

REPUBLIC OF KENYA

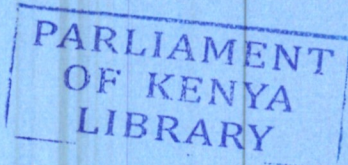


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OFFICE OF THE AUDITOR-GENERAL



**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
KILIFI NORTH CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2017**

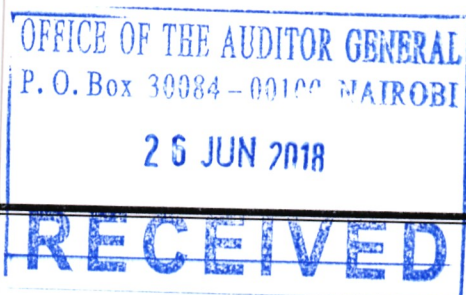


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
KILIFI NORTH CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2017**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

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**For the year ended June 30, 2017**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
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**For the year ended June 30, 2017**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *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 a specific portion of the National Annual budget is devoted to the Constituencies for purposes of infrastructural development, wealth creation and and in the fight against poverty at the constituency level.

**(b) Key Management**

The *Kilifi North 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 (NG-CDFC)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	<b>Yusuf Mbuno</b>
2.	Fund Account Manager	<b>Yaye Shosi</b>
3.	District Accountant	<b>Mbito Bora</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Kilifi North Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the National Government Constituency Development Fund Committee (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2017**

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**(e) KILIFI NORTH NG-CDF Headquarters**

P.O. Box 1852 – 80108,  
Kilifi Malindi highway,  
Off Gede Road  
Opposite Watamu Primary School,  
Kilifi, KENYA.

**(f) KILIFI NORTH NG-CDF Contacts**

Telephone: (254) 796824190  
E-mail: [cdfkilifinorth@outlook.com](mailto:cdfkilifinorth@outlook.com)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) KILIFI NORTH NG-CDF Bankers**

Cooperative Bank

Kilifi Branch  
Account Number 01141466629200  
P.O. Box 96 – 80108  
Kilifi, Kenya.

**(h) Independent Auditors**

Auditor - General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(i) 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- KILIFI NORTH  
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**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT  
CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

**Budget performance**

Kilifi North NG-CDF's budget for 2016/2017 financial year was Kshs **81,896,551.72**. This was allocated to various projects in different sectors as follows:

Serial	Name of Project	Amount Allocated
011/ AP1	Administration/Recurrent	4,914,793.10
011/AP2	Monitoring and Evaluation/Capacity building	2,456,896.55
011/2640200	Emergency (5% of the Fund)	4,094,827.59
011/2640510	Environmental activities	1,637,931.00
011/2640509	Sports activities	1,637,931.00
011/2640100	Bursary	20,474,137.00
011/2630204	Primary school projects	34,692,525.50
011/2630205	Secondary school projects	3,587,509.98
011/2630206	Tertiary Institution projects	1,500,000.00
011/2640507	Security projects	6,900,000.00
<b>Total for the Financial Year</b>		<b>81,896,551.72</b>

Kshs 79,396,551 which is 97% of the total allocation for financial year 2016/2017 has been received from the NG-CDF Board and Kshs 2,500,000.00 which is 3% of the allocation has not been received. 95% of the targeted projects for the year have been implemented as at 30<sup>th</sup> June 2017.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**Key Achievements in 2016/2017 financial year.**

After implementation of projects funded in 2016/2017 financial year, the following was achieved by 30<sup>th</sup> June 2017:

**Primary School projects**

Project Name	Activity	Status
Mnarani Primary School	Complete renovation of 7 classrooms (Ring beam, roofing, veranda, plastering, painting, windows & doors)	Complete
Mawe ya Kati primary school	Complete construction of 2 classrooms (Plastering & paint work)	Complete
Mdzongoloni Primary School	Complete renovation of 7 classrooms (Ring beam and roofing)	Complete
Matsangoni Primary School	Complete renovation of 2 classrooms (Roofing, ring beam, veranda, plaster work, painting, windows & doors)	Complete
Mkangagani Primary School	Complete renovation of 8 classrooms (Roofing, Doors, painting & decoration)	Complete
Mkomani Primary School	Complete construction of 1 classroom (Corridor , painting, doors & windows)	Complete
Mwakhenga Primary School	Construction of 2 classrooms to completion	Complete
Nzombere Primary School	Construction of 2 classrooms to completion	Complete
Kirepwe Primary School	Renovation of 5 classrooms (Roofing)	Complete
Mbogolo Primary School	Construction of 1 classroom to completion	Ongoing
Mbogolo Primary School	Construction of a toilet block to completion	Ongoing
Kadzinuni Primary School	Renovation of 5 classrooms (Roofing)	Ongoing
Mitangoni Primary School	Renovation of 5 classrooms (Roofing)	Complete
Dongo Kundu Primary School	Renovation of 5 classrooms (Roofing)	Complete
Mkwajuni Primary School	Renovation of 5 classrooms (Roofing)	Complete
Vuma Primary School	Renovation of 5 classrooms (Roofing)	Complete

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
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Tezo Primary School	Renovation of classrooms (Ring beam, roofing, veranda, windows, doors, plaster work, floor work & painting)	Ongoing
Takaungu Primary School	Construction of a toilet block to completion	Ongoing
Makonde Primary School	Construction of a toilet block to completion	Complete
Arabuko Primary School	Purchase of a school plot (4.6 Hectares)	Complete
Gede Primary School	Purchase of a 32-seater school bus	Ongoing
Marafiki boarding Primary School	Purchase of a 32-seater school bus	Ongoing
<b>TOTAL</b>		

**Secondary School Projects**

Project Name	Activity	Status
Jimba Secondary School	Complete construction of 3 classrooms (Plaster work, veranda, painting & decoration)	Complete
Kadzinuni Secondary School	Complete construction of 4 classrooms (Plaster work, floor, windows, doors & painting)	Ongoing
Ngala Memorial Girls Secondary School	Complete renovation of an administration block (Corridor, painting and electrical installation in 5 classrooms)	Complete
Canon Mweri Secondary School	Complete construction of 2 classrooms (Plastering & paint work)	Complete
F. B Tuva Secondary School	Complete construction of 2 classrooms (Plastering & paint work)	Complete
Mnarani Secondary School	Complete construction of an administration block	Complete
<b>TOTAL</b>		



