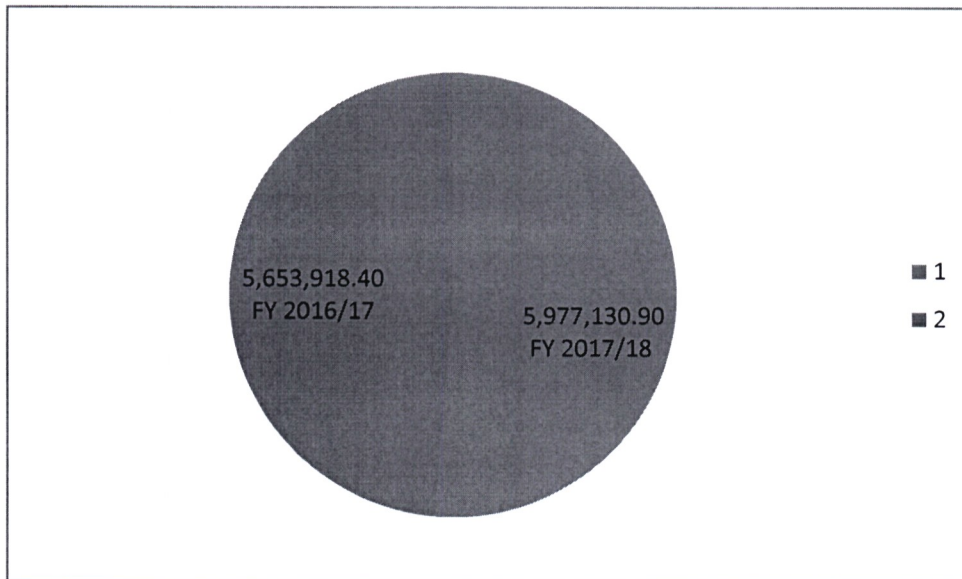
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

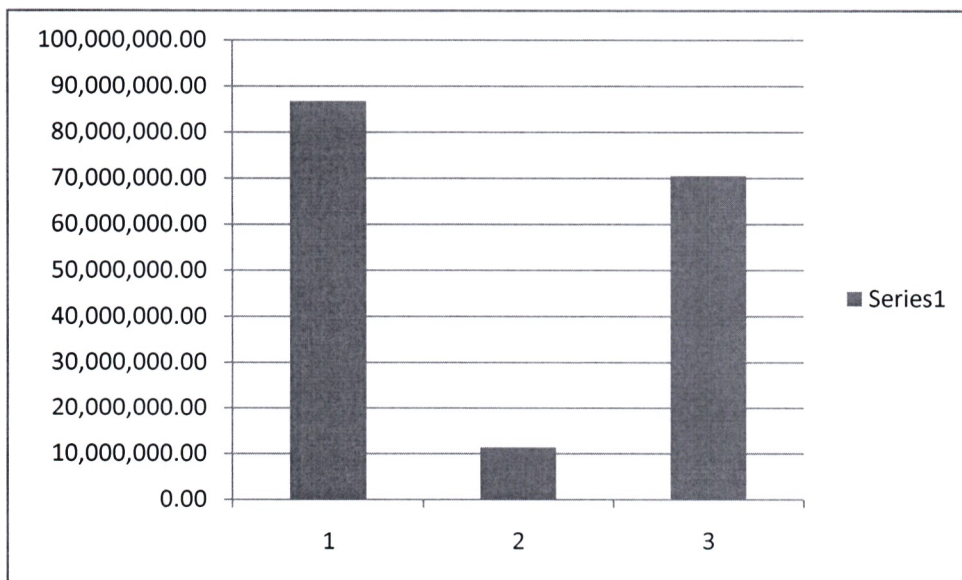
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



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



**Figure 1: USE OF GOODS AND SERVICE.COMPARISON BETWEEN TWO FINANCIAL YEARS**



**Figure 2: BUDGET ALLOCATION, ADJUSTMENT AND THE ACTUAL ON COMPARABLE BASIS**

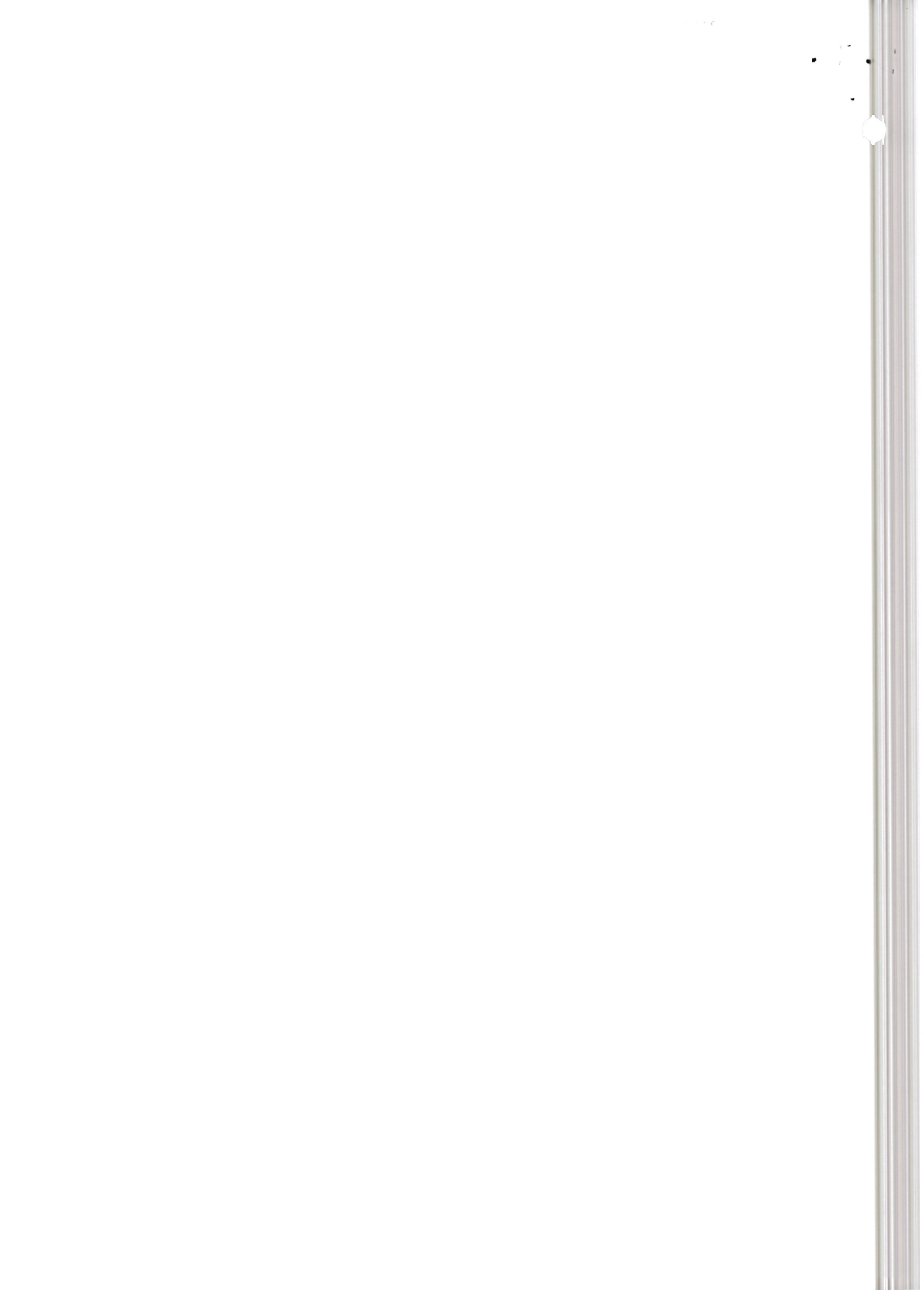
**KEY:**

**1-ORIGINAL BUDGET**

**2-ADJUSTMENT DURING THE YEAR**

**3- ACTUAL ON COMPARABLE BASIS**

The utilisation of funds during the year was at 91.58%. This percentage of utilisation is exclusive of

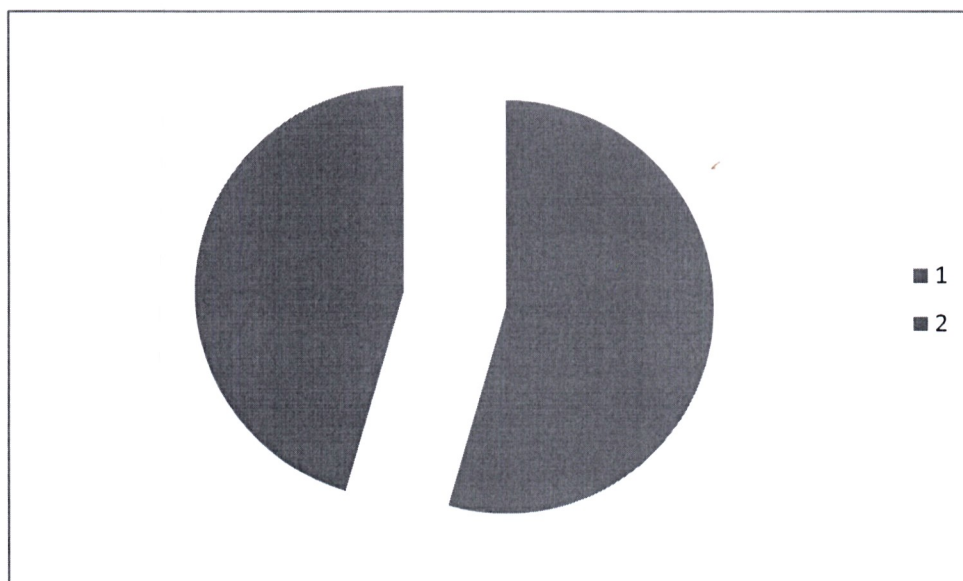


**Reports and Financial Statements**

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

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the additional funds and the submitted proposal which is awaiting approval.



