

REPUBLIC OF KENYA



29 AUG 2018

PAPER LAID

OFFICE OF THE AUDITOR-GENERAL

*Paper laid on the
Table of the
House by the
Leader of the
Majority Party on
Wednesday*

REPORT

OF

THE AUDITOR-GENERAL

29/08/2018

ON

(Afternoon)

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

**FOR THE YEAR ENDED
30 JUNE 2017**



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MSAMBWENI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MSAMBWENI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

Table of Content

Page

I.KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II.FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDF)	3
III.STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES	4
IV.STATEMENT OF RECEIPTS AND PAYMENTS	5
V.STATEMENT OF ASSETS	6
VI.STATEMENT OF CASHFLOW	7
VII.SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	8
VIII.SIGNIFICANT ACCOUNTING POLICIES	9-10
IX. NOTES TO THE FINANCIAL STATEMENTS	11-28

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MSAMBWENI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government *Constituencies Development Fund (NG-CDF)* was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2015.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

(b) Key Management

The *Msambweni 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 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Peter M. Mwaighonda
3.	Accountant	Peter Musila
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG- CDF Board provide overall fiduciary oversight on the activities of Msambeni 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.

(e) MSAMBWENI NG-CDF Headquarters

P.O. Box 243-80400
NG-CDF office
Likoni/lungalunga road
Ukunda, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MSAMBWENI
CONSTITUENCY**

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

(f) MSAMBWENI NG- CDF Contacts

Telephone: (254) 726594728
E-mail: msambweningcdf.go.ke
Website: www.go.ke

(g) MSAMBWENI NG- CDF Bankers

Cooperative Bank of Kenya
Ukunda Branch
Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

Include among others the following:

- The budget utilization difference was caused by previous financial year funds which were received in this financial year
- the NG CDF fund has improved the community through funding of educational projects. in this financial year we have constructed a full secondary school through the fund.

Sign



CHAIRMAN NG-CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MSAMBWENI
CONSTITUENCY**

**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 agency shall prepare financial statements in respect of that agency. 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.

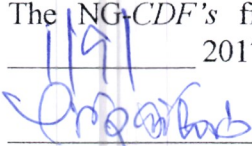
The Accounting Officer in charge of the Msambweni National Government Constituency Development Fund is responsible for the preparation and presentation of the Msambweni NG-CDF financial statements, which give a true and fair view of the state of affairs of the Msambweni NG-CDF for and as at the end of 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 Msambweni 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 NG-CDF's financial position as at that date. The Accounting Officer charge of the Msambweni 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.

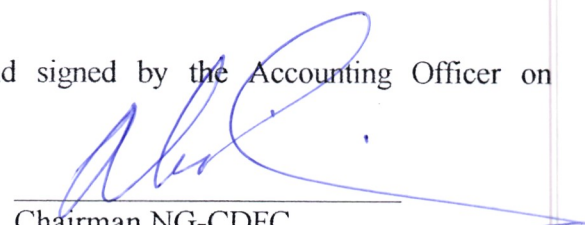
The Accounting Officer in charge of the Msambweni NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible purposes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

Approval of the financial statements

The NG-CDF's financial statements were approved and signed by the Accounting Officer on _____ 2017.



Fund Account Manager



Chairman NG-CDFC

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Msambweni Constituency set out on pages 5 to 28, which comprise the statement of 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 - Msambweni 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, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that, nothing 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

1.0 Unsupported Use of Goods and Services

The statement of receipts and payments reflects payments for use of goods and services amounting to Kshs.8,917,000 as detailed at note 5 to the financial statements. Included in this amount is domestic travel and subsistence of Kshs.824,700, training

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

expenses of Kshs.1,111,000 and committee expenses of Kshs.4,567,160. However, these expenses were not supported with schedules indicating the respective payment details.

Consequently, it has not been possible to confirm the propriety of Kshs.6,502,860 expenditure incurred for the year ended 30 June 2017.