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
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**For the year ended June 30, 2017**

***Tertiary Institutions***

<b>Project Name</b>	<b>Activity</b>	<b>Status</b>
Kilifi North Mitihani Centre	Complete construction of an examination centre (Doors, windows, painting & decoration)	Not started
<b>TOTAL</b>		

***Security Projects***

<b>Project Name</b>	<b>Activity</b>	<b>Status</b>
Matsangoni AP Post	Complete fencing of AP post (2.4 Ha)	Complete
Mdzongoloni Chief's Office	Renovation of the Chief's office (Roofing, walling, plaster work, windows, doors, veranda & paint work)	Complete
Mnarani Chief's Office	Construction of a Chief's office to completion	Complete
Mida Chief's Office	Construction of a Chief's office to completion	Complete
Deputy County Commissioner's office, Malindi Sub County	Complete construction of a social hall in Watamu - plastering, paint work, doors & windows (1,800,000.00), Purchas of Furniture & fittings for the social hall (1,000,000.00) & Fencing of social hall - 38m x 28m (1,000,000.00)	Ongoing
<b>TOTAL</b>		

Kshs 14,541,585.00 from the bursary fund was further awarded to needy and deserving students by 30<sup>th</sup> June 2017.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
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**Reports and Financial Statements**


**For the year ended June 30, 2017**

**Emerging issues**

The upcoming general elections will bring in new NG-CDFC members who will be expected to run the affairs of NG-CDF. There is an urgent need for the NG-CDF Board to provide clear guidelines to the current NG-CDFC members and NG-CDF Board officials on how to ensure smooth transition.

**Implementation challenges and recommendations**

No	Challenges	Recommendations
1	Funds allocated to Constituencies are insufficient posing a challenge to project implementation. This includes funds allocated to bursary.	The CDF Board should consider disbursing more funds to Constituencies.
2	Most PMCs do not have capacity to conduct procurement procedures as required and still insist on procuring for the projects.	CDFCs should be allowed to conduct 100% procurement procedures in liaison with the County procurement officers and only allow PMCs to implement the projects as stipulated in the NG-CDF Act.
3	Political Interference from Members of the County Assembly.	The CDF Board should consider conducting sensitisation training for Members of the County Assembly to encourage them to support implementation of CDF projects at grass root level without interferences.
4	PMCs change project activities that require CDFCs to request for reallocation too often.	PMCs should be trained on project planning and implementation.
5	Most projects completed by CDFCs and PMCs remain un utilised because other government agencies do not come in to hire staff or put medical facilities	There is need to ensure proper consultation with the relevant government department to encourage them put the necessary staff and facilities

  
KILIFI NORTH NG CDF  
P.O. Box 1852 - 80108  
KILIFI  
DATE .....

Chairman NG-CDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
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**Reports and Financial Statements**

**For the year ended June 30, 2017**

**III STATEMENT OF NG-CDF 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 CDF shall prepare financial statements in respect of that CDF. 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 Kilifi North *NG-CDF* is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and as at the end of the financial year (period) ended on June 30, 2017. 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 *NG-CDF*; (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 *NG-CDF*; (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 Kilifi North *NG-CDF* accepts responsibility for the *NG-CDF'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 *NG-CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 2017, and of the *CDF's* financial position as at that date. The Accounting Officer charge of the Kilifi North *NG-CDF* further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Kilifi North *NG CDF* confirms that the *NG-CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NG-CDF'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 *NG-CDF'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 Kilifi North *NG-CDF* financial statements were approved and signed **DATE** 2017.

  
Zainab Rajab Ali  
Chairman – *NG-CDFC*

  
Yaye Shosi  
Fund Account Manager

KILIFI NORTH NG CDF  
P.O. Box 1852- 80100  
KILIFI



# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILIFI NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kilifi North Constituency set out on pages 11 to 35, which comprise the statement of financial assets as at 30 June 2017, and the statement of 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, 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 - Kilifi North Constituency as at 30 June 2017, 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.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Basis for Qualified Opinion and Other Matter sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

#### Basis for Qualified Opinion

##### Bank Balances

The statement of financial assets reflects a bank balance of Kshs.10,525,909. However, bank reconciliation statement presented for audit review reflected unrepresented cheques amounting to Kshs.6,794,341, out of which Kshs.263,000 were stale and not reversed in cash book as at 30 June 2017. Further, bank charges of

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund) – Kilifi North Constituency for the year ended 30 June 2017*



Kshs.1,319.95 were included in the bank reconciliation statement instead of being expensed in these financial statements.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Kilifi North Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled 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 judgement, are of most significance in the audit of the financial statements. Except for the matters described 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 Controls and Performance

During the year under review, the Fund had budgeted to spend Kshs.171,546,260 on its various activities but actually spent Kshs.154,020,351, resulting in an under absorption of Kshs.17,525,909 or approximately 10% as summarized below:

Vote Item	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Under Utilization (Kshs)	Budget Over Utilization (Kshs)	Under Absorption %
Compensation of Employees	4,010,570	2,965,539.50	1,045,030.50		26%
Use of goods and services	14,611,007.15	10,621,361.45	3,989,645.70		27%
Transfers to Other Government Units	94,462,585.48	83,280,035.48	11,182,550		12%
Other grants and transfers	58,462,097.61	57,153,414.36	1,308,683.25		2%
<b>Totals</b>	<b>171,546,260</b>	<b>154,020,350.79</b>	<b>17,525,909.45</b>		<b>10%</b>

The underutilization of the budget implies development projects earmarked for implementation were not undertaken which affects delivery of goods and services to the citizens of the Constituency.

