

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

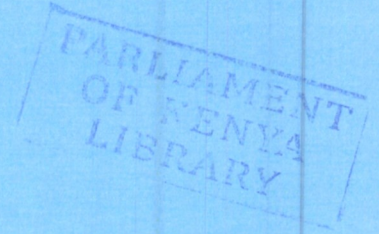
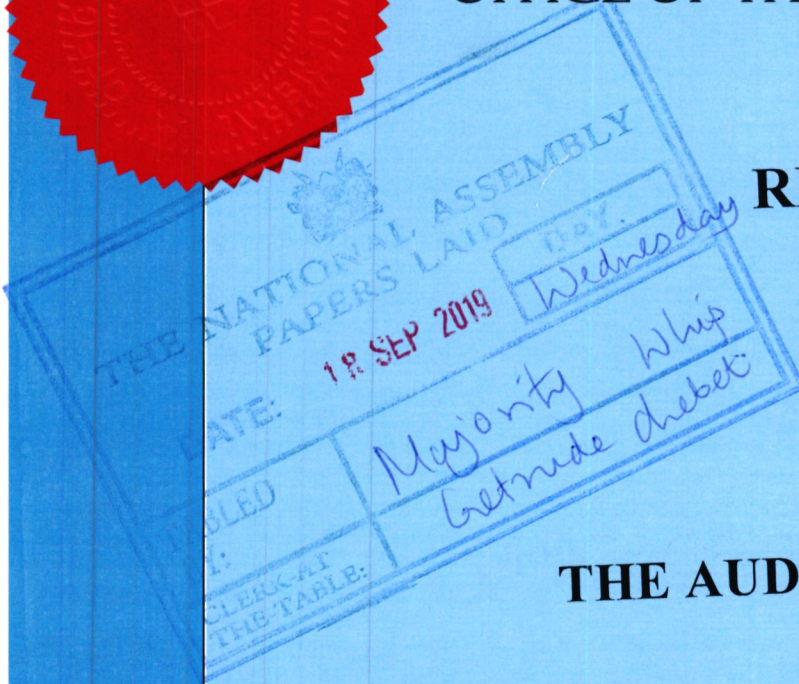
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KABONDO KASIPUL CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018



Revised Template 30th June 2018

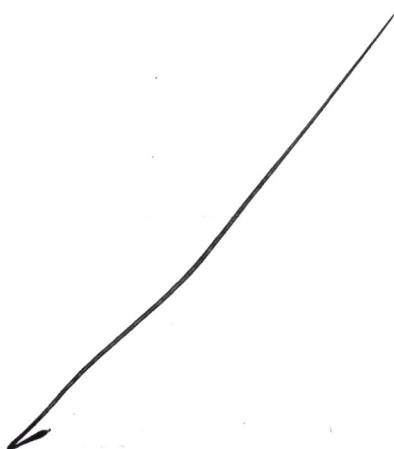


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KABONDO KASIPUL
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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



KABONDO KASIPUL CONSTITUENCY

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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 KABONDO KASIPUL day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

| No | Designation | Name |
|-----------|-----------------------|--------------------------------|
| 1. | Accounting Officer | Yusuf Mbuno |
| 2. | A.I.E holder | Kennedy Chacha |
| 3. | Sub-County Accountant | Julius Khamati Shibutse |
| 4. | Chairman NGCDFC | John Odoyo Alloice |
| 5. | Member NGCDFC | Olivia Awaa Olick |

(d) Fiduciary Oversight Arrangements

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

P.O. Box 84-40223
JEROZA Building
KADONGO

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

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(f) NGCDF KABONDO KASIPUL Constituency Contacts

Telephone: (254)722 471 936
E-mail: ngcdfkabondokasipul.go.ke

(g) NGCDF KABONDO KASIPUL Constituency Bankers

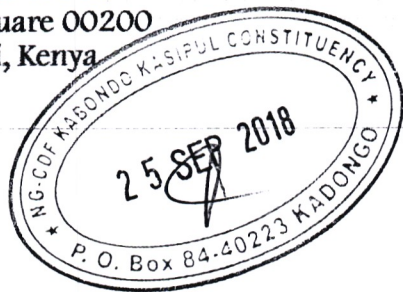
1. **Cooperative Bank** Account number 011415498500
Oyugis Town
P.O. Box
Oyugis

(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



KABONDO KASIPUL CONSTITUENCY

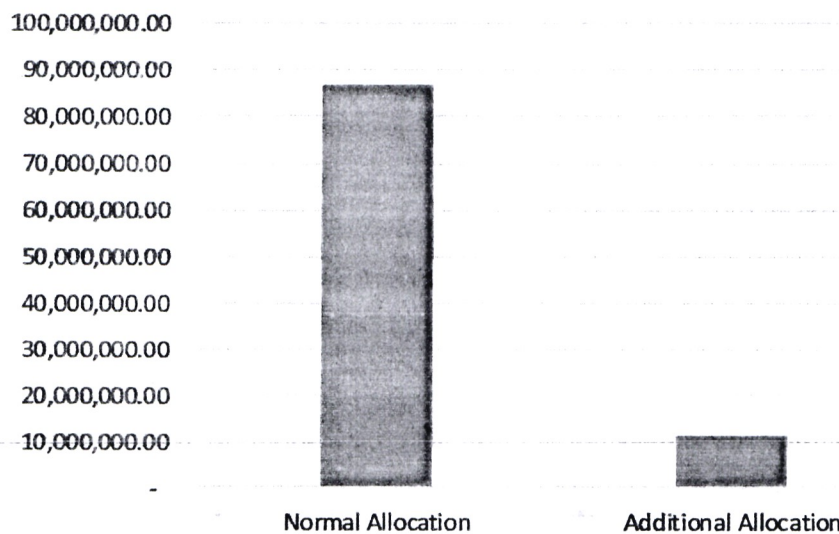
Reports and Financial Statements

For the year ended June 30, 2018

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Annual Constituency Allocation

I am pleased to present the unaudited financial statements for Kabondo Kasipul Constituency for the financial year ended 30th June 2018. During the year, the Constituency was allocated a total of Kshs 86,810,344.10 and additional Kshs. 11,379,310.34



On receipt of the above allocations, Kabondo Kasipul 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 46,830,172 and these funds were then disbursed to earmarked projects. The difference were disbursed as bursaries to needy students, to sports PMC, Evironmental PMC, emergencies and the rest were for administration.

Sector Prioritization

During the year, a total of Kshs 6,000,000 was allocated as transfers to other Government Units which consist of transfers to primary schools, secondary schools while 25,085,492.70 was allocated to other grants and transfers.

Number of Projects per Sectors FY2012/13-2017/18 (In Key Sectors)

| Sector | Number of Projects | | | | | |
|-----------------------|--------------------|---------|---------|---------|---------|-------|
| | 2017/18 | 2016/17 | 2015/16 | 2014/15 | 2013/14 | Total |
| Primary Schools | 14 | 3 | 7 | 23 | 16 | 63 |
| Secondary Schools | 22 | 23 | 29 | 27 | 31 | 132 |
| ECD Centres | NIL | NIL | NIL | NIL | NIL | |
| Tertiary Institutions | | 1 | 2 | 1 | NIL | 4 |
| Health | | | 7 | 14 | 4 | 25 |
| Water | 2 | | 1 | 2 | 1 | 6 |

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

KABONDO KASIPUL CONSTITUENCY

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| | | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|------------|
| Security | 7 | 2 | 1 | 10 | 9 | 29 |
| Roads | | | 13 | 13 | 6 | 32 |
| Environment | | 1 | 1 | 1 | 2 | 5 |
| Others | 6 | 2 | 4 | 7 | 2 | 21 |
| Total No Funded | 51 | 32 | 65 | 98 | 71 | 317 |

Source: Kabondo Kasipul NGCDF Records (2018)

It is therefore notable that within the education sector, secondary schools have realized the highest number of projects funded in the Constituency followed by primary schools.

Sectoral Allocation FY2009-2018 Source: Kabondo Kasipul NGCDF Records (2018)

The NG-CDF (Amendment) Act 2016 introduced a major shift in the scope of projects eligible to be funded. 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. During the FY 2017/2018, the Committee undertook to expedite the disbursement of funds to earmarked projects in accordance with the provisions of the NGCDF Act, 2015, as amended in 2016, and the requirements of the Annual Performance Contract. The disbursements saw the implementation of approved project activities across the Constituency. As at the close of the fiscal year 2017/2018 on 30th June 2018, the funds due to projects was Kshs 11,379,310 and the overall funds utilization and absorption rate stood at 99 percent. This is an impressive performance realized by the Committee during the year on funds absorption based on funding received from the NGCDF Board.

