

REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
TIGANIA WEST CONSITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2018**

*Revised Template 30<sup>th</sup> June 2018*



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND TIGANIA  
WEST CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**TIGANIA WEST 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 Tigania West day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

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


No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Harrison Wachira
3.	Sub-County Accountant	Mercy N. Gitonga
4.	Chairman NGCDFC	James Mururu

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 150 60602 KIANJAI  
CDF Building  
Urru market /Highway  
Kianjai, KENYA



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**(f) NGCDF TIGANIA WEST Constituency Contacts**

Telephone: (254) 0723257187  
E-mail: [cdf.tiganiawest@cdf.go.ke](mailto:cdf.tiganiawest@cdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF TIGANIA WEST Constituency Bankers**

Equity bank  
Meru  
P.O. Box 402  
ACC NO:0140292799595

**(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

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

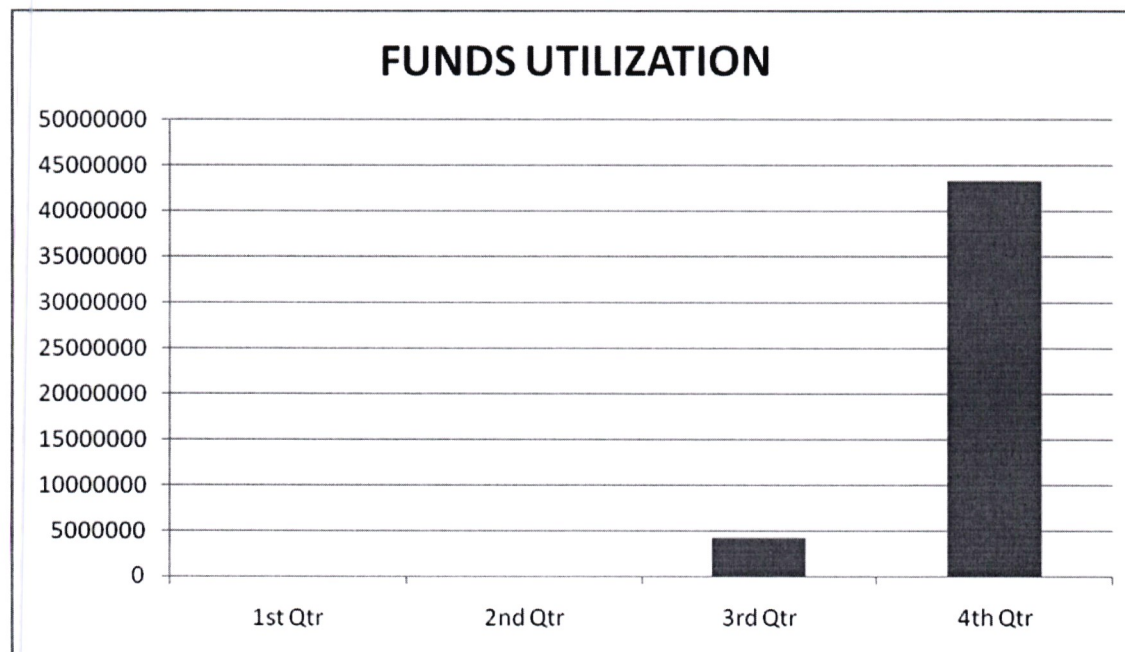
**Introduction**

Tigania West Constituency is an electoral constituency in Kenya. It is one of nine constituencies in Meru County. It borders Tigania East to the East, Buuri to the West, Imenti North to the South and Isiolo to the North. The constituency has five wards namely Athwana, Akithii, Kianjai, Nkomo and Mbeu.. The constituency has a population of approximately 135,980 persons with an area of 455.10 sq.km.

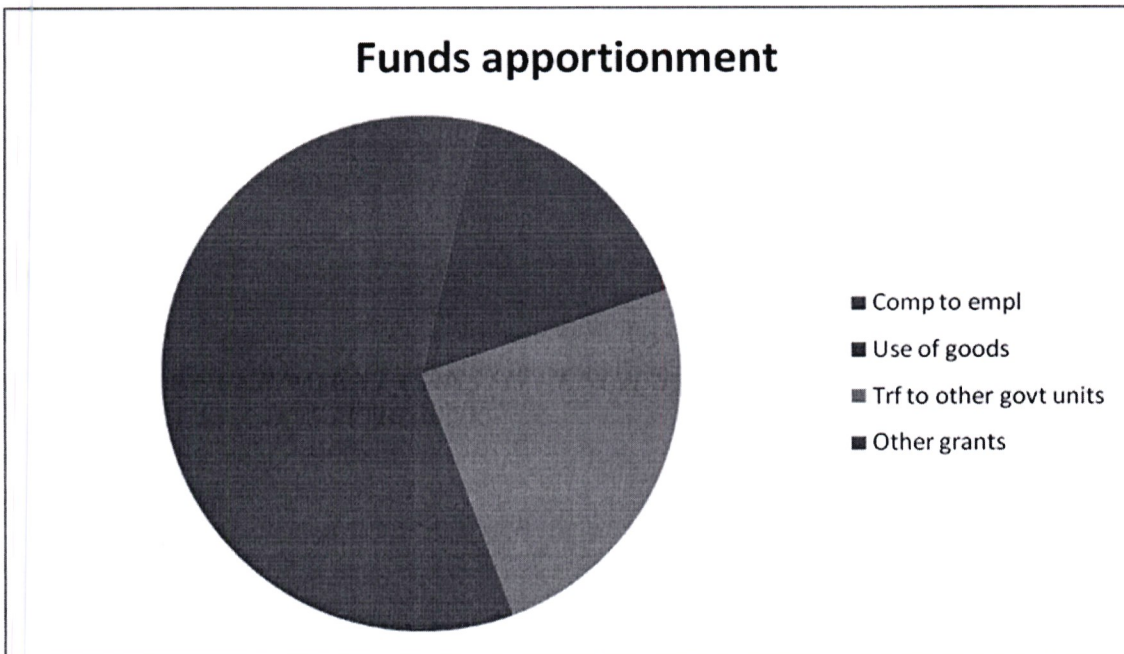
**Profile of wards in Tigania West Constituency**

