

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

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MAJORITY LEADER

THE AUDITOR-GENERAL

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ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
KITUTU MASABA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018

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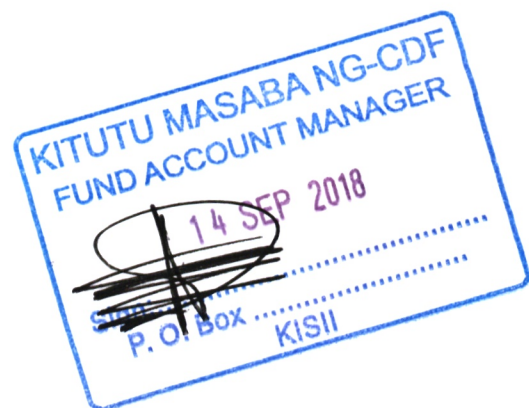


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU
MASABA CONSTITUENCY**

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)

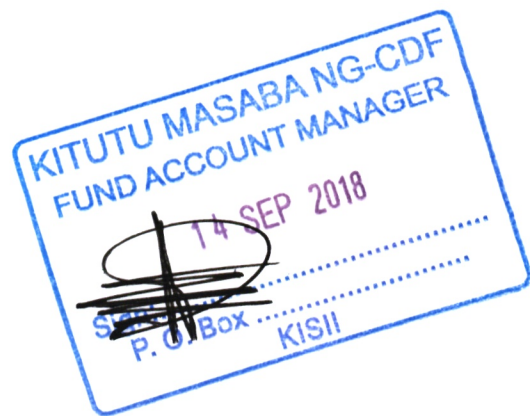


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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU
MASABA CONSTITUENCY
Reports and Financial Statements For the year ended June 30, 2018**

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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA CONSTITUENCY

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The National Government Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The KITUTU MASABA Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- 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	Amos Apollo
3.	Sub – County Accountant	Roseline Muthama
4.	Chairman NGCDFC	Robinson A. Ngima
5.	Member NGCDFC	Teresa Ongera

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of KITUTU MASABA Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) KITUTU MASABANGCDF Headquarters

NGCDF Office Building – Tombe Market
P.O Bo 3100-40200
Kisii

KITUTU MASABANGCDF Contacts

Telephone: (254) 0721489083
E-mail: kitutumasaba@ngcdf.go.ke
Website: www.kitutumasaba.go.ke

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA
CONSTITUENCY**

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

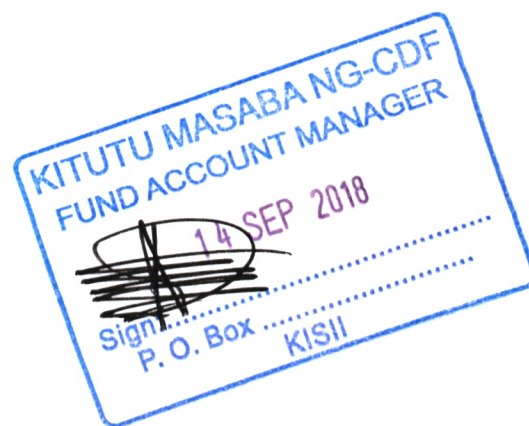
(f) KITUTU MASABANGCDF Bankers
CO-OPERATIVE BANK KISII BRANCH
A/C NO. 01141477003400
P.O Box KISII

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

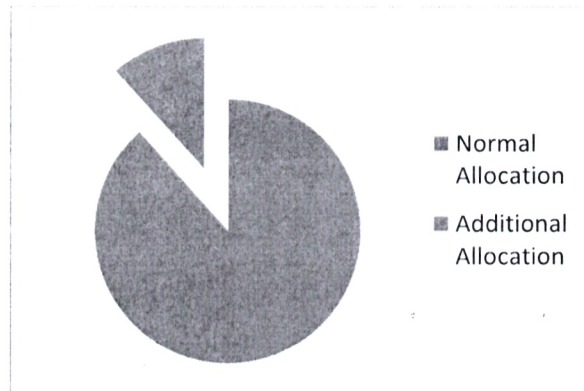


NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA CONSTITUENCY

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

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)

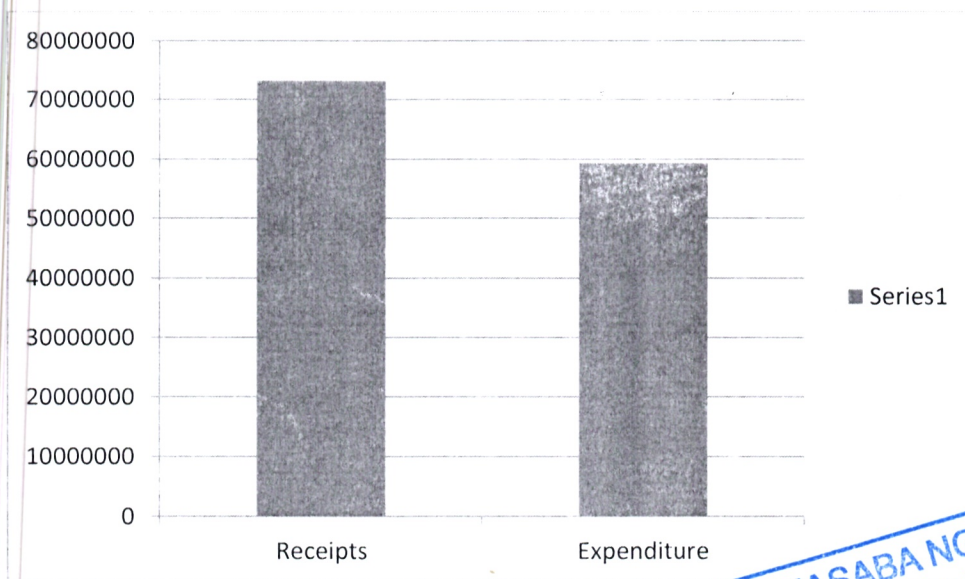
On behalf of the NGCDF committee of Kitutu Masaba, am glad to present the unaudited financial statement for my constituency for the year ended 30th June, 2018. During the year, our constituency was allocated a total of Kshs. 98,189,655.16 being Kshs. 86,810,344.82 as a normal allocation and Kshs. 11,379,310.34 as additional.