2.0 Transfer to Other Government Entities

2.1 Payments for Works Not Done

The statement of receipts and payments for the year ended 30 June 2017 reflect a transfer to other government entities balance of Kshs.97,884,803. This amount includes transfer to primary schools of Kshs.41,264,803, secondary schools of Kshs.26,420,000 and tertiary institutions of Kshs.30,200,000 as detailed in note 6 to the financial statements. However, physical verification during the month of May 2018 revealed that payments totaling to Kshs.17,282,120 had been paid for works that had either not been done or partly done as detailed below;

	Project Name	Allocation	PMC Payments	Project status	Works not done
1	Darigube Primary School – Construction of 2No. classrooms	2,700,000	1,897,948	Fully paid and in use	Rain water disposal – Kshs.139,300 Tiles skirting – Kshs.10,800 Ceiling boards – Kshs.85,800
2	Milalani Primary School – Renovation of 7no. classrooms	3,500,000	3,499,000	Fully paid and in use	Contractor used steel doors and frames instead of hardwood – 115,500 (doors) + 46,200 (frames) Windows BQ 35No. but fitted 22 No – ksh222,600
3	Magaoni Primary School – Renovation of 3No. classroom	1,200,000	1,200,000	Fully paid and in use	Steel beams along walk ways –Kshs.9,600 Used 30G instead of 28G for roofing sheets – Kshs.141,000 Notice board – Kshs.3,300 Floor skirting – Kshs.26,250 Window fabric mesh – Kshs.25,200 Eaves & gable filling – Kshs.22,500
4	Mwabungo Primary School – Construction of an Administration Block	1,000,000	Not supported	Fully paid and in use	Eaves filling – Kshs.5,400 Fitted 2 No. steel doors instead of 2 No. hardwood – 9,000 Used steel door frames instead of hardwood – 15,000

						Fitted 6 No. wooden windows with frames and louvres instead of Aluminum casement windows size 2000x1500mm (12No.) & 500x1500mm (20No.) – 50,000 Skirting –Kshs.6,525
5	Gombato Boys Secondary – Construction of Dormitory	2,800,000	2,799,000	Fully paid and in use		Used 30G roofing sheets instead of 28G –Kshs. 192,000
6	Gazi Chief's Office – Construction of a Chief's Office	1,500,000	1,500,000	Fully paid and in use		Ceramic floor tiles – Kshs.153,000 UPVC drain water pipes – 7,200 UPVC accessories (goose neck & shoe) – Kshs.2,000
7	Madago Primary School	2,500,000	2,470,551	Fully paid and in use		Used steel for 5 No. doors instead of hardwood – Kshs.87,500 Used steel for door frames instead of hardwood – 49,500 Used 30G for roofing sheets instead of 28G – Kshs.95,100 Windows BQ 25No. but done 19No. less 6No windows @ 13,500 = Kshs.81,000
8	Mwamambi Primary School – Renovation of 3no. classrooms	1,500,000	1,499,000	Fully paid and in use		Used 30G roofing sheets instead of 28G – Kshs.210,000 Windows BQ 12No. but done 10No –Kshs.27,000
9	Mkwakwani Primary School	2,400,000	2,384,000	Fully paid and in use		Rain water disposal – Kshs.63,000 Skirting –Kshs.4,050 Fitted 2No. steel doors instead of hardwood
	Total		17,282,120			

Under the circumstances it has not been possible to confirm regularity of Kshs.17,282,120 incurred on transfer to other Government entities for the year ended 30 June 2017.

2.2 Transfer to Youth and Opportunity Centre Project

The statement of receipts and payments for the year ended 30 June 2017 reflect a transfer to other government entities balance of Kshs.97,884,803. Included in this

amount is Kshs.30,200,000 being transfers to tertiary institutions out of which Kshs.20,000,000 was transferred to a project management committee for construction of Msambweni Youth Opportunity Centre. A review of the records availed for audit revealed the following anomalies.

- i. Tender evaluation held on 18 November 2016 indicated bidder number 2, 3 and 4 did not submit tax compliance and VAT compliance certificates and were therefore, disqualified at that stage.
- ii. The evaluation committee proceeded to award the tender to a contractor having submitted the lowest quote of Kshs.60,125,880 of the two remaining bidders.
- iii. It was observed that, a contract agreement had been drafted by 8 November 2016 prior to the tender evaluation and award. The agreement indicated that the contractor signed the document on 7 December 2016 whereas the PMC did so on 6 April 2017, four months later. The contract period was indicated to be 6 months from the date given on the contract which translates to 7 June 2017.
- iv. Tender documents including company profiles attached to the bids revealed that bidders number 2 and 5 despite submitting different quotes were actually owned and operated by the same shareholders. The audited financial statements attached to the bids for the two firms revealed that one directors had a substantive control shareholding on both firms.
- v. Examination of the project management committee file revealed that the Fund had embarked to construct the project on a piece of land without securing ownership of the same. The title deed and details of the search, valuation and transfer were not availed for audit review.
- vi. A site verification on 24 May 2018 revealed that even though the contractor's equipment were still on site, no construction work was on going with the project at the ring beam level with 33% of the payment made to the contractor. This was 11 months after the completion period.