Achievements and Major Undertakings

During the year, the Committee disbursed a total of Kshs 17,814,139.80 as bursary to needy students in secondary, tertiary institutions and this benefitted a total of 3,350 students in addition to 92 students in two driving schools. Major physical facilities funded are infrastructure such as classrooms, administration blocks, laboratories, dormitories, toilets, lockers and chairs, desks and equipping of laboratories and libraries. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions whilst increasing retention and transition rates while equally reducing the burden of education for low income families. It is expected that the projects will be completed in the FY 2018/2019. Provided below is the current pictorial status of the projects as implemented in Kabondo Kasipul constituency in various wards.

The NG-CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NG-CDF has improved the Education and Security infrastructures of Kabondo Kasipul.

However there have been emerging issues like economic, social, legal and global challenges

influencing the implementation of NG-CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals, submissions and reallocations.

The NG-CDFCs wish that the issues of having the project on going for more than 2 years be stoppeand the NG-CDF board should try to reduce the rate of staff transfers.



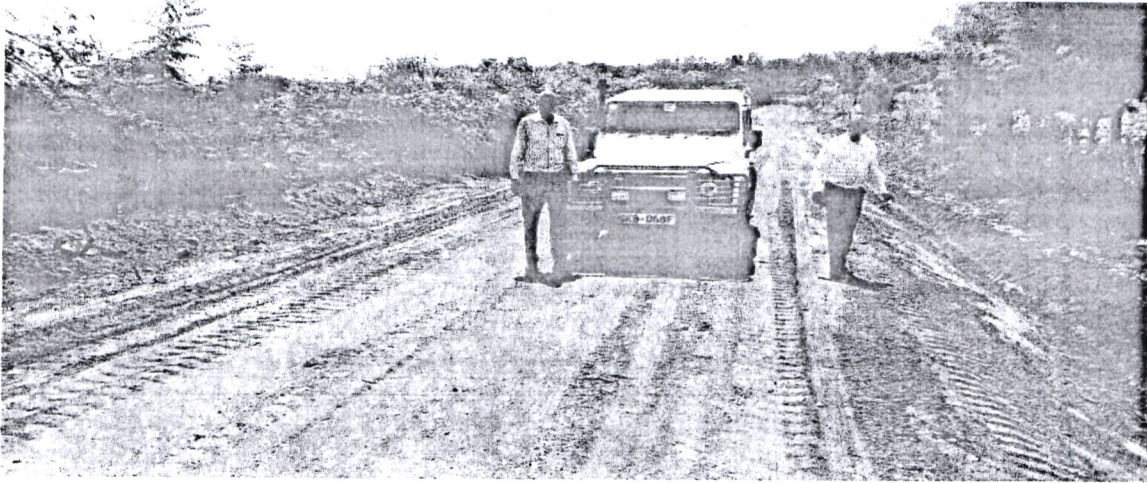
The projects financed by NG-CDF but left incomplete and do not fall in education and

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

security before the new Act came in place i.e health projects should be completed.

Given the workload for the NG-CDF, we recommend that the number of committee sittings be increased from the current maximum 24 sittings to 48 sittings or a standing monthly allowance be introduced.

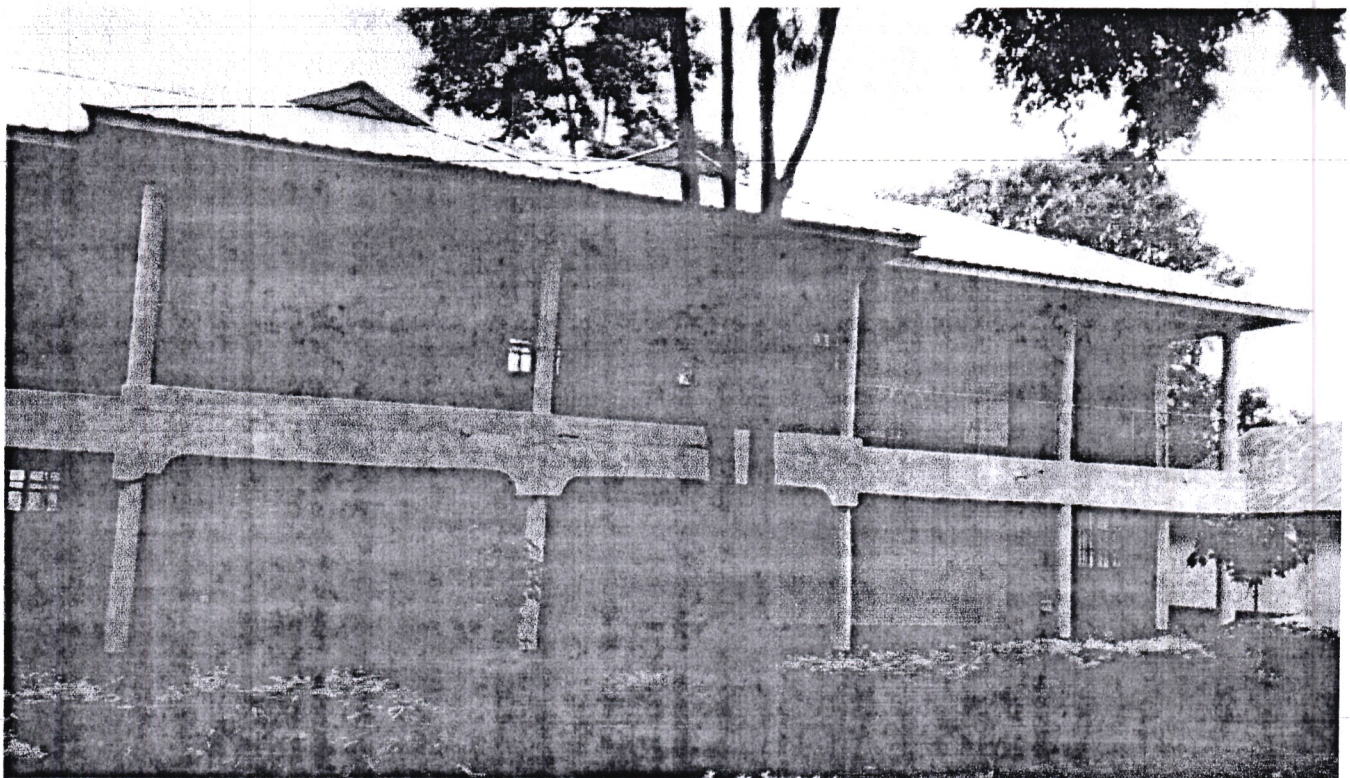
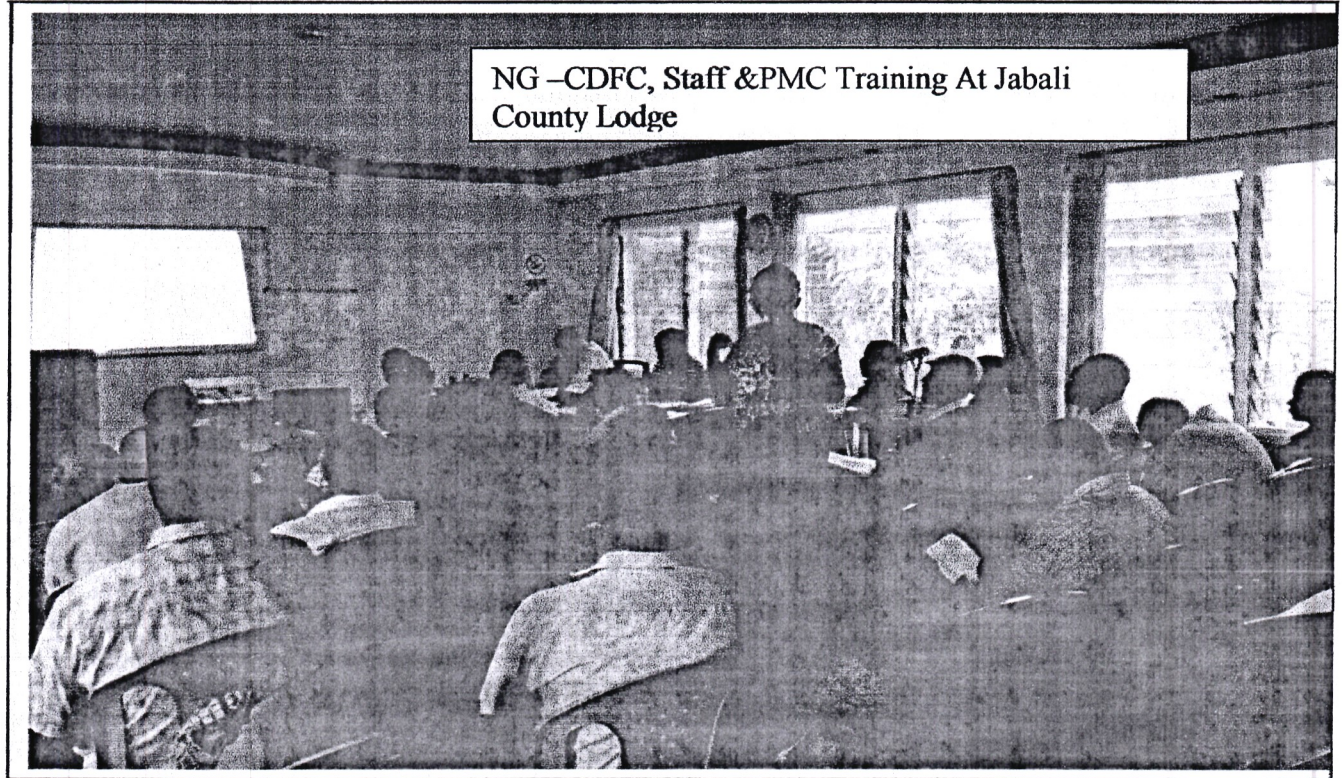
Below are achievements realised in Kabondo Kasipul during the financial year 2017/18