The Original Allocations Vs Additional Allocation 2017/2018FY

During the year under audit review 2016/2017FY Kitutu Masaba NGCDF received a total of Kshs Page 2. 73,215,516.00 and spent Kshs. 59,362,074.00 this being with the balance for 2016/2017FY AIE receipt of Kshs. 29,810,344.10 on various sectors i.e schools, security, bursary, emergency among others.

FUNDS RECEIPTS Vs EXPENDITURE 2017/2018FY

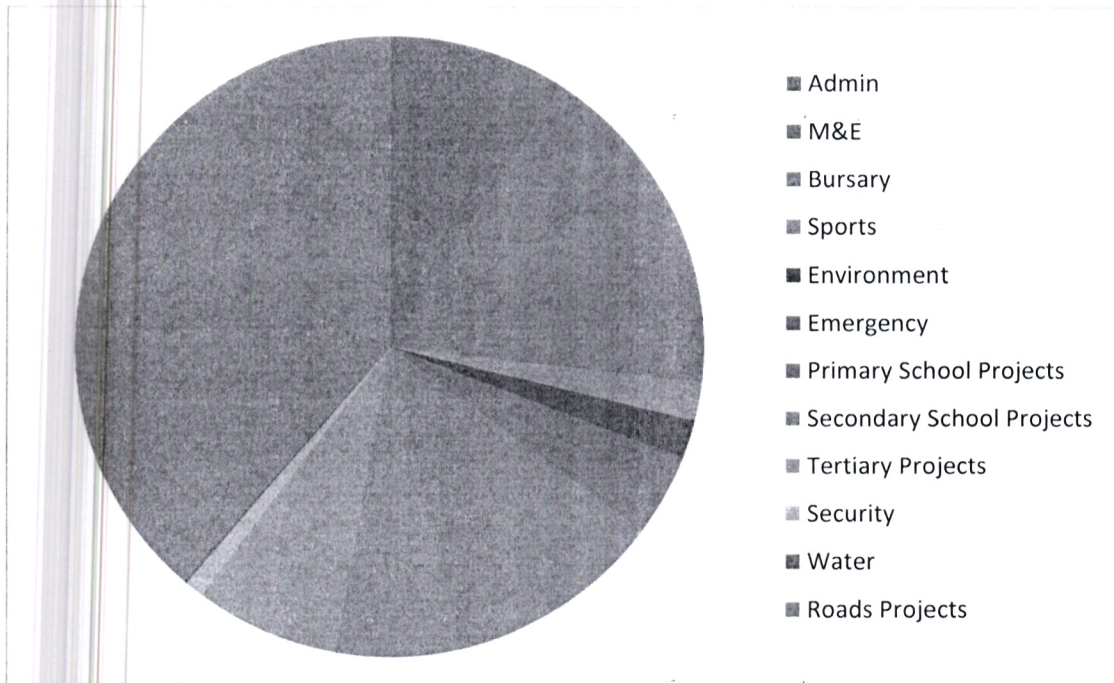


**KITUTU MASABA NG-CDF
FUND ACCOUNT MANAGER**
14 SEP 2018
Sign: _____
P. O. Box _____
KISII

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA CONSTITUENCY

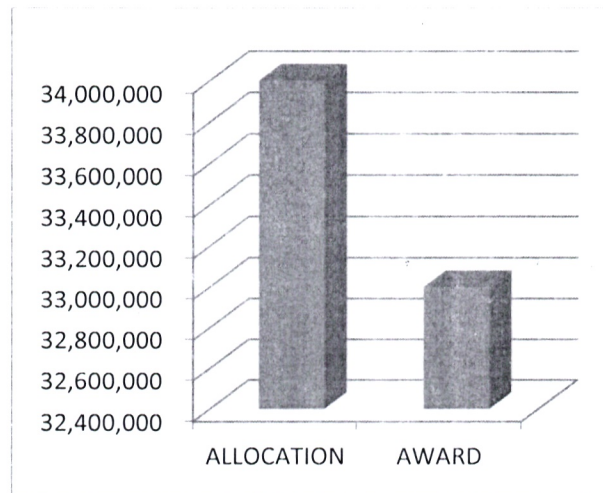
Reports and Financial Statements For the year ended June 30, 2018

Our original Budget was Kshs. 86,810,344.82. This therefore shows a reduction in the disbursement from the CDF Board compared with the previous year's allocation 2015/2016FY. The following was the distribution of the entire allocation 2016/2017FY



In that year under audit review, Bursary was the most improved sector which covered almost 90% of the applicants and still needs more funding. However, in Nyamira and Kisii counties, our constituency in terms of bursary management was rated the best. The schools projects progressively improving fairly well irrespective of few issues on contracting and procuring measures within institutions.

