

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	24 JUL 2019
	DAY: Wednesday
TABLED BY:	Hon. Adeg Duale MP (Lom)
CLERK TO THE TABLE:	Hon. Adeg Duale MP

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THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
THARAKA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND THARAKA
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)

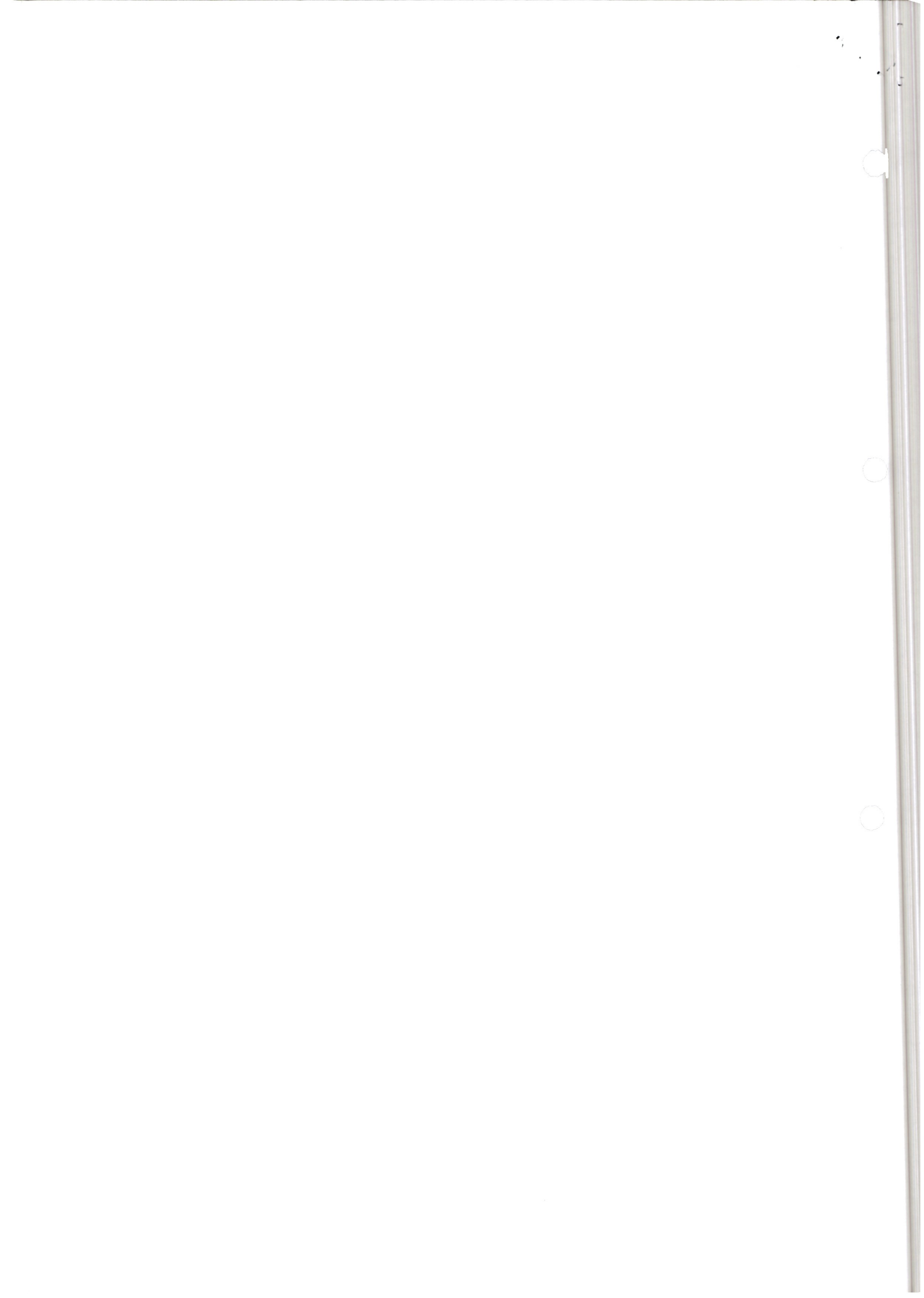




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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) THARAKA
CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

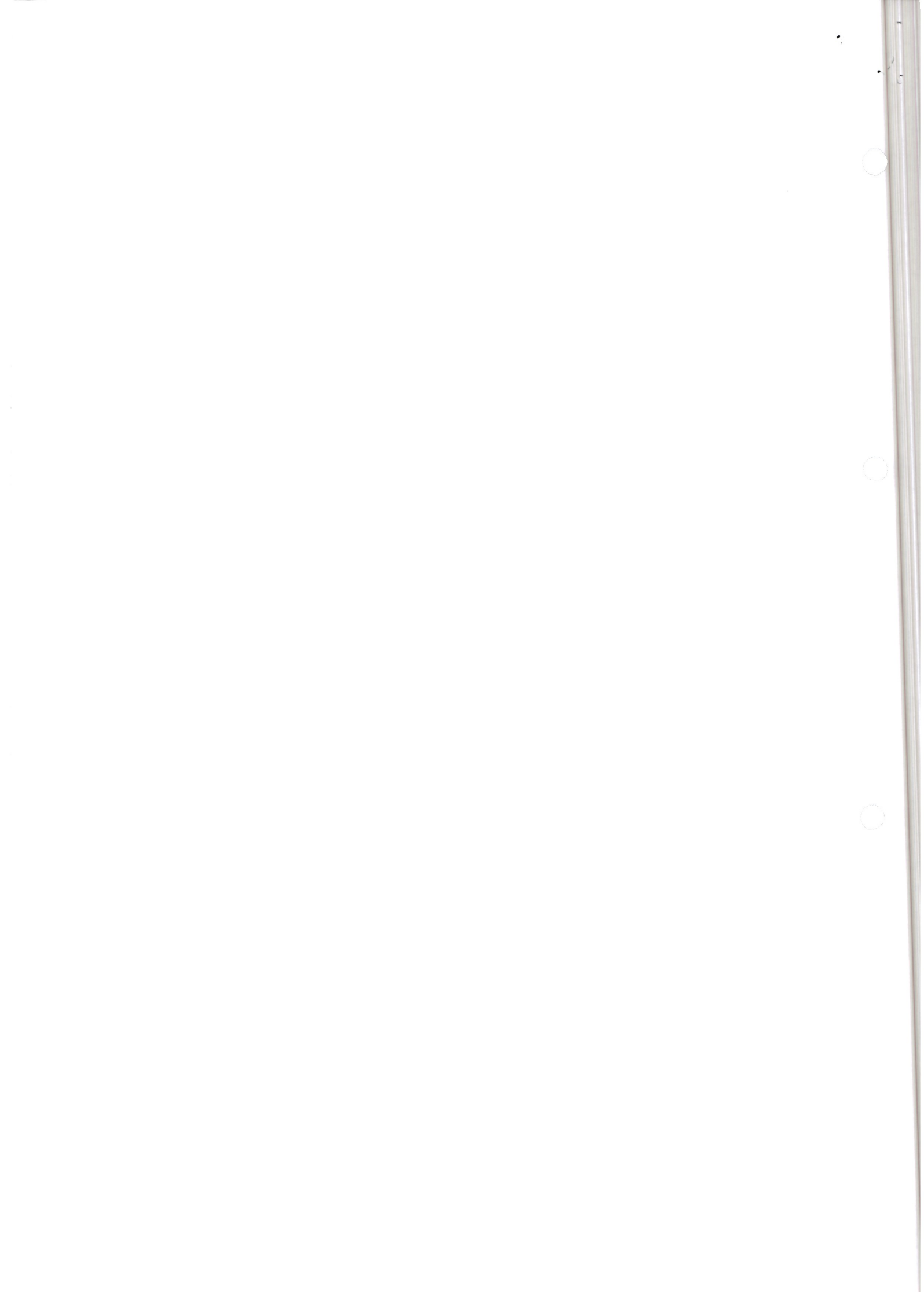
Mandate

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

THARAKA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

Mission

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

Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

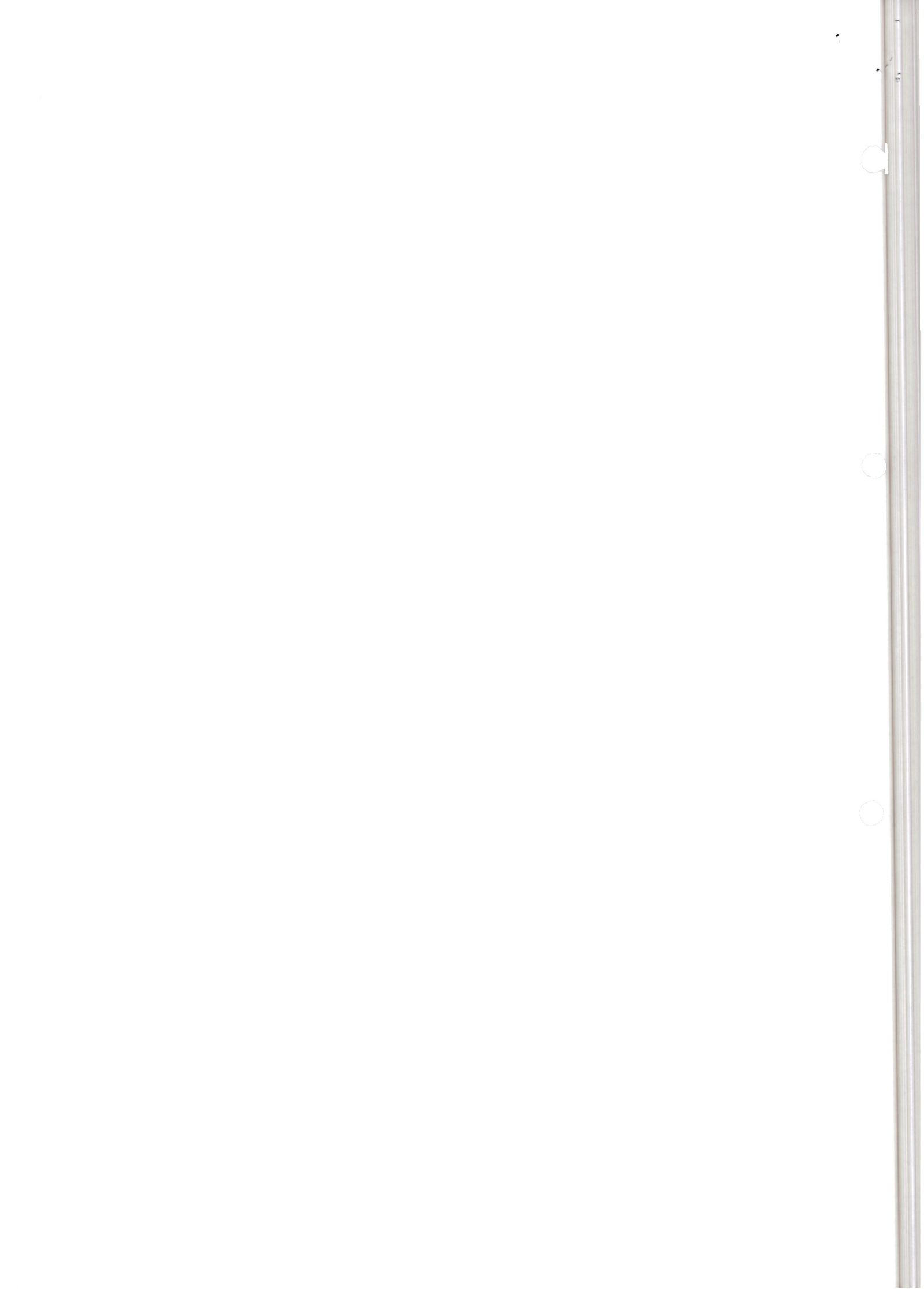
The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Alex Muinde
3.	Sub-County Accountant	Augustus Mulwa
4.	Chairman NGCDFC	Kennedy Kamunyu
5.	Member NGCDFC	Veronica Kajira