The road leading to Dudi Girls' Secondary School being graded.

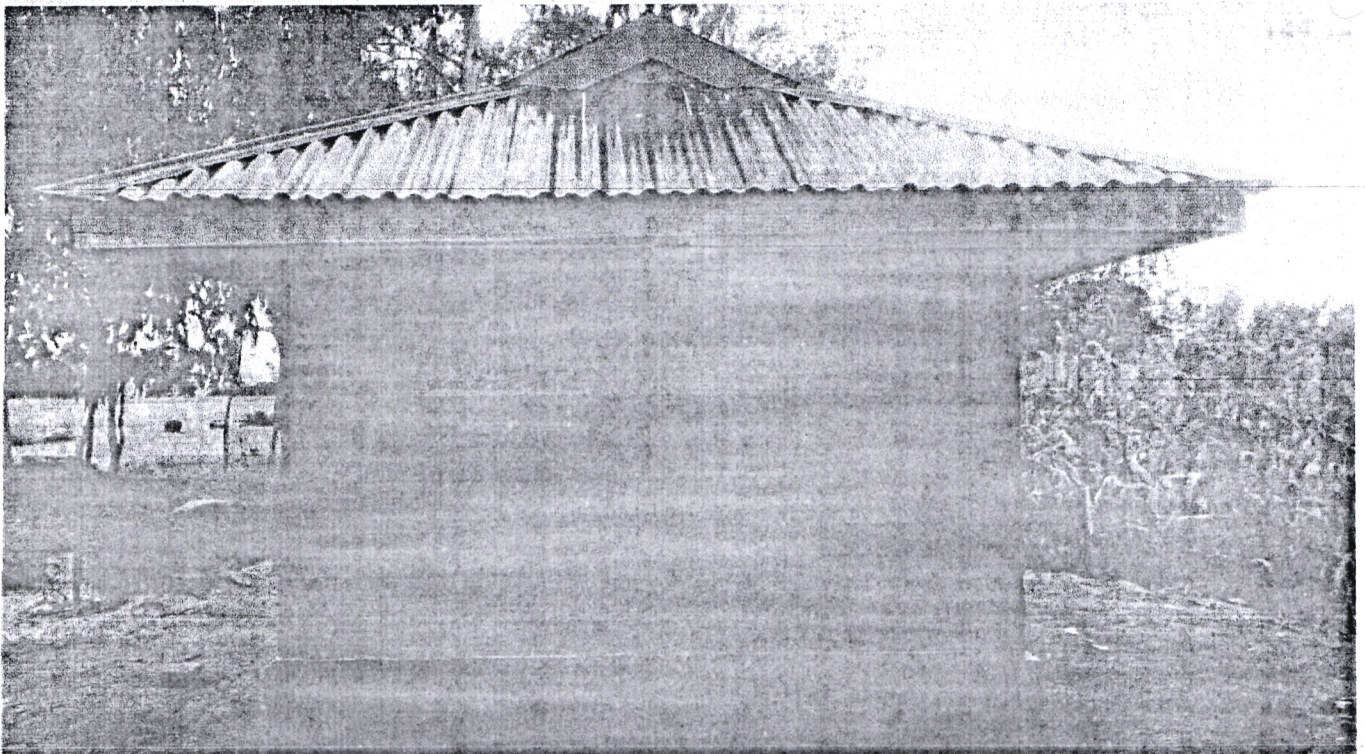
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KABONDO KASIPUL CONSTITUENCY**

**Reports and Financial Statements
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★ NG-CDF KABONDO KASIPUL CONSTITUENCY ★
25 SEP 2018
★ P.O. Box 84-40223 KADONGO ★

Construction of a modern library at Kotienditi Mixed Secondary school.

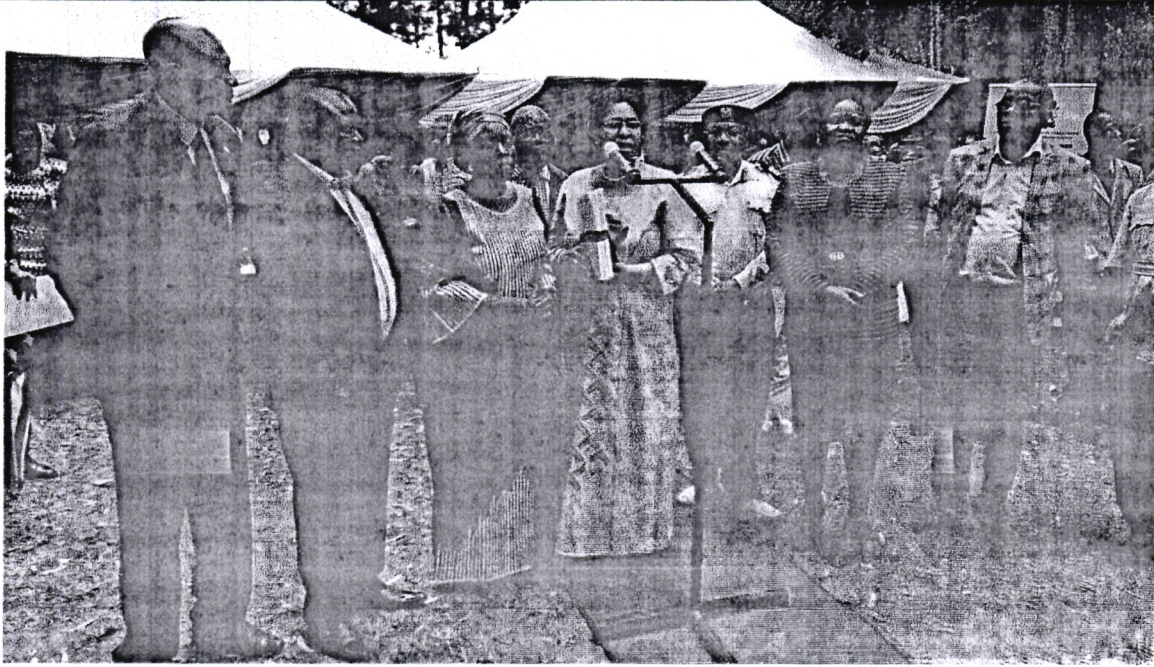


Construction of a two door latrine at Manga Primary School.