**FIGURE 3: COMPARISON OF ALLOCATION BETWEEN FY 2016/17 AND 2017/18**

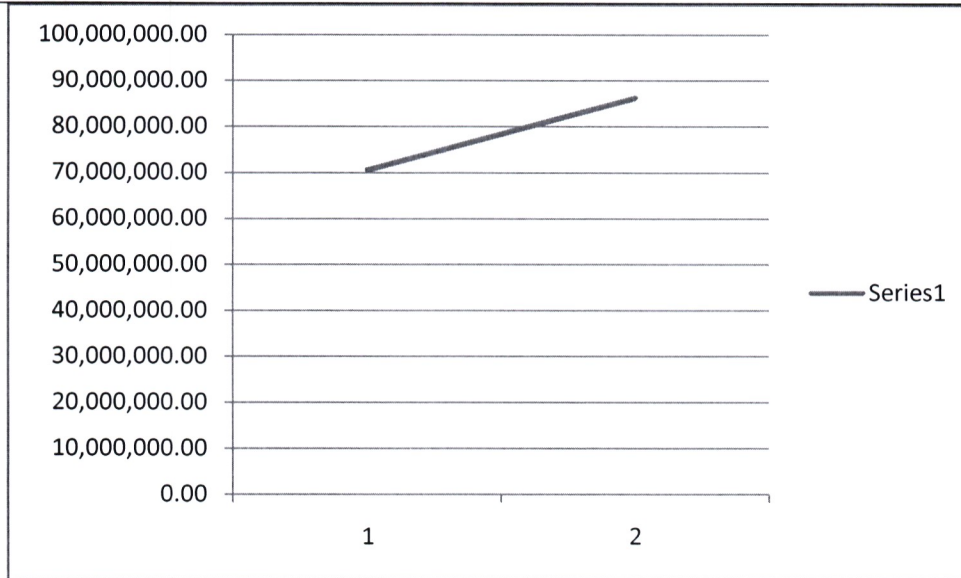
**KEY**

**1-ALLOCATION FROM BOARD FY 2016/17**

**2-ALLOCATION FROM BOARD FY 2017/18**

The figure above shows an improvement of total allocation from the FY 2016/17 to FY 2017/18 by 10 percentage points to 55%.





**Figure 4: PAYMENTS MADE BY THE CLOSE OF THE FINANCIAL YEAR OF 2016/17 AND 2017/18**

**KEY**

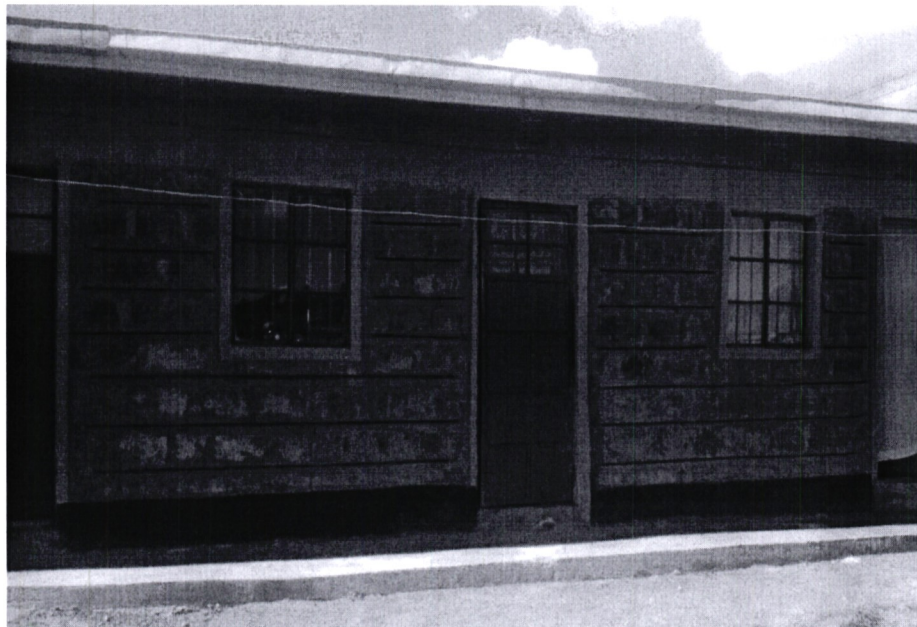
**1- Payments in Kenya shillings made in the financial year 2017/18**

**2- Payments in Kenya shillings made in the financial year 2016/17**

The financial year 2017/18 shows less payments were made compared to the previous financial year by the close of the year due to late disbursement of funds.



**KEY ACHIEVEMENTS IN THE FINANCIAL YEAR 2017/18**



**Figure 1**



**Figure 2**

- ❖ Figure 1 and 2 above is a security project in Nakuru east ward known as Rhino police post. This project has helped improve security in the are and its environs.





Figure 3



Figure 4



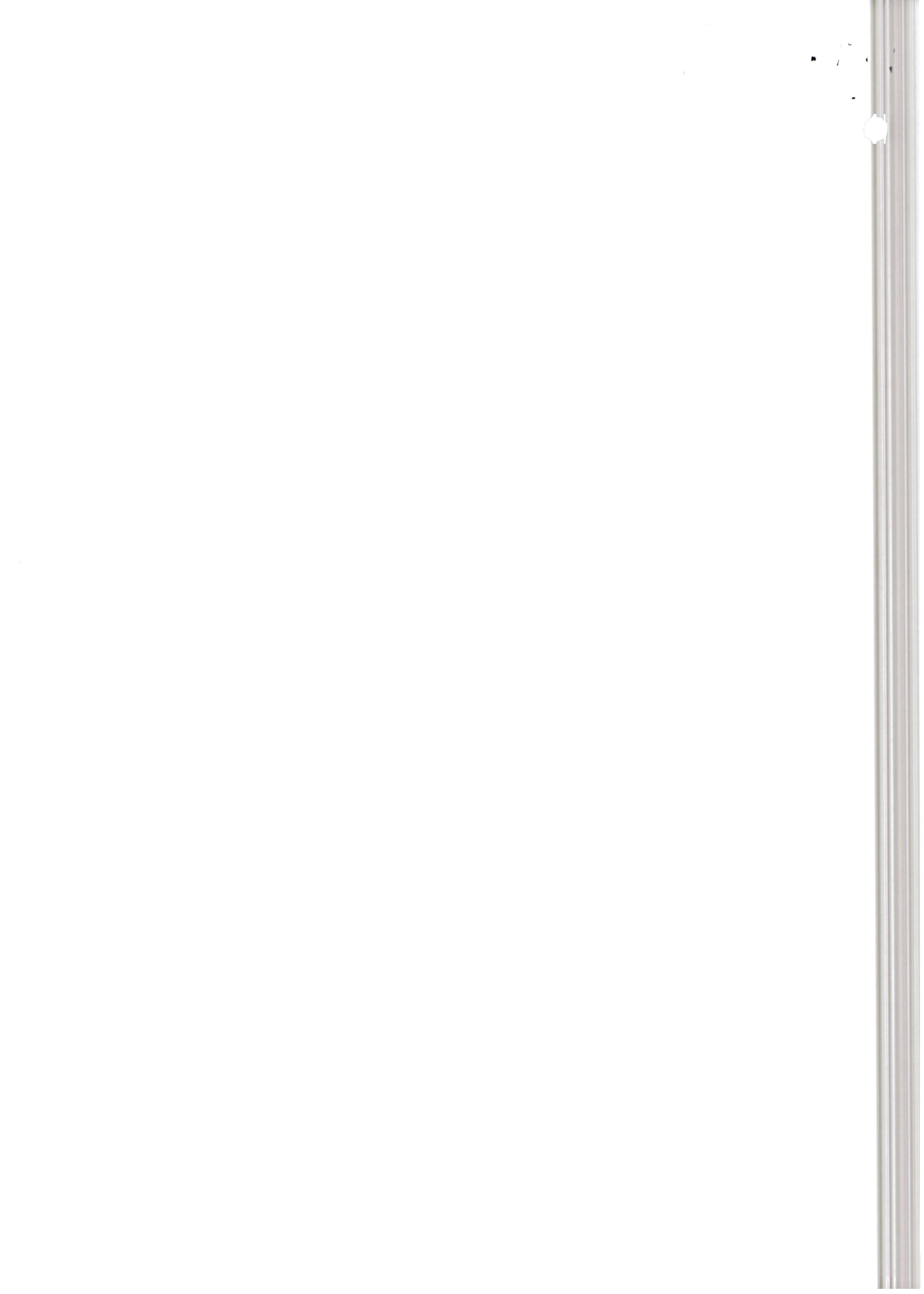


Figure 5

- ❖ Figure 3, 4 and 5 above shows the NG-CDF offices. This project has created a permanent office for NG-CDF Nakuru Town East Constituency.



Figure 6





*Figure 7*

Figure 6 and 7 above shows kimathis secondary school whose construction is on-going. This project will help in easing school and class congestion in the area and the school respectively.

NICODEMUS AKIBAH

Sign.....*N. Akibah*.....