(d) Fiduciary Oversight Arrangements

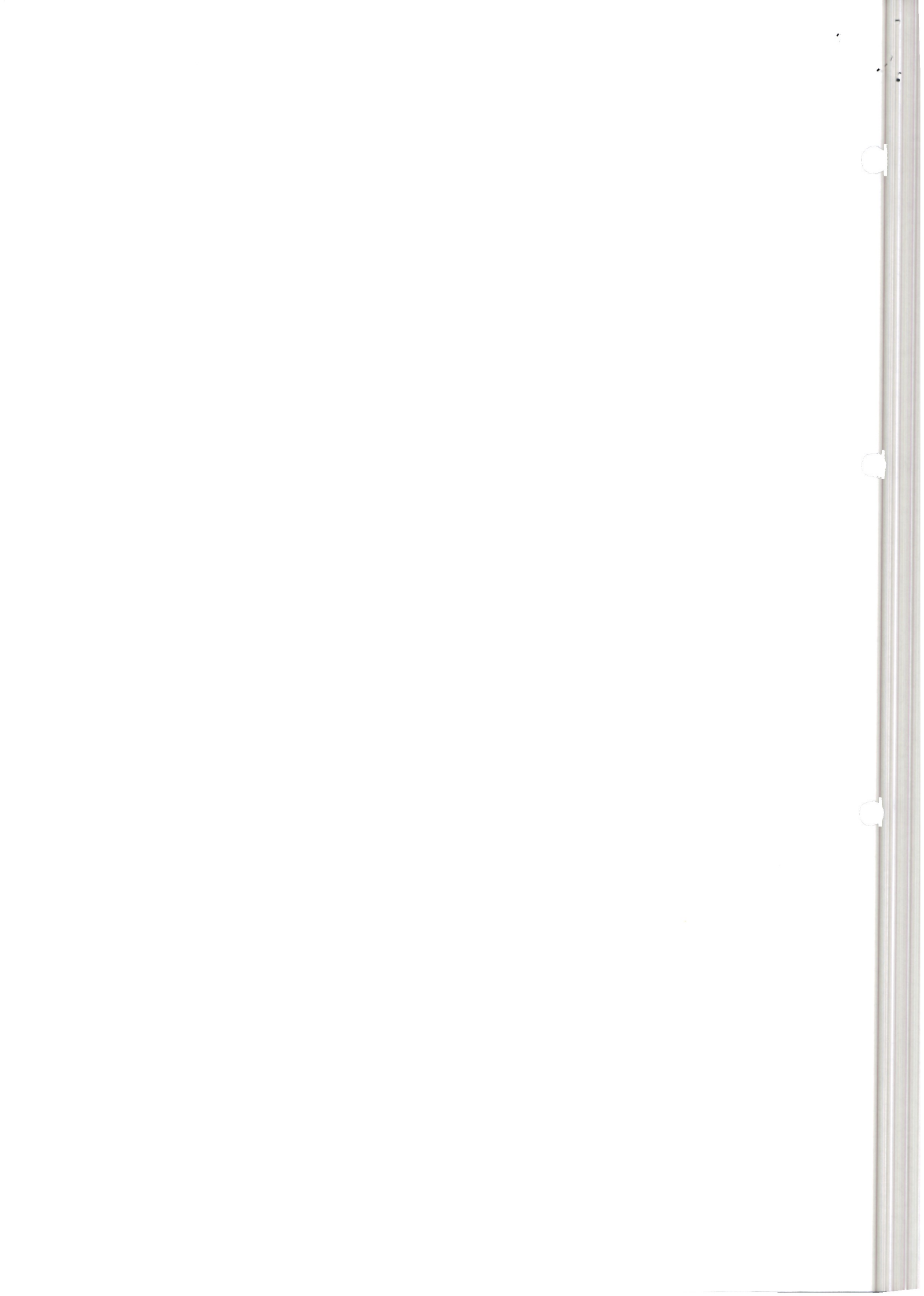
The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –THARAKA Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy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

(e) NGCDF THARAKA Constituency Headquarters



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

P.O. Box 33
Marimanti
Tharaka cdf office Building
Marimanti Nkubu /Road
Marimanti



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

(f) NGCDF THARAKA Constituency Contacts

Telephone: (254) 0711181096
E-mail: cdftharaka@cdf.go.ke
Website: www.cdf.go.ke

(g) NGCDF THARAKA Constituency Bankers

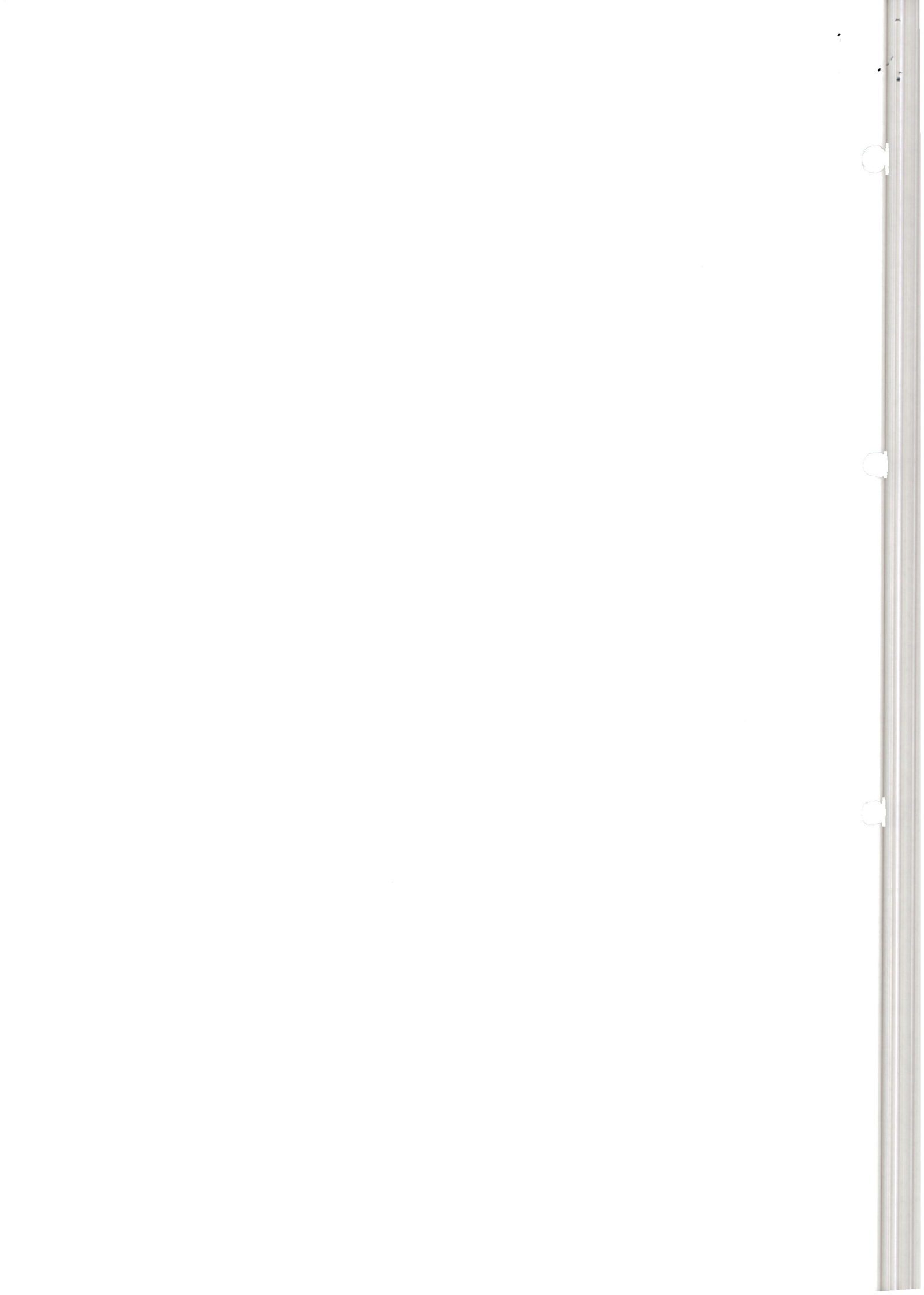
1. Cooperative bank
Chuka branch
Ac Number 01120058205800

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The NG-CDF is one of the Government funds that has gone a long way in ensuring that there is equitable distribution of resources across the constituency. In particular, the fund has so far helped to a great extent in the development of the marginalized areas like Tharaka Constituency which had really lagged behind development wise before the introduction of the funds.

Today the schools and security institutions are enjoying the stone walled and box iron sheets roofed buildings unlike in the past where we had muddy walled and grass thatched houses. We cannot hesitate thanking the 9th parliament (2003) that brought the fund to birth.

Achievements and budget performance

The fund has achieved in meeting the needs in both education and security.

In education we have many projects in many institutions. Such projects include the construction of classrooms, administration blocks, dormitories and laboratories. We have also assisted the needy students both in secondary and tertiary institutions with bursaries. In security we also have many projects. In particular these include the construction of both the chiefs and assistant chiefs' offices and the administration police (A.p) lines.

It is worth noting that the northern part of Tharaka constituency has been hardly hit by the insecurity of banditry and cattle rustling. As a result many A.P lines and police stations have been put in place in order to beef up the security.

Implementation challenges and emerging issues

Tharaka Constituency being an arid area has many institutions that lack adequate facilities implying that the fund is not quite enough in meeting the needs of the institutions.

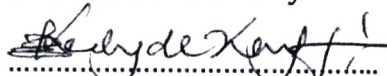
However we are scaling down the fund allocation to projects so that we may capture as many of those institutions as possible.

The insecurity that is caused by the banditry and cattle rustling in the northern part of Tharaka constituency is really a big challenge where a great proportion of the fund is being channelled and much more is still required.

We are urging the community in the area and the security personnel to cooperate in sorting out the insecurity issues in their areas of jurisdiction

Recommendation and conclusion

Conclusively I here take this opportunity to thank the Government for the continued support of the fund and further request that the fund be increased especially for the arid areas like Tharaka Constituency.



Kamunyu Z. Kennedy

CHAIR PERSON - NG-CDF - THARAKA CONSTITUENCY.



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

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

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.


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

The Accounting Officer in charge of the NGCDF-THARAKA Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-THARAKA Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

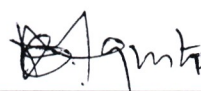
The Accounting Officer in charge of the NGCDF-THARAKA Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF-THARAKA Constituency financial statements were approved and signed by the Accounting Officer on 10th August 2018.