BURSARY ALLOCATION Vs AWARDS 2017/2018FY



**KITUTU MASABA NG-CDF
FUND ACCOUNT MANAGER**
14 SEP 2018
Signature
P. O. Box
KISII

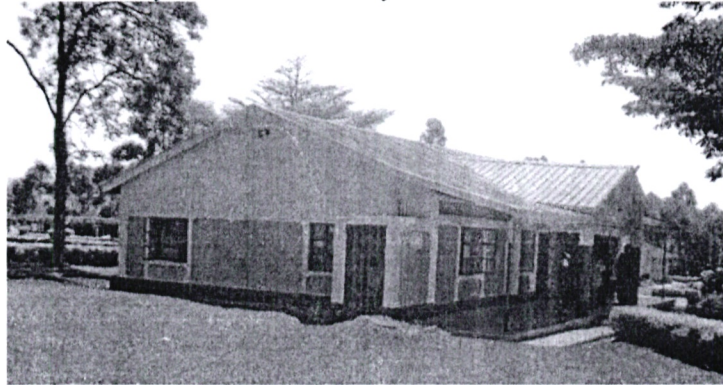
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA
CONSTITUENCY**

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

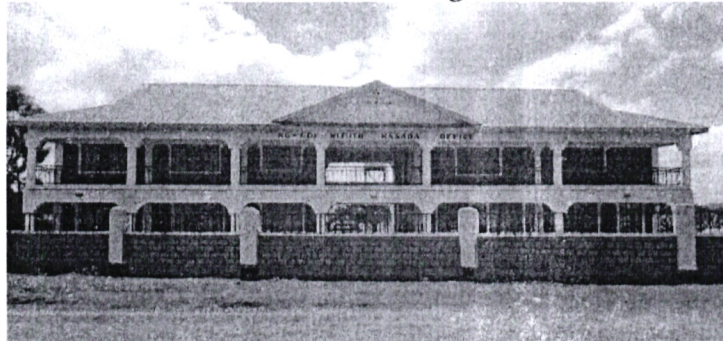
Irrespective of the many challenges in projects implementations with the PMC Educational infrastructure has managed construction of many classrooms, dormitories, laboratories and many renovations among others. Below are some of the achievements in the various sectors.



The Administration block at Nyaikuro secondary school funded Kshs. 500,000 2016/2017FY



The Construction and Renovations at St. Paul's High School Gekano funded Kshs. 2.0m



NGCDF Office funded 2010-2012FY at Kshs. 27m.

The committee noted that Emergency allocation is so important that more money needs to be reserved for the same hence NGCDF's Annual Allocations should be increased from 2.5% to even 5% to enable wider demands met.

Major Challenge. Distinction between the county government projects and the NGCDF projects which needs to be addressed.

Indeed am proud to be the chairman of this successful committee.

Thanks a lot.

Sign..........
CHAIRMAN NGCDFC

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA CONSTITUENCY

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

III. STATEMENT OF NGCDF 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 NGCDF shall prepare financial statements in respect of that NGCDF. 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 KITUTU MASABA NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF 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 NGCDF; (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 NGCDF; (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 KITUTU MASABA NGCDF accepts responsibility for the NGCDF'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 NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2018, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the KITUTU MASABA NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the KITUTU MASABA NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF'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 NGCDF'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's financial statements were approved and signed by the Accounting Officer on 14th September, 2018

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUTU MASABA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kitutu Masaba Constituency set out on pages 7 to 31, which comprise the statement of financial assets as at 30 June 2018, and the statement receipts and payments, statement of cash flows 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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Kitutu Masaba Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Adverse Opinion

1. Inaccuracy of Comparative Accounts' Figures for 2016/2017

The comparative accounts' figures for the financial year 2016/2017 reflected in the financial statements for the year ended 30 June 2018 differs with the figures reflected in the audited financial statements for the year ended 30 June 2017 as analyzed below:

Reported Item	2016/2017 Comparative Figures as Per the Financial Statements for 2017/2018 Kshs	Figures as Per the Audited Financial Statements for 2016/2017 Kshs	Variance Kshs
Transfers to Other Government Units	20,303,620	52,520,689	32,217,069
Compensation of Employees	1,498,925	1,573,983	75,058

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

Reported Item	2016/2017 Comparative Figures as Per the Financial Statements for 2017/2018 Kshs	Figures as Per the Audited Financial Statements for 2016/2017 Kshs	Variance Kshs
Use of Goods and Services	4,034,101	7,016,020	2,981,919
Other Grants and Transfers	55,402,871	91,646,370	-36,243,499
Total	81,239,517	152,757,062	71,517,545

Consequently, the accuracy and validity of the comparative accounts' figures for 2016/2017 reflected in the financial statements for the year ended 30 June 2018 could not be confirmed.

2. Overstatement of Transfers to Other Government Entities

Included in the transfers to other government entities expenditure of Kshs.14,800,000 is an amount of Kshs.4,000,000 which was disbursed to various schools, by way of cheques drawn in favour of these schools, in the period under review. However, these cheques were replaced in the subsequent financial year leading to overstatement of the expenditure on transfers to other government entities and similarly in the cash book.

Consequently, the accuracy of the transfers to other government entities expenditure of Kshs.14,800,000 could not be confirmed.

3. Compensation of Employees

The statement of receipt and payments for the year ended 30 June 2018 shows that an expenditure of Kshs.1,300,941 was incurred on compensation of employees. A review of the ledgers revealed that an amount of Kshs.142,656 incurred did not relate to the year under review.

Consequently, the accuracy of the expenditure of Kshs.1,300,941 on compensation of employees could not be confirmed.