#### 2.0 Project Implementation

The project status report availed for audit review indicated that a total of Kshs.81,896,552 was allocated for forty-eight (48) projects. Further, out of the forty-eight (48) projects, eight (8) projects with total allocation of Kshs. 7,371,690 were on-



going while two (2) projects with an allocation of Kshs 8,000,000 had not started as detailed below:

	<b>Project Name</b>	<b>Projects Description /Activities</b>	<b>Allocation Kshs</b>	<b>Current Status</b>
1	Employee salary	Payment of staff salaries and gratuity	2,200,000.00	Ongoing
2	Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	1,202,793.10	Ongoing
3	Purchase of furniture / equipment	Purchase of office furniture and equipment (8 No. file cabinets @ 43,750.00 & 1 No. Kyocera Task Alfa 2200 photocopier @ 150,000.00)	500,000.00	Ongoing
4	Committee expenses	Payment of committee sitting allowances, transport and conference costs	1,000,000.00	Ongoing
5	NSSF	Payment of NSSF Deductions	12,000.00	Ongoing
6	Goods and services	Purchase of fuel, repair and maintenance, printing, stationery, office refreshments, telephone, travel and subsistence	1,000,000.00	Ongoing
7	Committee expenses	Payment of committee sitting allowances, transport and conference costs	756,896.55	Ongoing
8	CDFC / PMC Capacity building	Training CDFCs / PMCs on CDF related issues	700,000.00	Ongoing
	<b>SUB-TOTAL</b>	<b>On-going Projects</b>	<b>7,371,690</b>	
9	Gede Primary School	Purchase of a 32 seater school bus	6,500,000.00	Not started
10	Kilifi North Mitihani Centre	Complete construction of an examination centre (Doors, windows, painting & decoration)	1,500,000.00	Not started
	<b>SUB-TOTAL</b>	<b>Not Started Projects</b>	<b>8,000,000.00</b>	
	<b>GRAND-TOTAL</b>		<b>15,371,690</b>	

From the above analysis, the budget was not fully implemented as envisaged. The slow and lack of completion of projects may impact negatively on delivery of goods and service to the residents of Kilifi North Constituency.



### 3.0. Project Inspections

During the year under review, four (4) projects with a total allocation of Kshs.10,857,509 were visited for verification on 9 May 2018 and the following state of affairs of the specific projects were observed: -

	Name	Cost (Kshs.)	Project	Observations
1	Watamu Primary School PMC	1,000,000	Renovation of classrooms	verification confirmed that 4 classrooms were renovated. It was however observed that there were f cracks in the verandah and floors of the classrooms, some door hinges had been removed and some window grills were loose an indication of poor workmanship.
2	Gede Dispensary PMC	3,000,000	Renovation of mortuary	Physical verification of the project revealed that the PMC reallocated the funds to fencing of staff quarters, re-roofing/ceiling and painting of the administration/outpatient block, fitting of solar water heater system for the maternity block and purchase of water tank. There was no approval from the NG-CDF Board to reallocate the funds to other activities.
3	Ngala Memorial Girls Secondary	2,787,509	Renovation of a burnt dormitory	Physical verification of the project revealed that the PMC reallocated the funds to renovation of five classrooms without approval from the Board, which included Kshs 787,509.00 disbursed for extra works. The project was complete and was being used.
4	Deputy County Commissioner's office, Malindi Sub County PMC	3,800,000	Complete the construction of a social hall in Watamu - plastering, paint work, doors & windows (1,800,000.00), Purchas of Furniture & fittings for the social hall (1,000,000.00) & Fencing of social hall - 38m x 28m (1,000,000.00)	The project is complete and is in use though fencing not completed. The management should not have paid the whole amount since fencing work costing Kshs.1,000,000 had not been completed..
	<b>Total</b>	<b>10,587,509</b>		

Lack of proper supervision by the CDF Committee has led to poor workmanship to the detriment of the welfare the Kilifi North constituents. There is need, therefore, to ensure that all projects are properly supervised to ensure satisfactory completion of the projects.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or 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.

Those charged with governance are responsible for overseeing the National Government Constituencies Development Fund Company's financial reporting process.

## **Auditor-General's Responsibilities for the Audit of the Financial Statements**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 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.

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

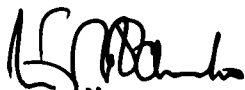
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue offering services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue offering 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 of the entities or business activities 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**

**12 July 2018**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NG-CDF board-AIEs' Received	1	145,735,972.70	70,000,000.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>145,735,972.70</b>	<b>70,000,000.00</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,965,539.50	1,959,320.00
Use of goods and services	5	10,621,361.45	8,788,121.00
Transfers to Other Government Units	7	83,280,035.48	41,502,448.00
Other grants and transfers	8	57,153,414.36	33,101,279.10
Acquisition of Assets	10	-	8,700,000.00
Other Payments	11	-	-
<b>TOTAL PAYMENTS</b>		<b>154,020,350.79</b>	<b>94,051,168.10</b>
<b>SURPLUS/DEFICIT</b>		<b>(8,284,378.09)</b>	<b>(24,051,168.10)</b>

KILIFI NORTH NG CDF  
P.O. Box 1852-80108  
DATE: 12/12/2017

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi North CDF financial statements were approved on 12/12/2017 and signed by:



**Chairman CDFC**



**Fund Account Manager**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2017**

**V STATEMENT OF FINANCIAL ASSETS**

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	12A	10,525,909.00	18,810,287.09
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<u>10,525,909.00</u>	<u>18,810,287.09</u>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd 1st July 2016</b>	13	18,810,287.09	42,861,455.19
<b>Surplus/Deficit for the year</b>		(8,284,378.09)	(24,051,168.10)
<b>Prior year adjustments</b>	14	-	-
<b>NET LIABILITIES</b>		<u>10,525,909.00</u>	<u>18,810,287.09</u>

**KILIFI NORTH NG CDF  
P.O. Box 1852 - 80108**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi North NG-CDF financial statements were approved on 30/06/2017 and signed by:



**Chairman CDFC**



**Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2017**

**VI STATEMENT OF CASHFLOW**

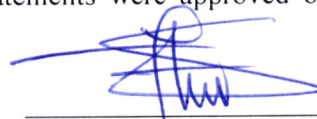
Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from NG-CDF Board	1	145,735,972.70	70,000,000.00
Other Receipts	3	-	-
Total		<u>145,735,972.70</u>	<u>70,000,000.00</u>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,965,539.50	1,959,320.00
Use of goods and services	5	10,621,361.45	8,788,121.00
Transfers to Other Government Units	7	83,280,035.48	41,502,448.00
Other grants and transfers	8	57,153,414.36	33,101,279.10
Other Payments	11	-	-
		<u>154,020,350.79</u>	<u>85,351,168.10</u>
<b>Adjusted for:</b>			
Adjustments during the year			
<b>Net cash flow from operating activities</b>		<b>(8,284,378.09)</b>	<b>(15,351,168.10)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	0
Acquisition of Assets	10	-	8,700,000.00
<b>Net cash flows from Investing Activities</b>		-	<b>(8,700,000.00)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(8,284,378.09)</b>	<b>(24,051,168.10)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	18,810,287.09	42,861,455.19
<b>Cash and cash equivalent at END of the year</b>	12A	<b>10,525,909.00</b>	<b>18,810,287.09</b>

KILIFI NORTH NG CDF  
P.O. Box 1952 - 80108

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi North NG-CDF financial statements were approved on DATE 13/07/2017 2017 and signed by:



**Chairman CDFC**



**Fund Account Manager**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2017**

**V11 SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

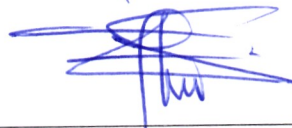
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	81,896,551.72	89,649,708.52	171,546,260.24	145,735,972.70	25,810,287.54	85
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
<b>PAYMENTS</b>						
Compensation of Employees	2,212,000.00	1,798,570.00	4,010,570.00	2,965,539.50	1,045,030.50	74
Use of goods and services	5,159,689.65	9,451,317.50	14,611,007.15	10,621,361.45	3,989,645.70	73
Committee Expenses				-	-	
Transfers to Other Government Units	39,780,035.48	54,682,550.00	94,462,585.48	83,280,035.48	11,182,550.00	88
Other grants and transfers	34,744,826.59	23,717,271.02	58,462,097.61	57,153,414.36	1,308,683.25	98
<b>TOTALS</b>	<b>81,896,551.72</b>	<b>89,649,708.52</b>	<b>171,546,260.24</b>	<b>154,020,350.79</b>	<b>17,525,909.45</b>	<b>90</b>

KILIFI NORTH NG CD  
P.O. Box 1852 - 80100  
KILIFI

The Kilifi North CDF financial statements were approved on DATE: 31.8.2017 and signed by:



**Chairman CDFC**



**Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

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**VIII SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NG-CD. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NG-CDF.

**2. Recognition of revenue and expenses**

The NG-CDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NG-CDF. In addition, the NG-CDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NG-CDF.

**3. In-kind contributions**

In-kind contributions are donations that are made to the NG-CDF 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 NG-CDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

*SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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**5. 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 NG-CDF 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.

**6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NG-CDF's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NG-CDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**7. Comparative figures**

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

**8. 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 June 30, 2016.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**IX NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
<b>1330407</b>	Normal Allocation			
		AIE NO. A796433		30,000,000.00
		AIE NO.A820576		20,000,000.00
		AIE NO A820970		20,000,000.00
		AIE NO.A825932	59,339,421.00	
		AIE NO.A829605	4,094,827.60	
		AIE NO.A855122	36,853,449.00	
		AIE NO.A839567	7,000,000.00	
		AIE NO.A855674	38,448,275.10	
<b>1330408</b>	Conditional grants	AIE NO...	0	0
		AIE NO...	0	0
<b>1330409</b>	Receipt from other Constituency			
	<b>TOTAL</b>		<b>145,735,972.70</b>	<b>70,000,000.00</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**4 COMPENSATION OF EMPLOYEES**

<b>2110000</b>	<b>COMPENSATION OF EMPLOYEES</b>		
	<b>Description</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
		<b>Kshs</b>	<b>Kshs</b>
2110201	Basic wages of contractual employees	2,169,337.10	1,947,320.00
2110202	Basic wages of casual labour	-	-
	<b>Personal allowances paid as part of salary</b>		
2110301	House allowance	-	-
2110314	Transport allowance	-	-
2110320	Leave allowance	-	-
2110326	Other personnel payments	-	-
2710120	gratuity	783,002.40	-
	<b>Contribution to NSSF</b>		
2120500	Employee contribution to NSSF	13,200.00	12,000.00
	<b>Total</b>	<b>2,965,539.50</b>	<b>1,959,320.00</b>

**5 USE OF GOODS AND SERVICES**

	<b>Description</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
		<b>Kshs</b>	<b>Kshs</b>
2210100	Utilities, supplies and services	5,822,603.45	2,591,436.00
2210104	Office rent	300,000.00	450,000.00
2210800	Committee allowance	1,970,777.00	
2210801	Training expenses	1,363,000	
2210802	Other Committee expenses	1,164,981.00	5,746,685.00
	<b>Total</b>	<b>10,621,361.45</b>	<b>8,788,121.00</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**7 TRANSFER TO OTHER GOVERNMENT ENTITIES**

	<b>Description</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
		<b>Kshs</b>	<b>Kshs</b>
2630204	Transfers to primary schools	55,192,525.50	23,682,448.00
2630205	Transfers to secondary schools	25,087,509.98	6,820,000.00
2630206	Transfers to Tertiary institutions	-	-
2630207	Transfers to Health institutions	3,000,000.00	11,000,000.00
	<b>TOTAL</b>	<b>83,280,035.48</b>	<b>41,502,448.00</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8 OTHER GRANTS AND OTHER PAYMENTS**