WARD	Locations/Sublocations	POPULATION	AREA IN SQ KMs
Athwana	Ntulili, Kibiru, Lachathuriu, Kuani, Matiru, Kandebene	18,127	149.60
Akithi	Mweronkanga, Limbine, MAANTHI, Karii, Mwili, Kaliati, Ntiba, Kitheo, Mucuune, Twale	35,646	74.10
Mbeu	Kiorimba, Macheгене, Kieru, Kibuline, Kimirii, Mbeu	20,972	51.0
Nkomo	Kunene, Limauru, Kilenchune, Ntombo, Kamaroo, Amwari	24,361	53.9
Kianjai	Kiandiu, Ithamare, Miathene, Kianjai, Mutionjuri, Machaku, Nairiri, Mituntu, Kalithiria, Urru, Thau, Muthiru, Lairangi, Mumui, Rei	36,874	126.50

**Budget Performance against the actual amounts**



As it can be clearly seen, the funds were largely used in the 4<sup>th</sup> quarter. This is attributed by late disbursement of the funds from the board as a result of disruption visited upon the smooth development cycle by the general election. A clear framework is needed to avoid recurrence this scenario. The general election should not curtail implementation of development plan.



From the pie chart, a large chunk of the money was used in the area of other grants and transfer. This was prompted by the fact that, the NG-CDF prioritized award of bursaries. Transfer to other government units followed in allocation. This is a clear demonstration of how the committee takes development projects seriously.

Tigania west NG-CDF has been working all way to benefit the people living within the constituency. It has been working in education sector whereby they have been providing new standard classroom, bursaries to the needy students, also, on security sector, AP staff houses have been funded to have safe shelters for the security personnel in the constituency and many more other achievements like water projects etc.

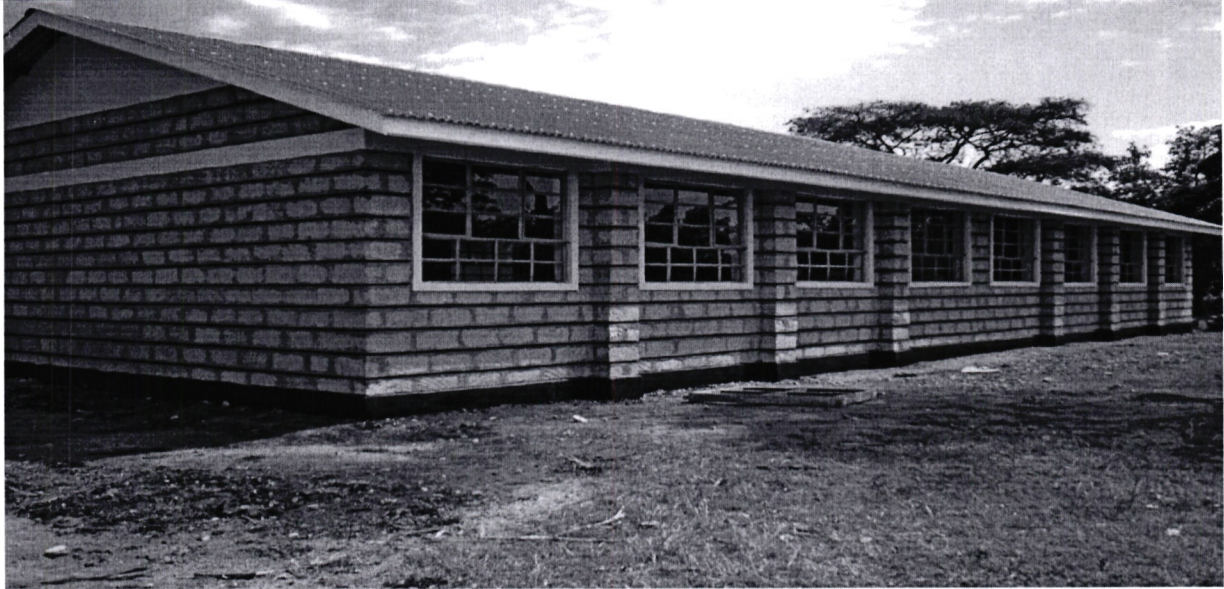
The following are images of the complete and functioning projects within Tigania west constituency through CDF funding;

**1. MUTIONJURI PRIMARY SCHOOL-TWO NG-CDF CLASSROOMS**



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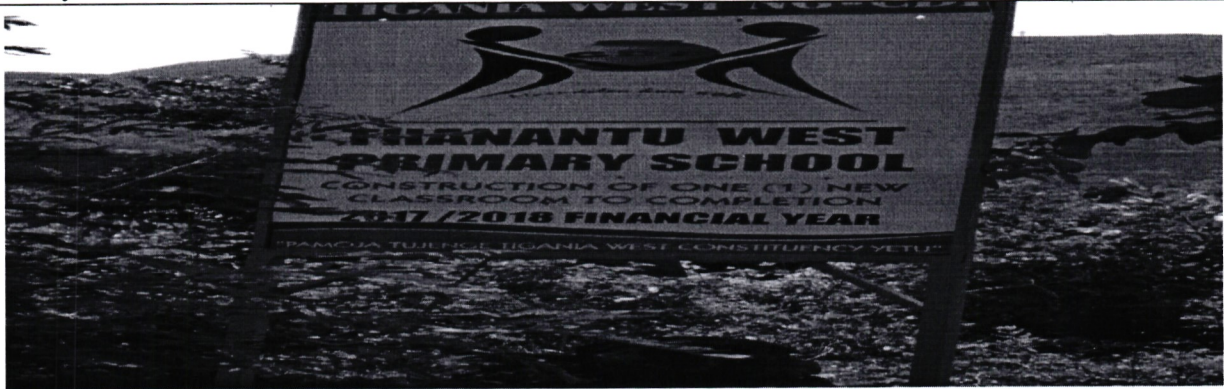
2. AMATU DAY SECONDARY SCHOOL - 1 CLASSROOM