Fund Account Manager
Name: Alex Muinde




Sub-County Accountant
Name: Augustus Mulwa
ICPAK Member Number: 20453

THE NATIONAL SUB-COUNTY ACCOUNTANT
THARAKA SOUTH
P. O. Box 36 - 60215,
MARIMANTI



REPUBLIC OF KENYA

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Fax: +254-20-311482
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG- CDF) - THARAKA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund (NG-CDF) Tharaka Constituency set out on pages 8 to 29, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flow and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya 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 - Tharaka 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 Accuracy of the Financial Statements

The notes to the financial statements for the year ended 30 June 2018, reflected Kshs.42,370,213 in respect to opening balances in the financial statements for the year ended 30 June 2018 on two (2) items while the audited 2016/2017 financial statements reflected Kshs.41,455,213 on the same items resulting in unexplained variance of Kshs.915,000 as shown below:

Component	Note	2017-2018 comparative figures (Kshs)	2016-17 audited financial statements (Kshs)	Variences (Kshs)
Other grants and other payments	Note 7	41,981,918	41,081,918	900,000
ICT equipment, software and other ICT Assets	Annex 3	388,295	373,295	15,000
Total		42,370,213	41,455,213	915,000

Report of the Auditor-General on the National Government Constituencies Development Fund – Tharaka Constituency for the year ended 30 June 2018

In addition, the financial statements for the year ended 30 June 2018 reflected Kshs.413,000 in respect to acquisition of assets while the ledger reflected a balance of Kshs.500,000 on the same component resulting to an unreconciled variance of Kshs.87,000. In the circumstances, the accuracy of the three components in the financial statements for the year ended 30 June 2018 could not be ascertained.

2.0 Cash and Cash Equivalents

Note 10A to the financial statements reflects Kshs.11,499,448 in respect to bank balances as at 30 June 2018. However, the respective bank reconciliation statement reflected un-presented cheques totaling Kshs.14,202,069 out of which Kshs.295,887 had become stale as at the time of this audit in February, 2019 but the same had not been replaced or reversed in the cash book. This resulted in an understatement of the cashbook balance by the same amount.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.11,499,448 as at 30 June 2018 could not be ascertained.

3.0 Acquisition of Assets

Note 8 to the financial statements reflects Kshs.413,000 in respect to acquisition of a motor bike. However, the respective supporting documents including the logbook were not availed for audit review.

In the circumstances, the ownership, accuracy and completeness of the assets totaling to Kshs.413,000 as at 30 June 2018 could not be confirmed.

4.0 Project Management Committee (PMC) Bank Balances

Note 6 and 7 to the financial statements reflects transfers to other Government entities and other grants and other payments of Kshs.23,600,000 and Kshs.28,146,465 respectively both totaling to Kshs.51,746,465 which was earmarked to implement projects in various sectors within the constituency during the year under review. Included in this amount is Kshs.26,750,000 unutilized project funds reflected at note 15.4 to the financial statements as project management committee (PMC) bank balances in respect of twenty-five (25) projects. However, the respective bank reconciliations and cash books were not provided for audit review.

In the circumstances, the accuracy of PMC bank balances of Kshs.26,750,000 as at 30 June 2018 could not be ascertained.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter discussed in the Basis for Qualified Opinion and Other Matter sections of my report, 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 Receipts Analysis

The summary statement of appropriation: recurrent and development combined for the year ended 30 June 2018 reflected budgeted receipts of Kshs.130,921,504 and actual receipts of Kshs.76,137,021 resulting to an unrealized receipts of Kshs.54,784,483.

Overall, the Fund failed to actualize its budget by Kshs.54,784,483 or 41.8% an indication that some of the programmes and activities that had been planned were not implemented. There is need therefore for 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 Tharaka Constituency.

1.2 Expenditure Analysis

The statement of appropriation: recurrent and development combined for the year ended 30 June 2018 reflected a budgeted expenditure of Kshs.130,921,504 and actual expenditure of Kshs.64,637,573 resulting in to an under-expenditure of Kshs.66,283,931 (51%) on five (5) items as shown below:

Items	Budget (Kshs)	Actual (Kshs)	Under (Kshs)	%
Compensation of Employee	2,160,000	1,594,351	565,649	26%
Use of goods and services	11,419,241	10,883,757	535,484	5%
Transfer to other Government entities	72,231,800	23,600,000	48,631,800	67%
Other Grant and Transfers	44,697,463	28,146,465	16,550,998	37%
Acquisition of Assets	413,000	413,000	0	0%
Total	130,921,504	64,637,573	66,283,931	50%

The under expenditure of Kshs.66,283,931 or 51% translates to equivalent services expected but not delivered to the residents of Tharaka Constituency. There is need therefore for the management to relook at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the residents of Tharaka Constituency.

2.0 Project Implementation Status

The project implementation status made available for audit review shows that one hundred and seven (107) projects worth Kshs.116,660,248 were budgeted to be implemented during the year under review. However, none of the projects had been completed, sixty-one (61) projects worth Kshs.61,024,423 were ongoing and forty-six (46) projects worth Kshs.55,635,825 were not started as at 30 June 2018 as follows:

Sector	Project status	Amount allocated (Kshs)	Amount disbursed (Kshs)	No. of projects
Education	Complete	0	0	0
	Ongoing	23,600,000.	23,600,000	16
	Not started	38,381,035	0	34
Security	Complete	0	0	0
	Ongoing	5,600,000.	5,600,000	4
	Not started	4,631,034	0	8
Environment	Complete	0	0	0
	Ongoing	1,736,206.	1,736,206	18
	Not started	0	0	0
Sports	Complete	0	0	0
	Ongoing	1,736,206.	1,736,206	18
	Not started	0	0	0
Other payments	Complete	0	0	0
	Ongoing	28,352,011.	19,900,053	5
	Not started	12,623,756	0	4
Total		116,660,248	52,572,465	107

In view of the foregoing, the constituents did not get expected services equivalent to sixty one (61) ongoing projects worth Kshs.61,024,423 and forty six (46) not started projects worth Kshs.55,635,825 both totaling to Kshs.116,660,248 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 management 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 Tharaka Constituency.

3.0 Progress on Follow up of Auditors Recommendations

The financial statements for the year under review at page 29 reflects a progress on follow up of Auditors recommendations showing that all the issues/observations raised in the Auditor-General's report have been resolved. However, no documents were availed for audit review to show how the issues have been resolved.

In the circumstances, the issues raised in the 2016/2017 Auditor-General's report may have been unresolved as at 30 June 2018 thereby defeating the whole purpose of including the progress report in the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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 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

Presentation of the Financial Statements

The Fund's financial statements for the year ended 30 June 2018 did not include a separate summary statement of appropriation for recurrent and development and a budget execution by programmes and sub- programmes. However, the Public Sector Accounting Standards Board (PSASB) stipulates that the financial statements for any National Government entity should include these statements/documents. In addition, the table of contents at page 1 of the financial statements indicates that key constituency information and management is at pages 1 while the same is reflected in page 2 to the financial statements and hence misleading to the user.

In the circumstances, the presentation of the financial statements for the year under review is not in accordance with the recommended format.

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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter 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.

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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 National Government Constituency Development Fund - Tharaka Constituency'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 National Government Constituency Development Fund - Tharaka Constituency 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 National Government Constituency Development Fund - Tharaka Constituency'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 National Government Constituency Development Fund - Tharaka Constituency'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 financial statements, a compliance audit is planned and performed to express a conclusion with limited assurance as to 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 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 noncompliance. 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 National Government Constituency Development Fund - Tharaka Constituency's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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 National Government Constituency Development Fund Tharaka Constituency'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 National Government Constituency Development Fund - Tharaka Constituency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituency Development Fund-Tharaka 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


16 April 2019

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


IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
RECEIPTS		(Kshs)	(Kshs)
Transfers from NG-CDF Board	1	74,853,447	50,948,277
Proceed from sale of assets	2	-	-
Other receipts	3	-	3,000,000
TOTAL RECEIPTS		74,853,447	53,948,277
PAYMENTS			
Compensation of Employees	4	1,594,351	2,144,324
Use of goods and services	5	10,883,757	10,856,355
Transfers to Other Government Units	6	23,600,000	19,546,720
Other grants and transfers	7	28,146,465	41,081,918
Acquisition of Assets	8	413,000	559,999
Other payments	9	-	-
TOTAL PAYMENTS		64,637,573	74,189,316
SURPLUS/DEFICIT		10,215,874	(20,241,039)

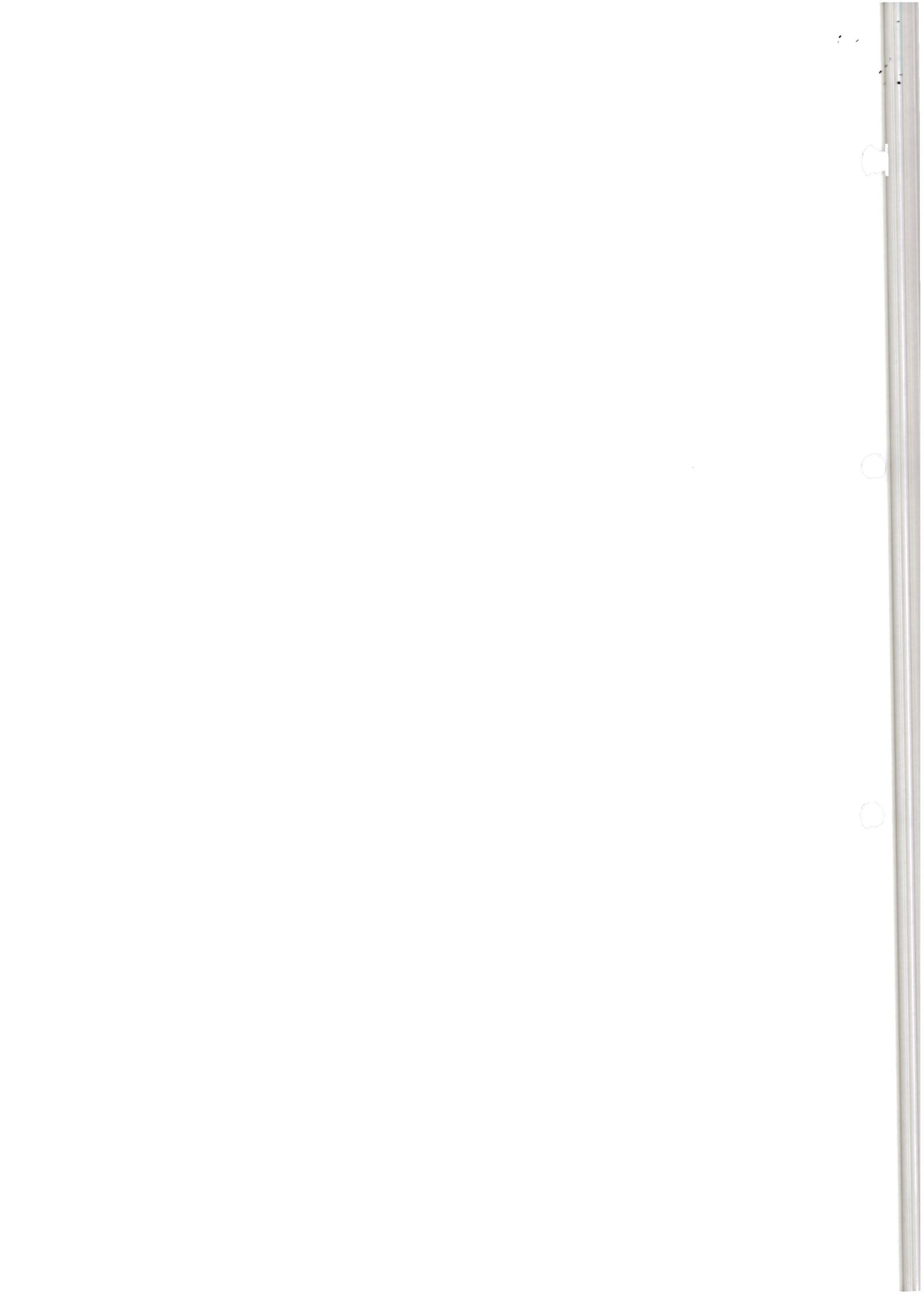
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-THARAKA Constituency financial statements were approved on 10th August 2018 and signed by:


Fund Account Manager
Name: Alex Muinde




Sub-County Accountant
Name: Augustus Mulwa
ICPAK Member Number: 20453

THE NATIONAL SUB-COUNTY ACCOUNTANT
THARAKA SOUTH
P. O. Box 36 - 60215,
MARIMANTI




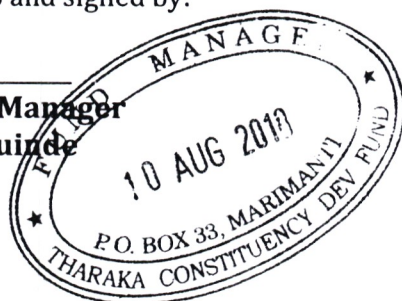
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
THARAKA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

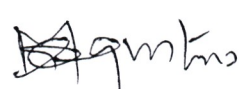
V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	11,499,448	1,157,574
Cash Balances (cash at hand)	10B	-	126,000
Total cash and cash equivalents		11,499,448	1,283,574
Current receivables-Outstanding imprests	11	-	-
TOTAL FINANCIAL ASSETS		11,499,448	1,283,574
FINANCIAL LIABILITIES			
Accounts payable-Retention	12	-	-
NET FINANCIAL ASSETS		11,499,448	1,283,574
REPRESENTED BY			
Fund balance b/fwd 1st July	13	1,283,574	21,524,613
Surplus/Deficit for the year		10,215,874	(20,241,039)
Prior year adjustments	14		
NET FINANCIAL POSITION		11,499,448	1,283,574

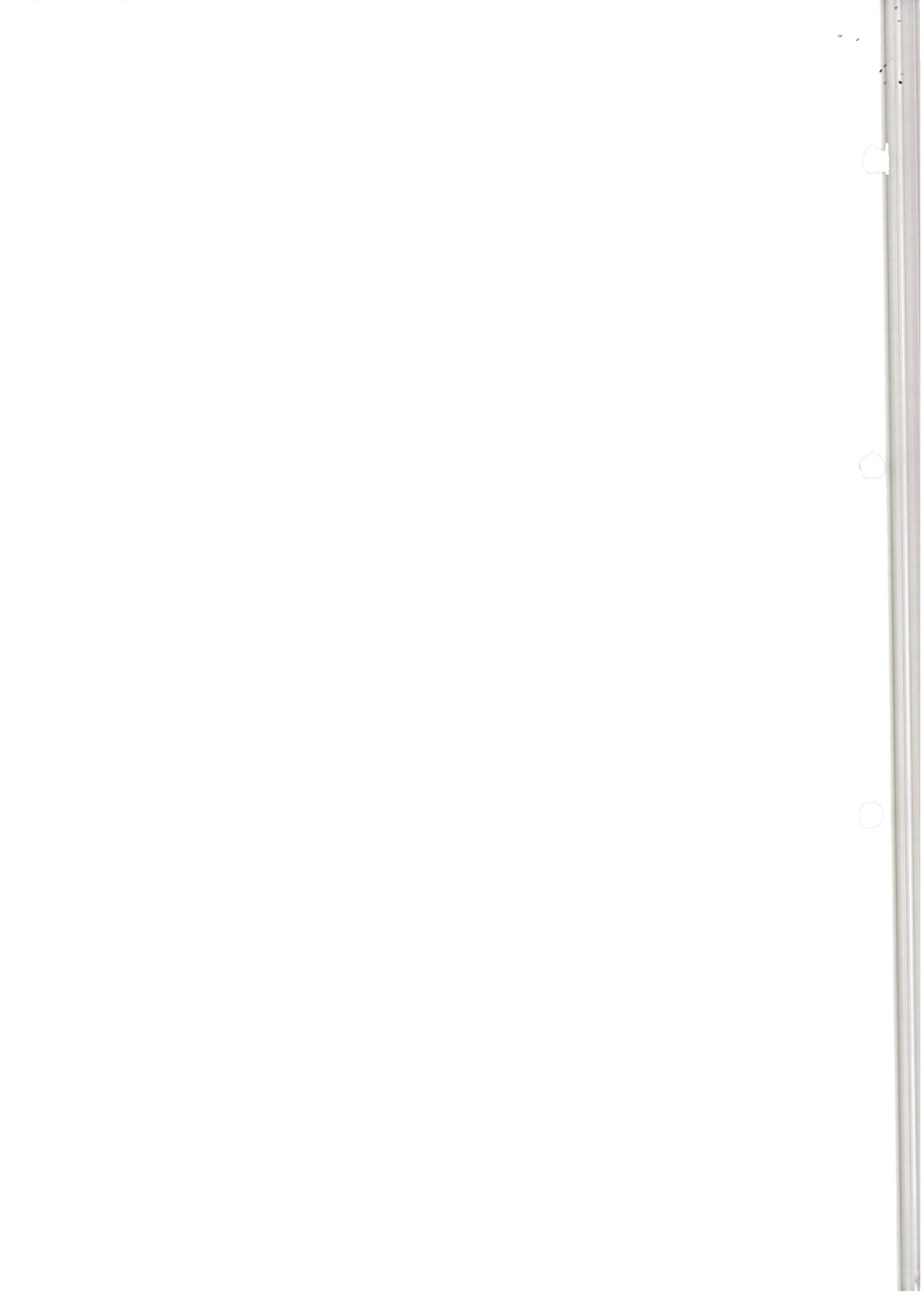
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MARIMANTI



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

VI. STATEMENT OF CASHFLOW

RECEIPTS FOR OPERATING ACTIVITIES	NOTE	2017-2018	2016-2017
		(Kshs)	(Kshs)
Transfers from NG-CDF Board	1	74,853,447	50,948,277
Proceed from sale of assets	2	-	-
Other receipts	3	-	3,000,000
TOTAL RECEIPTS		74,853,447	53,948,277
CASH FLOW FROM OPERATING ACTIVITIES			
Compensation of Employees	4	1,594,351	2,144,324
Use of goods and services	5	10,883,757	10,856,355
Transfers to Other Government Units	6	23,600,000	19,546,720
Other grants and transfers	7	28,146,465	41,081,918
		64,224,573	73,629,317
Net cash flow from operating activities		10,628,874	(19,681,040)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	413,000	(559,999)
NET CASH FLOW FROM INVESTING ACTIVITIES	#	413,000	(559,999)
NET DECREASE/ IN CASH AND CASH EQUIVALENT		10,215,874	(20,241,039)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		1,283,574	21,524,613
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR		11,499,448	1,283,574