4. Erroneous Presentation of Net Financial Position

The net financial position of Kshs.14,305,634 is erroneously shown as net liabilities in the statement of financial assets as at 30 June 2018 contrary to the presentation guidelines issued by the Public Sector Accounting Standards Board.

5. Summary Statement of Appropriation

The summary statement of appropriation for the year ended 30 June 2018 reflects an original budget of Kshs.86,810,345 and adjustments of Kshs.43,779,779 bringing the total budget to Kshs.130,590,124. The adjustments have not been adequately supported by approved code list showing the items in the 2016/2017 financial year that were to be financed in year 2017 – 2018 .

In the absence of a list of rolled over projects, the accuracy and completeness of the adjustments could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Kitutu Masaba 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 adverse opinion.

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. Except for the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Budgetary Performance

According to the statement of appropriation for the year ended 30 June 2018, Kitutu Masaba NG-CDF had a final budget of Kshs.130,590,124, for receipts and expenditure, respectively. However, the actual receipts were Kshs.73,667,708 which resulted in an under-realization of receipts by Kshs.56,922,416, which is equivalent to 44% of the final approved budget.

In addition, the fund spent a total of Kshs.55,455,301 against a budget of Kshs.130,590,124 leading to an under expenditure of Kshs.75,134,823, which is equivalent to 58% of the approved budget. The under expenditure is an indication that some approved projects and programmes were not fully implemented and which in turn impacted negatively on efficient and effective delivery of services to the constituents.

Further, the summary statement of appropriation reflects actual receipts of Kshs.73,667,708 while the statement of receipts and payments reflects the receipts of Kshs.73,215,516 leading to unreconciled and unexplained variance of Kshs.452,192.

2. Project Implemented Without Approval

During the year under review, the Kitutu Masaba NG-CDF implemented various projects which were not in the approved budget as detailed below:

Name of the Project	Activity	Amount-Kshs.
Irianya SDA Secondary School	Construction of Classrooms	1,000,000
Tombe Girls High School	Construction of Classrooms	1,500,000
Nyatieko DOK Primary School	Construction of Classrooms	1,500,000
Nyanchori Secondary School	Construction of Classrooms	1,000,000
Total		5,000,000

Consequently, the management breached Section 31 of the National Government Constituencies Development Fund Act, 2015 on the approval of the projects.

3. Project Implementation

3.1. Construction of Classrooms at Nyasumi Primary School

Included in the transfers to other government units of Kshs.14,800,00 is an amount of Kshs.2,000,000 which was disbursed to Nyasumi Primary School for construction of four classrooms. Physical verification done on 23 January, 2019 revealed that no works had commenced and the funds had not yet been utilized. Consequently, the validity and regularity of the expenditure could not be ascertained.

3.2. Construction of Classrooms at Ikonge SDA Primary School

Included in the transfers to other government units of Kshs.14,800,000 is an amount of Kshs.1,000,000 relating to a disbursement to Ikonge SDA Primary School for construction of three classrooms and an office. Physical verification of the project conducted on 23 January 2019 revealed the following:

- i. There was unauthorized change of activities from construction of three classrooms to two classrooms and an office.
- ii. The contract was awarded to a local contractor and there was no retention of the mandatory 10% of the certified works to cater for defect liabilities. In addition, the Value Added Tax(VAT) was not being withheld as is required under the law.
- iii. The contract period was not specified and as such it was not possible to ascertain the expected date of completion.
- iv. There was no evidence that the works undertaken had been certified by the clerk of works or by the public works officials.

Consequently, the regularity of the expenditure and value for money for the funds disbursed to the school could not be ascertained.

3.3. Construction of Tuition Block at Tombe Girls High School

Included in the transfers to other government units of Kshs.14,800,000 is an amount of Kshs.1,500,000 disbursed for construction of a tuition block at Tombe Girls High School. Physical verification done on 24 January 2019 revealed the following anomalies:

- i. The construction of the tuition block was being co-funded by the NG-CDF Kitutu Masaba constituency and the Parents and Teachers Association (PTA) and there was no clear distinction of the works to be carried out by each party.

- ii. The Value Added Tax (VAT) was not being withheld as is required under the law.

Consequently, the effectiveness and efficiency in the utilization of the public money disbursed could not be ascertained.

3.4. Construction of Pit Latrines at Nyabigege DOK Primary School

Included in the transfers to other government units of Kshs.14,800,000 is an amount of Kshs.1,500,000 in respect of construction of pit latrines at Nyabigege DOK Primary School. Physical verification of the project conducted on 24 January 2019 revealed the following anomalies:

- i. The school was not registered and did not have a title deed and as such could not operate a bank account as is required by the parent ministry. As a result, the funds totalling Kshs.1,500,000 disbursed to the school had not been utilized.
- ii. Although the school had commenced the pit latrines project and the pits had been dug, the labourers had not yet been paid and there were no more works on-going.

Consequently, the funds of Kshs.1,500,000 disbursed have not been applied efficiently and effectively .

3.5. Construction of Classrooms at Rionguti DOK Primary School

Included in the transfers to other government units of Kshs.14,800,00 is an amount of Kshs.1,100,000 for construction of classrooms at Rionguti DOK Primary School. Physical verification done on 23 January, 2019 revealed the following anomalies:

- i. There was no clear and concise sign post to identify the project.
- ii. Bank statements, expenditure returns/reports and the Project Management Committee (PMC) minutes were not provided for audit review.
- iii. The works were not certified by the clerk of works or officials from the public works.

In the circumstances, the amount of Kshs. 1,100,000 disbursed to the school could not be confirmed as having been applied regularly, efficiently and effectively.