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-NAKURU TOWN EAST Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

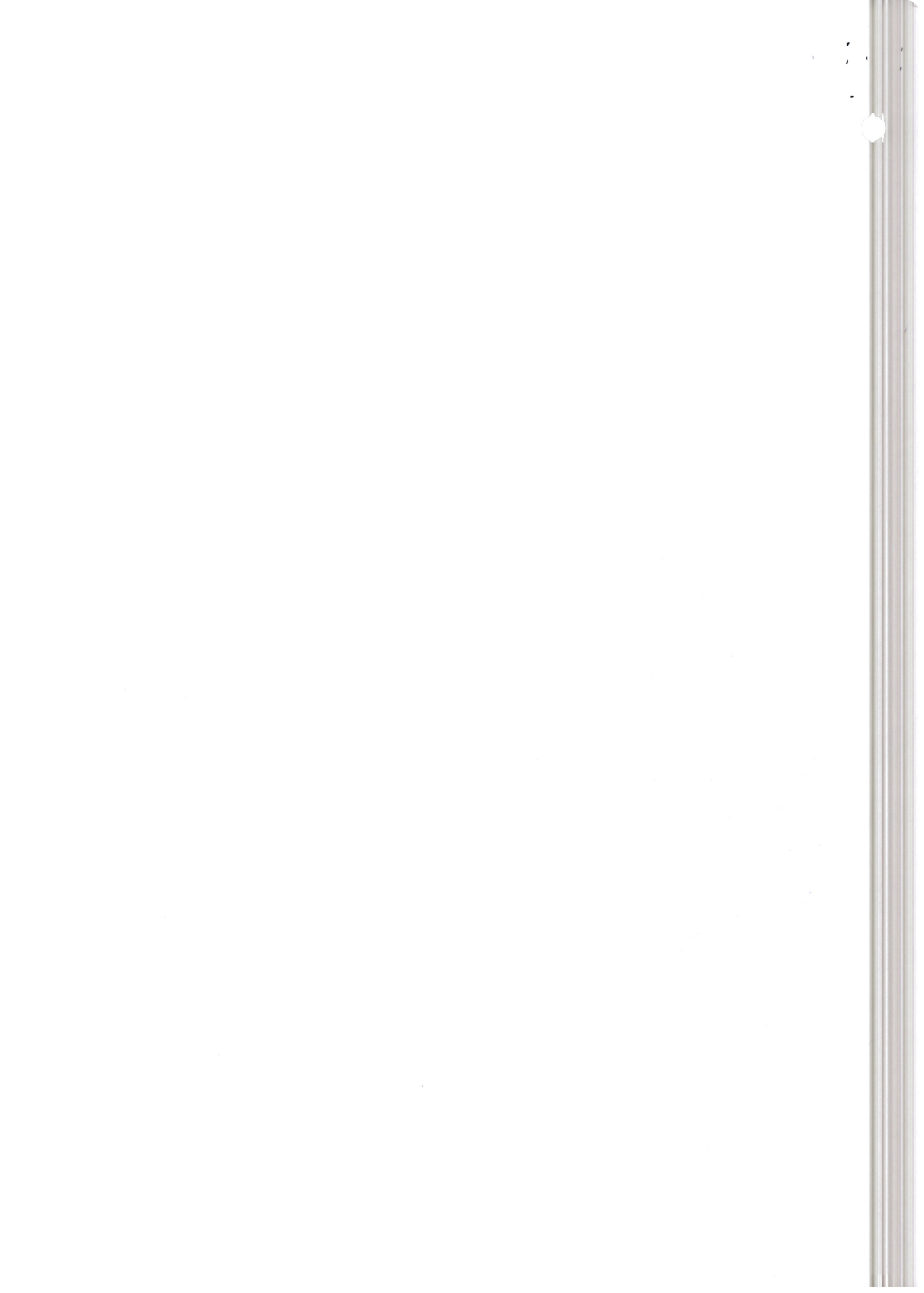
The NGCDF-NAKURU TOWN EAST Constituency financial statements were approved and signed by the Accounting Officer on 30/6/18 2018.



Fund Account Manager  
PETER .M. GICHIRA



Sub-County Accountant  
FRESHIA NYAMBURA GITHUA  
0724290534



# REPUBLIC OF KENYA

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E-Mail: oag@oagkenya.go.ke  
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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NAKURU TOWN EAST 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 – Nakuru Town East Constituency set out on pages 12 to 29, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 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 matter 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 – Nakuru Town East 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.

#### Basis for Qualified Opinion

##### 1.0 Cash and Cash Equivalents

The statement of assets reflects cash and cash equivalents balance of Kshs.6,489,945 which is the amount held at Family Bank as at 30 June 2018. The supporting bank reconciliation statement reflected unrepresented cheques totaling to Kshs.8,148,530.20 out of which Kshs.818,700.20 were stale cheques, some dating as far back as October 2014. It was observed that approximately 75% of the stale cheques were statutory remittances.

Further, payments in bank statement not recorded in the cashbook of Kshs.223,747 represented bank charges dating back to January 2016. It is not clear why these anomalies have not been addressed as required by the Public Finance Management (National

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

Government) Regulations, 2015. Therefore, the cash and cash equivalents balance of Kshs.6,489,945 in the statement of assets is not fairly stated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Nakuru Town East 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 matter(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

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

### **Conclusion**

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

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

## **REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall 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 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 for the Financial Statements**

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 Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the 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 Fund's 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 of the Financial Statements**

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 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:

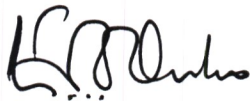
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 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 to sustain its services.

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

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

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



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

**Nairobi**

**15 August 2019**



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

**NAKURU TOWN EAST 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>			
Transfers from NGCDF board	1	76,810,345.80	81,896,551.70
Proceeds from Sale of Assets	2		
Other Receipts	3		
<b>TOTAL RECEIPTS</b>		<b>76,810,345.80</b>	<b>81,896,551.70</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,834,857.00	866,104.90
Use of goods and services	5	3,424,767.00	5,389,048.00
Transfers to Other Government Units	6	15,537,854.00	27,441,380.00
Other grants and transfers	7	42,271,057.58	45,438,786.00
Acquisition of Assets	8	4,500,000.00	4,100,000
Other Payments	9	3,000,000.00	2,904,025.70
<b>TOTAL PAYMENTS</b>		<b>70,568,535.58</b>	<b>86,139,344.60</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>6,241,809.90</u></b>	<b><u>4,242,793.00</u></b>

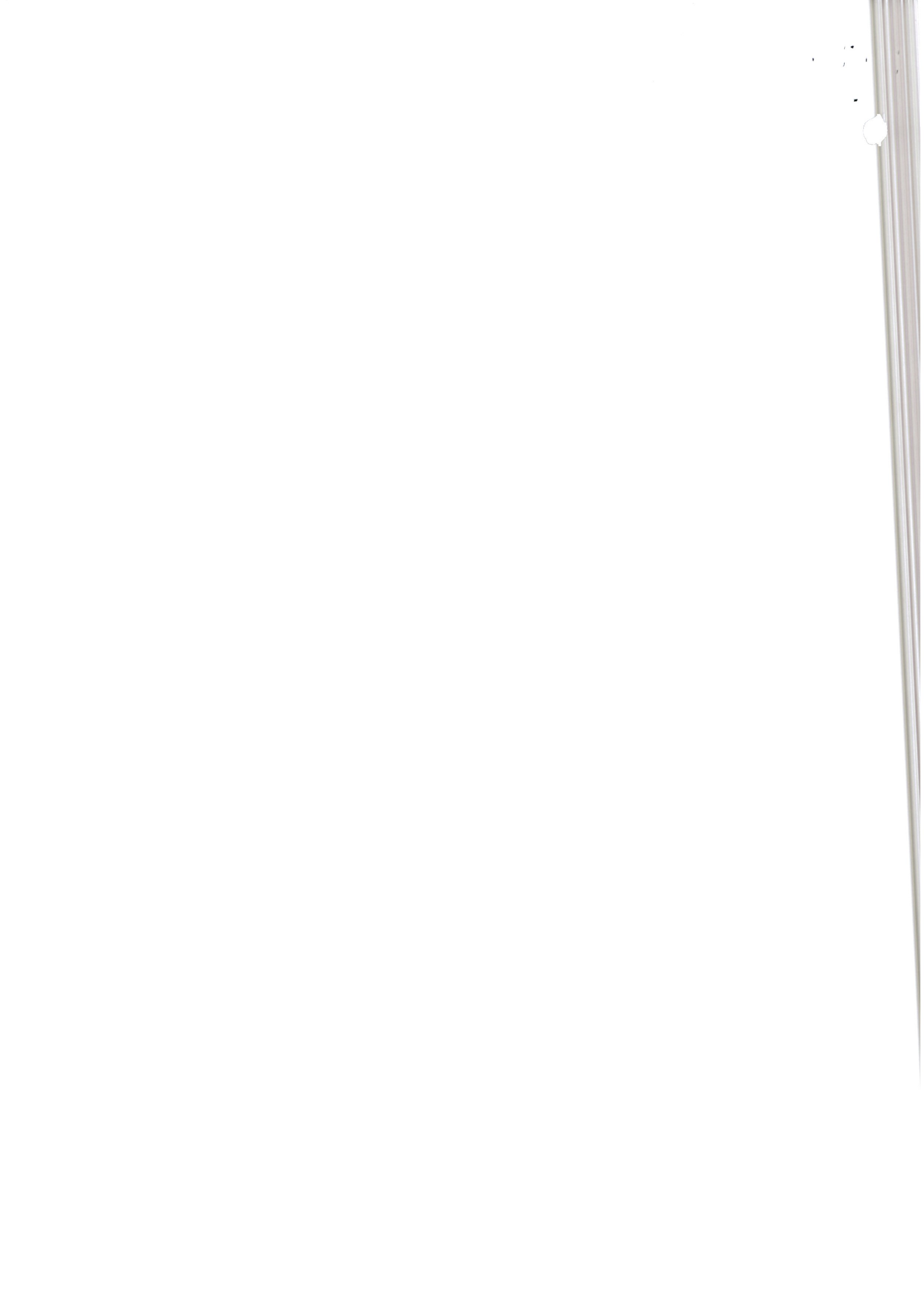
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAKURU TOWN EAST Constituency financial statements were approved on 30/6 2018 and signed by:



Fund Account Manager  
PETER .M. GICHIRA



Sub-County Accountant  
FRESHIA NYAMBURA GITHUA  
0724290534



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
NAKURU TOWN EAST CONSTITUENCY**


**Reports and Financial Statements**

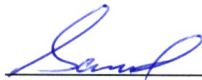
**For the year ended June 30, 2018**

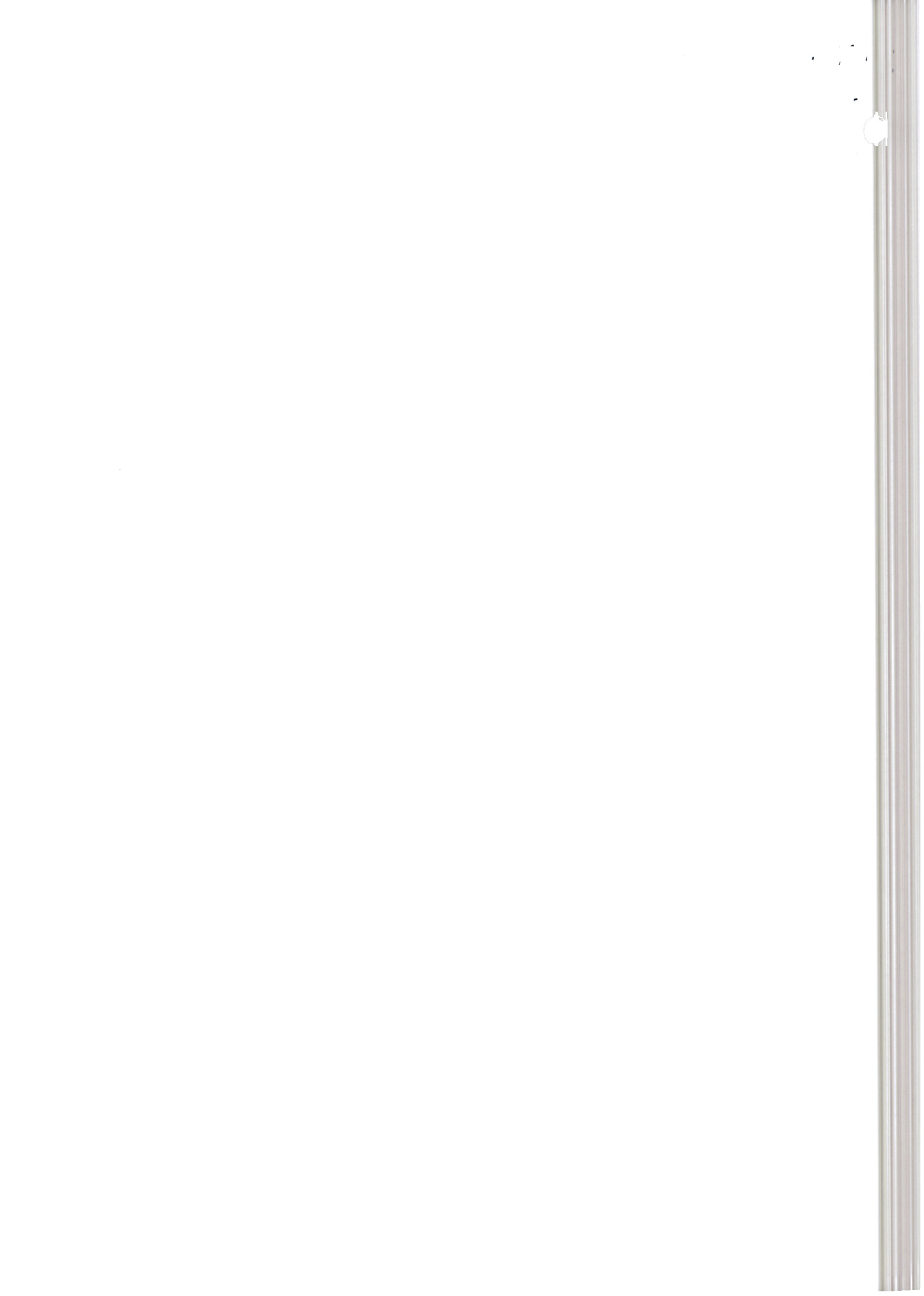
**V. STATEMENT OF ASSETS**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	6,489,945.60	248,135.70
Cash Balances (cash at hand)	10B		
Outstanding Imprests	11		
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>6,489,945.60</u></b>	<b><u>248,135.70</u></b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	248,135.70	4,490,928.70
Surplus/Defict for the year		6,241,809.90	4,242,793.00
Prior year adjustments	14		
<b>NET LIABILITIES</b>		<b><u>6,489,945.60</u></b>	<b><u>248,135.70</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAKURU TOWN EAST Constituency financial statements were approved on 30/6 2018 and signed by:

  
Fund Account Manager  
PETER .M. GICHIRA

  
Sub-County Accountant  
FRESHIA NYAMBURA GITHUA  
0724290534



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
NAKURU TOWN EAST CONSTITUENCY**

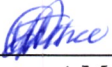
**Reports and Financial Statements**


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

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	76,810,345.80	81,896,551.70
Other Receipts	3	0	0
		<b>76,810,345.80</b>	<b>81,896,551.70</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,834,857.00	3,770,130.60
Use of goods and services	5	3,424,767.00	5,398,048.00
Transfers to Other Government Units	6	15,537,854.00	27,441,380.00
Other grants and transfers	7	42,271,057.58	45,438,786.00
Other Payments	9	3,000,000.00	0
		<b>(66,068,535.00)</b>	<b>(82,048,344.60)</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	0	0
<b>Net cash flow from operating activities</b>		<b>0</b>	<b>0</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	9	(4,500,000)	(4,100,000)
<b>Net cash flows from Investing Activities</b>		<b>4,500,000</b>	<b>4,100,000</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>6,241,809.90</b>	<b>4,242,793.00</b>
Cash and cash equivalent at BEGINNING of the year	13	248,135.70	4,490,928.70
Cash and cash equivalent at END of the year		<u>6,489,945.60</u>	<u>248,135.70</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAKURU TOWN EAST Constituency financial statements were approved on 30/6 2018 and signed by:

  
Fund Account Manager  
PETER .M. GICHIRA

  
Sub-County Accountant  
FRESHIA NYAMBURA GITHUA  
0724290534

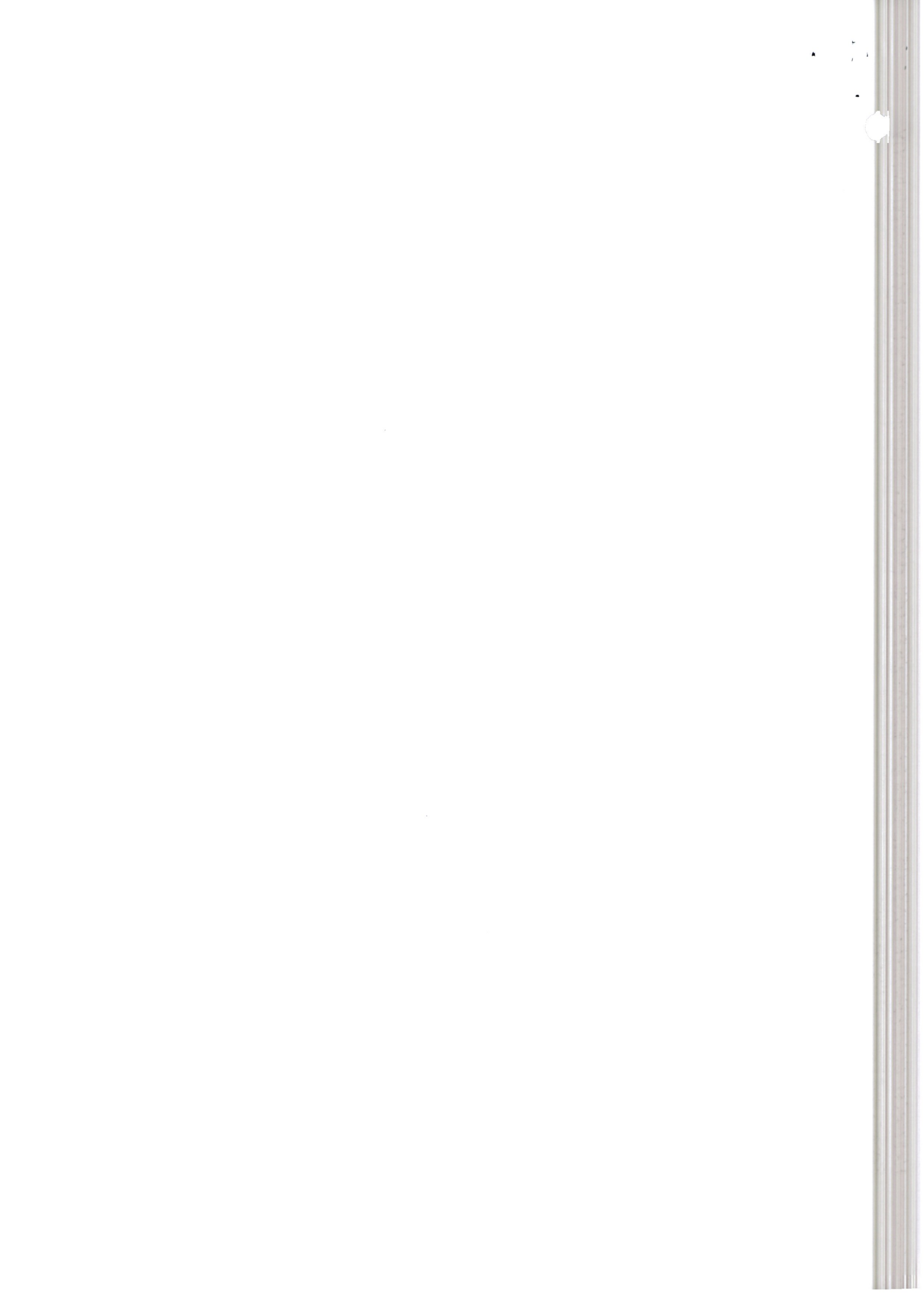


Reports and Financial Statements  
For the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>	86,810,345.00	11,627,446.70	98,437,791.70	77,058,481.50	21,379,310.20	78.28%
Transfers from NGCDF Board			0.00		0.00	
Proceeds from Sale of Assets			0.00		0.00	
Other Receipts			0.00		0.00	
			0.00		0.00	
<b>PAYMENTS</b>			-			
Compensation of Employees	1,586,721.30	248,135.70	1,834,857.00	1,834,857.00	0.00	100%
Use of goods and services	7,250,347.20	1,024,137.60	8,274,484.80	3,424,767.00	4,849,717.80	41%
Transfers to Other Government Units	21,737,854.00	1,700,000.00	23,437,854.00	15,537,854.00	7,900,000.00	66%
Other grants and transfers	46,535,422.10	8,655,173.40	55,190,595.50	42,271,057.58	12,919,537.92	77%
Acquisition of Assets	4,500,000.00	0	4,500,000.00	4,500,000.00	0.00	100%
Other Payments	5,200,000.00	0	5,200,000.00	3,000,000.00	2,200,000.00	58%
			-			
<b>TOTALS</b>	86,810,344.60	11,627,446.70	98,437,791.3	70,568,535.58	27,869,255.72	76%

The NGCDF-NAKURU TOWN EAST Constituency financial statements were approved on 30/6 2018 and signed by:

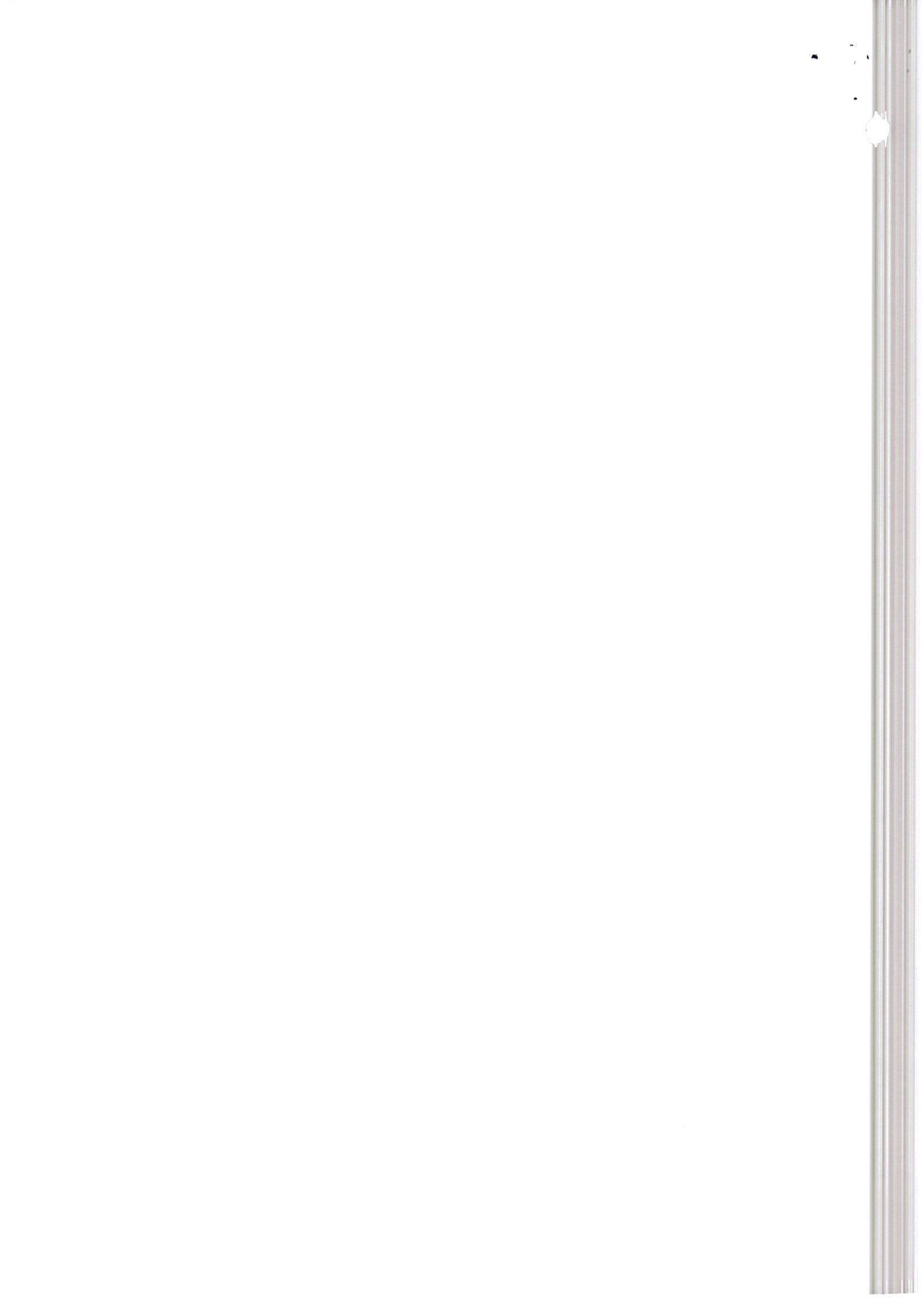




Fund Account Manager  
**PETER .M. GICHIRA**



Sub-Courty Accountant  
**FRESHIA NYAMBURA GITHUA**  
0724290534



## **VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

### **2. Reporting Entity**

The financial statements are for the NGCDF-NAKURU TOWN EAST 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.

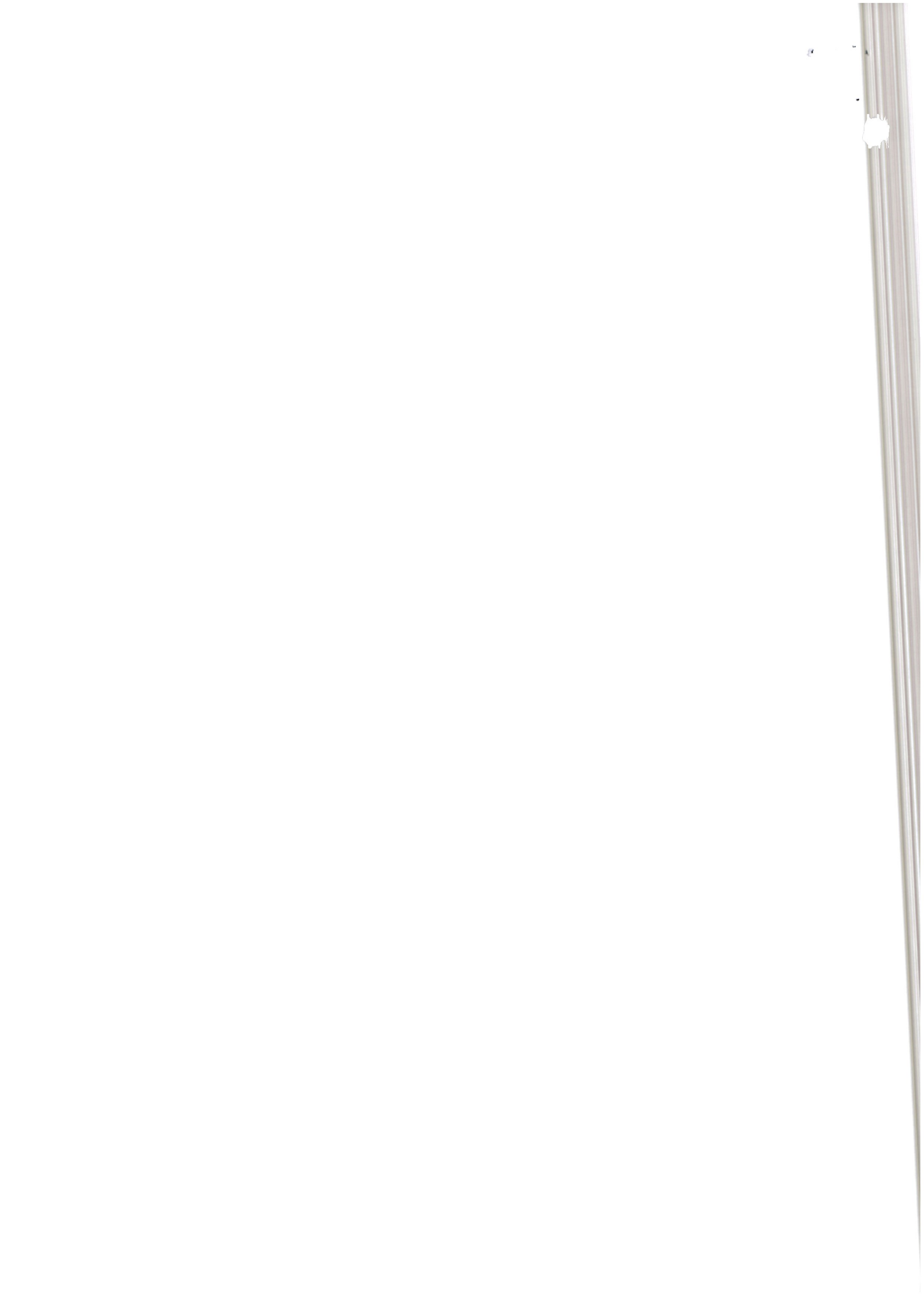
### **Use of Goods and Services**

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.