3. THANANTU PRIMARY SCHOOL-1 CLASSROOM

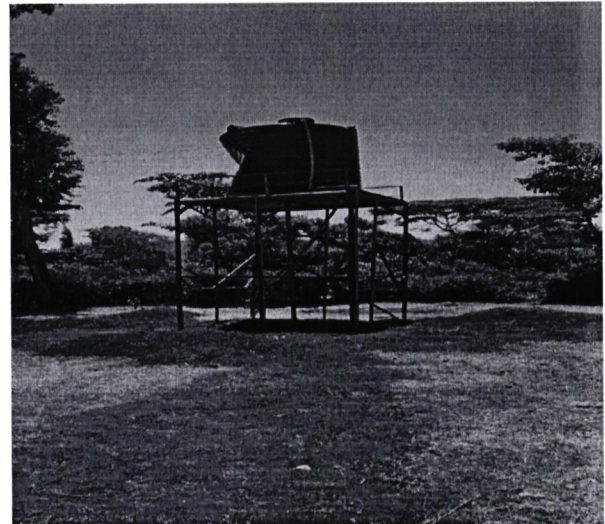


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This will enable a very conducive environment for the students to learning. The class has been installed with electricity where by incase of any need to use laptops and projectors it will be very convenient for both teachers and students.also,the class has two blackboard in front and back of the class.

**4. BOREHOLE AT MWILI PRIMARY SCHOOL AND LACIATHURIU PRIMARY SCHOOL**



This will enable the community living within the place of boreholes benefit from the water hence less water shortage. More boreholes are still in progress including kanjai primary, baraimu

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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primary, Mweronkoro primary, kirukire primary and Nkiluthu primary school.

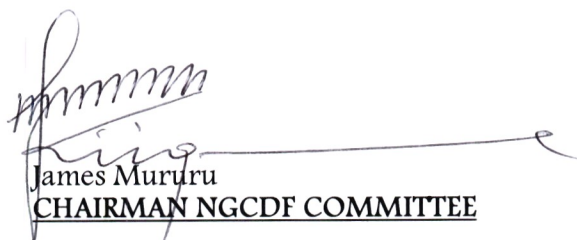
**Emerging issues**

NG-CDF is a fund which attracts interest from all and sundry. People are more often than not, like establishing themselves with this fund. With this interest in the peoples, many issues emerges and requires concerted efforts to overcome.

- a) Everybody wants to be involved in NG-CDF work
- b) High expectation from the people
- c) High level of accountability and transparency
- d) Efficient and effective utilization of the funds
- e) With devolved function having been removed from NG-CDF funding, people feels the mandate of NG-CDF has been watered down.

**Implementation challenges and recommended way forward**

Challenges	Way forward
Inadequate capacity of both NGCDF committee members and staff	The NGCDF committee and the board to conduct regular training
Insufficient competent support staff	The board should consider hiring account assistants and clerks of works directly
Too much unnecessary interference of NGCDFC works	Sensitization workshops should be held in order to define roles of different stakeholders
Slow approval of budget process	The board should endeavour to act on the proposals within 14 days of presentation
Erratic release of funds from the board	The board should endeavour to release funds in two instalments instead of many small disbursements
Unreliable availability of technical departments of government notably works office	Proper collaboration between NGCDF office works office should be established
Inadequate capacity of Project Management Committee	Enough funds should be set aside for training PMCs
Poor communication structure	A clear communication policy should be established
Poor facilitation of NG-CDF committee members to perform their duties	The board should consider enhancing the sitting allowances and daily subsistence of NG-CDF members

  
James Mururu  
**CHAIRMAN NGCDF COMMITTEE**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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**III. STATEMENT OF FUND MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

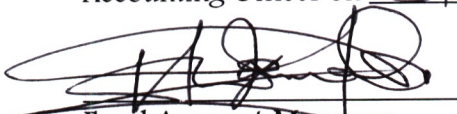
The Accounting Officer in charge of the NGCDF-TIGANIA WEST Constituency is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year (period) ended on June 30, 2018. 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 fund; (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 fund; (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-TIGANIA WEST Constituency accepts responsibility for the funds' 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 fund's financial statements give a true and fair view of the state of fund's transactions during the financial year ended June 30, 2018, and of the fund's financial position as at that date. The Accounting Officer charge of the NGCDF-TIGANIA WEST Constituency further confirms the completeness of the accounting records maintained for the funds, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-TIGANIA WEST Constituency confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the fund'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 fund'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-TIGANIA WEST Constituency financial statements were approved and signed by the Accounting Officer on 5/16/18 2018.



Fund Account Manager  
Harrison Wachira



Sub-County Accountant  
Mercy N. Gitonga



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TIGANIA WEST 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 – Tigania West Constituency set out on pages 10 to 36 which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 National Government Constituencies Development Fund – Tigania West 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 Unaccounted for Bursary Funds

Note 6 to the financial statements reflects Kshs.28,083,357 in respect to other grants and other payments which includes Kshs.14,129,900, Kshs.10,359,500 and Kshs.290,000 bursaries disbursed to secondary schools, tertiary institutions and special schools respectively all totalling to Kshs.24,779,400 during the year ended 30 June 2018.

However, only bursaries totalling to Kshs.15,461,850 (62.4%) were acknowledged by the respective beneficiaries through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.9,317,550 (37.6%) un-acknowledged by the beneficiary institutions.