3.6. Construction of Classrooms at Nyaigesa Primary School

Included in the transfers to other government units of Kshs. 14,800,00 is an amount of Kshs.1,000,000 for construction of two classrooms at Nyaigesa Primary School. Physical verification done on 23 January, 2019 revealed the following anomalies:

- i. The contract documents did not specify the commencement and completion dates and the contract sum.
- ii. The Bill of Quantities (BQ) provided for audit indicated the total cost of the project as Kshs.908,590 yet the CDF office disbursed a total of Kshs.1,000,000.
- iii. The VAT was not withheld for onward transmission to the Kenya Revenue Authority.

- iv. The Project Management Committee (PMC) minutes and the expenditure reports/returns were not provided for audit review.
- v. The works done by the contractor were not certified by the clerk of works or officials from the department of public works.
- vi. The procurement procedure used to identify the contractor could not be ascertained due to lack of records.

Consequently, value for money and regularity of the expenditure could not be confirmed.

3.7. Construction of Classrooms at Nyatieko DOK Primary School

Included in the transfers to other government units of Kshs.14,800,00 is amount of Kshs.1,500,000 for construction of four classrooms at Nyatieko DOK Primary School. Physical verification of the project done on 24 January 2019 revealed the following anomalies:

- i. The project was not in the list of the approved projects for the year under review.
- ii. The project was still on-going and although three classrooms were complete, one classroom was still being constructed.
- iii. The construction was labour-based and as such no taxes were being withheld from the payments made to the labourers.
- iv. The works undertaken were not being certified by the clerk of works or public works officials.
- v. The expenditure returns/reports were not provided for audit to ascertain how the funds were utilized.

In the circumstances, the regularity, efficiency and effectiveness on the use of the funds disbursed to the project could not be confirmed.

3.8. Construction of Classrooms at Riamachana DEB Primary School

Included in the transfers to other Government units of Kshs.14,800,000 is an amount of Kshs.1,000,000 for construction of eight classrooms and administration block at Riamachana DEB Primary School. Physical verification done on 24 January 2019 revealed the following anomalies:

- i. No work or construction had been undertaken.
- ii. The Project Management Committee (PMC) was yet to change one of the signatories to the bank account who happened to be the former headmaster, who had since retired.
- iii. The bank statement was not provided for audit to confirm the balances in the school's bank account.

Consequently, the funds disbursed have not been applied effectively.

3.9. Construction of Classrooms at Bogwendo PAG Primary School

Included in the transfers to other Government units of Kshs. 14,800,000 is an amount Kshs. 1,000,000 for renovation of fourteen classrooms (roof replacement without replacing trusses) at Bogwendo PAG Primary School. Physical verification revealed the following anomalies:

- i. Although, the works for the re-roofing of the fourteen classrooms were complete, the mandatory 10% retention money was not deducted by the Project Management Committee (PMC) to cater for any unforeseen defects at the time of handing over the project.
- ii. The Project Management Committee (PMC) paid the contractor inclusive of the VAT against the provisions of the law.
- iii. The Bill of Quantities (BQ) and the bank statement were not provided for audit to ascertain how the costing was done and arrived at.
- iv. The works done were not certified by the clerk of works or department of public works.
- v. There was no sign post on site to identify the project.
- vi. It was not possible to determine whether the contractor was competitively sourced since procurement records were not provided for audit.

In the circumstances, the effectiveness and efficiency in the use of the public funds disbursed to the project could not be confirmed.

3.10. Construction of Kitchen at Irianyi SDA Secondary School

Included in the transfers to other government units of Kshs. 14,800,000 is Kshs. 1,000,000 for construction of kitchen to completion and foundation of a dining hall at Irianyi SDA Secondary School. Physical verification of the project conducted in the month of January, 2019 revealed the following observations:

- i. This project was missing in the list of the projects approved for implementation.
- ii. The bank statements, expenditure reports/returns and bill of quantities were not provided for audit review.
- iii. Certificates of work done were not provided for audit. Further, the contractor did substandard works as evidenced by the cracks which were visible on the walls and poor painting.
- iv. The project had not been branded properly.

Consequently, the value for money for the funds disbursed to the school could not be confirmed.

3.11. Construction of a Library at Nyanchori Secondary School

Included in the transfers to other government units of Kshs.14,800,000 is an amount of Kshs.1,000,000 for construction of a library at Nyanchori Secondary School which had no budgetary allocation in the financial year 2017/2018, while a sum of Kshs.500,000 was set aside in the previous financial year of 2016/2017. Physical verification revealed the following anomalies:

- i. The contract was awarded to a local contractor at a contract sum of Kshs. 960,000. However, it was not possible to ascertain whether the contractor was sourced competitively because the evaluation minutes were not provided for audit review.
- ii. The contract period was not specified in the contract documents and the contractor was paid inclusive of the VAT implying that the relevant taxes were not being withheld at source.
- iii. The mandatory 10% retention money was not being deducted, hence exposing the fund in case of defects noted at the tail end of the project completion.
- iv. The bank statements were not provided for audit verification to ascertain the withdrawal and application of the funds.
- v. The construction works were not being certified by the officials from the department of public works.
- vi. The Project Management Committee (PMC) file containing minutes of the project was not provided for audit review.