Under the circumstances, the propriety of Kshs.20,000,000 transferred to other Government entities for construction of youth opportunity Centre Project for the year ended 30 June 2017 could not be confirmed.

2.3 Transfer to Dori Secondary School Project

The statement of receipts and payments reflect a transfer to other government entities balance of Kshs.97,884,803. Included in this amount is Kshs.26,420,000 being transfers to secondary schools out of which Kshs.9,000,000 was transferred to a project management committee for completion of Dori Secondary School and Kshs.700,000 for the construction of a perimeter fence. As reported in the previous year, included in the

transfers to other government entities is Kshs.12,000,000 for proposed construction of laboratory, dormitory, six classrooms, pit latrine, kitchen and administration block at Dori Secondary School. Physical verification on 24 May 2018 revealed that despite the contractor having been paid full contract sum and works certified complete, works amounting to Kshs.4,375,648 remain unfinished as detailed below;

Building	Description of Works	Physical Verification	Cost
Dormitory	Roofing 28G	Fitted 30G	289,000
	Gutters 28G	Not fitted	32,670
	UPVC down pipes	Not fitted	2,016
	Neck bends & shoe	Not fitted	1,344
	96 windows	Fitted 12 windows	804,000
	Floor skirting	Not done	3,375
Laboratory	Roofing 28G	Used 30G	175,100
	Rainwater harvesting – gutters	Not done	20,230
	Gutters accessories	Not done	6,017
	Painting of gutters and accessories	Not done	3,510
	57 windows	Fitted 15 windows	412,050
	Floor skirting	Not done	1,408
	Fume cupboard extract fan	Not fitted	4,000
	Sinks 27	Fitted 22	202,500
	Water supply 27 sinks	Fitted 22	48,462
	Gas supply 27 sinks	Fitted 22	14,600
	Drainage 27 sinks	Fitted 22	10,368
	Gas tubing 27 sinks	Fitted 22	5,697
	16 Bunsen burners	Not supplied	16,000
	16 Bunsen burner pipes	Not supplied	1,600
	Testing & commissioning	Not done	3,000
6 No. Classrooms	93 No. Windows	Fitted 30	673,350
	Rain water disposal	Not done	81,596
	Floor skirting	Not done	2,430
Administration on Block	32 No. windows	Fitted 8	227,800
	Window grille 32No windows	Not done	113,900
	Floor skirting	Not done	1,305
1No. 9 door Pit Latrine with urinals	1No. 9 door4 Pit Latrine with urinals	Not done	568,120
Prime Cost Sums	Construction of Kitchen	No BQ for structure	650,000
		Total	4,375,448

Under the circumstances, the propriety of expenditure of Kshs.4,375,448 transferred to other Government entities for the year ended 30 June 2017 could not be confirmed.

3.0 Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets amounting to Kshs.500,000. This amount relates to acquisition of land. The agreement for sale availed for audit verification indicate that the purchase consideration was Kshs.500,000. However, the fixed asset schedule at annex 4 excludes cost of land acquired during the year ended 30 June 2017.

Consequently, the summary of fixed asset register as at 30 June 2017 is not up to date and the management is in breach of the law.

4.0 Cash and Cash Equivalents

The statement of assets as at 30 June 2017 reflects a bank balance of Kshs.5,950,593. However, bank reconciliation availed for audit indicated there were unrepresented cheques amounting to Kshs.1,665,347 out of which Kshs.24,800 were stale and not reversed in cash book. Further, subsequent bank statements were not availed to confirm when these cheques cleared.

In addition, payments in bank statements not recorded in cashbook amounted to Kshs.12,000 were included in the bank reconciliation, although the management has explained that these were errors in the bank statement these errors had not been corrected despite of numerous correspondence between the bank and the management.