Under the circumstances, it has not been possible to ascertain whether the bursaries amounting to Kshs.9,317,550 benefited the intended beneficiaries and are expended as appropriated during the year ended 30 June 2018.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

#### **1.0 Budgetary Control and Performance**

##### **1.1 Revenue Analysis**

The Fund's summary statement of appropriation: recurrent and development combined for the year ended 30 June 2018 reflects an approved receipt budget of Kshs.108,938,939 and actual receipts of Kshs.47,724,837 (44%) resulting to a budget shortfall of Kshs.61,214,102.

Overall, the Fund failed to actualize its budget by Kshs.61,214,102 or 56% an indication that most of the programs and activities that had been planned were not implemented. There is need therefore for the Constituency Development Fund management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Tigania West Constituency.

##### **1.2 Expenditure Analysis**

The Fund's statement of appropriation: recurrent and development combined reflects budgeted payments for the year ended 30 June, 2018 of Kshs.108,938,939 and the actual payments of Kshs.50,471,408 resulting to an under expenditure of Kshs.58,303,532 as follows:

<b>Expenditure Analysis</b>	<b>Budget (Kshs.)</b>	<b>Actual (Kshs.)</b>	<b>Variance (Kshs.)</b>	<b>Absorption (%)</b>
<b>Recurrent</b>				
Compensation of Employee	4,197,014	1,777,891	2,419,123	42%
Use of Goods and services	6,218,950	5,373,021	845,929	86%
<b>Total</b>	<b>10,415,964</b>	<b>7,150,912</b>	<b>3,265,052</b>	<b>69%</b>
<b>Development</b>				
Transfer to Other Government Unit	40,835,417	12,437,139	28,398,278	30%
Other Grants and Transfers	54,023,558	28,083,357	25,940,201	52%
Other Payments	3,500,000	2,800,000	700,000	80%
Unallocated/allocation awaiting approval by the board	164,000	-	-	
<b>Total</b>	<b>8,522,975</b>	<b>43,320,496</b>	<b>55,038,479</b>	<b>46%</b>
<b>Grand Total</b>	<b>108,938,939</b>	<b>50,471,408</b>	<b>58,303,532</b>	<b>46%</b>

In overall, the NG-CDF Tigania West Constituency under spent its budget by Kshs.58,303,532 (46%) of the total budgeted expenditure. The funds could have been allocated to other deserving areas that would have improved delivery of goods and services to the residents of Tigania West Constituency.

There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the citizens of Tigania West Constituency.

### **1.3 Project Implementation Status**

The Fund's approved development budget of Kshs.98,522,975 was apportioned among projects in various sectors within the constituency namely primary schools, secondary schools, health institutions, secondary schools' bursary, tertiary bursary, Special schools' bursary, Water, security, roads and bridges and environmental activities.

Review of the project implementation status report as at 30 June 2018 revealed that out of the Kshs.98,522,975 allocated for projects, forty-six (46) projects worth Kshs.84,147,974 (85.4%) were completed, four (4) projects worth Kshs.2,000,000 (2%) were on going and three (3) projects worth Kshs.12,375,002 (12.6%) were not started as shown below:

Sector	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
<b>Completed</b>			
Education – Secondary Schools	9,736,206	9,736,206	9
Education – Primary Schools	29,548,278	29,548,278	19
Bursary- Secondary Schools	14,500,000	14,500,000	2
Bursary – Tertiary institutions	9,226,423	9,226,423	2
Bursary – special	699,139	699,139	2
Mocks & CATs	1,000,000	1,000,000	1
Sports	1,736,206	1,736,206	2
Security	7,100,000	7,100,000	4
Environmental activities	1,963,792	1,963,792	2
Emergency	5,137,931	5,137,931	2
Special Plan	3,500,000	2,800,000	1
<b>Total</b>	<b>84,147,975</b>	<b>83,447,974</b>	<b>46</b>
<b>Ongoing</b>			
Education – Secondary Schools	500,000	500,000	1
Security	1,500,000	1,500,000	3
<b>Total</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>4</b>
<b>Not started</b>			
Constituency Information Centre	4,677,027	4,677,027	1
Security	4,033,975	4,033,975	1
Education Tertiary	3,500,000	3,500,000	1
Not Allocated	164,000	164,000	
<b>Total</b>	<b>12,375,002</b>	<b>12,375,002</b>	<b>3</b>
<b>Grand Total</b>	<b>98,522,976</b>	<b>97,822,976</b>	<b>53</b>

In view of the foregoing, the constituents did not get the expected services equivalent to the Kshs.2,000,000 and Kshs.12,375,002 for ongoing projects and projects not started respectively all totalling to Kshs.14,375,002 for the year ended 30 June 2018. This is an indication of inappropriate project implementation mechanism.

Therefore, there is need for the Constituency Development Fund Committee (CDFC) to review its project planning mechanism with a view to prioritizing those projects which will

be implemented during the financial year resulting to higher impact into improving service delivery to the citizen of Tigania West Constituency.

## 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 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**

#### **1.0 Presentation of the Financial Statements**

The financial statements reporting template prescribed by the Public Sector Accounting Standards Board (PSASB) requires that a report on the follow up of previous year's audit recommendations be included as part of the annexures to the financial statements. However, the report on follow up on previous year's audit and its recommendations which is included at page 36 of the financial statements for the year under review shows that all the issues raised have been resolved but no documents have been availed to show how the issues were resolved. In addition, the template requires the Fund Accountant to indicate his/her signature in the financial statements but no signature is indicated in the financial statements for the year under review creating doubts as to whether the Fund Accountant is a member of the Institute.

In the circumstances, the presentation and disclosure of the financial statements for the year ended 30 June 2018 did not comply with the prescribed format.