	<b>Description</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
		<b>Kshs</b>	<b>Kshs</b>
2640101	Bursary -Secondary	12,635,244.70	3,253,500.00
2640102	Bursary -Tertiary	13,254,500.00	3,180,909.00
2640104	Bursary-Special schools	-	-
2640105	Mocks & CAT	-	-
2640504	Water	2,000,000.00	3,500,000.00
2640505	Agriculture (food security)	-	-
2640506	Electricity projects	-	3,189,223.10
2640507	Security	9,900,000.00	3,000,000.00
2640508	Roads	6,500,000.00	3,500,000.00
2640509	Sports	1,787,931.00	2,300,000.00
2640510	Environment	2,480,911.06	1,910,000.00
2640511	Resource centres and Social Halls	4,500,000.00	3,500,000.00
2640200	Emergency Projects (specify)	4,094,827.60	5,767,647.00
	<b>Total</b>	<b>57,153,414.36</b>	<b>33,101,279.10</b>

**10 ACQUISITION OF ASSETS**

	<b>Non Financial Assets</b>	<b>2016- 2017</b>	<b>2015- 2016</b>
		<b>Kshs</b>	<b>Kshs</b>
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	-	-
3110302	Refurbishment of Buildings	-	-
3110701	Purchase of Vehicles	-	6,500,000.00
3110704	Purchase of Bicycles & Motorcycles	-	-
3110801	Overhaul of Vehicles	-	-
3111001	Purchase of Office furniture and fittings	-	2,200,000.00
3111009	Purchase of other office equipment	-	-
		-	-
	<b>Total</b>	<b>-</b>	<b>8,700,000.00</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 OTHER PAYMENTS**

	<b>2016 – 2017</b>	<b>2015 - 2016</b>
Debt owed to contractor for construction	-	-
Debt owed to contractor for renovation	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**12A: Bank Accounts (cash book bank balance)**

<b>Name of Bank, Account No. &amp; currency</b>	<b>2014 - 2015</b>	<b>2015 – 2016</b>
	<b>Kshs (30/6/2016)</b>	<b>Kshs (30/6/2015)</b>
<i>Cooperative Bank, Kilifi Branch A/C no.01141466629200</i>	10,525,909.00	18,810,287.09
<b>Total</b>	<b>10,525,909.00</b>	<b>18,810,287.09</b>

**13 BALANCES BROUGHT FORWARD**

	<b>2016 - 2017</b>	<b>2015 - 2016</b>
	<b>Kshs (1/7/2016)</b>	<b>Kshs (1/7/2015)</b>
Bank accounts	18,810,287.09	42,861,455.19
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>18,810,287.09</b>	<b>42,861,455.19</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**ANNEX 1 PENDING STAFF PAYABLES**

GRATUITY							
NAME OF STAFF	JOB GROUP	ORIGINAL AMOUNT	DATE PAYABLE CONTRACTED	AMOUNT PAID TO DATE	OUTSTANDING BALANCE AS AT 30/6/2017	COMMENTS	
		A	B	C			
Samson Saidi	B.	534,750.00	11/11/2016	311,550.00	223,200.00	Processing	
Faith Kasyoka	M.	241,800.00	11/11/2016	122,450.00	119,350.00	Processing	
Wilsper Mramba		139,500.00	11/11/2016	139,500.00	Nil	Nil	
Yahya Ahmed		331,700.00	11/11/2016	192,200.00	139,500.00	Processing	
Christine Muli	M.	305,040.00	11/11/2016	182,280.00	122,760.00	Processing	
Badi Shaban		179,800.00	11/11/2016	105,400.00	74,400.00	Processing	
				<b>1,053,380.00</b>	<b>679,210.00</b>		

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

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

<b>Asset class</b>	<b>Historical Cost (Kshs) 2016/17</b>	<b>Historical Cost (Kshs) 2015/16</b>	<b>Historical Cost (Kshs) 2014/15</b>	<b>Historical Cost (Kshs) 2013/14</b>
Land	-	-	-	-
Building & Structures	4,500,000.00	4,500,000.00	4,500,000.00	0.00
Transport equipment	6,500,000.00	6,500,000.00	-	-
Office equipment, furniture and fittings	4,480,956.90	4,480,956.90	2,280,956.90	280,956.90
ICT equipment, software and other ICT Assets	178,200	178,200	178,200	178,200
Other Machinery and Equipment			-	-
Heritage and cultural assets			-	-
Intangible Assets			-	-
<b>Total</b>	<b>15,659,156.90</b>	<b>15,659,156.90</b>	<b>6,959,156.90</b>	<b>459,156.90</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**ANNEX III PMC ACCOUNT BALANCES**

PMC PROJECT NAME	BANK	ACCOUNT NO	BANK BALANCE 2016/17	BANK BALANCE 2015/16	BANK BALANCE 2014/15
Mitangoni Primary School	COOPERATIVE	1109691675000			0
Soyosoyo Primary	COOPERATIVE	1141466230700			361.50
Kilifi Primary School	COOPERATIVE	1141466639500			925
Kibaoni Primary School	COOPERATIVE	1129465373000		1,407.48	
Ngerenya Primary	COOPERATIVE	1141466620000			7,980.50
Gede Primary School	COOPERATIVE	1100691301900			0
Old Ferry Nursery School	COOPERATIVE	114145935200			1,010.81
Matsangoni Primary School	COOPERATIVE	1129465372600			2,340.60
Dongo Kundu Dispensary	COOPERATIVE	1109691181800			199.5
Ngerenya Ap Post	COOPERATIVE	1141465369700			210
Buraq Primary School	COOPERATIVE	1109691662800		96,230.00	
Kiriba Primary School	COOPERATIVE	1109691649700		120.96	
Mnarani Primary School	COOPERATIVE	1109691666800		1,104.50	
Tezo Primary School	COOPERATIVE	1109691659000		1,001,113.41	
Ngala Primary School	COOPERATIVE	1109691659800		98,700.00	
Watamu Primary School	COOPERATIVE	1109691668401		0	
Watamu Primary School	COOPERATIVE	1109691668400		1,015.00	
Mawe Ya Kati Primary School	COOPERATIVE	1109691680800		55,647.23	
Mbaraka Chembe Primary School	COOPERATIVE	1109691437100		195.85	
Kanani Primary	COOPERATIVE	1109691662100		1423	
Mdzongoloni Primary School	COOPERATIVE	1109691661100		32.5	
Basi Primary School	COOPERATIVE	1109691666700		1,784	
Mkombe Primary School	COOPERATIVE	1109691659300		3,515	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