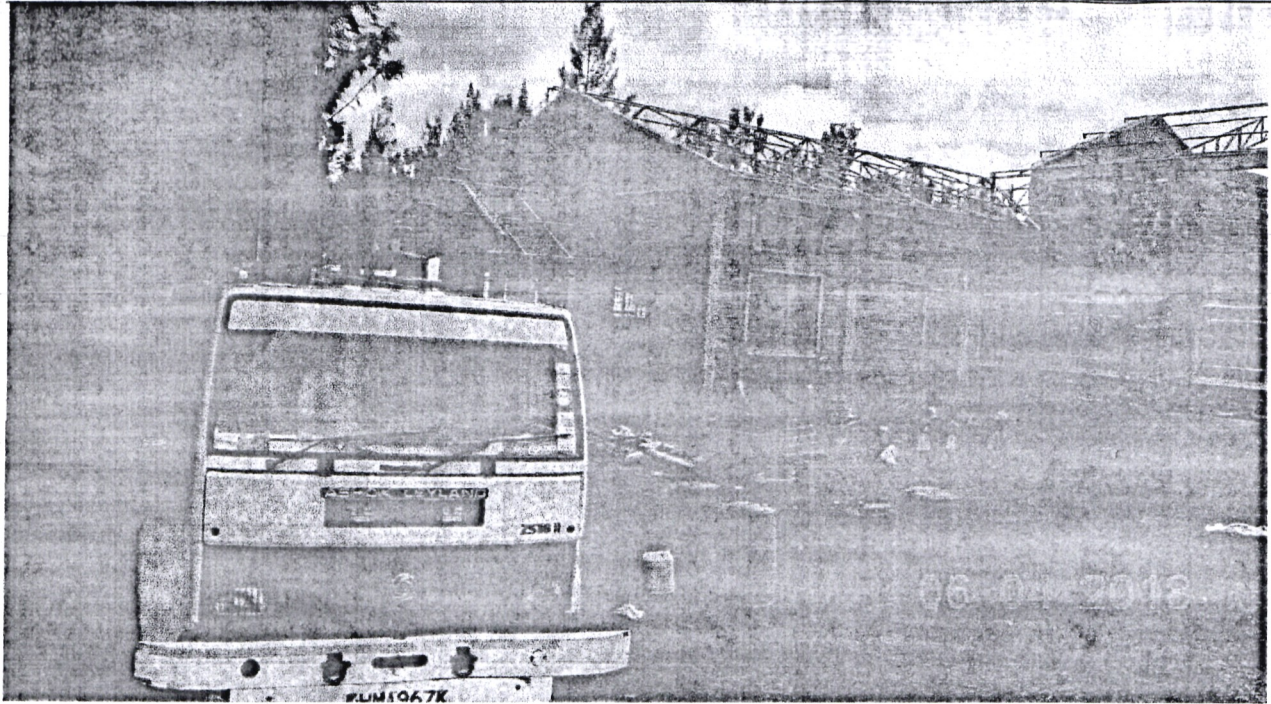
Kabondo Kasipul Education Day at Ringa Boys High School.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
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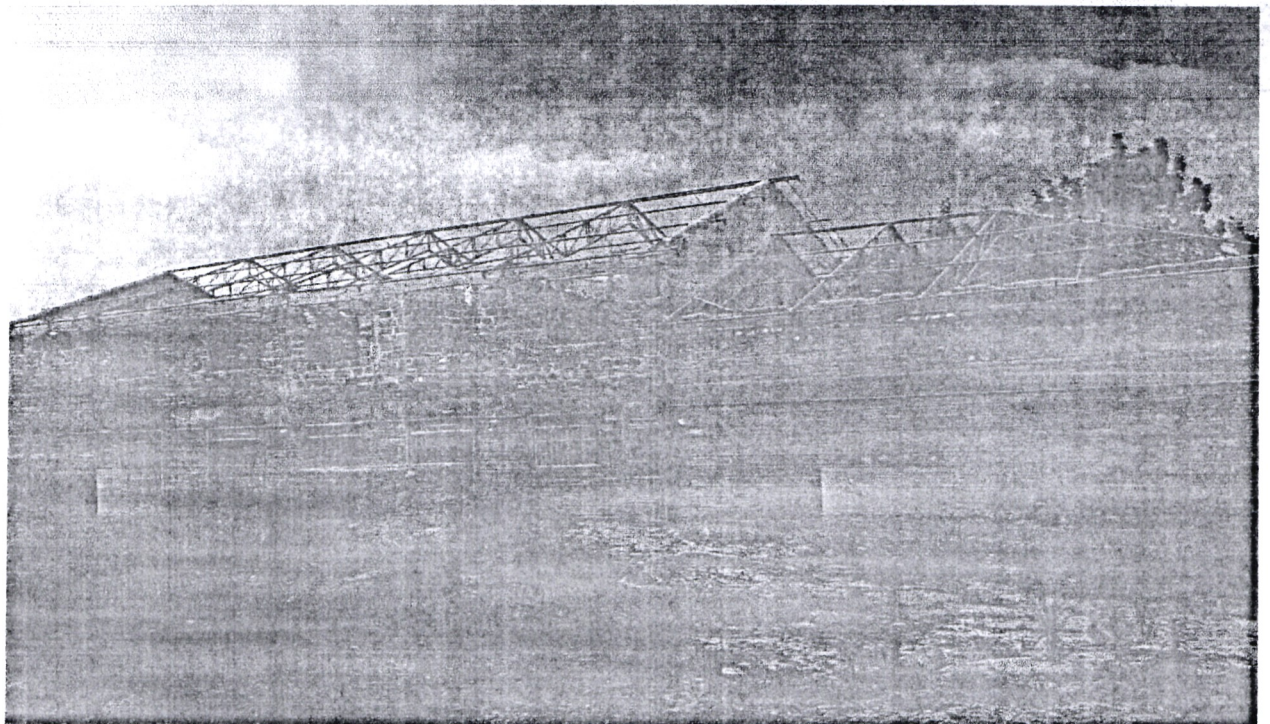
Strategic plan launch 2018 – 2022 at Ramula (Sub County Headquarters)





Drilling of water at the NGCDF Office site at Kadongo.

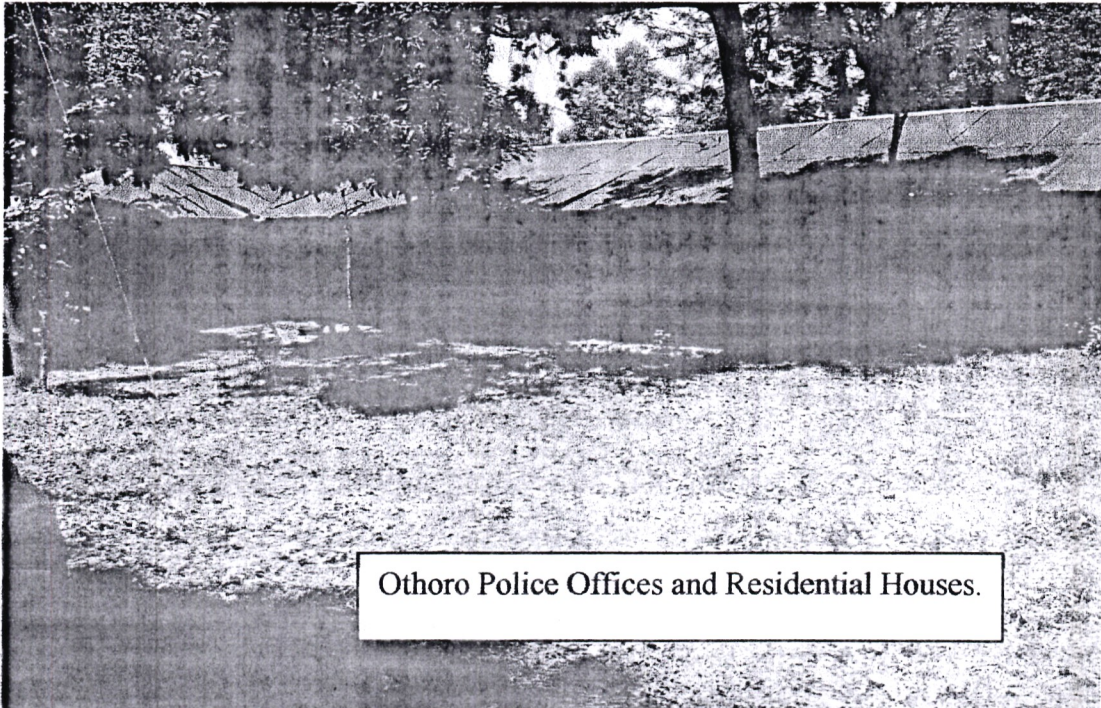
HOWEVER THERE ARE CHALLENGES LIMITING SERVICE DELIVERY AS HIGHLIGHTED BELOW.