Consequently, the funds disbursed to this project could not be confirmed as having been used efficiently and effectively.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund - Kitutu Masaba Constituency to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either 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 Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause Fund to cease sustaining 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 National Government Constituencies Development Fund – Kitutu Masaba Constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

01 July 2019

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA
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 form NGCDF Board	1	73,215,516	117,714,306
Proceeds from sale of assets	2	0	0
Other receipts	3	0	0
TOTAL RECEIPTS		73,215,516	117,714,306
PAYMENTS			
Compensation of employees	4	1,300,941	1,498,925
Use of goods and services	5	4,270,310	4,034,101
Transfers to Other Government Units	6	14,800,000	20,303,620
Other grants and transfers	7	35,084,050	55,402,871
Acquisition of assets	8	0	0
Other payments	9	0	0
TOTAL PAYMENTS		55,455,301	81,239,517
Surplus/Deficit		17,760,215	36,478,789

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUTU MASABA NGCDF financial statements were approved on 14th September, 2018 and signed by:

**KITUTU MASABA NG-CDF
FUND ACCOUNT MANAGER**

 Sign: _____
 Fund Account Manager
 Name: Amos Apollo

**DISTRICT ACCOUNTANT
MASAKA DISTRICT**

 Sub-county Accountant
 Name: Roseline Muthama
 ICPAK Member No: 9014

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA
CONSTITUENCY**

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

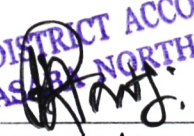
V. STATEMENT OF FINANCIAL ASSETS

	Note	2017 – 2018	2016 – 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	14,305,634	452,192
Cash Balances (cash at hand)	10B	0	0
Sub total		14,305,634	452,192
Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		14,305,634	452,192
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July 2017	13	452,192	35,494,948
Surplus/Deficit for the year		17,760,215	(35,042,756)
Prior year adjustments	14	(3,906,773)	0
NET LIABILITIES		14,305,634	452,192

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUTU MASABANGCDF financial statements were approved on 14th September, 2018 and signed by:

**KITUTU MASABANGCDF
FUND ACCOUNT MANAGER**
14 SEP 2018

Fund Account Manager
Name: Amos Apollo

**DISTRICT ACCOUNTANT
MASABA NORTH DISTRICT**

Sub-county Accountant
Name: Roseline Muthama
ICPAK Member No: 9014

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUTU MASABA CONSTITUENCY

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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
		Kshs.	Kshs.
Transfers from CDF Board	1	73,215,516	117,714,306
Other Receipts	3	-	-
		73,215,516	117,714,306
Payments for operating expenses			
Compensation of Employees	4	1,300,941	1,498,925
Use of goods and services	5	4,270,310	4,034,101
Transfers to Other Government Units	6	14,800,000	20,303,620
Other grants and transfers	7	35,084,050	55,402,871
Other Payments	9	-	-
		55,455,301	81,239,517
Adjusted for:			
Adjustments during the year	14	(3,906,773)	-
Net cash flow from operating activities		13,853,442	36,474,789
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net Cash Flows From Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		13,853,442	(35,042,756)
Cash and cash equivalent at BEGINNING of the year	13	452,192	35,494,948
Cash and cash equivalent at END of the year		14,305,634	452,192


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUTU MASABA NGCDF financial statements were approved on 14th September, 2018 and signed by:

Fund Account Manager
Name: Amos Apollo

DISTRICT ACCOUNTANT
MASABA NORTH DISTRICT
Sub-county Accountant
Name: Roseline Muthama
ICPAK Member No: 9014

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	43,779,779	130,590,124	73,667,708	56,922,416	56%
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
TOTAL	86,810,345	43,779,779	130,590,124	73,667,708	56,922,416	56%
PAYMENTS						
Compensation of Employees	3,151,400	2,021,043	5,172,443	1,300,941	3,964,729	25%
Use of goods and services	4,661,531	1,096,170	5,757,701	4,270,310	1,487,391	74%
Transfers to Other Government Units	31,500,000	23,312,069	54,812,069	14,800,000	36,012,069	27%
Other grants and transfers	47,497,414	3,833,254	51,330,667	35,084,050	16,246,617	68%
Unallocated/awaiting approval	-	13,517,243	13,517,243	-	13,517,243	0%
Other Payments						
TOTAL	86,810,345	43,779,779	130,590,124	55,455,301	75,134,823	42%


 KITUTU MASABA NG-CDF
 FUND ACCOUNT MANAGER
 4 SEP 2018
 P. O. Box
 KISII

Explanatory Notes on Utilization below 90%

On receipts, the total receipts from NGCDF Board is 56% which is due to an additional fund which was planned in May 2018 for proposal submission of Kshs. 11,379,310.34 and 2016/2017fy unapproved balance of Kshs. 2,137,932

On compensation to employees 23% was due to late recruitment of NGCDFC staff for the political delays in establishing the new office.

Use of Goods and service 74%, Transfers to government entities 34%, Other Grants and Other Transfers 68% respectively resulted to low absorption due to late disbursement of funds from NGDF Board based on political decisions.

The Unallocated funds at 0% are due to the additional funds that have not been approved by NGCDF Board.

The KITUTU MASABA NGCDF financial statements were approved on 14th September, 2018 and signed by:

KITUTU MASABA NGCDF
FUND ACCOUNT MANAGER
14 SEP 2018
P. O. Box
KISumu
Fund Account Manager.....
Name: Amos Apollo

DISTRICT ACCOUNTANT
MASABA NORTH DISTRICT
Sub-county Accountant
Name: Roseline Muthama
ICPAK Member Number: 9014

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-Kitutu Masaba 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 criterion is applied for loans received in the form of a direct payment.