Consequently, the accuracy and validity of the cash and cash equivalent balance of Kshs.5,950,593 as at 30 June 2017 could not be confirmed.

5.0 Prior Year Adjustments

The statement of assets as at ended 30 June 2017 reflects prior year adjustment of Kshs.500,000. This is in contravention of the International Public Sector Accounting Standard No 3 which requires that the amount of correction of an error that relates to prior period should be reported by adjusting the opening balance of accumulated surplus or deficit.

Consequently, the prior year adjustment of Kshs.500,000 is not in line with the accounting standards.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Msambweni Constituency in accordance with ISSAI 30 on Code of

Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

During the period under review National Government Constituencies Development Fund - Msambweni Constituency had a final budget of Kshs.161,091,107 and spent Kshs.155,140,514 or 96% resulting to under absorption of Kshs.5,950,593 or 4% as summarized below;

Expenditure Item	Budgeted (Kshs.)	Actual Expenditure (Kshs.)	Under Absorption (Kshs.)	Under Absorption (%)
Compensation of Employees	3,417,704.00	2,988,333.00	429,371.00	13%
Use of goods and services	9,760,498.00	8,917,000.00	843,498.00	9%
Transfers to Other Government Units	98,470,357.00	97,884,803.00	585,554.00	1%
Other grants and transfers	47,942,548.00	43,850,378.00	4,092,170.00.00	9%
Acquisition of Assets	500,000.00	500,000.00		
Other Payments	1,000,000.00	1,000,000.00	-	
Totals	161,091,107.00	155,140,514.00	5,950,593.00	4%

The under absorption of Kshs.5,950,593 or 4% is an indication that goods and services to residents of Msambweni Constituency were not delivered as planned.

2.0 Project Implementation Status

The projects status report availed for audit review indicated that a total of Kshs.110,067,361.14 was approved for forty-eight (48) projects by the National Government Constituencies Development Fund Board for projects implementation out of which Kshs.106,500,180.55 was disbursed.

A review of the project status report indicated that:

- i. Thirty-nine (39) projects with an allocation of Kshs.85,000,180.55 were initiated and completed during the year under review.
- ii. Two (2) projects with a total allocation of Kshs.21,500,000 were on going.
- iii. Nine (9) projects were reallocated to seven costing Kshs.13,215,378.

3.0 Projects Verification

During the audit, twelve (12) projects with a total disbursement of Kshs.58,800,000 were inspected in the month of May 2018 and various issues were noted as indicated below:

	Project Name	Allocation	PMC Payments	Project Status	Works Not done
1	Darigube Primary School – Construction of 2No. classrooms	2,700,000	1,856,569	Fully paid and in use	Rain water disposal – 139,300 Tiles skirting – 10,800 Ceiling boards – 85,800
2	Milalani Primary School – Renovation of 7no. classrooms	3,500,000	3,499,000	Fully paid and in use	Contractor used steel doors and frames instead of hardwood – 115,500 (doors) + 46,200 (frames) Windows BQ 35No. but fitted 22 No – 222,600
3	Magaoni Primary School – Renovation of 3No. classroom	1,200,000	1,200,000	Fully paid and in use	Steel beams along walk ways – 9,600 Used 30G instead of 28G for roofing sheets – 141,000 Notice board – 3,300 Floor skirting – 26,250 Window fabric mesh – 25,200 Eaves & gable filling – 22,500
4	Mwabungo Primary School – Construction of an	1,000,000	Not supported	Fully paid and in use	Eaves filling – 5,400 Fitted 2 No. steel doors instead of 2 No. hardwood