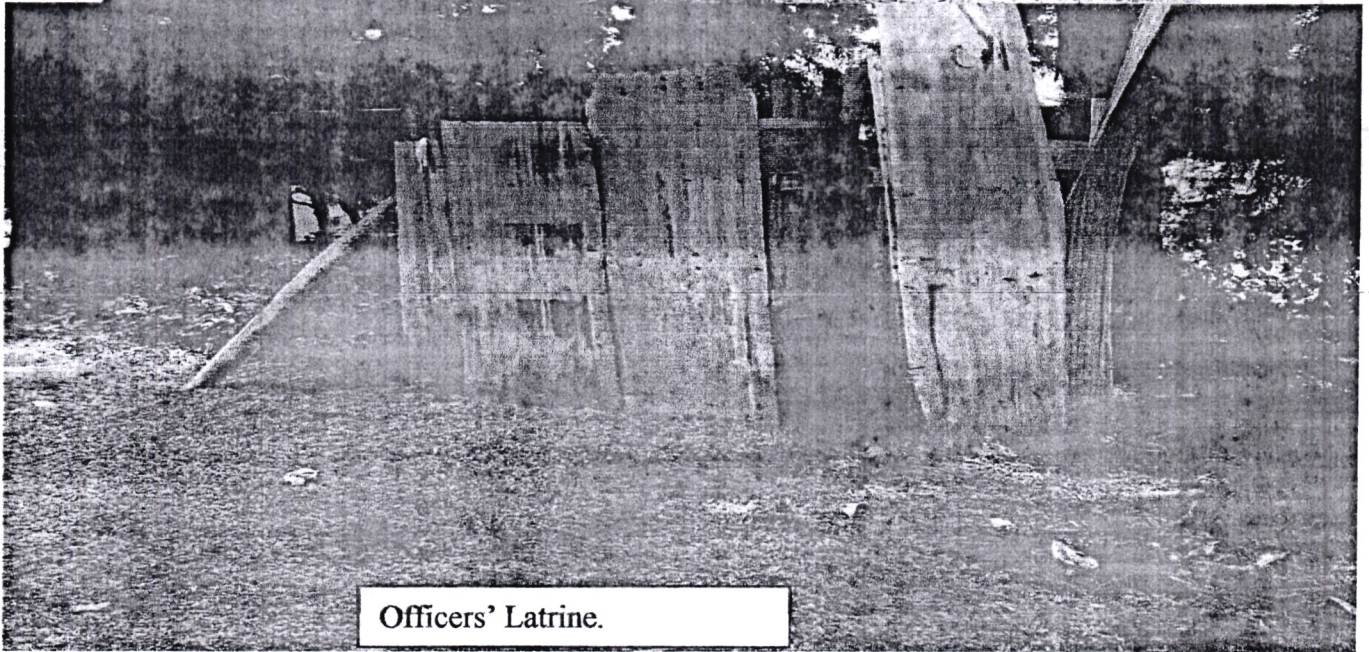
Kabondo Kasipul NGCDF office under construction. It has forced the committee to rent some inadequate office space to run the constituency activities.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KABONDO KASIPUL CONSTITUENCY**

**Reports and Financial Statements
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Othoro Police Offices and Residential Houses.

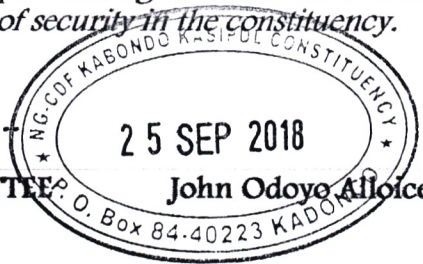


Officers' Latrine.

Othoro police post. Lack of proper housing for the officers in the security sector is a challenge and limits provision of security in the constituency.

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.

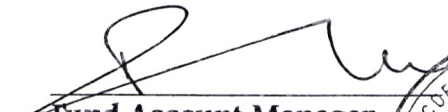
The Accounting Officer in charge of the NGCDF- Kabondo Kasipul Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June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

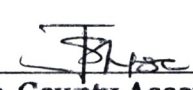
The Accounting Officer in charge of the NGCDF- Kabondo Ksipul Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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- Kabondo Kasipul Constituency financial statements were approved and signed by the Accounting Officer on 25.09.2018 2018.


Fund Account Manager
Name: Kennedy Chacha




Sub-County Accountant
Name: Julius Khamati Shibutse
ICPAK Member Number: 17895

REPUBLIC OF KENYA

Telephone: +254-20-342330
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kabondo Kasipul National Government Constituency Development Fund set out on pages 13 to 37, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flow and 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, section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Use of Goods and Services

The use of goods and services payments for the year under review totaled Kshs.10,822,131, however, payments totaling Kshs.2,656,000 as indicated below and in note 5 to the financial statements were not supported with relevant documentary evidence such as committee minutes, invoices and receipts, payment schedules amongst others.

| Item | Kshs |
|---------------------------------|------------------|
| Committee expenses | 881,500 |
| Committee allowances | 307,000 |
| Domestic travel and subsistence | 124,900 |
| Training expenses | 1,142,600 |
| Fuel | 200,000 |
| | 2,656,000 |

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

Consequently, the validity and accuracy of the Kshs.2,656,000 included in the use of goods and services figure of Kshs.10,822,131 could not be confirmed.

2. Summary Statement of Appropriation

The summary statement of appropriation indicates that the fund received of Kshs.44,423,431 during the year as shown in the actual on comparable basis column. This is however at variance with the figure indicated in the statement of receipts and payments of Kshs.46,830,172. And thus a variance of Kshs.2,406,741. In addition, the adjustments of Kshs.14,804,310 have not been supported. In addition, the unapproved other payments figure of Kshs.7,029,007 is irregularly included in the statement.

Consequently, the accuracy of the summary statement of appropriation could not be confirmed for the year ended 30 June 2018.

3. Payment to Kenya Secondary School Heads Association

Kabondo Kasipul NG-CDF funded the Kenya secondary school heads association with Kshs.425,000 for bench marking exercise utilizing the bursary fund. However, there was no written request from Kenya Secondary Teachers Association requesting the money and no budget was presented for the activity. Documents to show how the funds were utilized were not made available for audit review. Consequently, the propriety of the expenditure of Kshs.425,000 could not be confirmed.

4. Unsupported Bursary Payments

The total bursary payments for secondary schools amounted to Kshs.8,075,785 as indicated in note 7 to the financial statements. However, payments totaling Kshs.1,299,460 were not supported with approved payment vouchers and other relevant documentation such as student lists, minutes and acknowledgment slips. Under the circumstance, it has not been possible to confirm the propriety of Kshs.1,299,460 as at 30 June 2018.

5. Funding for Rachuonyo Kenya Primary Heads Association Education Day

The Constituency Development Fund committee via minutes dated 23 March 2018 agreed to fund the Kenya Primary Heads Association education day for a sum of Kshs.1,000,000. The education day was held at Ober Secondary school on 25 May 2018. However, the amount has not been included in the financial statements and no documentation to show how the money was utilized have been availed for audit verification. Consequently raising doubt on the propriety of the expenditure.

6. Completion of the Sub County Commissioners Residence

Kshs.700,000 was allocated for the completion of Ramula Sub County Commissioner's residence. However, the PMC did not avail a work plan, tender advertisement, evaluation, award, acceptance, inspection and acceptance report and certificate or other relevant documentation to support the payments.

As a result, the propriety of the Kshs.700,000 is doubtful.

7. Tree Planting exercise in the constituency

The Centralized Project Management Committee of the constituency was given Kshs.868,103 for tree planting activities in the constituency. However, there was no

project work plan and budget on how to expend the funds. There were also no documents to indicate how the funds were utilized. A site visits to some of the public institutions issued with the trees such as Ringa primary, Kotienditi primary, Nyamwaga primary and Atela primary school revealed that the tree seedlings had a very low survival rate and in some no tree seedling survived.

The propriety of the expenditure of Kshs.868,103 could not be ascertained.

8. Use of Emergency Funds

The constituency utilized Kshs.2,402,000.00 on seven emergency projects during the year as shown below:

| Project | Activity | Amount (Kshs) |
|-------------------------------|------------------|---------------|
| Kowidi Mixed Secondary School | Pit Latrines | 300,000 |
| Kowidi Primary School | Pit Latrines | 300,000 |
| Manga Primary School | Pit Latrines | 256,000 |
| St. Phillips Nyabondo | Pit Latrines | 256,000 |
| Umai Primary School | Pit Latrines | 350,000 |
| Lwanda Lutheran School | Pit Latrines | 200,000 |
| Wangapala to Omunga TTI road | Road maintenance | 740,000 |
| | | 2,402,000 |

However, the fund management did not report the use of the emergency fund to the NGCDF Board within 30 days as stipulated in the National Government Constituency Development Fund Regulations 2016 section 20 (2).