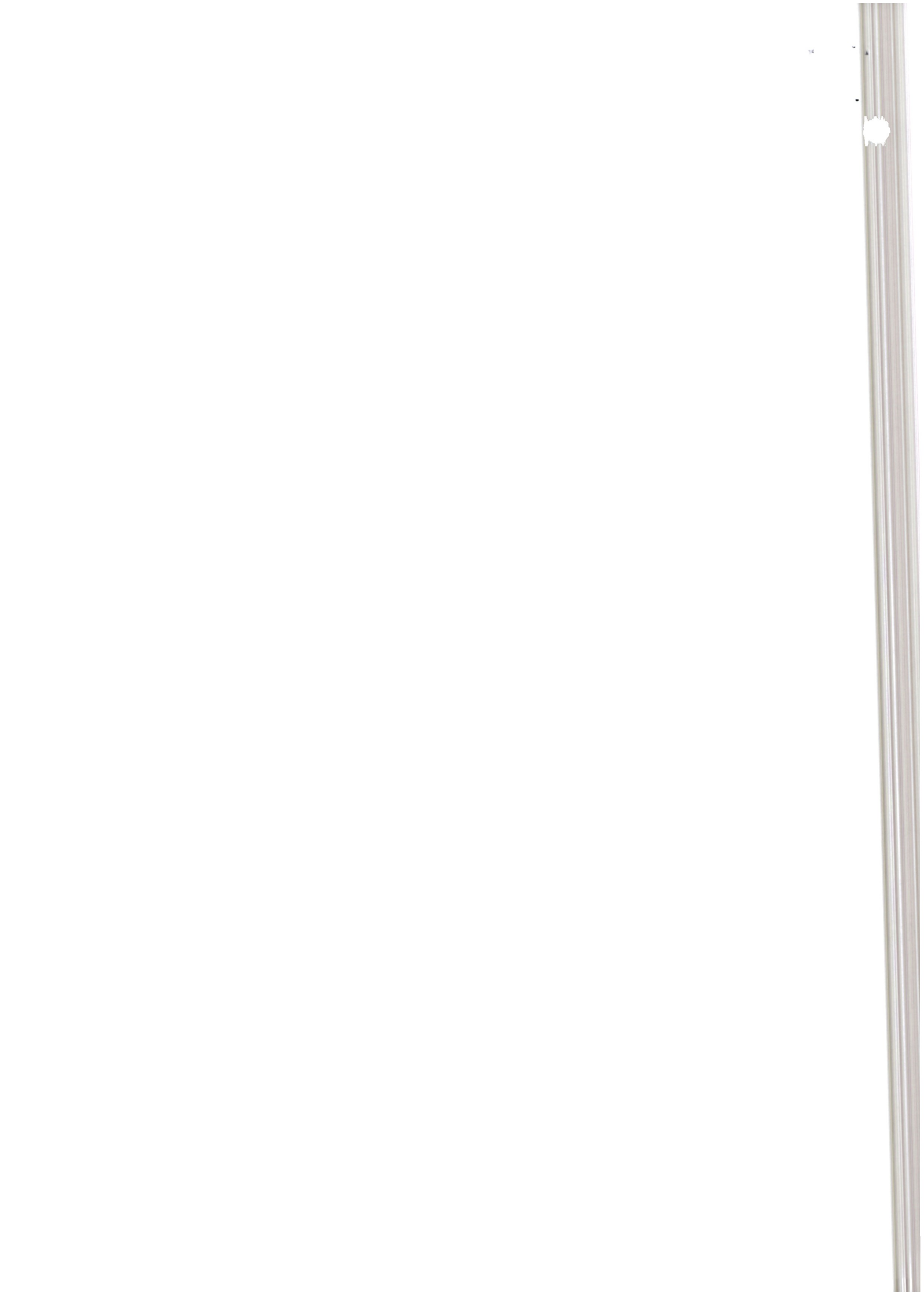
**14. Errors**

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.



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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A829953		4,094,828
AIE NO	A839645		36,853,449
AIE NO	A855246		31,448,275.10
AIE NO	A839713		9,500,000.00
AIE NO	A8855959	5,500,000.00	
AIE NO	A892925	37,905,172.00	
AIE NO	A892998	33,405,172.80	
<b>TOTAL</b>		<b>76,810,345.80</b>	<b>81,896,551.70</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	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



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

**3. OTHER RECEIPTS**

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

**4. COMPENSATION OF EMPLOYEES**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,834,857.00	866,104.90
Basic wages of casual labour	0	0
<b>Personal allowances paid as part of salary</b>		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	2,904,025.70
Other personnel payments	0	0
<b>Total</b>	<b>1,834,857.00</b>	<b>3,770,130.60</b>



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

**5. USE OF GOODS AND SERVICES**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee Expenses	2,500,000.00	3,778,496.00
Utilities, supplies and services	0	0
Communication, supplies and services	0	0
Domestic travel and subsistence	0	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	0	0
Training expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	353,700.00	845,121.00
Other operating expenses	571,067.00	765,431.00
Routine maintenance – vehicles and other transport equipment	0	0
Routine maintenance – other assets	0	0
<b>Total</b>	<b>3,424,767.00</b>	<b>5,389,048.00</b>

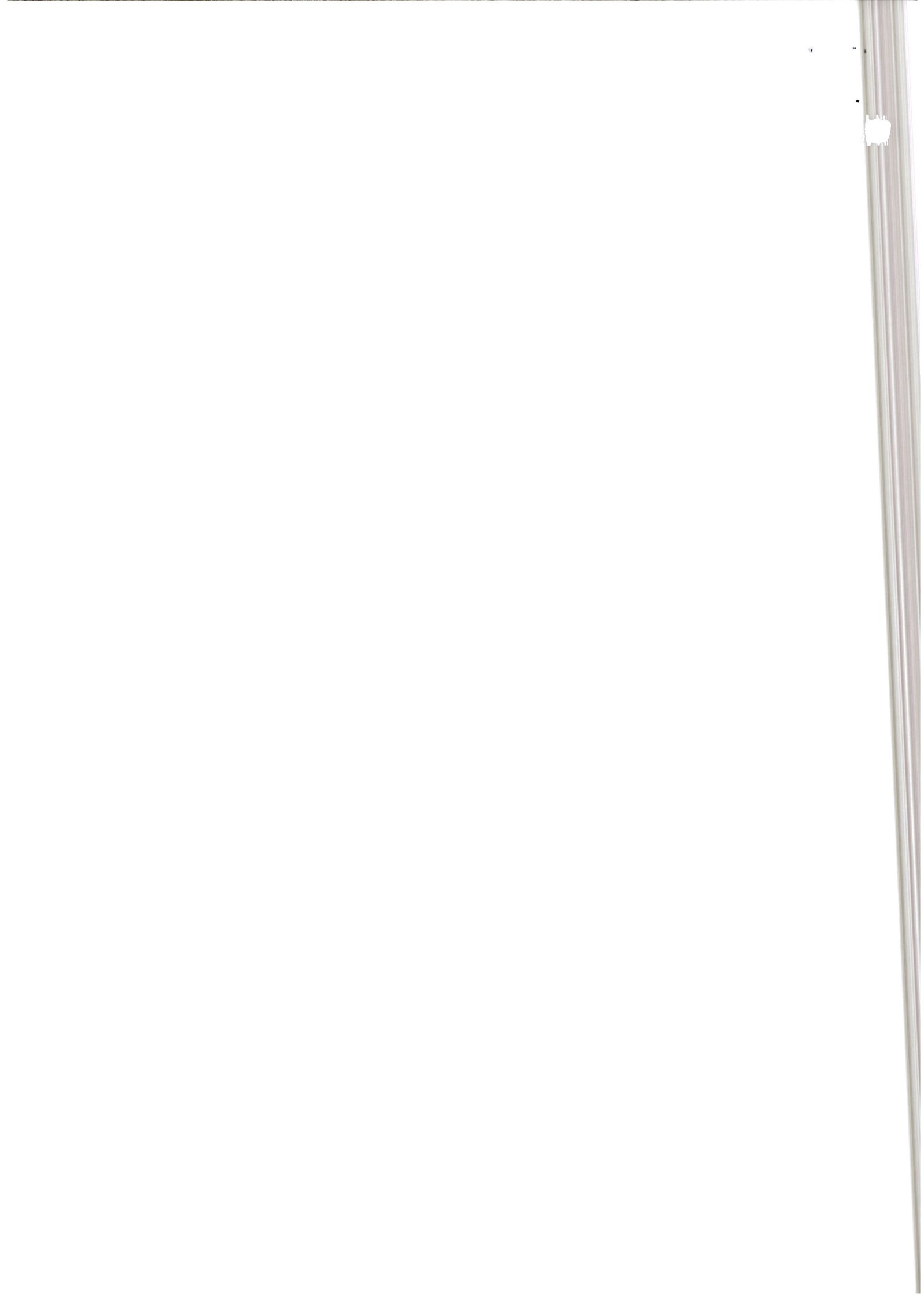


**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to National Government entities	xx	27,441,380.00
Transfers to primary schools (see attached list)	xx	xx
Transfers to secondary schools (see attached list)	15,537,854	xx
Transfers to tertiary institutions (see attached list)	xx	xx
Transfers to health institutions (see attached list)	xx	xx
<b>TOTAL</b>	<b>15,537,854</b>	<b>27,441,380.00</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2017-2018</b>	<b>2016- 2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – secondary schools (see attached list)	21,511,291.00	20,563,928.00
Bursary – tertiary institutions (see attached list)	8,692,000.00	8,598,996.00
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	4,131,560.00	4,000,000.00
Sports projects (see attached list)	1,736,206.00	1,637,931.03
Environment projects (see attached list)	1,700,000.58	1,637,931.03
SME projects	0	9,000,000.00
Emergency projects (see attached list)	4,500,000.00	4,094,827.59
<b>Total</b>	<b>42,271,057.58</b>	<b>49,533,613.65</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
NAKURU TOWN EAST CONSTITUENCY  
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For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