	Administration Block				– 9,000 Used steel door frames instead of hardwood – 15,000 Fitted 6 No. wooden windows with frames and louvres instead of Aluminum casement windows size 2000x1500mm (12No.) & 500x1500mm (20No.) – 50,000 Skirting – 6,525
5	Gombato Boys Secondary – Construction of dormitory	2,800,000	2,799,000	Fully paid and in use	Used 30G roofing sheets instead of 28G – 192,000
6	Gazi Chief's office – Construction of a chief's office	1,500,000	1,500,000	Fully paid but not in use	Ceramic floor tiles – 153,000 UPVC drain water pipes – 7,200 UPVC accessories (goose neck & shoe) – 2,000
7	Madago Primary School	2,500,000	2,470,551	Fully paid and in use	Used steel for 5 No. doors instead of hardwood – 87,500 Used steel for door frames instead of hardwood – 49,500 Used 30G for roofing sheets instead of 28G – 295,100 Windows BQ 25No. but done 19No. less 6No windows @ 13,500 = 81,000
8	Mwamambi Primary School – Renovation of 3no. classrooms	1,500,000	1,573,000	Fully paid and in use	Used 30G roofing sheets instead of 28G – 210,000 Windows BQ 12No. but done 10No – 27,000
9	Mkwakwani Primary School	2,400,000	2,384,000	Fully paid and in use	Rain water disposal – 63,000 Skirting – 4,050 Fitted 2No. steel doors instead of hardwood
10	Msambweni Technical Vocational Centre	10,000,000	10,000,000	Complete but not in use	Co-funding with Voi CIT
11	Dori Girls'	9,700,000	9,700,000	Fully paid	Works amounting to Kshs

	Secondary			and in use	4,375,648 paid for but not done.
12	Msambweni Youth and Opportunity Centre	20,000,000	20,000,000	At ring beam stage	Works have stalled
	Total	58,800,000	56,982,120		

The project management committee need to improve on supervision to ensure value for money on 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 National Government Constituencies Development Fund - Msambweni Constituency's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends 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.

Those charged with governance are responsible for overseeing Fund's financial reporting process.

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

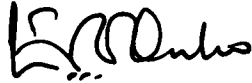
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Supreme Audit Institutions (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.

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 National Government Constituencies Development Fund-Msambweni Constituency'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 National Government Constituencies Fund- Msambweni 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 Constituencies Fund- Msambweni Constituency to cease 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 Constituencies Fund- Msambweni 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

06 July 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MSAMBWENI
CONSTITUENCY**

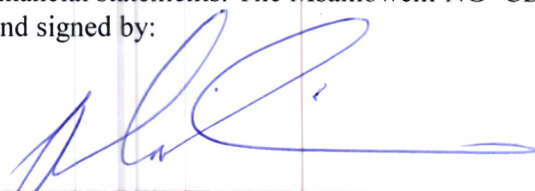
Reports and Financial Statements

For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	145,636,140.00	86,705,735.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	52,000.00	
TOTAL RECEIPTS		145,688,140.0	86,705,735.00
PAYMENTS			
Compensation of employees	4	2,988,333.00	1,834,720.00
Use of goods and services	5	8,917,000.00	7,773,827.00
Transfers to Other Government Units	6	97,884,803.00	59,500,000.00
Other grants and transfers	7	43,850,378.00	24,397,609.00
Acquisition of Assets	8	500,000.00	2,500,000.00
Other Payments	9	1,000,000.00	2,000,000.00
TOTAL PAYMENTS		155,140,514.00	98,006,156.00
SURPLUS/DEFICIT		(9,452,374.00)	(11,300,420.)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Msambweni NG- CDF financial statements were approved on 11/9/17 2017 and signed by:



Chairman – NG-CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MSAMBWENI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	5,950,593.00	14,639,107.00
Cash Balances (cash at hand)	10B	0	0
Total			14,639,107.00
Outstanding Imprests	11	0	263,860.00
TOTAL FINANCIAL ASSETS		5,950,593.00	14,902,967.00
REPRESENTED BY			
Retention			
Fund balance b/fwd 1st July...	13	14,902,967.00	26,203,387.00
Surplus/Deficit for the year		(9,452,374.00)	(11,300,420.00)
Prior year adjustments	14	500,000.00	
NET LIABILITIES		5,950,593.00	14,902,967.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Msambweni NG- CDF financial statements were approved on 17/9/17 2017 and signed by:



Chairman NG-CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MSAMBWENI
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 CDF Board	1	145,636,140.00	86,705,735.35
Other Receipts	3	52,000.00	
Payments for operating expenses			
Compensation of Employees	4	2,988,333.00	1,834,720.00
Use of goods and services	5	8,917,000.00	7,773,827.00
Transfers to Other Government Units	6	97,884,803.00	59,500,000.00
Other grants and transfers	7	43,850,378.00	24,397,609.00
Other Payments	9	1,000,000.00	2,000,000.00
Adjusted for:			
Prior year adjustments	14	500,000.00	0
Net cash flow from operating activities		(8,452,374.00)	(8,800,420.00)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	
Acquisition of Assets	9	500,000.00	(2,500,000.00)
Net cash flows from Investing Activities		(500,000.00)	(2,500,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		(8,952,374.00)	(11,300,420.00)
Cash and cash equivalent at BEGINNING of the year	13	14,902,967.00	26,203,387.00
Cash and cash equivalent at END of the year		5,950,593.00	14,902,967.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Msambweni NG- CDF financial statements were approved on 11/9 2017 and signed by:

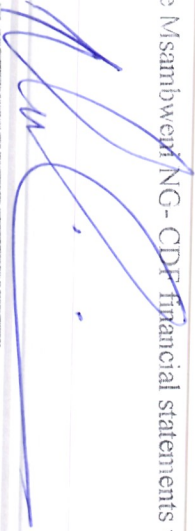

Chairman NG-CDFC


Fund Account Manager

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552.00	79,194,555.00	161,039,107.00	160,539,107.00	500,000.00	100
Proceeds from Sale of Assets						
Other Receipts				52,000.00	(52,000.00)	
Totals	81,896,552.00	79,142,555.00	161,039,107.00	160,591,107.00	448,000.00	100
PAYMENTS						
Compensation of Employees	2,017,704.00	1,400,000.00	3,417,704.00	2,988,333.00	429,371.00	87
Use of goods and services	5,352,986.00	4,407,513.00	9,760,498.00	8,917,000.00	843,498.00	91
Transfers to Other Government						
Units	43,256,897.00	55,213,460.00	98,470,357.00	97,884,803.00	585,554.00	99
Other grants and transfers	31,268,966.00	16,673,582.00	47,942,548.00	43,850,378.00	4,092,170.00	91
Acquisition of Assets	0	500,000.00	500,000.00	500,000.00	0	100
Other Payments	0	1,000,000.00	1,000,000.00	1,000,000.00	0	100
TOTALS	81,896,552.00	79,194,555.00	161,091,107.00	155,140,513.00	5,950,593.00	96

The Msambweni NG-CDF financial statements were approved on 14/1 2017 and signed by:



Chairman NG-CDF



Fund Account Manager

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-CDF and all values are rounded to the nearest shilling. 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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI 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
NG-CDF Board	54,239,588.00	23,956,971.00
AIE NO. A825880	4,094,828.00	20,000,000.00
AIE NO. A829937	2,000,000.00	10,000,000.00
AIE NO. A	36,853,449.00	20,000,000.00
AIE NO.A839624	36,648,275.00	10,000,000.00
AIE NO.A855565	7,500,000.00	2,748,764.00
AIE NO.A855202	4,300,000.00	
AIE NO.A839712		
(other constituency e.g, parent constituency)		
TOTAL	145,636,140.00	86,705,735.00

1. PROCEEDS FROM SALE OF ASSETS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Total	0	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2016- 2017	2015 - 2016
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	52,000.00	0
Other Receipts Not Classified Elsewhere	0	0
Total	52,000.00	0