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUTU
MASABA CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Normal Allocation	Date	AIE. NO.	2017-18 Kshs.	2016-17 Kshs.
1		A829627	-	4,094,727
2		A825869	-	67,766,129
3		A855689	-	36,853,449
4		A839731	-	9,000,000
1	30/01/2018	A855885	5,500,000	-
2	22/02/2018	A892709	29,810,344	-
3	27/04/2018	A892957	37,905,172	-
TOTAL			73,215,516	117,714,306

2. PROCEEDS FROM SALE OF ASSETS

	2017-2018 Kshs	2016-2017 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

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

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

4. COMPENSATION OF EMPLOYEES

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Basic wages of contractual employees	1,220,853	1,423,575
Basic wages of casual labor		
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Other personnel payments	0	0
Employer contribution to NSSF	80,088	150,408
Total	1,300,941	1,573,983

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUTU
MASABA CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Committee Expenses	1,416,000	885,000
Utilities, supplies and services	115,000	733,500
Training expenses	586,000	0
Committee allowance	1,424,000	2,265,000
Office and general supplies and services	12,000	15,000
Fuel ,oil & lubricants	530,000	550,000
Routine maintenance – vehicles and other transport equipment	187,310	728,448
Insurance costs	0	0
Specialized materials and services	0	0
Routine maintenance – other assets	0	1,839,072
Other operating expenses	0	0
Communications, supplies and services	0	0
Total	4,270,310	7,016,020

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Transfers To National Government Entities		
Transfers To Primary Schools	9,300,000	31,450,000
Transfers To Secondary Schools	5,500,000	9,950,000
Transfers To Tertiary Institutions	0	10,000,000
Transfers To Health Institutions	0	1,120,689
TOTAL	14,800,000	52,520,689

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017 – 2018	2016 – 2017
	Kshs	Kshs
Bursary -Tertiary	33,334,050	32,029,000
Electricity Projects	0	1,800,000
Security Projects	0	500,000
Roads Projects	0	51,912,370
Sports Projects	500,000	1,500,000
Environment Projects	0	0
Emergency Projects	1,250,000	3,905,000
Total	35,084,050	91,646,370

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUTU MASABA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2017-2018 Kshs	2016-2017 Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total	0	0

9. OTHER PAYMENTS

	2017-2018 Kshs	2016-2017 Kshs
ICT Hub	0	0
TIVET	0	0
	0	0

6. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017 – 2018 Kshs	2016 – 2017 Kshs
CO-OPERATIVE BANK KISII BRANCH A/C NO 01141477003400	14,305,634	452,192
Totals	14,305,634	452,192
10B: cash in hand		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Othe locations (<i>specify</i>)	0	0
Total	0	0
<i>[provide cash count certificates for each]</i>	0	0

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer or Institution	dd/mm/yy	xxx	Xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	Xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	Xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	Xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	Xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	Xxx	Xxx
Total				Xxx

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

12. RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

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

13. BALANCES BROUGHT FORWARD

	2017 – 2018	2016 - 2017
	Kshs	Kshs
Bank Accounts	452,192	35,494,948
Cash in hand	0	0
Imprests	0	0
Total	452,192	35,494,948

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	0	0
Cash in hand	0	0
Imprest	0	0
Total	0	0

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018 Kshs	2016-2017 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
Staff Salaries	1,036,000	0
Staff Gratuity	321,160	0
Unionisable employees	0	0
Others (<i>specify</i>)	0	0
	1,357,160	0

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	3,964,727	1,260,417
Use of goods and services	1,487,391	4,813,767
Amounts due to other Government entities (see attached list)	36,012,069	24,198,158
Amounts due to other grants and other transfers (see attached list)	16,246,617	2,128,225
Acquisition of assets		0
Others (<i>specify</i>) awaiting Approval	13,512,243	
	71,228,050	32,400,567

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUTU
MASABA CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	3,617,357	5,008,273
	3,617,357	5,008,273

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

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
CONSTITUENCY**

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

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		A	b	c	d=a-c		
Staff Salaries							
1.Maureen Matoke Isaboke		264,000		44,000	220,000		
2.Fred Joseph Mwebi		240,000		40,000	200,000		
3.Felister Moige Samwel		240,000		40,000	200,000		
4.Peter Nyachoti		180,000		30,000	150,000		
5.Eric Ochoki Kombo		168,000		28,000	140,000		
6.Hezron Onsongo		168,000		42,000	126,000		
	Sub-Total						
	Sub-Total	1,260,000		224,000	1,036,000		
Staff gratuity							
1.Maureen Matoke Isaboke		81,840		13,640	68,200	0	
2.Fred Joseph Mwebi		74,400		12,400	62,000	0	
3.Felister Moige Samwel		74,400		12,400	62,000	0	
4.Peter Nyachoti		55,800		9,300	46,500	0	
5.Eric Ochoki Kombo		52,080		8,680	43,400	0	
6.Hezron Onsongo		52,080		13,020	39,060	0	
	Sub-Total	390,600		69,440	321,160		
Unionisable Employees							
1.							
2.							
3.							
	Sub-Total						
Others (specify)							
4.							
5.							
6.							
	Sub-Total						
	Grand Total	1,650,600		293,440	1,357,160		

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
CONSTITUENCY**

Reports and Financial Statements For the year ended June 30th, 2018 (Kshs)

ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		3,964,727		
Use of goods & services		1,487,391		
Amounts due to other Government entities				
Nyaguku Chiefs Office		500,000		
Gesima Do's Office		500,000		
Kiamwarimu Primary		500,000		
Kiamogiti Prima		500,000		
Kebirichi Pria		500,000		
Gesure Prim		500,000		
Omogomba		500,000		
Metamaywa Sda Prim		1,000,000		
Chitago		1,000,000		
Kierira		500,000		
Botana		500,000		
Mokwerero		500,000		
Omogwa		500,000		
Kiendege		500,000		
Nyachichi		500,000		
Mokorongosi		500,000		
Riyabe Prim		500,000		
Nyaguku Pri		1,000,000		
Riaranga		500,000		
Mokomoni		500,000		
Nyambogo		500,000		
Esani Sec		1,000,000		
Sungututa Sec		500,000		
Miriri Sec		500,000		
Manga District Hospital		1,120,690		



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
CONSTITUENCY**

Reports and Financial Statements For the year ended June 30th, 2018 (Kshs)

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Nyangena Sub-District Hospital		1,120,690		
Esani Sub District Hospital		1,120,690		
Entanda Primary		300,000		
Kiogutwa Sda Primary School		250,000		
Karantini Primary School		500,000		
Nyaguku Secondary School		500,000		
Riangwenyi Water Spring		40,000		
Riamating'a Water Spring		50,000		
Riamayieka Water Spring		40,000		
Rianyabwanga Water Spring		40,000		
Getacho Water Spring		40,000		
Nyakongo Water Spring		40,000		
Sengera Deb Primary School		500,000		
Ogango Primary School		500,000		
Gesure Elck Primary School		500,000		
Nyambaria Deb Primary School		400,000		
Geke Primary School		500,000		
Rianyabwanga Deb Primary School		600,000		
Bitundugusu Primary School		500,000		
Esani Deb Primary School		600,000		
Matangi Dok Primary School		500,000		
Ikonge Primary School		800,000		
Tombe Sda Primary School		800,000		
Irianyi Primary School		400,000		
Kiendege Primary School		400,000		
Kiogutwa Sda Primary School		500,000		
Nyamakairo Primary School		500,000		
Kenyerere Pag Primary School		300,000		
Tombe Mixed Secondary School				

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
CONSTITUENCY**

Reports and Financial Statements For the year ended June 30th, 2018 (Kshs)

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
		1,200,000		
Kiendege Pag Secondary School		500,000		
St. Dennis Eronge Secondary School		750,000		
Mong'oni Secondary School		500,000		
St. Francis Nyatieko Secondary School		500,000		
St. Anatole Nyanchonori Secondary School		500,000		
Kerongeta Secondary School		500,000		
Kenyerere Pag Secondary School		500,000		
Sports 2016/2017		1,578,957		
Ngcdfc Staff Gratuity		2,021,043		
	Sub-Total	36,012,069		
Amounts Due To Other Grants And Other Transfers				
Emergency		3,318,966		
Bursary		5,278,211		
Sports		1,236,207		
Environment		1,736,207		
ICT Hub		4,778,211		
	Sub-Total	16,246,617		
	Sub-Total			
Acquisition of assets				
Others (specify) Unallocated/awaiting approvals				
Additional funds 2017/2018		11,379,310		
Bitundugusu primary school 2016/2017		500,000		
Environment projects 2016/17		1,637,932		
	Sub-Total	13,512,243		
	Grand Total	71,228,050		



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA
CONSTITUENCY**

Reports and Financial Statements For the year ended June 30th, 2018 (Kshs)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	27,500,000	-	-	27,500,000.0 0
Transport equipment	8,728,843	-	-	8,728,843
Office equipment, furniture and fittings	1,444,440	-	-	1,444,440
ICT Equipment, Software and Other ICT Assets	85,000	-	-	85,000
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	36,758,283	-	-	36,758,283

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Nyaigesa Dok Primary School	CO-OP KISI EAST	01141402510000	352,625	
Riooga Deb Primary School	”	01141402252000	142,000	
Nyatieko Sda Primary School	”	01100423364000	6,352	
Nyamare Sda Primary School	”	01141017084400	NIL	
Riamachana Deb Primary School	”	01141402505500	251,269	
Nyasumi Dok	”	01141477793400	1,445	
Bogwendo Pag	”	01141402500700	835,260	
Nyabigege Dok Primary School	”	01141400142000	NIL	
Rionguti Dok Primary School	”	01141017512900	NIL	
Esani Sda Secondary School	”	01141402509600	3,625	
Kiomakondo Sec. School	”	01141325021900	298,261	
St. Yuvinalis Nyamakoroto Sec	”	01141502593400	102,159	



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUTU MASABA CONSTITUENCY

Reports and Financial Statements For the year ended June 30th, 2018 (Kshs)

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Mochenwa Secondary School	"	01139788063600	360,000	
St. Lukes Nyasumi Secondary School	"	01141477321900	15,312	
Tombe Girls High School	"	01141477793400	641,083	
Irianyi Sec. School	"	01139788063600	67,249	
Nyanchonori Sec. School	"	01141430500200	305,122	
Kegogi Pag Primary School	"	01141477321900	2,825	
Nyasumi Dok Primary School	"	01141477793400	1,445	
Nyabigege Dok Primary School	"	01141476286600	231,325	
Total			3,617,357	

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)
CDF/2016 /2017/(1)	Reallocation of funds	Change of project activity at Tombe girls High School	NGCDFC/Fund Account Manager	Resolved	1 month
CDF/2016 /2017/(2)	Project implementation	Delays in funds disbursement from the ministry of education at Kitutu Masaba Technical College	Principal Kisii National polytechnic	Resolved	1 month
CDF/2016 /2017/(3)	Budget Control and Performance	Delays in disbursement of funds from NGCDF Board	NGCDF Board	Resolved	1 month