#### **2.0 Irregular Procurement of Tree Seedlings**

Note 6 to the financial statements reflects Kshs.28,083,357 in respect of other grants and other transfer which includes Kshs.1,927,339 in respect to environment projects for the year ended 30 June 2018 which further includes Kshs.1,644,000 paid to a firm for supply of seedlings.

However, the tender opening and evaluation for the supply of seedlings were done on the same day by the same committee contrary to Section 78 (1) (b) of the Public Procurement and Asset Disposal Act, 2015 which states that at least one of the tender opening

committee members shall not be directly involved in the processing or evaluation of the tenders.

In the circumstances, the Fund is in breach of the law.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, 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 so as to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) 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 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 Fund's 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**

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

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

**29 March 2019**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TIGANIA WEST CONSTITUENCY**

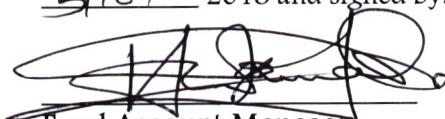
**Reports and Financial Statements  
For the year ended June 30, 2018**


**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	47,560,837	130,268,562
Other Receipts	2	164,000	111,000
<b>TOTAL RECEIPTS</b>		<b>47,724,837</b>	<b>130,379,562</b>
<b>PAYMENTS</b>			
Compensation of employees	3	1,777,891	1,322,502
Use of goods and services	4	5,373,021	8,761,899
Transfers to Other Government Units	5	12,437,139	50,750,000
Other grants and transfers	6	28,083,357	88,007,731
Other Payments	7	2,800,000	
<b>TOTAL PAYMENTS</b>		<b>50,471,408</b>	<b>148,842,132</b>
<b>SURPLUS/DEFICIT</b>		<b>(2,746,571)</b>	<b>(18,462,570)</b>

Note: The deficit arose as a result of over expenditure in respect to the amount received from the board. It was financed by the fund balance brought forward as at 1<sup>st</sup> July 2017 which was sh 6,429,620.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Tigania West Constituency financial statements were approved on 5/10/2018 and signed by:

  
Fund Account Manager  
Harrison Wachira

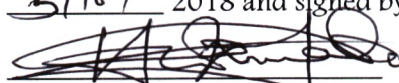
  
Sub-County Accountant  
Mercy N. Gitonga


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

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8	3,683,049	6,429,620
<b>TOTAL CASH &amp; CASH EQUIVALENT</b>		<b>3,683,049</b>	<b>6,429,620</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,683,049</b>	<b>6,429,620</b>
<b>FINANCIAL LIABILITIES</b>			
<b>NET FINANCIAL ASSETS</b>			
		<b>3,683,049</b>	<b>6,429,620</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	9	6,429,620	24,892,190
Surplus/Deficit for the year		(2,746,571)	(18,462,570)
<b>NET LIABILITIES</b>		<b>3,683,049</b>	<b>6,429,620</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Tigania West Constituency financial statements were approved on 31/6/2018 and signed by:

  
Fund Account Manager  
Harrison Wachira

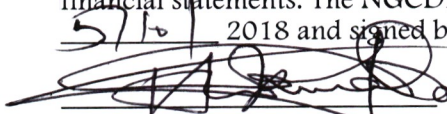
  
Sub-County Accountant  
Mercy N. Gitonga

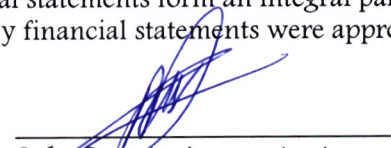
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**TIGANIA WEST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from CDF Board	1	47,560,837	130,268,562
Other Receipts	2	164,000	111,000
		<b>47,724,837</b>	<b>130,379,562</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	1,777,891	1,322,502
Use of goods and services	4	5,373,021	8,761,899
Transfers to Other Government Units	5	12,437,139	50,750,000
Other grants and transfers	6	28,083,357	88,007,731
Other Payments	7	2,800,000	-
		<b>50,471,408</b>	<b>148,842,132</b>
<b>Net cash flow from operating activities</b>		<b>(2,746,571)</b>	<b>(18,462,570)</b>
 <b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
 Net cash flows from Investing Activities			 -
 <b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		 <b>(2,746,571)</b>	 <b>(18,462,570)</b>
Cash and cash equivalent at BEGINNING of the year	9	6,429,620	24,892,190
Cash and cash equivalent at END of the year		3,683,049	6,429,620

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Tigania West Constituency financial statements were approved on 5/10/2018 and signed by:

  
Fund Account Manager  
Harrison Wachira

  
Sub-County Accountant  
Mercy N. Gitonga

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TIGANIA WEST 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,344	21,964,595	108,774,939	47,560,837	61,214,102	43.73%
Proceeds from Sale of Assets			-		-	
Other Receipts		164,000	164,000	164,000	-	100.0%
<b>TOTAL RECEIPTS</b>	<b>86,810,344</b>	<b>22,128,595</b>	<b>108,938,939</b>	<b>47,724,837</b>	<b>61,214,102</b>	<b>43.81%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,823,600	1,373,414	4,197,014	1,777,891	2,419,123	42.4%
Use of goods and services	4,989,330	1,229,620	6,218,950	5,373,021	845,929	86.0%
Transfers to Other Government Units	34,700,000	6,135,417	40,835,417	12,437,139	28,398,278	30.5%
Other grants and transfers	40,797,414	13,226,145	54,023,559	28,083,357	25,940,202	52.0%
Acquisition of Assets			-	-	-	
Other Payments	3,500,000	-	3,500,000	2,800,000	700,000	80%
Unallocated/allocation awaiting approval by the board		164,000	164,000			
<b>TOTAL</b>	<b>86,810,344</b>	<b>22,128,595</b>	<b>108,938,939</b>	<b>50,471,408</b>	<b>58,303,532</b>	<b>46.33%</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TIGANIA WEST CONSTITUENCY**