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

THARAKA CONSTITUENCY

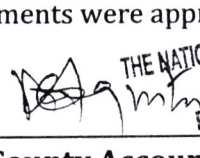
Reports and Financial Statements

For the year ended June 30, 2018

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

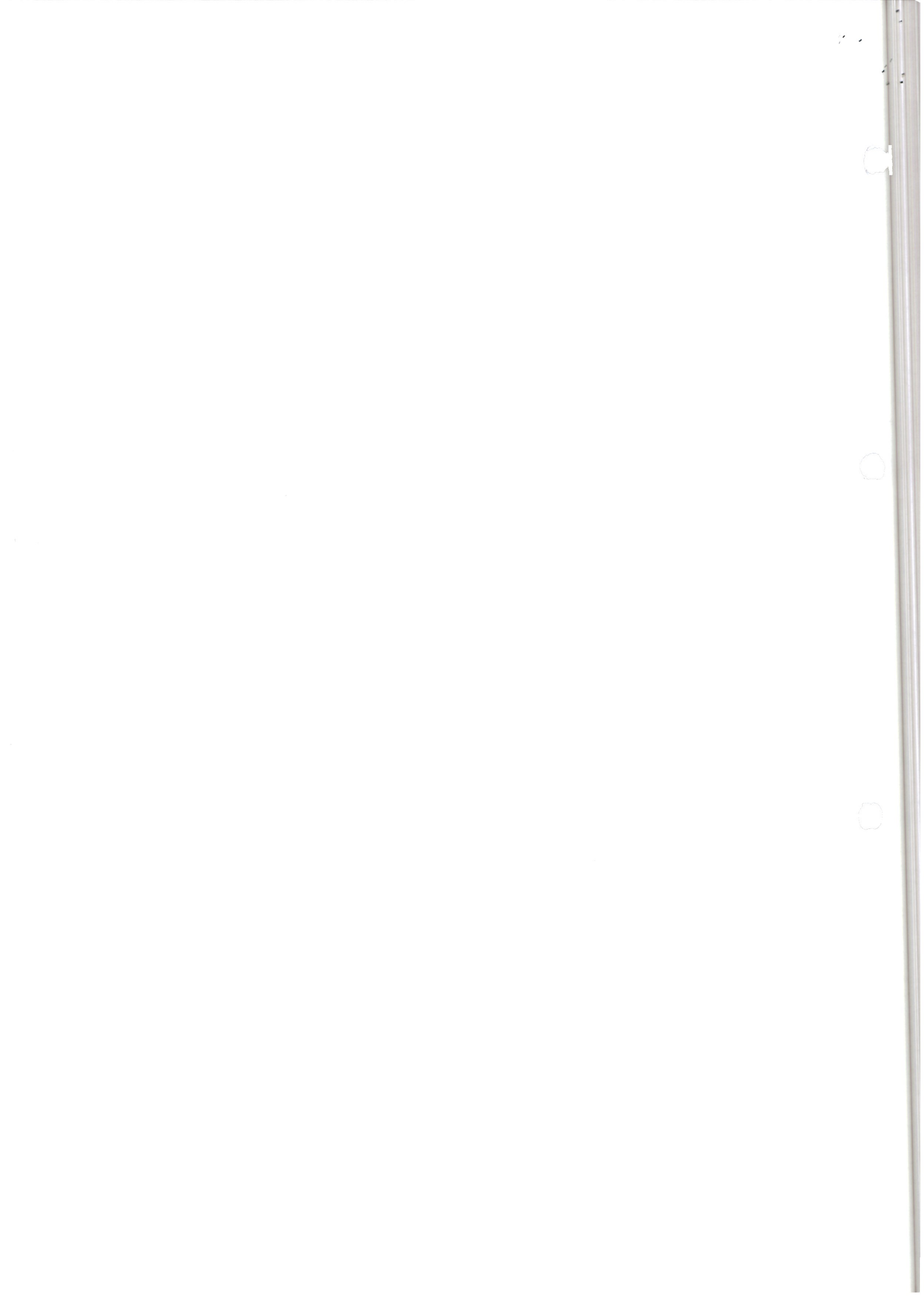


Fund Account Manager
Name: Alex Muinde



THE NATIONAL SUB-COUNTY ACCOUNTANT
THARAKA SOUTH
P. O. Box 36 - 60215,
MARIMANTI

Sub-County Accountant
Name: Augustus Mulwa
ICPAK Member Number: 20453



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

**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT
COMBINED**

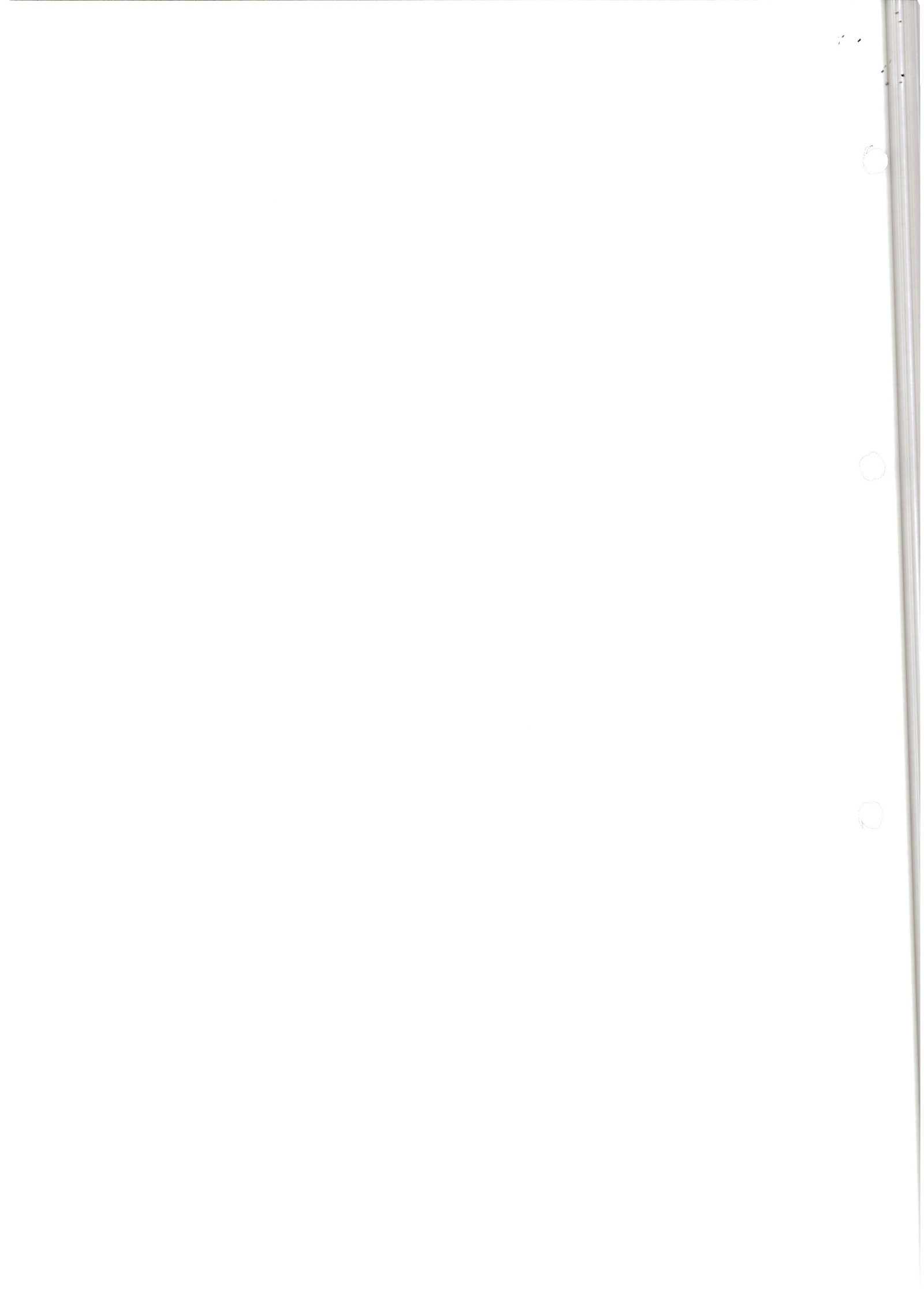
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c
RECEIPTS						
Transfers from CDF Board	86,810,394	44,111,110	130,921,504	76,137,021	54,784,483	58.7%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
TOTAL	86,810,394	44,111,110	130,921,504	76,137,021	54,784,483	58.1%
PAYMENTS						
Compensation of Employees	1,560,000	600,000	2,160,000	1,594,351	565,649	74%
Use of goods and services	8,752,931	2,666,310	11,419,241	10,883,757	535,484	95%
Transfers to Other Government Units	35,100,000	37,131,800	72,231,800	23,600,000	48,631,800	33%
Other grants and transfers	41,397,463	3,300,000	44,697,463	28,146,465	16,550,998	63.0%
Acquisition of Assets	-	413,000	413,000	413,000	-	100.0%
Other Payments	-	-	-	-	-	
TOTAL	86,810,394	44,111,110	130,921,504	64,637,573	66,283,931	49.37%

NB.Adjustments:

Budgetary utilization difference for receipts was 58%. The adjustment column comprises a figure of kshs 11,379,310 which was an additional allocation from NGCDF board which had not been factored earlier on. Additionally there was an outstanding balance as of the closure of fiscal year 2016-2017 which was received in the current financial year leading to cumulative adjustment figure of kshs 44,111,110

On compensation of employees there was a utilization difference of 74%. This was as a result of delays which were occasioned by late recruitment and training of NGCDF staff.

Transfers to government entities had an underperformance of 33%. This was as a result of late disbursement to PMCs which had to be capacity build before disbursement of funds to the



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – THARAKA
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Reports and Financial Statements

For the year ended June 30, 2018


entities. The same case applied for other grants and transfers which had a budget utilization difference of 63 %

On budget utilization difference receipts from the board were amounting to utilization difference of 57%. This was as a result of late disbursement from NG CDF board.

The NGCDF-THARAKA Constituency financial statements were approved on 10th August 2018 and signed by:



Fund Account Manager
Name: Alex Muinde



THE NATIONAL SUB-COUNTY
THARAKA SOI
P.O. Box 36 - /
MARIMANI

Sub-County Accountant
Name: Augustus Mulwa
ICPAK Member Number: 20453



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-THARAKA 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 reporting currency of the Government and all values are rounded to the nearest KSh.

4. Significant Accounting Policies

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

a) Recognition of Receipts

The Entity recognises all receipts from the various sources where the related cash has actually been received by the Entity.

Tax Receipts

Tax receipts are recognized in the books of account when the tax is received (or considered as received when notification of tax liability is received, where the policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized when the cash is received. Cash is considered as received when the transfer is received and notified to the receiving entity.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - THARAKA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

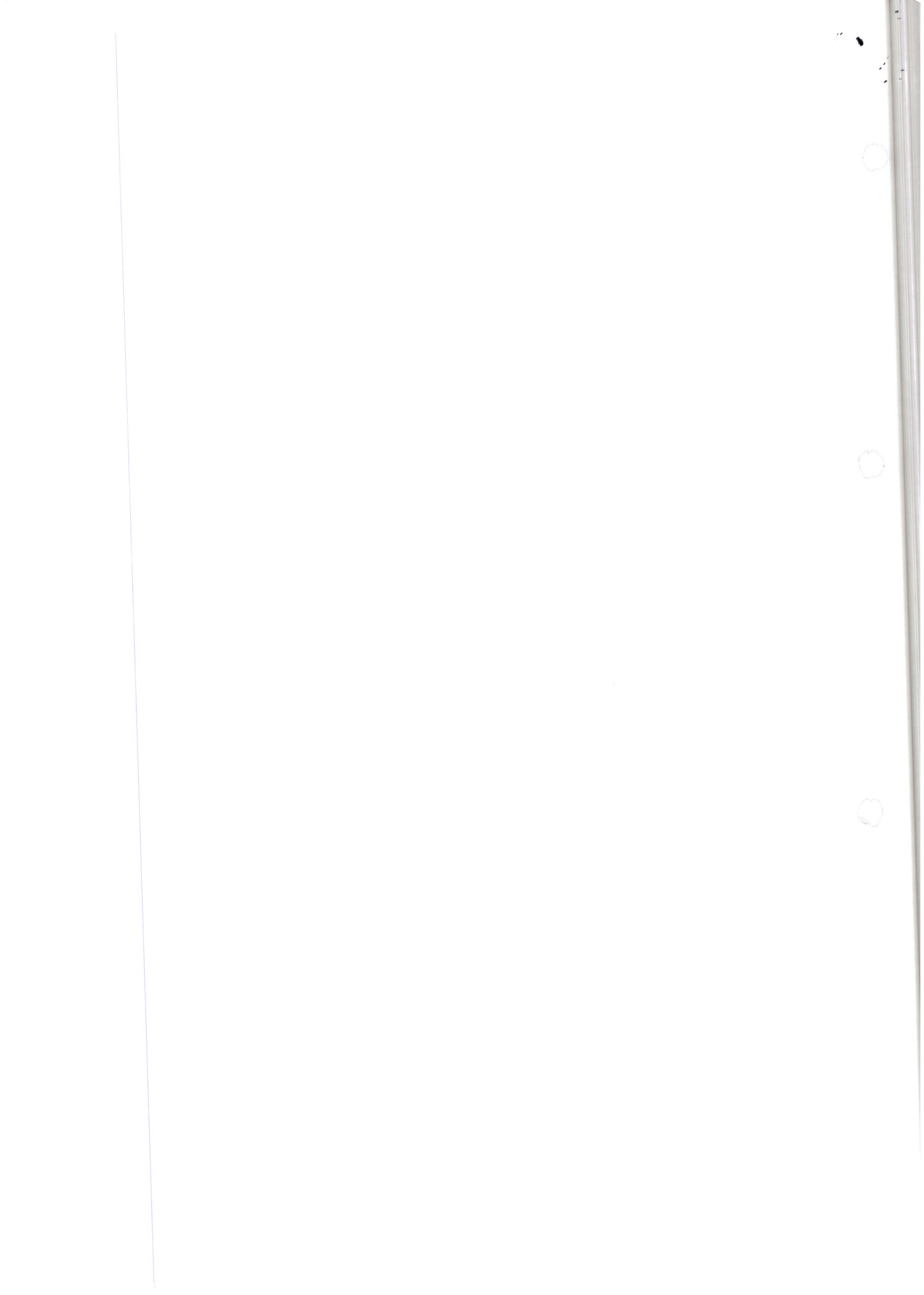
Use of Goods and Services

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

Acquisition of Fixed Assets

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

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



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) – THARAKA
CONSTITUENCY**

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

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.