PMC PROJECT NAME	BANK	ACCOUNT NO	BANK BALANCE 2016/17	BANK BALANCE 2015/16	BANK BALANCE 2014/15
Mkombe Primary School	COOPERATIVE	1109691659301		10,065	
Mkongani Primary School	COOPERATIVE	1109691661600		0	
Kararacha Primary School	COOPERATIVE	1109691341800		10,690	
Kilodi Primary School	COOPERATIVE	1109691666200		965	
Madeteni Primary School	COOPERATIVE	1109691695900		0	
Chipande Primary School	COOPERATIVE	1109691638800		498,790	
Matsangoni Primary School	COOPERATIVE	1109691665800	128,977.50		
Mijomboni Primary School	COOPERATIVE	1109691508800	38,662.76		
Mkangagani Primary School	COOPERATIVE	1109691679001	0		
Gede Primary School	COOPERATIVE	1109691437400	0		
Timboni Primary School	COOPERATIVE	1109691668200		195	
Kibaoni Primary School	COOPERATIVE	1129465373000		1,407.48	
St. Thomas Girls Secondary School	COOPERATIVE	1109691719000		32,369	
Kilifi Township Secondary School	COOPERATIVE	1109691659900		1,999,615	
Jimba Secondary School	COOPERATIVE	1109691668300	0		
Takaungu Secondary School	COOPERATIVE	1109691665700	3,495		
Kadzinuni Secondary School	COOPERATIVE	1109691661500	1,347,690		
Mbaraka Chembe Secondary School	COOPERATIVE	1139263766700	1,500,000		
Marafiki Secondary School	COOPERATIVE	1109691684000		0	
Ngala Memorial Girls Secondary School	COOPERATIVE	1109691777300		12.95	
Canon Mweri Secondary School	COOPERATIVE	1109691659100		815	
F. B. Tuva Secondary School	COOPERATIVE	1141691550600		5,720	
Kizingo Jimba Road	COOPERATIVE	1109691798600		147.5	



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI NORTH  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

PMC PROJECT NAME	BANK	ACCOUNT NO	BANK BALANCE 2016/17	BANK BALANCE 2015/16	BANK BALANCE 2014/15
Kwa Davis - Professor Mwatela Road	COOPERATIVE	1109691440000		317.5	
Mnarani - Majajani Road	COOPERATIVE	1109691716700		340	
Mitangoni - Mwakuhenga Road	COOPERATIVE	1109691716600		0	
Tezo - Beach Road	COOPERATIVE	1109691439800		381.65	
Gede Forest - Dabaso Road	COOPERATIVE	1109691716800		0	
Konjora Dispensary	COOPERATIVE	1109691437000		0	
Konjora Dispensary	COOPERATIVE	1109691437500		0	
Dongo Kundu Dispensary	COOPERATIVE	1109691181800		199.58	
Gede Dispensary	COOPERATIVE	1109691782500		7,951.50	
Cowdrey Dispensary	COOPERATIVE	1109691437200		0	
Uyombo Water Project	COOPERATIVE	1134466883200		875	
Kwa Kassim - Ngala Girls Water Project	COOPERATIVE	1109691703000		395	
Mawe Ya Kati Water Project	COOPERATIVE	1109691437300		92.5	
Mayungu Police Post	COOPERATIVE	1109691898300		1,499,862.50	
Watamu Chief's Office	COOPERATIVE	1109691708500		560	
Watamu Social Hall	COOPERATIVE	1109691735300		223,102.50	
Gede Resource Centre	COOPERATIVE	1109691897800		10,172.50	
Mnarani Primary School	COOPERATIVE	1109691666800		1104.5	
Mawe Ya Kati Primary School	COOPERATIVE	1109691680800		55,647.23	
Mdzongoloni Primary School	COOPERATIVE	1109691661100		32.5	
Matsangoni Primary School	COOPERATIVE	1109691665800		128,977.50	
Mkangagani Primary School	COOPERATIVE	1109691679000		110	
Mkomani Primary School	COOPERATIVE	1109691662400	84.5		

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Mkomani Primary School	COOPERATIVE	1109691662401	37.5		
Mwakuhenga Primary School	COOPERATIVE	1109691878500	29,065		
Nzombere Primary School	COOPERATIVE	1109691877400	321		
Kirepwe Primary School	COOPERATIVE	1109691877600	91,395		
Mbogolo Primary School	COOPERATIVE	1109691877500	419,450.00		
Mbogolo Primary School	COOPERATIVE	1109691887400	799,890.00		
Mitangoni Primary School	COOPERATIVE	1109691880900	3,762.45		
Dongo Kundu Primary School	COOPERATIVE	1109691877700	31,245.00		
Mkwajuni Primary School	COOPERATIVE	1109691880000	2,092.50		
Vuma Primary School	COOPERATIVE	1109691882300	29,398.50		
Tezo Primary School	COOPERATIVE	1109691659000		1,001,113.41	
Takaungu Primary School	COOPERATIVE	1109691883300	799,890		
Makonde Primary School	COOPERATIVE	1109691888300	81,001		
Arabuko Primary School	COOPERATIVE	1109691873100	0		
Gede Primary School	COOPERATIVE	1109691885300	6,499,862.50		
Marafiki Boarding Primary School	COOPERATIVE	1109691878300	6,499,862.50		
Jimba Secondary School	COOPERATIVE	1109691668300	0		
Kadzinuni Secondary School	COOPERATIVE	1109691661500	1,347,690		
Ngala Memorial Girls Secondary School	COOPERATIVE	1109691777300		12.95	
Canon Mweri Secondary School	COOPERATIVE	1109691659100		815.00	
F. B Tuva Secondary School	COOPERATIVE	1141691550600	5,720		
Mnarani Secondary School	COOPERATIVE	1109691754600	140,997.50		
Matsangoni Ap Post	COOPERATIVE	1109691661700	10		
Mdzongoloni Chief's Office	COOPERATIVE	1109691883000	1,486.15		
Mnarani Chief's Office	COOPERATIVE	1109691888000	699,890		