4. COMPENSATION OF EMPLOYEES

	2016- 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,407,301.00	1,333,600.0
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	199,500.00	180,000.00
Transport allowance	199,500.00	180,000.00
Leave allowance	0	0
Gratuity	1,015,952.00	0
Employer contribution to NSSF	166,080.00	141,120.00
Total	2,988,333.00	1,834,720.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2016- 2017 Kshs	2015 - 2016 Kshs
Committee Expenses	0	0
Utilities, supplies and services	102,915.00	183,521.00
Communication, supplies and services	207,660.00	93,250.00
Domestic travel and subsistence	824,700.00	271,000.00
Printing, advertising and information supplies & services	85,345.00	91,000.00
Rentals of produced assets	64,800.00	63,000.00
Training expenses	1,111,000.00	90,000.00
Hospitality supplies and services	0	0
Office rent	0	120,000.00
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	594,810.00	142,664.00
Other operating expenses	0	0
Routine maintenance – vehicles and other transport equipment	873,061.00	711,292.00
Routine maintenance – other assets	55,000.00	98,750.00
Fuel , oil & lubricants	430,550.00	904,650.00
Other committee expenses	0	0
Committee allowance	4,567,160.00	5,004,700.00
Total	8,917,000.10	7,773,827.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016- 2017 Kshs	2015 - 2016 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	41,264,803.00	11,400,000.00
Transfers to secondary schools (see attached list)	26,420,000.00	32,600,000.00
Transfers to tertiary institutions (see attached list)	30,200,000.00	1,300,000.00
Transfers to health institutions (see attached list)	0	14,200,000.00
TOTAL	97,884,803.00	59,500,000.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2016- 2017 Kshs	2015 - 2016 Kshs
Bursary – secondary schools (see attached list)	16,600,200.00	12,324,000.00
Bursary – tertiary institutions (see attached list)	8,864,800.00	3,439,609.00
Bursary – special schools (see attached list)	30,000.00	34,000.00
Mock & CAT (see attached list)	0	0
Water projects (see attached list)	3,240,000.00	1,000,000.00
Agriculture projects (see attached list)	0	0
Electricity projects (see attached list)	0	0
Security projects (see attached list)	9,615,378.00	5,400,000.00
Roads projects (see attached list)	0	0
Sports projects (see attached list)	1,000,000.00	1,500,000.00
Environment projects (see attached list)	0	0
Emergency projects (see attached list)	4,500,000.00	700,000.00
Total	43,850,378.00	24,397,609.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets

	2016- 2017	2015 - 2016
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	1,500,000.00
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	1,000,000.00
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	500,000.00	0
Acquisition of Intangible Assets	0	0
Total	500,000.00	2,500,000.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2016- 2017 Kshs	2015 - 2016 Kshs
NG CDF Lungalunga	1,000,000.00	
Msambweni Social Hall	1	2,000,000.00
	1,000,000.00	2,000,000.00

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016- 2017 Kshs	2015 - 2016 Kshs
<i>Cooperative bank account No. 01120043594500</i>	5,950,593.00	14,639,107.00
Total	5,950,593.00	14,639,107.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

	2016- 2017 Kshs	2015 - 2016 Kshs
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0

[Provide cash count certificates for each]

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
		0	0	0
Total				0

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 RETENTION

	2016- 2017	2015 - 2016	
	Kshs	Kshs	
Supplier 1	0		-
Supplier 2			-
Supplier 3			-
Total			-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2016- 2017	2015 - 2016	
	Kshs	Kshs	
Bank accounts	14,639,107.00	24,781,350.00	
Cash in hand	0	0	
Imprest	263,860.00	1,422,037.00	
Total	14,902,967.00	26,203,387.00	

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2016- 2017	2015 - 2016	
	Kshs	Kshs	
Bank accounts	500,000.00		0
Cash in hand	0		0
Imprest	0		0
Total	500,000.00		0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 - 2016
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	0	0

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	0	0
Amounts due to other grants and other transfers (see attached list)	0	0
Others (<i>specify</i>)	0	0
	0	0

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	20,428,979.90	0
	0	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016- 2017	Historical Cost (Kshs) 2015 - 2016
Land	1,500,000.00	1,500,000.00
Buildings and structures	7,000,000.00	7,000,000.00
Transport equipment	3,250,000.00	3,250,000.00
Office equipment, furniture and fittings	1,505,790.00	1,505,790.00
ICT Equipment, Software and Other ICT Assets	777,999.00	777,999.00
Other Machinery and Equipment	0	0
Heritage and cultural assets	0	0
Intangible assets	0	0
Total	14,033,789.00	14,033,789.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI
CONSTITUENCY**