**Non Financial Assets**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	0	0
Construction of Buildings	4,500,000.00	4,100,000.00
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	25,000.00
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
<b>Total</b>	<b>4,500,000.00</b>	<b>4,125,000.00</b>

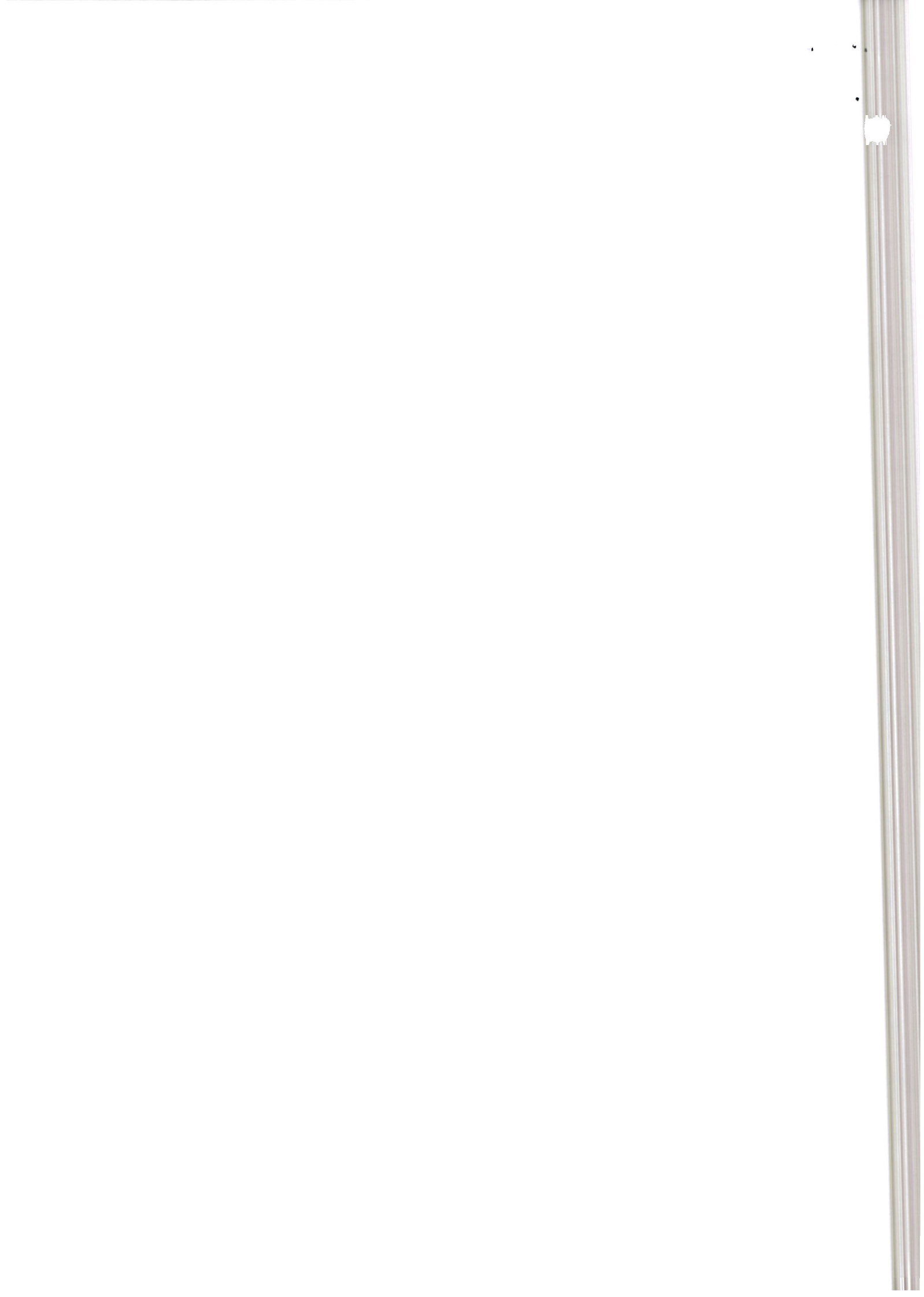
**9. OTHER PAYMENTS**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Strategic plan	3,000,000.00	0
ICT Hub	0	0
TIVET	0	0
	<b>3,000,000.00</b>	<b>0</b>



**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Family Bank, 018000049926</i>	6,489,945.60	248,135.70
<b>Total</b>	<b>6,489,945.60</b>	<b>248,135.70</b>
<b>10B: CASH IN HAND</b>		
Location 1	0	0
Other Locations ( <i>specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<i>[Provide cash count certificates for each]</i>		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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*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	N/A	N/A
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A	N/A	N/A
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A	N/A	N/A
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A	N/A	N/A
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A	N/A	N/A
<i>Name of Officer or Institution</i>	dd/mm/yy	N/A	N/A	N/A
<b>Total</b>				<b>xxx</b>

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

**12. RETENTION**

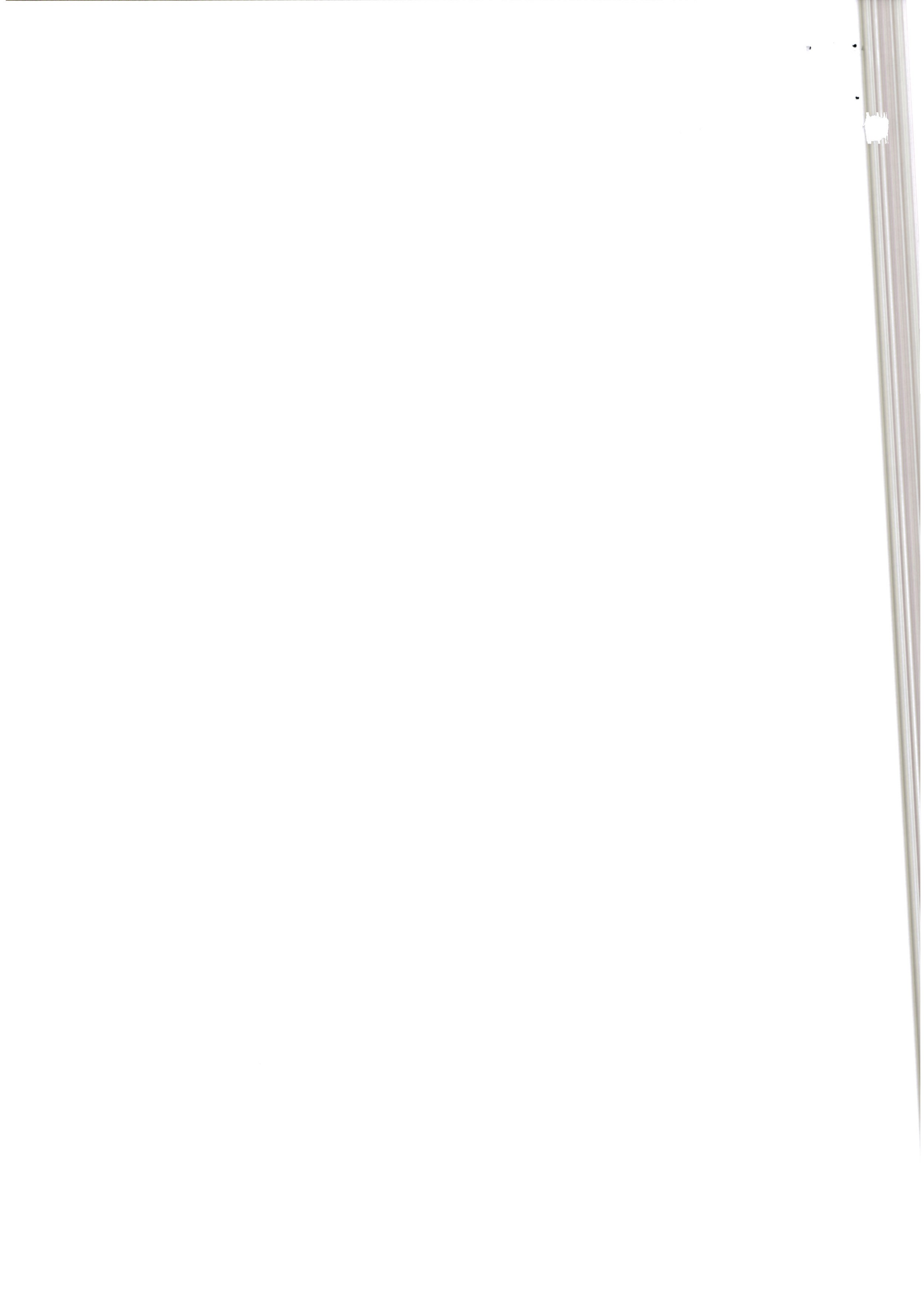
	<b>2017 - 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Supplier 1	0	0
Supplier 2	0	0
Supplier 3	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