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Mida Chief's Office	COOPERATIVE	1109691879400	3,652.50		
Deputy County Commissioner's Office, Malindi Sub County	COOPERATIVE	1109691879900		1,299,285.00	
Chumani Primary School	NATIONAL	1001068242600			1,773.00
Dabaso Primary School	NATIONAL	1001068218600			4,750.00
Dabaso Primary School	NATIONAL	1001068218400			920.00
Canon Mweri Secondary School	NATIONAL	1001068218800			3,460.00
Mnarani Secondary School	NATIONAL	1285068256600			4,200.00
KILIFI PRIMARY SCHOOL	DTB	0024807001			

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**ANNEX IV**

Reference No. on the external audit Report	Issue/Observation from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (
MSA/NG-KILIFI NORTH/CDF/2015/2016/VOL 1 (2)	<p><b>1. Cash and Cash Equivalent</b></p> <p><b>1.1 Bank Balances</b></p> <p>The statement of financial assets as at 30 June 2016 reflects a bank balance of Kshs.18,810,287. However, bank reconciliation statement presented for audit review reflected un-presented cheques amounting to Kshs. 2,646,024, out of which Kshs. 426,000 were stale and not reversed in cash book as at 30 June 2016. Further, bank charges of Kshs.36,983.89 were included in the bank reconciliation statement and therefore omitted in these financial statements.</p> <p>Consequently, the accuracy and completeness of the bank balance of Kshs.18,810,287 as at 30 June 2016 could not be confirmed.</p>				
		<p>The amount that was un-presented by 30<sup>th</sup> June 2016 are mostly amounts relating to bursary issued to needy students. The delay in cheque presentation is attributed to students and parents who keep the cheques for a long period of time before they present them to the respective banks.</p> <p>However, as at 31<sup>st</sup> March 2017, all these cheques had been reversed and replaced with an exception of cheque number 984, 1001, 1246, 1323, 1334, 1476, 1503, 1515, 1547, 1554 giving a total of Kshs 98,000.</p> <p>Therefore only then cheques mentioned above still appear as un-presented and stale as at 31<sup>st</sup> March 2017. To deal with this challenge, the NG-CDFC</p>	Yaye Shosi Fund Account Manager	Resolved	



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		<p>has been advised to replace the remaining stale cheques by the end of April 2017.</p> <p>The CDFC has further resolved to ensure that all bursary cheques are delivered to the respective banks on behalf of the students and institutions in good time to solve the problem of un-presented cheques in future.</p>		
		<p>Cheques totalling to Kshs 426,000 which were reversed on 27 July 2016 do not appear in the year of review because 27<sup>th</sup> July 2016 falls within financial year 2016/2017 and not 2015/2016. Consequently, these will appear in the 2016/2017 financial statement.</p> <p>Kshs 36,983.89 being bank charges appear in the reconciliation statement because the voucher for cumulative bank charges had not been prepared on a monthly basis and the amount had to be presented in the reconciliation statement. However, in future a voucher for bank charges will be raised on a monthly basis to avoid accumulation of bank charges and consequently avoid including bank charges in the bank reconciliation statements.</p> <p>Appendix 001 and 002 being cash book extracts for the month of August 2016 and February 2017 have been attached herein</p>		
	<p><b>1.2 Cash Balance</b></p>			
	<p>The statement of financial assets as at 30 June 2016 reflects a nil cash balance. However, Board of Survey Certificate on cash was not availed for audit review.</p>	<p>Board of Survey Report and certificate on cash for 2015/2016 financial year will be availed as soon as</p>	<p>Yaye Shosi Fund Account Manager</p>	<p>Not resolved  One month</p>

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	<p>As a result, the accuracy and completeness of the nil cash balance as at 30 June 2016 could not be confirmed.</p>	<p>it is received from the District Treasury.</p>																																										
<p><b>1.0 Budgetary Controls and Performance</b></p> <p>During the year under review, the Fund had a final budget of Kshs.183, 700,877 but received only Kshs. 70,000,000 38%from the National Government – Constituency Development Board. The Fund had actual expenditure amounting to Kshs. 94,051,168.10 51% of the budget as detailed below:</p> <table border="1" data-bbox="600 1155 1114 1845"> <thead> <tr> <th>Vote Item</th> <th>Final Budget (Kshs)</th> <th>Actual on Comparable Basis (Kshs)</th> <th>Budget Under Utilization (Kshs)</th> <th>Under Absorption %</th> </tr> </thead> <tbody> <tr> <td>Compensation of Employees</td> <td>5,682,720</td> <td>1,959,320</td> <td>3,723,400</td> <td>66</td> </tr> <tr> <td>Use of goods and services</td> <td>13,443,306</td> <td>8,788,121</td> <td>4,655,185</td> <td>35</td> </tr> <tr> <td>Transfers to Other Government Units</td> <td>83,002,448</td> <td>41,502,448</td> <td>41,500,000</td> <td>50</td> </tr> <tr> <td>Other grants and transfers</td> <td>72,872,402</td> <td>33,101,279</td> <td>39,771,123</td> <td>55</td> </tr> <tr> <td>Social Security Benefits</td> <td>13,800</td> <td>12,000</td> <td>1,800</td> <td>13</td> </tr> <tr> <td>Acquisition of Assets</td> <td>8,700,000</td> <td>8,700,000</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>TOTALS</b></td> <td><b>183,700,877</b></td> <td><b>94,051,168</b></td> <td><b>89,649,709</b></td> <td><b>49</b></td> </tr> </tbody> </table> <p>From the above analysis, there was an under absorption of Kshs.89, 649,709 49%. The underutilization of the budget implies development projects earmarked for implementation were not undertaken which affects delivery of goods and services to the citizens of the constituency.</p>	Vote Item	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Under Utilization (Kshs)	Under Absorption %	Compensation of Employees	5,682,720	1,959,320	3,723,400	66	Use of goods and services	13,443,306	8,788,121	4,655,185	35	Transfers to Other Government Units	83,002,448	41,502,448	41,500,000	50	Other grants and transfers	72,872,402	33,101,279	39,771,123	55	Social Security Benefits	13,800	12,000	1,800	13	Acquisition of Assets	8,700,000	8,700,000	0	0	<b>TOTALS</b>	<b>183,700,877</b>	<b>94,051,168</b>	<b>89,649,709</b>	<b>49</b>	<p>The underutilization of the budget is mainly attributed to slow disbursement of funds from the NG-CDF Board. As at 30<sup>th</sup> June 2016, only 50% of the funds had been disbursed hence the delay in project implementation.</p> <p>However, the NG-CDF Committee has resolved to push for faster funds disbursement from the NG-CDF Board. The issue has also been addressed in a number of NG-CDF workshops to avoid future delays in funds disbursement</p>	<p>Zeinab Rajab NG-CDFC Chair person</p>	<p>Not resolved</p>	<p>One month</p>
Vote Item	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Under Utilization (Kshs)	Under Absorption %																																								
Compensation of Employees	5,682,720	1,959,320	3,723,400	66																																								
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<b>TOTALS</b>	<b>183,700,877</b>	<b>94,051,168</b>	<b>89,649,709</b>	<b>49</b>																																								
	<p><b>2.0 Project Implementation</b></p>																																											