In addition, for Wangapala to Omunga TTI road project, the activity was implemented directly by the Constituency Development Fund Committee as opposed to through a separate Project Implementation Committee in contravention of Section 36 of the National Government Constituency Development Fund Act, 2015. There was also no bills of quantities to guide the works and no valid contract was produced for audit review.

In consequence, value for money was not realized in the expenditure of Kshs.2,402,000 on emergency projects.

Emphasis of Matter

Budget Performance

The comparison of budget against actual amounts is shown below:

| Project | Final Budget (Kshs) | Actual (Kshs) | Difference (Kshs) | Percentage Utilization (%) |
|-----------------------------|---------------------|-------------------|-------------------|----------------------------|
| Transfers from NG CDF Board | 101,614,655 | 44,423,431 | 57,191,224 | 44 |
| Total | 101,614,655 | 44,423,431 | 57,191,224 | 44 |
| Expenditure | | | | |
| Compensation of Employees | 3,159,303 | 2,310,054 | 849,249 | 73 |

| Project | Final Budget (Kshs) | Actual (Kshs) | Difference (Kshs) | Percentage Utilization (%) |
|-------------------------------------|----------------------------|----------------------|--------------------------|-----------------------------------|
| Use of goods and services | 8,727,666 | 10,822,131 | (2,094,465) | 124 |
| Transfers to Other Government Units | 32,975,000 | 6,000,000 | 26,975,000 | 18 |
| Other grants and transfers | 46,459,886 | 22,652,347 | 23,807,539 | 49 |
| Acquisition of Assets | 3,263,793 | 381,000 | 2,882,793 | 12 |
| Total | 94,585,648 | 42,165,532 | 52,420,116 | 45 |

Management explained that the variances noted above were as a result of delays in the disbursement of funds to the constituency on time. In addition, the delay has the effect of denying the constituents the benefits accruing from the proposed projects.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, a description of how the audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

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

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

REPORT ON COMPLIANCE, 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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that,

nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Procurement of a Strategic Plan Consultant

Included in the use of goods and services payments balance of Kshs.10,822,131 is other operating expenses of Kshs.3,874,500 as indicated in note 5 to the financial statements which includes Kshs.3,490,000 paid to a consultant for the preparation of a strategic plan covering 5 years (2018-2022). However, Kshs.300,000 outstanding balance not yet paid as at the year-end was indicated as paid in the financial statements. Further, tender advertisement, bids, evaluation and award minutes were not made available for audit review. A certification or inspection and acceptance report to ascertain whether the work was done satisfactorily were not made available for audit scrutiny. Consequently, this raises doubt on the propriety of the expenditure.

2. Transfers to Other Government Units

The transfers to other government units for the year under review totaled Kshs.6,000,000. Included in this amount was Kshs.5,500,000 transferred to secondary schools. However, the issues below were noted:

2.1 Disbursement to Gangre Mixed Secondary School

The school was allocated Kshs.1,000,000 for the construction of two classrooms. Minutes of the Project Management Committee (PMC) meeting held on 21 August 2018 and 16 October 2018 revealed that some materials had been stolen but no quantification of the loss was done. Physical verification of the project in March 2019 revealed that the floors of the two classrooms had been hacked and remained incomplete even though the contractor had been paid the full amount of the contract. Consequently, the propriety of the expenditure is in doubt.

2.2 Disbursement to Orinde Lutheran Mixed Secondary School

The school was allocated Kshs.1,000,000 for the completion of an administration block. No specifications were issued to the suppliers to indicate the quality, size and type of materials required making it difficult to confirm that what was required was supplied. Further, there were no store records available to account for receipt and issuance of the materials. Consequently, the propriety of the expenditure is in doubt.

3. Other Grants and Transfers

Other grants and transfers for the year were Kshs.22,652,347 as indicated in note 7 to the financial statements. However, the following issues were noted:

3.1 Reallocation of Funds at Orinde Lutheran Secondary School

Orinde Lutheran secondary school made a request to the fund for bursaries to help needy students in their school. Consequently, the bursary committee issued a payment of Kshs.450,000 to the school. However, the specific list of students to benefit from the money was not availed for audit review. In addition, a visit to the school revealed that the funds were eventually applied for the completion of an administration block without the relevant approvals from the Constituency Development Fund

committee or the board. Consequently, management was in breach of the regulations and the law.

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

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability 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 or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities 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

13 August 2019

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

KABONDO KASIPUL CONSTITUENCY

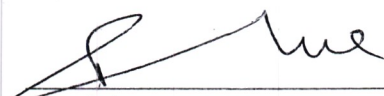
Reports and Financial Statements

For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2017-2018 | 2016 - 2017 |
|---|------|-------------------|---------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from CDF board-AIEs' Received | 1 | 46,830,172 | 82,096,552 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | - | - |
| TOTAL RECEIPTS | | 46,830,172 | 82,096,552 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 2,310,054 | 2,189,401 |
| Use of goods and services | 5 | 10,822,131 | 9,261,423 |
| Transfers to Other Government Units | 6 | 6,000,000 | 41,117,992 |
| Other grants and transfers | 7 | 22,652,347 | 75,550,749 |
| Acquisition of Assets | 8 | 381,000 | 17,974,718 |
| Other Payments | 9 | - | - |
| TOTAL PAYMENTS | | 42,165,532 | 146,094,283 |
| SURPLUS/DEFICIT | | 4,664,640 | (63,997,731) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kabondo Kasipul Constituency financial statements were approved on 25.09.2018 2018 and signed by:



Fund Account Manager
Name: Kennedy Chacha
ICPAK Member Number: 17895




Sub-County Accountant
Name: Julius Khamati

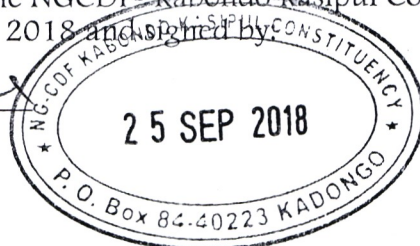
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
KABONDO KASIPUL CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

V. STATEMENT OF ASSETS

| | Note | 2017 - 2018 Kshs | 2016 - 2017 Kshs |
|--|------|---------------------|---------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 10A | 2,257,899 | (2,406,741) |
| Cash Balances (cash at hand) | 10B | - | - |
| Current receivables- Outstanding Imprests | 11 | - | - |
| TOTAL FINANCIAL ASSETS | | <u>2,257,899</u> | <u>(2,406,741)</u> |
| FINANCIAL LIABILITIES | | | |
| Accounts payable- Retention | 12 | | |
| NET FINANCIAL ASSETS REPRESENTED BY | | <u>2,257,899</u> | <u>(2,406,741)</u> |
| Fund balance b/fwd 1st July 2017 | 13 | (2,406,741) | 61,590,990 |
| Surplus/Defict for the year | | 4,664,640 | (63,997,731) |
| Prior year adjustments | 14 | - | - |
| NET FINANCIAL POSITION | | <u>2,257,899</u> | <u>(2,406,741)</u> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kabondo-Kasipul Constituency financial statements were approved on 25.09.2018 and signed by

Fund Account Manager
Name: Kennedy Chacha



Sub-County Accountant
Name: Julius Khamati
ICPAK Member Number: 17895

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

KABONDO KASIPUL CONSTITUENCY

Reports and Financial Statements

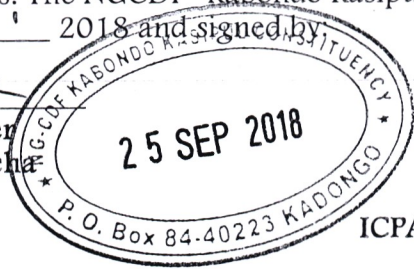
For the year ended June 30, 2018

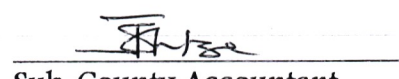
VI. STATEMENT OF CASHFLOW

| Receipts for operating income | | 2017 - 2018 | 2016 - 2017 |
|---|----|-------------------|------------------------|
| Transfers from CDF Board | 1 | 46,830,172 | 82,096,552 |
| Other Receipts | 3 | - | - |
| | | 46,830,172 | 82,096,552 |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 2,310,054 | 2,189,401 |
| Use of goods and services | 5 | 10,822,131 | 9,261,423 |
| Transfers to Other Government Units | 6 | 6,000,000 | 41,117,992 |
| Other grants and transfers | 7 | 22,652,347 | 75,550,749 |
| Other Payments | 9 | - | - |
| | | 41,784,532 | 128,119,565 |
| Adjusted for: | | | |
| Adjustments during the year | 14 | - | - |
| Net cash flow from operating activities | | 5,045,640 | (46,023,013.30) |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 8 | (381,000) | (17,974,718) |
| Net cash flows from Investing Activities | | (381,000) | (17,974,718) |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 4,664,640 | (63,997,731) |
| Cash and cash equivalent at BEGINNING of the year | 13 | (2,406,741) | 61,590,990 |
| Cash and cash equivalent at END of the year | | 2,257,899 | (2,406,741) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kabondo Kasipul Constituency financial statements were approved on 25.09.2018 and signed by