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

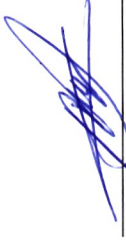
**NOTES**

1. The constituency received from the board a total of sh 47,560,837 out of annual allocation of sh 102,345,320. The delay in release of the funds was attributed by disruption of development activities by a long electioneering period which delayed the process of constituting and operationalization of a new NG-CDFC
2. On the expenditure side, the constituency registered a performance of 42.4% in compensation to employees, 55.3% on use of goods and services, 30.5% on transfer to other government units and 52% on other grants and transfer. This is attributed to long period that the office stayed dormant due to general election that took place on 8/8/2017 and it's resultant effects. The NG-CDF committee had to be constituted, inducted before embarking on the process of seeking peoples priorities in order for them to compile the budget for the subsequent approval by the board. This affected timely approval of the budget, disbursement of the funds and eventually the use of funds.

The NGCDF-Tigania West Constituency financial statements were approved on 5/16/ 2018 and signed by:



Fund Account Manager  
Harrison Wachira



Sub-County Accountant  
Mercy N. Gitonga

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

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**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-Tigania West Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

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

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**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.

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TIGANIA WEST CONSTITUENCY  
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For the year ended June 30, 2018**

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**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) –  
TIGANIA WEST CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

	2017 - 2018	2016 - 2017
	Kshs	Kshs
AIE A892525 (31.01.18)	5,500,000.00	
AIE A892809 (08.03.18)	4,155,665.00	
AIE a892979 (09.05.18)	37,905,172.00	
AIE A825904		20,000,000.00
AIE A825952		27,077,675.00
AIE A839516		4,094,827.60
AIE A839617		36,853,449.00
AIE A855234		15,706,650.10
AIE A855534		5,450,000.00
AIE A855574		21,085,960.00
	<b>47,560,837</b>	<b>130,268,562</b>

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

**2. OTHER RECEIPTS**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Sale of Tender Documents	164,000	111,000
Other Receipts Not Classified Elsewhere (specify)	-	-
<b>TOTAL</b>	<b>164,000</b>	<b>111,000</b>

**3. COMPENSATION OF EMPLOYEES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	1,719,891	1,289,302
Basic wages of casual labour	30,000	10,000
Employer contribution to NSSF	28,000	23,200
<b>TOTAL</b>	<b>1,777,891</b>	<b>1,322,502</b>

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

**4. USE OF GOODS AND SERVICES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	229,540	14,238
Electricity	23,345	
Water & sewerage charges	2,715	
Communication, supplies and services	16,230	
Domestic travel and subsistence	130,375	89,000
Printing, advertising and information supplies & services		709,333
Training expenses	682,000	1,350,000
Hospitality supplies and services	54,220	19,460
Other committee expenses	2,024,150	2,511,000
Committee allowance	1,152,380	1,039,000
Insurance costs		237,655
Office and general supplies and services		3,660
Fuel , oil & lubricants	800,000	500,000
Other operating expenses/ contracted services		1,567,767
Bank service commission and charges	25,834	
Routine maintenance - vehicles and other transport equipment	94,272	118,152
Routine maintenance- other assets	137,960	512,834
<b>TOTAL</b>	<b>5,373,021</b>	<b>8,672,099</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5 TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to Primary schools	7,600,000	30,850,000
Transfers to Secondary schools	4,000,000	14,300,000
Transfers to Tertiary institutions		3,000,000
Transfers to Health institutions	837,139	2,600,000
<b>TOTAL</b>	<b>12,437,139</b>	<b>50,750,000</b>

**6. OTHER GRANTS AND TRANSFER**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	14,129,900	28,240,704
Bursary -Tertiary	10,359,500	10,175,965
Bursary-Special schools	290,000	223,500
Mocks & CAT		1,920,100
Water	760,000	17,430,000
Security	236,798	9,700,000
Roads and Bridges	379,820	2,893,340
Sports		11,228,485
Environment	1,927,339	1,040,554
<b>Emergency Projects</b>		<b>5,155,084</b>
<b>TOTAL</b>	<b>28,083,357</b>	<b>88,007,731</b>

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**7. OTHER PAYMENTS**

-	2017 - 2018	2016 - 2017
	Kshs	Kshs
Strategic plan	2,800,000	
<b>TOTAL</b>	<b>2,800,000</b>	-

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**8: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2017- 2018	2016 - 2017
	Kshs (30/6/2018)	Kshs (30/6/2017)
<i>Equity Bank , Meru Branch . Tigania West NG-CDF A/C 0140292799595</i>	3,683,049	6,429,620

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**9. BALANCES BROUGHT FORWARD**

	2017 - 2018	2016 - 2017
	Kshs (1/7/2017)	Kshs (1/7/2016)
Bank accounts	6,429,620	24,892,190
	<b>6,429,620</b>	<b>24,892,190</b>

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**10.0 OTHER IMPORTANT DISCLOSURES**

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

	Kshs	Kshs
Senior management	-	-
Middle management	1,715,312	-
Unionisable employees	-	-
Others ( <i>specify</i> )	-	-
	<b>1,715,312</b>	-

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

	Kshs 2017/2018	Kshs 2016/2017
Compensation of employees	2,419,123	1,587,410
Use of goods and services	4,345,929	76,299
Amounts due to other Government entities (see attached list)	28,398,278	7,137,017
Amounts due to other grants and other transfers (see attached list)	25,940,202	1,673,559
Acquisition of assets	-	-
Others ( <i>specify</i> )	-	-
	<b>61,103,532</b>	<b>10,474,284</b>

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10.3: PMC account balances (See Annex 4)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	13,127,363.21	3,256,039
	13,127,363.21	3,256,039