**13. BALANCES BROUGHT FORWARD**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	6,489,945.60	248,135.70
Cash in hand	0	0
Imprest	0	0
<b>Total</b>	<b>6,489,945.60</b>	<b>248,135.70</b>

*[Provide short appropriate explanations as necessary]*



**14. PRIOR YEAR ADJUSTMENTS**

	2017- 2018	2016-2017
	Kshs	Kshs
Bank accounts	0	0
Cash in hand	0	0
Imprest	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<b>0</b>	<b>0</b>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

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

**15.3: UNUTILIZED FUNDS (See Annex 3)**

	Kshs	Kshs
Compensation of employees	0	0
Use of goods and services	4,849,717.80	0
Amounts due to other Government entities (see attached list)	7,900,000.00	0
Amounts due to other grants and other transfers (see attached list)	12,919,537.92	0
Acquisition of assets	0	0
Others ( <i>specify</i> )	2,200,000.00	248,135.70
<b>Total</b>	<b>27,869,255.72</b>	<b>248,135.70</b>



15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	6,476,424.79	298,194.00
	<b>6,476,424.79</b>	<b>298,194.00</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – NAKURU TOWN EAST  
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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		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>	N/A			N/A	N/A	
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>	N/A			N/A	N/A	
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>	N/A			N/A	N/A	
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>	N/A			N/A	N/A	
<b>Grand Total</b>	N/A			N/A	N/A	



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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 2016	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
	<b>Sub-Total</b>	N/A			N/A	N/A	
<b>Middle Management</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>	N/A			N/A	N/A	
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>	N/A			N/A	N/A	
<b>Others (specify)</b>							
10.							
11.							
12.							
	<b>Sub-Total</b>	N/A			N/A	N/A	
	<b>Grand Total</b>	N/A			N/A	N/A	



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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees (GRATUITY)		0	248,135.70	
Use of goods & services		4,849,717.80	0	
Amounts due to other Government entities		0	0	
PRIMARY SCHOOL PROJECTS		7,900,000.00		
<b>Sub-Total</b>		<b>12,749,717.8</b>	<b>0</b>	
<b>Amounts due to other grants and other transfers</b>				
BURSARY		11,790,229.52	0	
ENVIRONMENT		263,792.20	0	
EMERGENCY		637,930.00	0	
SPORTS		227586.20		
<b>Sub-Total</b>		<b>12,919,537.92</b>	<b>0</b>	
<b>Sub-Total</b>				
Acquisition of assets		0	0	
<b>Others (specify)</b>				
			0	
			0	
			0	
ICT HUB		2,200,000.00		
<b>Sub-Total</b>		<b>2,200,000.00</b>	<b>248,135.70</b>	
<b>Grand Total</b>		<b>27,869,255.00</b>	<b>248,135.70</b>	



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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	N/A	N/A	N/A	N/A
Buildings and structures	13,700,000.00	0	0	4,500,000.00
Transport equipment	0	0	0	0
Office equipment, furniture and fittings	537,900.00	0	0	353,700.00
ICT Equipment, Software and Other ICT Assets	0	0	0	0
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
<b>Total</b>	<b>14,237,900.00</b>	<b>0</b>	<b>0</b>	<b>4,853,700.00</b>



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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
MARIA VERONICA SECONDARY SCHOOL	FAMILY	018000055859	128,649.00	0
KIVUMBINI SECONDARY SCHOOL	FAMILY	018000057696	450.00	0
KIMATHI SECONDARY SCHOOL	FAMILY	018000073682	581,712.00	0
NAKURU CENTRAL SECONDARY SCHOOL	FAMILY	018000024728	288,891.00	0
NAIROBI ROAD SECONDARY SCHOOL	FAMILY	018000073657	1,908.00	0
NATEWA HIGH SCHOOL	FAMILY	018000068568	30,624.00	0
LANGALANGA SECONDARY SCHOOL	FAMILY	018000068523	995,995.00	0
HILLCREST SECONDARY SCHOOL	FAMILY	018000073724	998,900.00	0
UPPERHILL SECONDARY SCHOOL	FAMILY	018000073777	997,550.00	0
RHINO SECONDARY SCHOOL	FAMILY	018000073725	998,900.00	0
KIRATINA CHIEF'S OFFICE	FAMILY	018000073599	207.79	0
RHINO AP CAMP	FAMILY	018000070027	274.00	0
NG-CDF OFFICE	FAMILY	018000059114	1,452,364.00	0
<b>Total</b>			<b>6,476,424.79</b>	<b>0</b>



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

**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)
3.1	The statement of receipts and payments reflects the comparative figure for use of goods as Ksh 5,144,600. However, note 5 to the financial statement reports the balance as Ksh1,553,993.21	<b>Inaccuracy in Comparative Figures</b> <b>Observation:</b> The error of omission on note 5 has been corrected. Please see the attached financial statement.	F.A.M-PETER GICHIRA	Resolved on ML	4 DAYS
3.2	The summary statement of appropriation of appropriation reported actual expenditure of Kshs. 86,139,344.60 against a budget of Kshs. 86,387,480.40.	<b>Inaccuracy in the Summary Statement of Appropriation</b> <b>Observation:-</b> The inaccuracy was corrected in the attached amended financial statement.	F.A.M-PETER GICHIRA	Resolved on ML	4 DAYS



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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)
4.0	<p>The bank reconciliation statement for the account as at that date reflected unrepresented cheques totalling to Kshs. 4,876,566.20. However, out of this amount, Kshs. 2,547,193.80 were stale cheques, some dating as far back as 3 January 2014. It was observed that approximately 95% of the stale cheques were bursary cheques.</p>	<p><b>Cash and Cash Equivalents – Kshs. 248,135.70:-</b> The CDFCs will convene a meeting and reallocate the stale cheques to other needy students within the constituency.</p>	F.A.M - PETER GICHIRA	Resolved on ML	14 DAYS
5.0	<p>. A review of payment records revealed that bursary of Kshs. 2,200,000 was issued to driving schools on 7 March 2017. However, the schedules of beneficiaries to the schools did not have the details of interim driving license numbers or identity cards numbers. Therefore, the authenticity of the schedules of the beneficiaries could not be confirmed.</p>	<p><b>Unaccounted for Bursary Funds- Kshs. 2,200,000:-</b> Schedule of the beneficiaries with their identity card numbers has been provided.</p>	F.A.M - PETER GICHIRA	Resolved on ML	4 DAYS

2  
1  
2



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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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)
6.0	<p>The statement of receipts and payments reflects a balance of Kshs. 4,100,000 in respect of acquisition of assets. According to note 8 to the financial statements, this balance comprises construction of buildings. However, out of the amount, Kshs. 500,000 for construction of a ramp for the physically disabled persons could not be accounted for since no expenditure returns, bills of quantities were provided to show how the money was spent. An audit verification that was carried on 24 May 2018 revealed that ramp was incomplete, with only pillars and no construction work going on.</p>	<p><b>Construction of the CDF Office:-</b> By the time of the audit verification the contractor was carrying out the interior finishes. However the construction of the ramp has resumed. Please see the attached photo evidence.</p>	F.A.M - PETER GICHIRA	Resolved on ML	4 DAYS
7.0	<p>During audit verification conducted on 24 May 2018, it was observed that the Rhino chief's office and AP houses were about 85% complete. However, ownership documents of the land and expenditure returns were not provided for audit.</p>	<p><b>Security Projects:-</b> The allotment letter of the land is herein attached and expenditure returns of the AP post.</p>	F.A.M - PETER GICHIRA	Resolved on ML	4 DAYS



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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)
8.0	Included in Note 7 of the financial statement on other grants and payments was Ksh 9,000,000 for Small and Medium Enterprises Traders Kiosks. The authorized projects as per code list for the financial year 2016/2017 was for construction of 129 steel fabricated steel kiosk units. , it was noted that some of the kiosks were not complete as regards to partitioning; they did not have doors and had not been painted. Also, the Contractor was not on site. Further, the Kiosks had no label of the financier therefore, not possible to confirm whether they were fully funded by Nakuru East NG-CDF	<b>Small and Medium Enterprises Kiosk Project:-</b> The work is still going on and partitioning will be complete in due course. The doors are in the process of being fixed. Painting would be done and labelling of the NG-CDF logo like other kiosk within the town. The kiosk have been fully financed by the Nakuru town east NG-CDF	F.A.M - PETER GICHIRA	Resolved on ML	4 DAYS
9.0	The Nakuru East CDF in the financial year 2016/2017 allocated Maria Veronica Model School Kshs. 1,637,931 for tree planting. However, no schedules were provided to show the quantity of trees or flowers	<b>9.0 Environment Project:-</b> The trees in the compound of maria veronica were	F.A.M - PETER GICHIRA	Resolved on ML	4 DAYS

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>purchased, cost of labour and fertilizer used for the project. An audit verification conducted on 24<sup>th</sup> May 2018 found that there were trees and flowers planted, it could not be confirmed if the plants relate to the expenditure. Therefore, the propriety of the expenditure could not be confirmed.</p>	<p>planted and the works included cost of soil, manure, pesticide, labor, transport, planting and watering of trees and flowers amounting to 1,637,931 shillings. Attached find the schedule of the expenditure report.</p>			