Fund Account Manager
Name: Kennedy Chacha




Sub-County Accountant
Name: Julius Khamati

ICPAK Member Number: 17895

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|----------------------------------|-------------------|-------------------|-----------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| RECEIPTS | | | | | | |
| Transfers from CDF Board | 86,810,345 | 14,804,310 | 101,614,655 | 44,423,431 | 57,191,224 | 43.7% |
| Proceeds from Sale of Assets | | 0 | | | | |
| Other Receipts | | 0 | | | | |
| TOTAL RECEIPTS | 86,810,345 | 14,804,310 | 101,614,655.24 | 44,423,431 | 57,191,224 | 43.7% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 2,745,544 | 413,759 | 3,159,303 | 2,310,054 | 849,249 | 73.1% |
| Use of goods and services | 8,117,287 | 610,379 | 8,727,666 | 10,822,131 | (2,094,465) | 124.0% |
| Transfers to Other Govern. Units | 26,150,000 | 6,825,000 | 32,975,000 | 6,000,000 | 26,975,000 | 18.2% |
| Other grants and transfers | 40,318,507 | 6,141,379 | 46,459,886 | 22,652,347 | 23,807,539 | 48.8% |
| Acquisition of Assets | 2,450,000 | 813,793 | 3,263,793 | 381,000 | 2,882,793 | 11.7% |
| Other Payments | | | | | | |
| Unapproved | 7,029,007 | | 7,029,007 | | | |
| TOTAL | 86,810,345 | 14,804,310 | 101,614,655 | 42,165,532 | 59,449,123 | 41.5% |

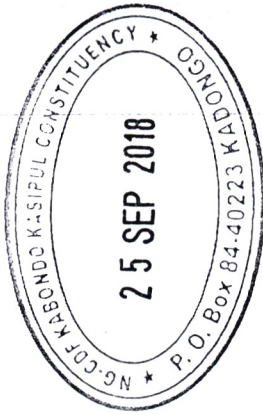
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABONDO KASIPUL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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

IN B GIVE EXPLANATION ON ALL ITEMS BELOW 90% UTILIZATION

On Receipts, the NGCDF board had not released half of the allocation for the financial year 2017/18 by the close of the financial year. This occurrence necessitated the under absorption of funds in the financial year.

The NGCDF- Kabondo Kasipul Constituency financial statements were approved on 25.09.2018 2018 and signed by:





Fund Account Manager
Name: Kennedy Chacha



Sub-County Accountant
Name: Julius Khamati
ICPAK Member Number: 17895

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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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



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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
KABONDO KASIPUL 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 |
| Normal Allocation | | | |
| AIE A855828 | | 5,500,000 | - |
| AIE A892730 | | 3,425,000 | |
| AIE A892918 | | 37,905,172 | |
| | AIE NO. 2015/2016/1013 | | 4,094,828 |
| | AIE NO. 2016/2017/092 | | 2,200,000 |
| | AIE NO. 2014/2015/541 | | 2,000,000 |
| | AIE NO. 2016/2017/354 | | 36,853,449 |
| | AIE NO. 2016/2017/491 | | 36,948,275 |
| Conditional grants | AIE NO... | | - |
| | | | - |
| Receipt from other Constituency | | | - |
| TOTAL | | 46,830,172 | 82,096,552 |

2. PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

| | 2017-2018 Kshs | 2016-2017 Kshs |
|---|-------------------|-------------------|
| Basic wages of contractual employees | 1,674,713 | 1,654,982 |
| Basic wages of casual labour | | |
| Personal allowances paid as part of salary | | |
| House allowance | | |
| Transport allowance | | |
| Leave allowance | | |
| Other personnel payments | | |
| Employer contribution to NSSF | 87,438 | 60,878 |
| Gratuity-contractual employees | 547,903 | 473,541 |
| TOTAL | 2,310,054 | 2,189,401 |



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

5. USE OF GOODS AND SERVICES

| Description | 2017-2018 | 2016 - 2017 |
|--|-------------------|------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 244,493 | 284,712 |
| Electricity | 10,500 | |
| Water & sewerage charges | - | - |
| Office rent | 225,000 | 264,000 |
| Communication, supplies and services | 119,920 | 267,960 |
| Domestic travel and subsistence | 436,100 | 608,590 |
| Printing, advertising and information supplies & services | 193,622 | 633,500 |
| Rentals of produced assets | - | - |
| Training expenses | 1,887,640 | 586,700 |
| Hospitality supplies and services | 304,700 | |
| Other committee expenses | 881,500 | 1,413,400 |
| Committee allowance | 999,000 | 2,500,000 |
| Insurance costs | - | - |
| Specialised materials and services | | 100,000 |
| Office and general supplies and services | | 87,200 |
| Fuel , oil & lubricants | 400,000 | 700,000 |
| Other operating expenses | 3,874,500 | 152,280 |
| Bank service commission and charges | 245,156.2 | 287,488 |
| Security operations | - | - |
| Routine maintenance - vehicles and other transport equipment | 1,000,000 | 1,375,593 |
| Routine maintenance- other assets | - | - |
| TOTAL | 10,822,131 | 9,261,423 |

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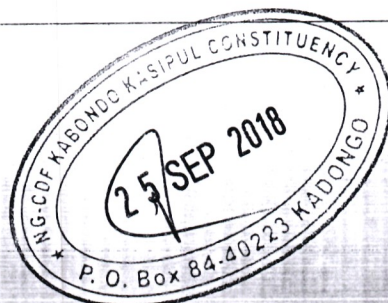
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2017-2018 | 2016 - 2017 |
|------------------------------------|------------------|-------------------|
| | Kshs | Kshs |
| Transfers to Primary schools | 500,000 | 9,276,360 |
| Transfers to Secondary schools | 5,500,000 | 17,311,031 |
| Transfers to Tertiary institutions | - | 7,225,000 |
| Transfers to Health institutions | - | 7,305,601 |
| TOTAL | 6,000,000 | 41,117,992 |

7. OTHER GRANTS AND OTHER PAYMENTS

| Description | 2017-2018 | 2016 - 2017 |
|-------------------------|----------------------|-------------------|
| | Kshs | Kshs |
| Bursary -Secondary | 8,075,785.80 | 12,498,500.00 |
| Bursary -Tertiary | 9,438,354.00 | 13,279,500.00 |
| Bursary-Special schools | 300,000.00 | 300,000.00 |
| Mocks & CAT | - | 5,560,330.00 |
| Water | - | 80,000.00 |
| Food security | - | - |
| Electricity | - | 4,049,460.00 |
| Security | 700,000.00 | 3,500,000.00 |
| Roads and Bridges | - | 17,782,368.00 |
| Sports | 868,103.45 | 3,637,931.00 |
| Environment | 868,103.45 | 3,637,931.00 |
| bodaboda | - | 1,200,294.00 |
| Emergency Projects | 2,402,000.00 | 10,024,435.00 |
| TOTAL | 22,652,346.70 | 75,550,749 |



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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8. AQUISITION OF ASSETS

| Non-Financial Assets | 2017-2018 | 2016 - 2017 |
|---|------------------|--------------------|
| | Kshs | Kshs |
| Purchase of Buildings | - | - |
| Construction of Buildings | 150,000.00 | 17,500,000.00 |
| Refurbishment of Buildings | - | - |
| Purchase of Vehicles | - | - |
| Purchase of Bicycles & Motorcycles | - | 474,718.00 |
| Overhaul of Vehicles | - | - |
| Purchase of office furniture and fittings | - | - |
| Purchase of computers ,printers and other IT equipments | 231,000 | - |
| Purchase of photocopier | - | - |
| Purchase of other office equipments | - | - |
| Purchase of soft ware | - | - |
| Acquisition of Land | - | - |
| TOTAL | 381,000 | 17,974,718 |

9. OTHER PAYMENTS

| | | |
|--------------|----------|----------|
| specify | - | - |
| specify | - | - |
| specify | - | - |
| TOTAL | - | - |