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**ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017/2018	Outstanding Balance 2016/2017	Comments
	a	b	c	d=a-c			
<b>Middle Management</b>							
1. MIKE KOBIA		392,845	01/06/2014	-	392,845	207,475	
2. REGINA KATHAMBI		284,898	01/06/2014	-	284,898	149,736	
3. FRANCIS KIMATHI		270,695	01/06/2014	-	270,695	142,139	
4. PRISILA KATHAMBI		217,800	01/06/2014	-	217,800	118,800	
5. IRENE KAURI		237,074	01/06/2014	-	237,074	237,074	
6. ELIAS MWIKA		112,500	01/05/2017	-	112,500	50,000	
7. PETER NJATI		30,000	01/02/2018	-	30,000	-	
8. ANTONY KOOME		37,500	01/02/2018	-	37,500	-	
9. AGNES KINYA		42,000	01/02/2018	-	42,000	-	
10. ERIC MURIITHI		45,000	01/02/2018	-	45,000	-	
11. KEVIN MUNENE		45,000	01/02/2018	-	45,000	-	
<b>Sub-Total</b>							
<b>Grand Total</b>		<b>1,715,312</b>			<b>1,715,312</b>	<b>905,224</b>	

The amount of sh 1,715,312 represents the amount of total gratuity payable to employees under contract calculated as 31% of the gross pay. The opening balance of sh 905,224 represents the gratuity payable which had accumulated by then but was inadvertently not reported in the financial statements.

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**ANNEX 2 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2017/18	Comments
Compensation of employees		2,419,123	
Use of goods & services		4,345,929	
<b>Amounts due to other Government entities</b>			
Kaliati Primary School	Reconstruction of at least 6 doors toilets which were washed away by floods occasioned by heavy rainfall experienced between March to May 2018	500,000	
Kimirii Primary School	Reroofing of one classroom which was destroyed by heavy rainfall experienced in the month of March to May 2018	50,000	
St Augustine Sec School , Luuria	Reroofing of one classroom which was destroyed by heavy rainfall experienced in the month of March to May 2018	100,000	
Kamuthanga Primary School	Reconstruction of at least 6 doors toilets which were washed away by floods occasioned by heavy rainfall experienced between March to May 2018	500,000	
Mituntu Day Sec School	Reconstruction of at least 6 doors toilets which were washed away by floods occasioned by heavy rainfall experienced between March to May 2018	500,000	
Karii Primary School	Reconstruction of at least 6 doors toilets which were washed away by floods occasioned by heavy rainfall experienced between March to May 2018	500,000	
Mituntu Girls Sec School	Reconstruction of at least 6 doors toilets which were washed away by floods occasioned by heavy rainfall experienced between March to May 2018	500,000	
Thau Primary School	Reconstruction of at least 2 doors toilets and urinal which were washed away by floods occasioned by heavy rainfall experienced between March to May 2018	300,000	
St Luke Sec Sch	Reconstruction of walls of a dormitory which was gutted down by fire infernal	700,000	
Kamarima Primary School	Roofing, plastering, flooring, putting doors, windows, electrical and painting one classroom	500,000	
KK Lumbi Primary School	Construction of slab and walls of toilets - a project being cofunded with the the school community	448,278	
Kaliati Primary School	Roofing of 3 classrooms	900,000	
Mweronkoro Primary School	Drilling of a borehole to benefit the school community	3,000,000	
Thau Day Sec School	Roofing of a dining hall- a project being cofunded with the the school community	500,000	



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Name	Brief Transaction Description	Outstanding Balance 2017/18	Comments
Bursary- Secondary school	Sponsoring needy students in secondary schools	3,186,206	
Bursary- Tertiary school	Sponsoring needy students tertiary sch	597,413	
Bursary- Special schools	Sponsoring needy students in special schs	199,139	
Environment conservation	Planting trees in Tigania West	227,586	
Sports	Conducting tournament in the constituency and the winning teams are awarded trophies, balls and uniforms	227,586	
Bursary- Secondary school	Sponsoring needy students in secondary schools	1,600,000	
Monitoring & Evaluation-Committee expenses	Committee monitoring & evaluation facilitation	561,828	
Monitoring & Evaluation-Capacity building	Facilitating inter constituency visits, training of NG-CDFC and PMCs	442,482	
Miathente police post	Construction of 4 Kenya Police staff houses to completion	2,500,000	
Limoro Ap Camp	Completion construction of 4 Ap houses by plastering, painting, plumbing and ceiling works	300,000	
Kianduu Ap Post	Construction of 4 Ap staff houses	2,000,000	
Antubeiga Ap Post	Rehabilitation of Ap staff houses by plastering, painting, plumbing and ceiling works	600,000	
Kilenchunte chiefs office	Completion construction of chiefs office by plastering, painting, plumbing and ceiling works	200,000	
Tigania West Ap staff houses	Completion construction of 2 Ap houses by plastering, painting, plumbing and ceiling works	300,000	
Maili Tatu	Construction of 2 AP staff houses to completion	1,000,000	
Sports	Buying of sport kits and sponsoring tournament	1,736,206	
Strategic plan	Preparation and presentation of 2017-2022 strategic plan	700,000	
Constituency Information Centre	Equipping of 4 Constituency Information Hub in partnership with Telecom Kenya	4,677,027	
<b>Sub-Total</b>		<b>25,940,202</b>	
<b>Grand Total</b>		<b>61,103,532</b>	

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**ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	3,700,000	-	-	3,700,000
Transport equipment	6,147,044	-	-	6,147,044
Office equipment, furniture and fittings	383,240	-	-	383,240
ICT Equipment, Software and Other ICT Assets	94,945	-	-	94,945
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>10,325,229</b>	-	-	<b>10,325,229</b>