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The project status report available for audit review indicated that a total of Kshs.96,844,320 was allocated for sixty three (63) projects while disbursements to these projects totalled Kshs.72, 946,080.10. Further, out of sixty three (63) projects, nine (9) projects with total allocation of Kshs.24,772,649 had not been completed as detailed below:

Project Name	Projects /Activities	Description	Allocation Kshs	Current Status
1	Bursary	Bursary to needy students	10,342,649	On going
2	Kizingo Police Post Pmc	Fencing of police post	1,000,000	On going
3	Soyo Soyo Pry Pmc	Tree planting at soyo soyo primary school	530,000	Not started
4	East Camar Env Group	Tree planting	400,000	Not started
5	Mkenge Social Hall Pmc	Resource centre	3,000,000	Not started
6	Konjora Dispensary	Installation of electricity	1,000,000	Complete but not in use
7	Mbaraka Chembe Pry Pmc	Construction of class rooms	1,000,000	Complete but not in use
8	Chumani Sec Pmc	Construction of class rooms	6,000,000	Complete and not in use
9	Chumani Sec Pmc	Construction of class rooms	1,500,000	Not started
<b>Total</b>			<b>24,772,649</b>	

From the above, the budget was not fully implemented as envisaged. This has resulted to projects not being implemented as planned, slow and lack of completion of projects to the detriment of service provision to the residents of Kilifi North Constituency.

The budget was not fully implemented due to late disbursements from the National Government Constituencies Development Fund Board. However this issue has been addressed and the NG-CDF Committee expects faster disbursements in future hence better utilization and faster project implementation.

Zeinab Rajab  
 NG-CDFC Chair person

Resolved

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**3.0. Project Inspections**

During the year under review, ten (10) projects worth Kshs.23,400,000 were visited for verification and the following state of affairs of the specific projects were observed:-				Yaye Shosi Fund Account Manager	Resolved
Name	Cost (Kshs.)	Project	Observations		
1	Cowdrey Dispensary 1,000,000	Renovation of dispensary (maternity wing)	The project is but the plumbing works and drainage system is not functioning as there is a leakage rendering the wall where the leakage is to develop mold.	Individual project remarks have been provided in the remarks column above. In order to ensure quick implementation of projects, PMC members are taken through training programmes where they are trained on procurement and project implementation skills among other issues. NG-CDFC members also have been advised to do more consultation with relevant government departments to ensure that completed projects are staffed, equipped and utilized. PMCs have also been discouraged from un-necessary changing of project activities.	
2	Dongo Kundu Dispensary 4,000,000	Construction of a dispensary	The project is complete but it's not in use. The abandoned building is in bad state as cracks have started forming through the walls while the floor is peeling off. The dispensary has neither equipment nor staff.		
3	Dongo Kundu Dispensary 1,500,000	Installation of power and water works	The project is complete. However, there is neither water nor electricity in place.		
4	Mkangani Primary School 600,000	Construction of a 4No. door pit latrine	The project is complete but it has not been handed over.		
5	Mkangani Primary School 1,000,000	Renovation of 8No. classrooms	Doors have not been installed although they are on site.		
6	Mkangani Primary Schools 1,500,000	Renovation of 3No. classrooms	The classrooms have been renovated but they have not been handed over. The floor is peeling off.		



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7	Kararacha Primary School	4,800.00	Construction of 4No. classrooms	The classrooms have been constructed but they have not been handed over. The floor is peeling off.			
8	Mbaraka Chembe Primary School	1,000.00	Construction of a toilet block	The toilet block has been constructed but they have not been handed over.			
9	F.B Tuva Secondary School	2,000.00	Construction of 2No. classrooms	The project is complete but it has been turned to a staff room thus not used as intended.			
10	Chuman Secondary School	6,000.00	Complete construction of a dormitory	The project is 95% complete.			
	<b>Total</b>	<b>23,400.00</b>					

The reasons given for slow or non-implementation of the projects was that funds from the CDF Board were not received in good time. However, most projects completed remain un-utilized because other government agencies do not come in to hire staff or equip the project such as the dispensaries. This is an indication of lack of proper consultation with relevant government departments before coming up with projects which require the relevant departments to equip the project and allocation of funds to non-deserving projects at the expense of priority projects.

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**ANNEX V AMOUNT DUE FROM THE NG-CDF BOARD**

<b>FINANCIAL YEAR</b>	<b>2016/2017</b>	<b>2015/2016</b>	<b>TOTAL</b>
<b>AMOUNT</b>	2,500,000.00	4,500,000.00	7,000,000.00