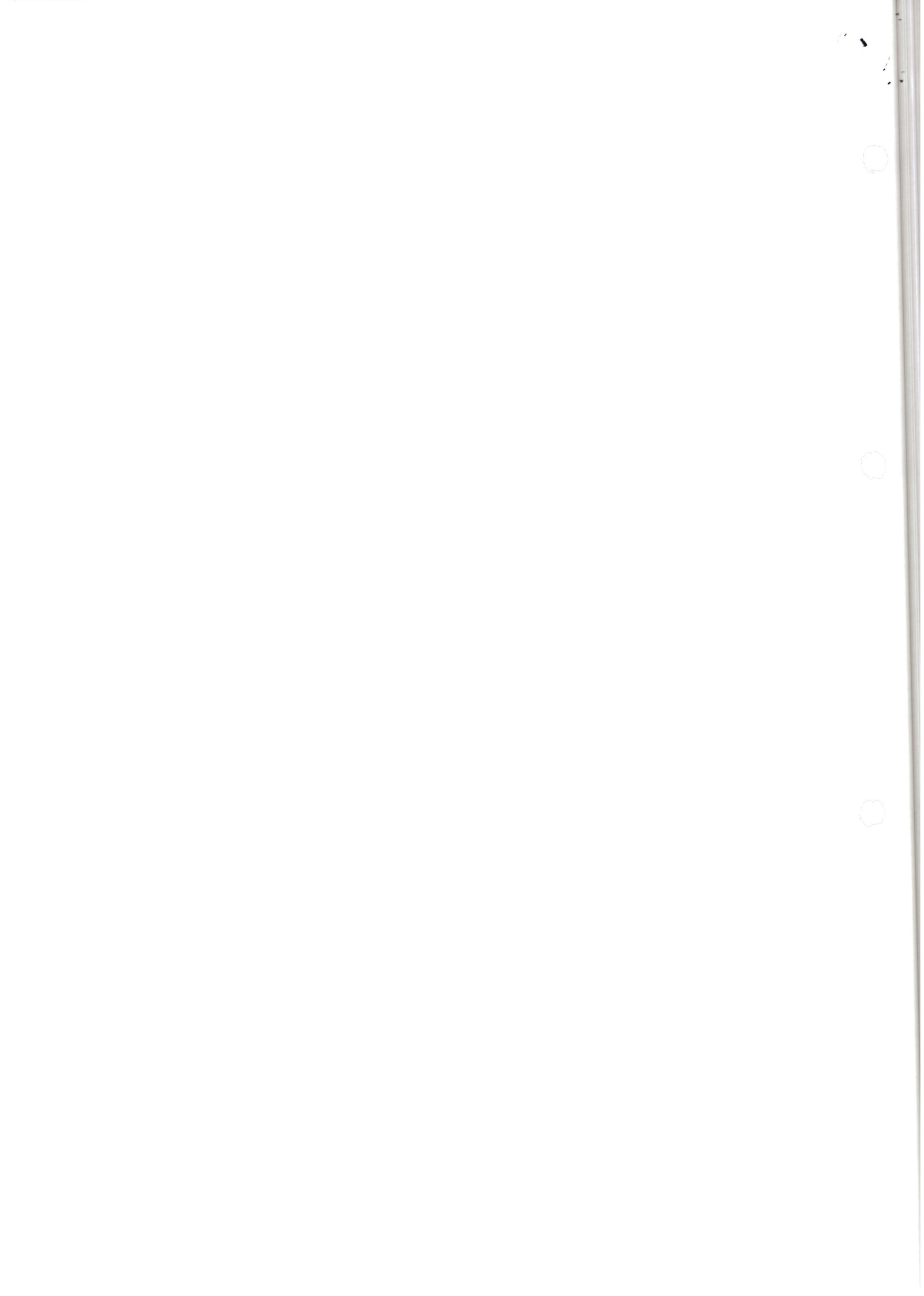
14. Errors

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) - THARAKA
CONSTITUENCY**

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

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board Disbursements			
A.I.E NO:A892906	1	37,905,172	
AIE NO:A892723	2	30,948,275	
AIE NO:A892521	3	5,500,000	
AIE NO:A892686	4	500,000	
A.I.E NO:A839701	5		10,000,000
A.I.E NO :A855100	6		36,853,449
A.I.E NO :A839513	7		4,094,828
TOTAL		74,853,447	50,948,277

2. PROCEEDS FROM SALE OF ASSETS

Description	2017-2018	2016-2017
	(Kshs)	(Kshs)
	-	-
Total	-	-

3. OTHER RECEIPTS

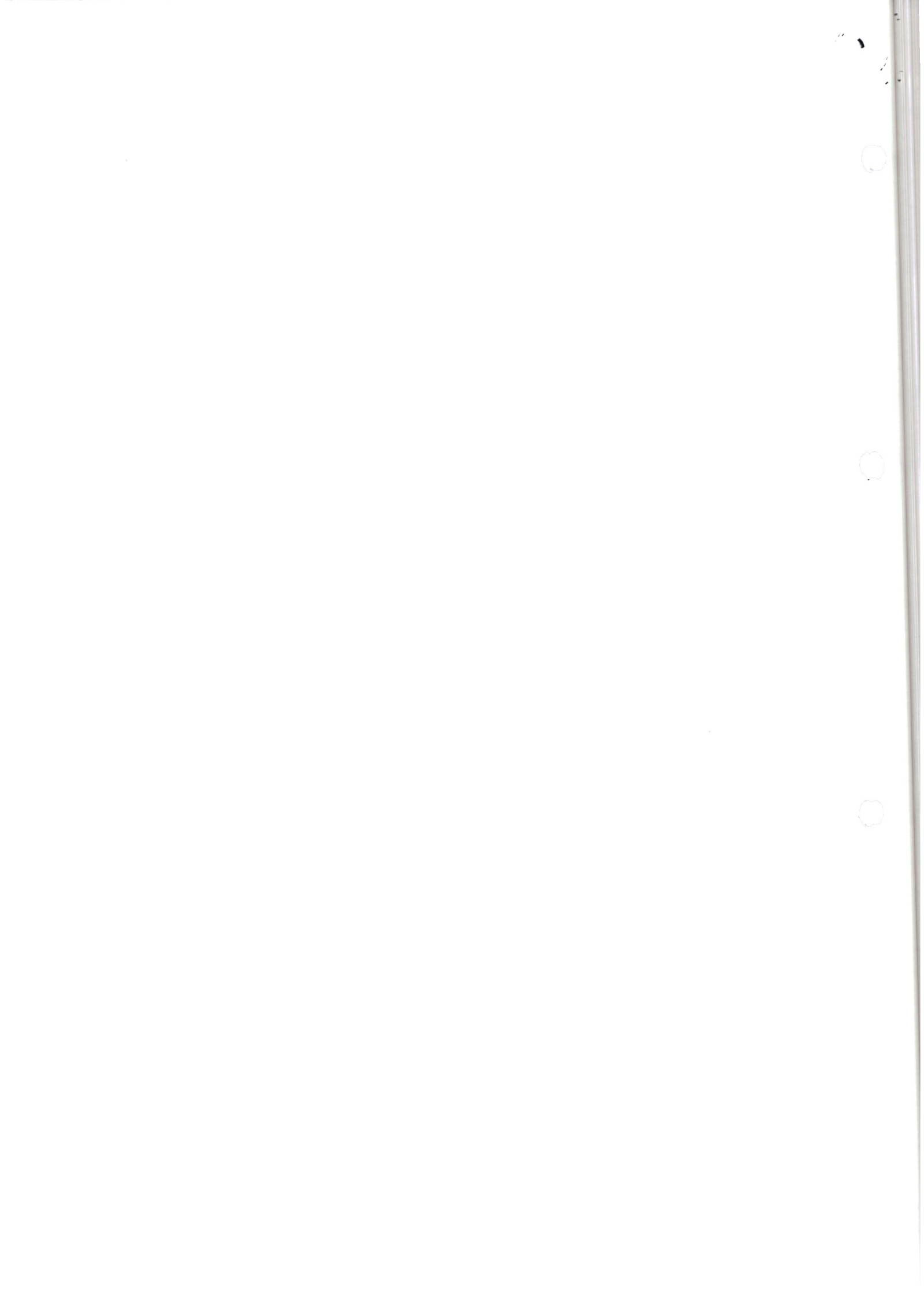
Description	2017-2018	2016-2017
	(Kshs)	(Kshs)
PMC cheque reversal	-	3,000,000
Total	-	3,000,000

4. COMPENSATION OF EMPLOYEES

Description	2017-2018	2016-2017
	(Kshs)	(Kshs)
Basic wages of employees	1,474,351	1,956,184
Social Security	120,000	116,640
Leave allowances		71,500
Total	1,594,351	2,144,324

5. USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	(kshs)	(kshs)
Utilities, supplies, services	60,280	47,407



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - THARAKA
CONSTITUENCY**

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

Communication, supplies and services	19,920	70,000
Hospitality expenses	477,935	756,400
Training expenses	867,900	308,000
Insurance costs	123,091	160,760
Office and general supplies and services	219,910	1,065,920
Fuel and lubricants	768,131	1,396,500
Routine maintenance - vehicles and other transport equipment	1,372,450	656,700
Routine maintenance - other assets	93,140	571,515
Committee expenses	4,186,000	4,314,353
Other Committee expenses	195,000	1,098,800
Publicity and advertising	-	410,000
Specialised services	2,500,000	
Total	10,883,757	10,856,355