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

NAME	BANK	ACCOUNT	KSH 2017-2018	KSH 2016-2017
THANANTU PRIMARY	NBK	1256100075200	953,356.00	
KAAMU PRIMARY	NBK	01022127709800	1,000,250.00	
NTOOMBO DAY	NBK	01047130792900	533,679.00	
KIMUTHII PRIMARY	NBK	01022206735900	501,735.00	
MITUNTU DAY	NBK	01025130723300	999,326.00	
AMATU DAY	NBK	01022206768700	955,750.00	
MUTIUNJURI PRIMARY	NBK	01022206824800	1,984,650.00	
NKURARE DAY	NBK	01025124374300	977,324.00	
KAMANORO PRIMARY	NBK	01281124378300	565,095.00	
KARII PRIMARY	NBK	0124119574300	719,699.00	
AMWARI PRIMARY	NBK	01022206086500	1,001,750.00	
T.W. ENVIRONMENT	NBK	01285124371100	339,823.00	
MWILI PRIMARY	NBK	01024119569400	191,323.00	
URINGU SEC SCH	NBK	01025112915100	2,450	2,450
KIRUKIRE DAY SEC	NBK	01025077675700	500	500
KAMARUKI SEC SCH	NBK	01024112919400	-205	455
MWERONKORO PRY	NBK	01285101158700	215,460	215,460
TIGANIA WEST WATER RESOURCES	NBK	01281119568600	229,971.60	528,176.10
MWILI PRY SCH	NBK	01024119569400	191,323	750
KIBIRU DAY SEC SCH	NBK	01025119536500	145.50	805
KUNENE PRY SCH	NBK	01281077603900	0.80	330,647.00
KITHIRU PRY SCH	NBK	01281077651200	2,776	2776
KIMEREI PRY SCH	NBK	01024039233401	-410	250
KARII PRY SCH	NBK	01024119574300	719,699.50	17,148
KAMITONGU PRY SCH	NBK	01025119548600	351	1,011
MUCUUNE DISPENSARY	NBK	01281124373000	534	534
ANTUBEIGA AP CAMP	NBK	01281130716300	706	706
KIMACHIA CHIEF'S CAMP	NBK	01285112911500	2,317	2317
MUKINDU PRY SCH	NBK	01024040508400	0.00	303
KIANDIU CHIEF'S CAMP	NBK	01282077559100	0.00	171

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KITHEO PRY SCH	NBK	0122440162100	0.00	0.00
MANYIRI PRY SCH	NBK	01281124340100	500	500
KAMUTHANGA PRY	NBK	01285124321800	30.00	30.00
THANANTU PRY	NBK	01256100075200	953,356	356
KIARE PRY SCH	NBK	01024124335700	1,452	2112
KIANDIU SEC SCH	NBK	01285124352900	350	30,850
KAMAROO DAY SEC	NBK	01025082026900	420	331,726.48
LUBUNU SEC SCH	NBK	01285124327300	68,990	192,650
KIMACHIA SEC SCH	NBK	01025019087500	1,950	269,950
KARII DISPENSARY	NBK	01285124361700	506	506
LIMBINE PRY SCH	NBK	01281124326300	83.06	290,819.06
MCK URRU PRIMARY	NBK	01248040178800	269	2,278.06
GIMPINE PRY SCH	NBK	01285124394900	269	269.00
KIERU PRY SCH	NBK	01285124390600	615	615.00
MAKANDI PRY SCH	NBK	01285124388100	93.80	93.80
NKURARE PRY SCH	NBK	01285130727500	0.00	45,005.00
ITHATENE PRY SCH	NBK	01282077559200	556.20	556.20
RWONGO RWA NYANKI	NBK	01285130745400	716.50	716.50
KANJALU PRY SCH	NBK	01285130745600	1,249.20	1249.20
TWALE PRY SCH	NBK	01285130746400	504	504.00
KIMANCHIA	NBK	01285130743600	1,000	750,500.00
MACHEGENE MIXED DAY	NBK	0102540304900	15.45	108,178.00
KK LUMBI PRY SCH	NBK	01224040162500	1,024	118,026
URRU PRY SCH	NBK	0124840178800	2,278.86	2,333.86
MACHAKU MIXED DAY SEC	NBK	0124639976800	205.74	205.74
MWILI PRY SCH	NBK	0124840498900	1,000	1,000.00
MUCUUNE PRY SCH		01285124326100	550	550.00
			<b>13,127,363.21</b>	<b>3,256,039</b>

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	The progress of prior year audit issues not presented and the report did not conform to IPSA(Cash)	The corrected version of financial statement was sent to the auditors for review including progress of prior year audit issues	Harrison Wachira-FAM	Resolved	May 2017
1.2	Pending payables were not analysed	The figure of pending payables included amounts not yet received from the National Management Board	Harrison Wachira-FAM	Resolved	May 2017
1.3	Unexplained variances between financial statement balances and the supporting schedules Unexplained prior year adjustment of sh 1,329,500	There was misposting between the financial statement and the supporting schedules Prior year adjustment is a figure of reversed cheques for previous years	Harrison Wachira-FAM	Resolved	May 2017
2	Unrepresented cheques of sh 609,945 were stale and still appearing in the financial statement	The stale cheques were subsequently reversed	Harrison Wachira-FAM	Resolved	May 2017
3	The yearly allocation was not fully utilized	The deficit of 10% which had not yet been utilized arose due to piecemeal release of funds from the National Management Board	Harrison Wachira-FAM	Resolved	May 2017
4	There was unexplained disbursement of sh 10,787,961  Kuuu bridge and Kimwimbi bridge are stalled	This amount is derived from Project Implementation Status report which is erroneous. All actual expenditures are captured in the schedules  The two projects were are earned marked to be funded to completion	Harrison Wachira-FAM	Resolved	May 2017

Note: The audit issues refers to 2015/2016 financial year. The certificate for 2016/2017 had not been released by the time of compiling these financial statements.