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

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

Pmc	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Madago Primary School	Co-operative	01141566719600	124,325	
Magaoni Primary School	Co-operative	01141566599600	30,206	
Makongeni Primary School	Co-operative	01141566618700	187.00	
Ngori Primary School	Co-operative	01141566419700	964.00	
Gazi Primary School	Co-operative	01141565893100	53,378.00	
Msambweni Primary School	Co-operative	01141566595400	65,118.00	
Mafisini Primary School	Co-operative	01141566712800	15,360	
Vukani Primary School	Co-operative	01141566715500	200	
Shamu Primary School	Co-operative	01141565893200	125,928	
Kingwede Primary School	Co-operative	01141565893300	199,352	
Maphombe Primary School	Co-operative	01141566729700	84,325	
Masindeni Primary School	Co-operative	01141566730200	119,325	
Milalani Primary School	Co-operative	01141566794800	174,724	
Mwanjamba Primary School	Co-operative	01141565807100	649,463.00	
Mabatani Primary School	Co-operative	01141566899600	2,699,325	
Darigube Primary School	Co-operative	01141566991600	2,700,000	
Marigiza Primary School	Co-operative	01141566899500	2,599,325	
Mwamambi Primary School	Co-operative	01141565895000	75,563.00	
Msambweni Secondary School	Co-operative	01141566596600	1,193.00	
Dori Secondary School	Co-operative	01141566319100	1,065,152	
Magaoni Base Secondary School	Co-operative	01141566731000	75	
Gombato Secondary School	Co-operative	01141566989100	2,799,325	
Msambweni Youth & Opportunity Centre	Co-operative	01141566712900	171,504	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI
CONSTITUENCY**

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

Pmc	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Kadhis Court	Co-operative	01141566597100	500,231	
Gazi Chiefs Office	Co-operative	01141566768000	1,499,325	
Sports	Co-operative	01141565728800	49,256	
Msambweni Constituency Boreholes	Co-operative	01141566611500	2,588,692	
Constituency Office	Co-operative	01141565890100	182,311	
Kinondo Secondary School	Co-operative	01141195331000	76,223.70	
Makongni Primary School	Co-operative	01141566618700	186.50	
Ngori Primary School	Co-operative	01141566419700	963.55	
Msambweni Secondary School	Co-operative	01141566596600	1192.7	
Bongwe Secondary School	Co-operative	01141565702500	8,912.50	
Babla Diani Secondary	Co-operative	01141566196900	90,979.70	
Ramisi Secondary School	Co-operative	01141566991700	598,777.75	
Mwabungo Primary School	Co-operative	01141566123100	12,572.50	
Bongwe Primary School	Co-operative	01141566728100	800,025	
Mwakigwena Primary School	Co-operative	01141566795500	264,842	
Mabokoni Primary School	Co-operative	01141566417100	172	
Total			20,428,979.90	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Diani health centre a project of ksh. 30m as at the end of financial year ksh. 27,121,000 had been paid. However physical verification of the project and examination of bills of quantities revealed that works amounting 5,466,450 were still unfinished though the certificate was issued.	Works were paid as done and availability of materials on site. Windows had been bought and fixed but there were site instructions to change from louver windows to aluminum sliding windows therefore the louvre windows were removed and the new aluminum windows were on site. When the engineer makes the payment he includes works done and the value for materials on site.	Jack Oricho District works officer	Resolved	
2	Included in the transfers to other government entities is ksh 19,500,000 for proposed construction of laboratory ,	All materials were on site and that's why the works officer paid as per works and	Jack Oricho District works officer	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>dormitory, six classrooms, pit latrine, kitchen and admin block at Dori sec school. Examination of records availed for audit revealed committee paid 15,396,034 during the year resulting in unpaid balance of ksh 4,103,966. However examination of bills showed works amounting to 8,266,272 remain unfinished though certified for payment.</p>	<p>materials on site available. Doors have been fixed, kindly find attached photos.annex 5</p> <p><u>VIP LATRINE</u></p> <p>The contractor had done the latrine but was instructed to change site due to health safety thereby leading to delays.</p> <p><u>ADMINISTRATION BLOCK</u></p> <p>The works officer valued the works done and materials on site but as now the works are complete as they were paid when materials were on site.</p> <p><u>PC 4,950,000</u></p> <p>Works for this category had already started. The kitchen valued at 650,000 had</p>			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MSAMBWENI
CONSTITUENCY

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		started, electrical conduiting had been done, the tower was also under excavation water was available and already supplying water for building works and for use			
3	Note 9 to the financial statements reflects other payments of ksh 2,000,000 being the cost of construction of msambweni social hall. It was however noted that this project had not been started at the time of audit in November 2016.the reason for delay was unresolved land dispute . further the project management committee did not return unutilized funds to the constituency account contrary to sec 26(1) of the national government cdf act 2015	The funds have been reallocated to msambweni sec school for construction of dormitory and its now complete and in use	Abdulahakim ali Fund account manager	Resolved	