6. TRANSFERS TO OTHER GOVERNMENT ENTITIES

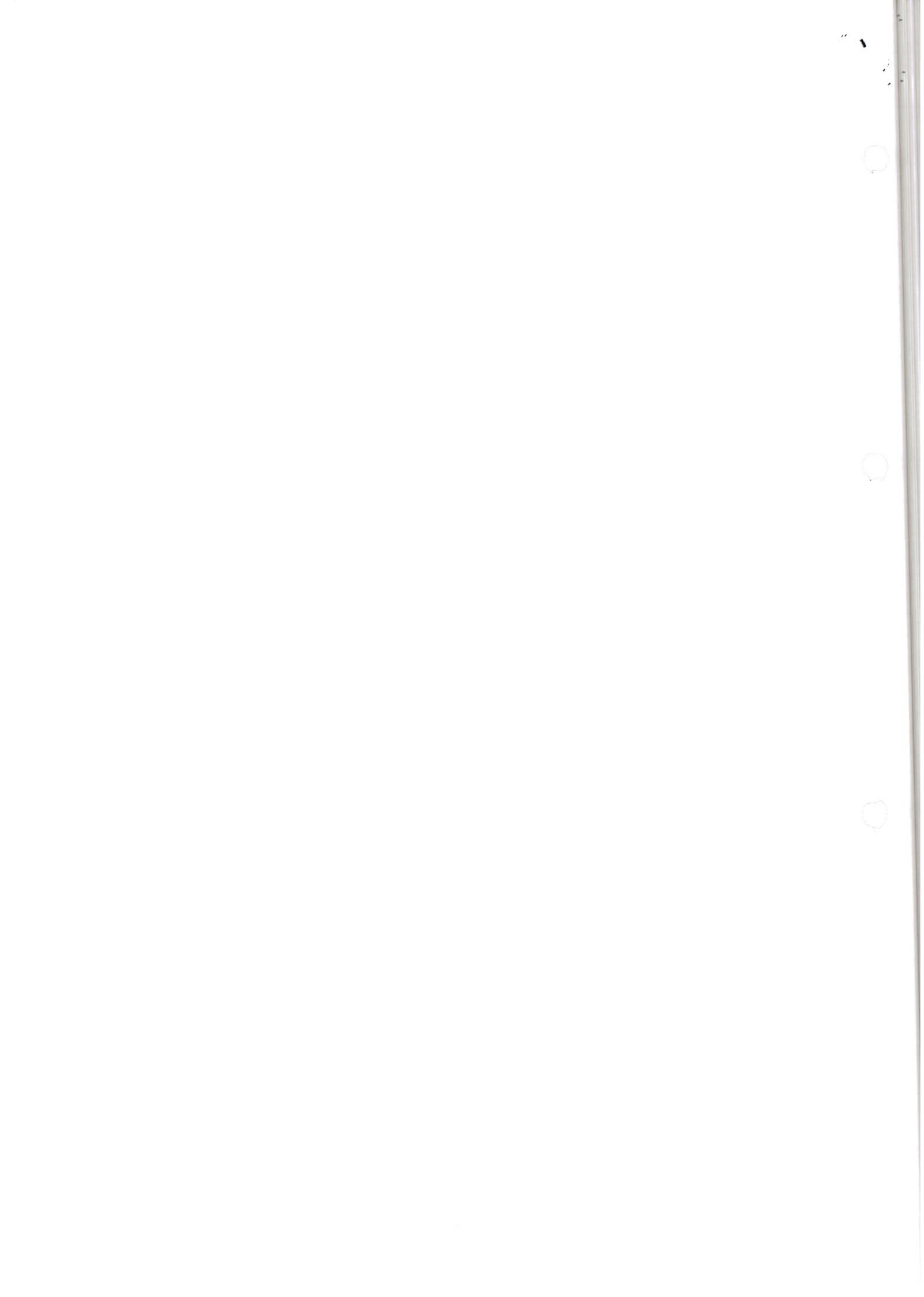
Description	2017-2018 (kshs)	2016-2017 (kshs)
Transfers to Primary Schools	7,500,000	5,900,000
Transfers to secondary schools	16,100,000	13,646,720
TOTAL	23,600,000	19,546,720

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017-2018 (kshs)	2016-2017 (kshs)
Bursary -Secondary	6,591,550	6,843,400
Bursary -Tertiary	7,222,503	3,519,000
CATS/Mocks	-	1,264,732
Water	-	1,414,650
Security	5,600,000	15,100,000
Roads	500,000	6,814,274
Sports	1,736,206	1,637,931
Environment	1,736,206	1,637,931
Emergency Projects	4,160,000	2,850,000
Health	-	-
Others	600,000	
Total	28,146,465	41,981,918

8. ACQUISITION OF ASSETS

Description	2017-2018 (Kshs)	2016-2017 (kshs)
Construction of septic tank		500,000



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

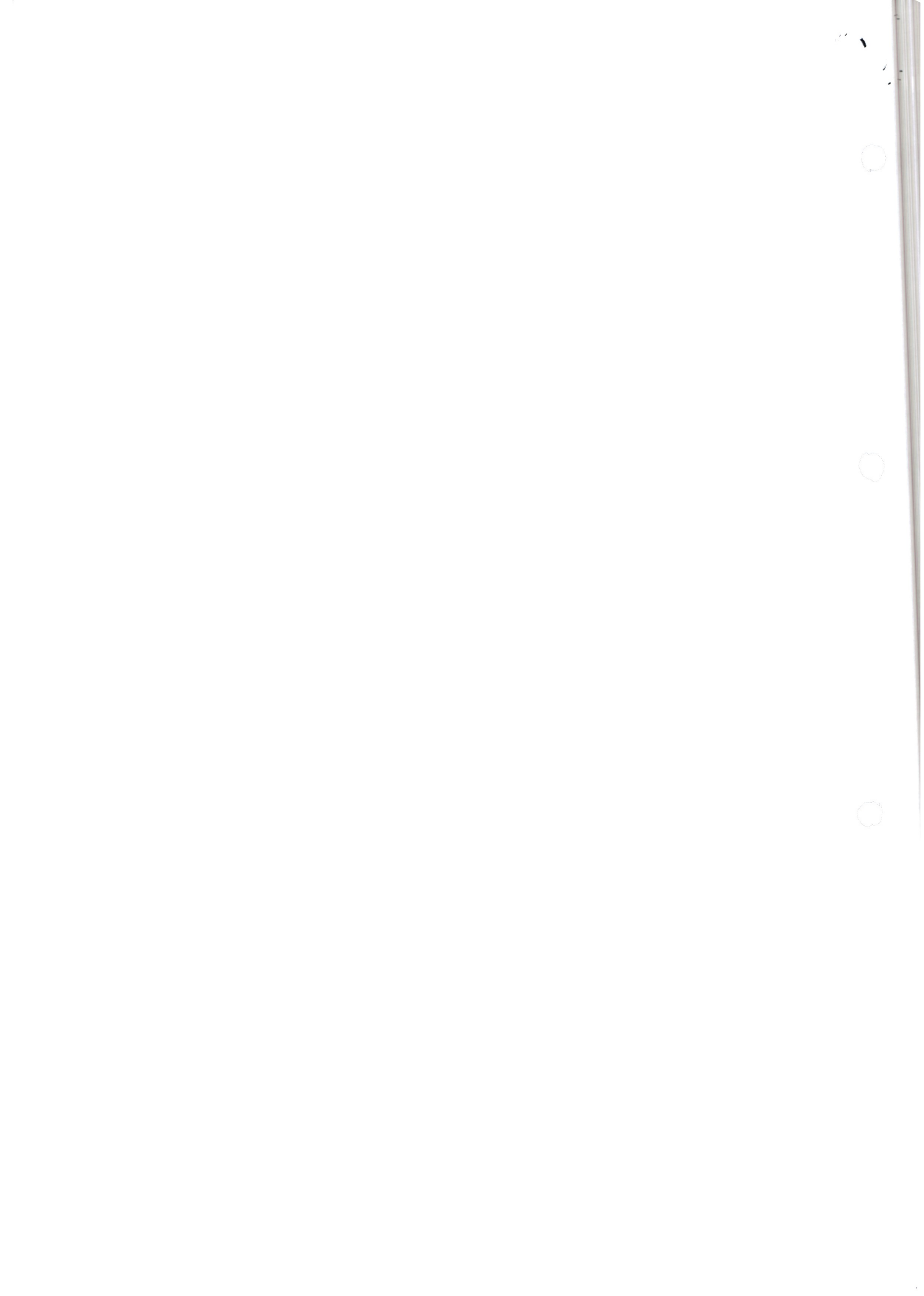
Reports and Financial Statements

For the year ended June 30, 2018

Purchase of photocopier		59,999
Purchase of motor bike	413,000	
Total	413,000	559,999

9. OTHER PAYMENTS

Description	2017-2018	2016-2017
	(Kshs)	(kshs)
TOTAL	-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - THARAKA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
Tharaka NG Cdf ac no 01120058205800 coop bank Chuka branch	11,499,448	1,157,574
Total	11,499,448	1,157,574
10B: CASH IN HAND		
Treasury cash office	-	126,000
Total	-	126,000

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
				-
				-
				-
				-
				-
Total				-

12RETENTION

	2017 - 2018	2016-2017
	Kshs	Kshs
Supplier 1		
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

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

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	1157574	20,994,723
Cash in hand	126,000	529,890
Imprest	-	-
Total	1,283,574	21,524,613

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

15.2: PENDING STAFF PAYABLES

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

15.3: UNUTILIZED FUNDS (See Annex 1)

	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	-	-
Amounts due to other Government entities (see attached list)	66,283,931	-
Amounts due to other grants and other transfers (see attached list)	-	-
Acquisition of assets	-	-
Others (<i>specify</i>)	-	-
	66,283,931	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - THARAKA
CONSTITUENCY**

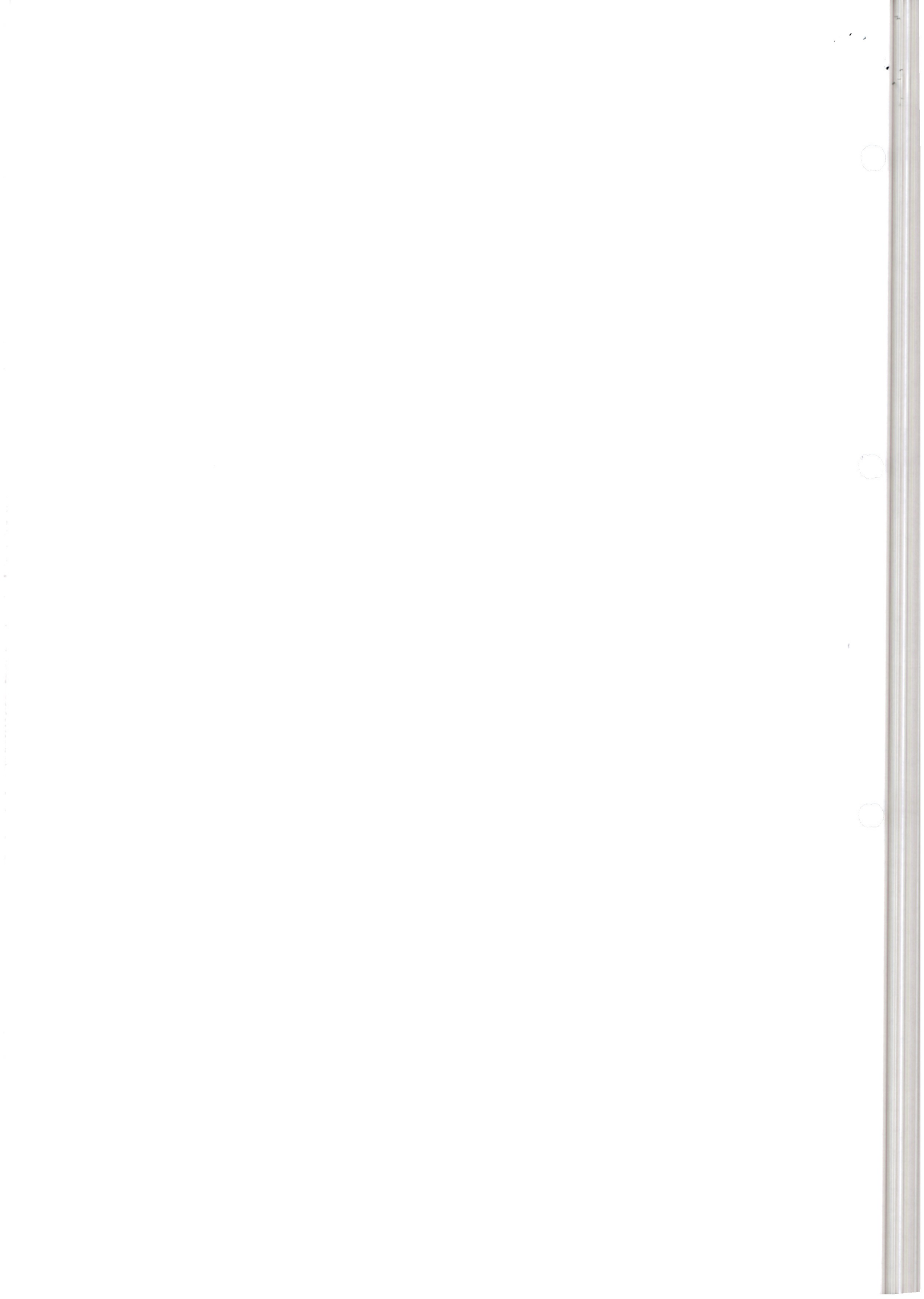
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 2)