10A: Bank Accounts (cash book bank balance)

| Name of Bank, Account No. & currency | Account Number | 2017-2018 | 2016 - 2017 |
|--|----------------------------------|---------------------|--------------------|
| | | Kshs | Kshs |
| | | (30/6/2018) | (30/6/2017) |
| <i>Cooperative Bank of Kenya, Oyugis Branch . Kabondo Kasipul NG-CDF</i> | <i>A/C no.01141454980500</i> | 2,257,898.90 | (2,406,741) |

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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> | N/A | 0 | 0 | 0 |
| | | | | |
| | | | | |
| <i>Total</i> | | | | <u>0</u> |

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

12 RETENTION

2017 - 2018
Kshs

2016-2017
Kshs

Total

0

0

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

| | 2017-2018 | 2016 - 2017 |
|---------------|--------------------|-------------------|
| | Kshs (1/7/2017) | Kshs (1/7/2016) |
| Bank accounts | (2,406,741) | 61,590,990 |
| Cash in hand | | - |
| Imprest | | - |
| TOTAL | (2,406,741) | 61,590,990 |



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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14. PRIOR YEAR ADJUSTMENTS

| | 2017-2018 | 2016 - 2017 |
|---------------|-----------|-------------|
| | Kshs | Kshs |
| Bank accounts | | |
| Cash in hand | | - |
| Imprest | - | - |
| TOTAL | - | - |

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 |
| | 0 | 0 |

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: UNUTILIZED FUNDS (See Annex 3)

| | Kshs | Kshs |
|-------------------------------------|-------------------|----------|
| Administration & Recurrent | 2,178,616.24 | 0 |
| Use of goods and services | 624,805.46 | 0 |
| Committee Expenses | 334,663 | 0 |
| Emergencies | 568,965.51 | 0 |
| (Bursaries, sports, NGCDF office,) | 3,530,158.89 | 0 |
| Transfer to government units | 6,400,000 | 0 |
| | 13,637,209 | 0 |

This is amount not disbursed from the NGCDF board 11,379,310 plus cash and equivalent of 2,257,899

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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15.4: PMC account balances (See Annex 4)

| | 2017- 2018 | 2016-2017 |
|--|------------|-----------|
| PMC account Balances (see attached list) | Kshs | Kshs |
| PMC account Balances (see attached list) | 5,723,796 | 109,147 |
| Total | 5,723,796 | 109,147 |



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABONDO KASIPUL CONSTITUENCY
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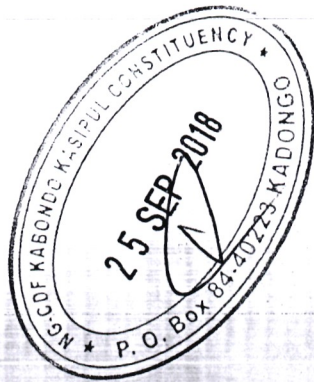
NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs' 000)

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2016 | Outstanding Balance 2014 | Comments |
|-------------------------------|-----------------|-----------------|---------------------|--------------------------|--------------------------|----------|
| Grand Total | | | | | | |



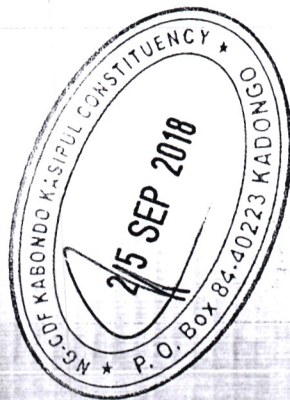
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABONDO KASIPUL CONSTITUENCY
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

| 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 | | |
| Senior Management | | | | | | | |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| | Sub-Total | | | | | | |
| Middle Management | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | | | | | | | |
| | Sub-Total | | | | | | |
| Unionisable Employees | | | | | | | |
| 7. | | | | | | | |
| 8. | | | | | | | |
| 9. | | | | | | | |
| | Sub-Total | | | | | | |
| Others (specify) | | | | | | | |
| 10. | | | | | | | |
| 11. | | | | | | | |
| 12. | | | | | | | |
| | Sub-Total | | | | | | |

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
 Reports and Financial Statements
 For the year ended June 30, 2014 (Kshs)

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2016 | Outstanding Balance 2014 | Comments |
|---------------|-----------|-----------------|-------------------------|---------------------|--------------------------|--------------------------|----------|
| Grand Total | | | | | | | |



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABONDO KASIPUL CONSTITUENCY
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ANNEX 3 – UNUTILIZED FUNDS

| | Kshs | Kshs |
|------------------------------------|-------------------|----------|
| Administration & Recurrent | 2,178,616.24 | 0 |
| Use of goods and services | 624,805.46 | 0 |
| Committee Expenses | 334,663 | 0 |
| Emergencies | 568,965.51 | 0 |
| (Bursaries, sport, NGCDF office,) | 3,530,158.89 | 0 |
| Transfer to government units | 6,400,000 | 0 |
| | <u>13,637,209</u> | <u>0</u> |

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABONDO KASIPUL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

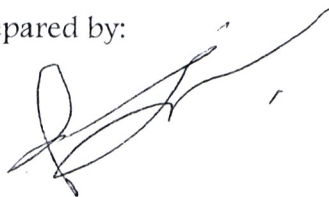
| Asset class | Historical Cost b/f (Kshs) 2016/17 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost (Kshs) 2017/18 |
|--|---|---|---|---|
| Land | 965,200 | 0 | 0 | 965,200 |
| Buildings and structures | 34,500,000 | 150,000 | 0 | 34,650,000 |
| Transport equipment | 6,224,718 | 0 | 0 | 6,224,718 |
| Office equipment, furniture and fittings | 487,744 | 0 | 0 | 487,744 |
| ICT Equipment, Software and Other ICT Assets | 407,445 | 231,000 | 0 | 638,445 |
| Total | 42,585,107 | 381,000 | 0 | 42,966,107 |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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ANNEX 5-PMC BANK BALANCES AS AT 30TH JUNE 2018

| No. | Name of Project | Bank | Account No. | Balance (Kshs.) |
|-----|-----------------------------------|-----------------------|----------------|------------------|
| 1. | Kabondo Kasipul Environmental PMC | Co-operative Bank | 01141455613300 | 8,908.95 |
| 2. | Kabondo Kasipul Sports Committee | Co-operative Bank | 01141455515800 | 2,475.20 |
| 3. | Kowidi Secondary School | Kenya Commercial Bank | 1130510808 | 338,258.00 |
| 4. | Kowidi Primary School | Kenya Commercial Bank | 1113069724 | 31,660.00 |
| 5. | Manga Primary School | Kenya Commercial Bank | 1130486508 | 36,059.00 |
| 6. | St. Philips Nyabondo Sec. Sch. | Kenya Commercial Bank | 1137414014 | 115,675.00 |
| 7. | Umai Primary School | Kenya Commercial Bank | 1123251487 | 349,050.00 |
| 8. | Lwanda Lutheran Sec School | Kenya Commercial Bank | 1120671947 | 200,975.00 |
| 9. | Andingo Girls Sec. School | Kenya Commercial Bank | 1114842753 | 1,001,174.50 |
| 10. | Orinde Lutheran Sec. School | Kenya Commercial Bank | 1175420972 | 1,644.50 |
| 11. | Danish Obara Sec. School | Kenya Commercial Bank | 1137462469 | 1,000,495.00 |
| 12. | Gangre Mixed Sec. School | Kenya Commercial Bank | 1134870167 | 1,004,505.00 |
| 13. | Kojwach High School | Kenya Commercial Bank | 1130868583 | 509,409.50 |
| 14. | Atela Mixed Sec. School | Kenya Commercial Bank | 1113917865 | -813.50 |
| 15. | Ogilo Primary School | Kenya Commercial Bank | 1120196981 | 504,640.00 |
| 16. | Kabondo Divisional HQ | Kenya Commercial Bank | 1137701153 | 619,680.00 |
| | Total | | | 5,723,796 |

Prepared by:



KENNEDY CHACHA
Fund Account Manager
NG-CDF KABONDO KASIPUL

Confirmed by:

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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ANNEX 6: 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) |
|--|--|---|--|-----------------------------------|--|
| 4.1 | Management to ensure all reallocations are properly supported. | <i>Wrong Classifications</i> The attached are the reallocation letters from the board making the difference from the original budget. | FAM-Wilson Ochola | Resolved | 2 weeks |
| 4.2 | All expenditures should be properly reported. | <i>Sport project</i> The attached are the voucher and the distribution list copy for the sporting activity which were purchase and distributed to the 38 sub locations team leaders. | FAM- Wilson Ochola | Resolved | 5days |