	2017- 2018	2016-201
	Kshs	Ksh
PMC account Balances (see attached list)	26,750,000	
TOTAL	26,750,000	

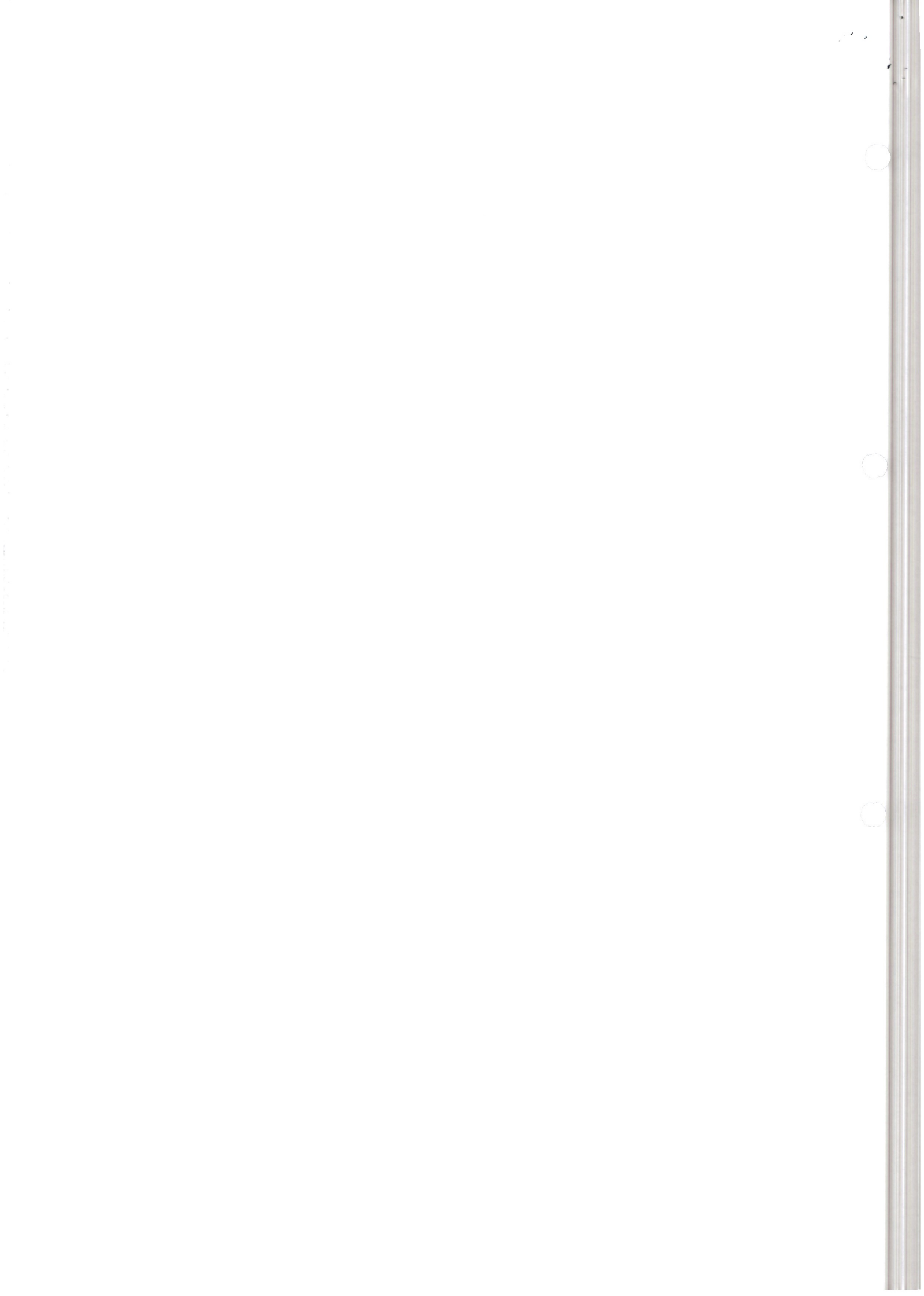


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 1: UNUTILIZED FUNDS

Transfer to government entities	Brief transaction description	Outstanding balance 2017/2018	Outstanding balance 2016/2017
Kathanga primary	Construction of a classroom	400000	-
Yombo primary	Construction of a classroom	600000	-
Makithi Primary	Construction of a classroom	600000	-
Kamurige primary	Construction of a classroom	600000	-
Manduru primary	Construction of a classroom	600000	-
Karangare primary	Construction of a classroom	600000	-
Nkundi Primary	Construction of a classroom	600000	-
Gakauni primary	Construction of a classroom	600000	-
Nkomaru primary	Construction of a classroom	600000	-
Mariango primary	Construction of a classroom	600000	-
Mauthini primary	Construction of a classroom	600000	-
Shin Yun Primary	Construction of a classroom	600000	-
Kamatumo primary	Construction of a classroom	600000	-
Kathakame primary	Construction of a classroom	600000	-
Maroreria primary	Construction of a classroom	600000	-
Nkururuni primary	Construction of a classroom	600000	-
Ruungu primary	Construction of a classroom	400,000	-
Gakuuru day secondary	Construction of a classroom	600000	-
Kamwathu secondary	Construction of admin block	781035	-
Mauthini Ass chief office	Construction of an office	600000	-
Kirukuma ass chiefs office	Construction of an office	600000	-
Igumo A.P Camp	Construction of a toilets	500000	-
Kamwathu secondary school	Extension of electricity transmission line	1,000,000	-
Ndurumoni primary school	Extension of electricity transmission line	1,000,000	-
Tonya secondary school	Extension of electricity transmission line	1,000,000	-
Kirundi day secondary school	Extension of electricity transmission line	1,000,000	-
Ndaruni day secondary	Extension of electricity transmission line	1,000,000	-
Ngara primary school	Construction of a classroom	900,000	-
Mpunguni primary	Construction of a classroom	900,000	-
Kandondo primary	Construction of a classroom	300,000	-
Matagatani primary	Construction of a classroom	300,000	-
Kaboto Ap camp	Construction of a classroom	931,034	-



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Tharaka constituency sports committee	Construction of a classroom	227,586	-
Tharaka environmental committee	Construction of a classroom	227,586	-
Gatunga primary	Construction of a admin block	800000	-
Kirigicha primary	Construction of a classroom	400000	-
Kaarani secondary	Purchase of a bus	7,000,000	-
ICT hub	Purchase of ICT equipments for innovation hub	4,677,024	-
Kabuabua girls	Construction of a classroom	2,000,000	-
Gakuuru day secondary	Construction of a classroom	900,000	-
Kirundi AP	Construction of AP Line	500,000	-
Gakurungu chiefs	Construction of an office	500,000	-
Tunyai chiefs	Construction of an office	500,000	-
Kiamairi primary	Construction of a classroom	900,000	-
Mbacaca primary	Construction of a dormitory	2,000,000	-
Kiuguni primary	Construction of a classroom	900,000	-
Kagurini primary	Construction of a classroom	900,000	-
Kirundi chiefs	Construction of an office	500,000	-
Iriani secondary	Purchase of bus	6,600,000	-
Bursary	Award of bursary	15,539,666	-
Grand TOTAL		66,283,931	-

ANNEX 2: PMC account balances

PMC	Bank	Account Number	Bank balance 2017-2018	Bank balance 2016-2017
KIAMIRAMBA POLICE STATION	COOPERATIVE BANK, NKUBU BRANCH	01141207323700	3,000,000	-
NTORONI AP CAMP	COOPERATIVE BANK, NKUBU BRANCH	01141207400200	600,000	-
KOOGA KA NTHI PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207403000	1,800,000	-
MCK KANDONDO PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141572952200	600,000	-
KIJEGE PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207402800	1,800,000	-
KAMACABI AP CAMP	COOPERATIVE BANK, NKUBU BRANCH	0114120734200	500,000	-
CCM NJUKINI PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207323300	900,000	-



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MARIMANTI GIRLS' SECONDARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01139058211401	6,600,000	-
MATAGATANI PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207402700	600,000	-
MUGUI MIXED DAY SECONDARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207299000	1,500,000	-
MUKOTHIMA PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207398300	300,000	-
NDARUNI SECONDARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141058292400	900,000	-
NTHOA PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141572971000	900,000	-
KAMANYAKI ZONE EDUCATION OFFICE	COOPERATIVE BANK, NKUBU BRANCH	01141207409000	600,000	-
KIRUNDI DAY SECONDARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141665449600	1,800,000	-
KAMARANDI SECONDARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141052759500	900,000	-
TONYA DAY SECONDARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207429200	1,800,000	-
NKURURUNI PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141058249001	200,000	-
KIANAMUTHI PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207415300	250,000	-
IGUMO DAY SECONDARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01134058216502	200,000	-
MAKOMANGO PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01139058243807	200,000	-
KERERIA PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141058214301	200,000	-
KIBUKA PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141207417000	200,000	-
KAIGA KAMWE PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	01141058239800	200,000	-
MANDURU PRIMARY SCHOOL	COOPERATIVE BANK, NKUBU BRANCH	011410558246600	200,000	-



NATIONAL GOVERNMENT CDF THARAKA
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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	7,310,523		-	7,310,523
Transport equipment	4,079,250	500,000	-	4,579,250
Office equipment, furniture and fittings	425,000		-	425,000
ICT Equipment, Software and Other ICT Assets	388,295		-	388,295
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	12,203,068			12,703,068




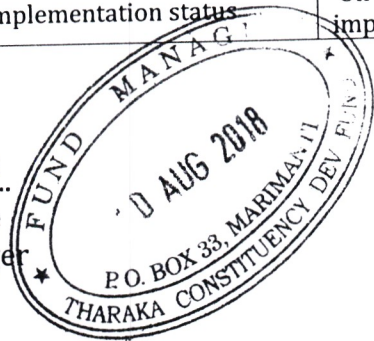
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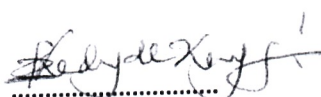
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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	Status:	Timeframe:
	Cash and cash equivalent	Cheques were reversed	Fund Manager	Resolved	N/A
	Non acknowledgement of bursary funds	Acknowledged bursary receipts were shown to auditors	Fund Manager	Resolved	N/A
	Cash and cash equivalent	Cheques were reversed	Fund Manager	Resolved	N/A
	Budgetary control and performance	Funds were utilized in the subsequent financial year	Fund Manager	Resolved	N/A
	Project Implementation status	Un implemented projects were implemented	Fund Manager	Resolved	N/A


Alex Muinde
Fund Manager




Kennedy Kamunyu
Chairman

