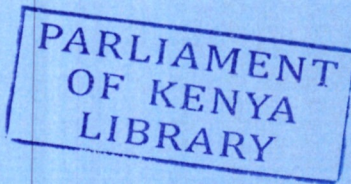


REPUBLIC OF KENYA



*Paper laid by leader
of Majority Party
Thursday 2/8/2018
A/S*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



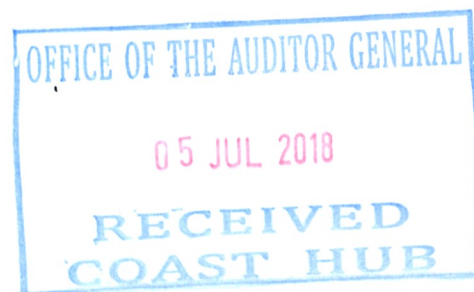


**NATIONAL CONSTITUENCY DEVELOPMENT FUND- MALINDI
CONSTITUENCY**

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 – MALINDI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS	1
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG- CDFC)	3
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS	5
V. STATEMENT OF FINANCIAL ASSETS	6
VI. STATEMENT OF CASHFLOW AS AT JUNE 30, 2017	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	8
VIII. SIGNIFICANT ACCOUNTING POLICIES	9
IX. NOTES TO THE FINANCIAL STATEMENTS	11
ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE	17
ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER	18

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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2015. 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 specific portion of the National annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against the constituency poverty levels.

(b) Key Management

The Malindi 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 June 30, 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Juma Buduguh
3.	Accountant	Edwin Indaise

(d) Fiduciary Oversight Arrangements

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

(e) Malindi NG-CDF Headquarters

P.O. Box 244-80200
Malindi, Kenya

(f) MALINDI NG-CDF Contacts

Telephone: (254) 714867986
E-mail: cdfinalindi@cdf.go.ke
Website: www.cdf.go.ke

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

(g) Malindi NG-CDF Bankers

Equity Bank
Malindi Branch
A/C No. 0450262081948

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

During the financial year 2016/17, the entity utilised 79% of the available resources in undertaking projects aimed at improving education, access roads, construction of primary and secondary schools, payment of fees for needy and vulnerable students across the constituency amongst other projects.

However, of the total resources available in the financial year 2016/2017 amounting to Kshs. 103,562,822.60, as at the end of the financial year, the *NG-CDF* Board was yet to disburse Kshs. 40,948,275.86. Subsequently, the entity was unable to undertake all projects identified and earmarked to be completed in the financial year ended 30 June 2017.

EMERGING ISSUES RELATED TO NG-CDF

- The upgrading the Malindi–Sala gate –Voi road to bitumen standards is opening up the rural parts of Malindi constituency.
- The opening up of the Weru Technical Training Institute, a TVET project, co-funded by *NG-CDF* and the Ministry of Education, Science and Technical Training is creating vocational training opportunities for the youth in Malindi.
- Late disbursement of funds to the organization. For example, Kshs. 62,614,546 allocated in the financial year ended 30 June 2016, was disbursed and received in the financial year ended 30 June 2017.
- During the year the Malindi experienced a long spell of drought which adversely impacted on all sectors of the economy and put a bigger load on the *NG-CDF* bursary and scholarship scheme.
- Land ownership wrangles which have either delayed project implementation or forced projects to be relocated to new sites.

WAY FORWARD

The *NG-CDF* board should disburse funds timely to ensure that all the projects are implemented in the any particular financial year.

Sign..... 

CHAIRMAN NG-CDFC

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

I. 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 NG-CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of *Malindi Constituency 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 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 *Malindi Constituency 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 in-charge of *Malindi Constituency 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 *Malindi Constituency 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 *NG-CDF's* financial statements were approved and signed by the Accounting Officer on
30: 06: 2017.



Chairman NG-CDFC



Fund Account Manager

REPUBLIC OF KENYA

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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 - MALINDI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Malindi Constituency set out on pages 5 to 25 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 appropriations: recurrent and development combined for the year then ended, and a summary statement 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1.0 Presentation of Financial Statements

Review of financial statements availed for audit revealed the following:

- i. The financial statements page numbers from 1 to 16 have not been indicated. The numbering of pages starts from page 17.
- ii. Page 18 to 20 have no entity name; the financial statements have been indicated as for the year ended 30 June 2014 and the amounts have been indicated as in Kshs."000".
- iii. Pages 21 to 25 have the dates of financial statements as for the year ended 30 June 2015.
- iv. The forward statement by the chairman on un-numbered page at paragraph two states that the total available resources for the year

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

2016/2017 amounted to Kshs.169,128,925.77 while the statement of receipts and payments reflect an amount of Kshs.103,562,822.60, resulting to an unreconciled variance of Kshs.65,566,103.17.

- v. The financial statements indicate to have been signed on 30th September 2017 yet they were presented to the Auditor - General's office for audit on 29 September 2017.
- vi. Paragraph 2 of significant accounting policies states that values are rounded off to the nearest one shilling, however, the financial statements have been presented in full.

Consequently, the financial statements presented for audit for the year ended 30 June 2017 do not comply with International Public Sector Accounting Standards as prescribed by the Public Sector Accounting Standards Board.

2.0 Inaccuracies of the Financial Statements

2.1. The opening balances reflected in these financial statements and the audited balances for 2015/2016 financial year had absolute variances totaling Kshs.109,691.50 as detailed below:

Item	Note	Opening Balance as Per Financial Statements for 2016/2017 (Kshs.)	Balance as per Audited Financial Statements for 2015/2016 (Kshs.)	Variance (Kshs)
Utilities, Supplies and Services	5	33,631.05	49,939.55	16,308.50
Office Rent and General Supplies	5	2,726,000.00	2,600,000.00	126,000.00
Total		2,759,631.05	2,649,939.55	109,691.50

2.2. The financial statements balances presented for audit varied with support documents availed for audit by Kshs.2,026,789 as follows:

Component	Balance as Per Financial Statements (Kshs.)	Balances as per Support Documents (Kshs.)	Variance (Kshs)
1. Transfers to Other Government Units			
2.3. Transfers to Primary Schools	37,440,000	35,940,000	1,500,000
1.2. Transfers to Secondary Schools	25,200,000	26,700,000	(1,500,000)

Component	Balance as Per Financial Statements (Kshs.)	Balances as per Support Documents (Kshs.)	Variance (Kshs)
3.0 Other Grants and Transfers			
3.1. Bursary Payments	22,142,541	23,396,500	(1,253,959)
3.2. Environmental Projects	1,887,391	2,660,221	(772,830)
Total	24,029,932	26,056,721	(2,026,789)

In consequence, the accuracy, validity and completeness of these financial statements for the year ended 30 June 2017 could not be confirmed.

3.0 Other Receipts

Note 3 to the financial statement for the year ended 30 June 2017 reflects nil balances from other receipts. Scrutiny of the tender register revealed that during the financial year, the Fund sold tender documents to bidders of various projects amounting to Kshs.117,000. However, this amount has not been recognized as a receipt in the financial statements contrary to Section 12(6) of the National Government Constituencies Development Fund Act, 2015 which states that all receipts, savings and accruals to the constituency account and the balances thereof at the end of each financial year shall be returned to the constituency account. Further, examination of the cashbook and bank statements revealed that the amounts were neither banked nor recorded in the cashbook.

In consequence, the accuracy and completeness of other receipts nil balance for the year ended 30 June 2017 could not be ascertained.

4.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2017 reflects compensation of employees' balance of Kshs.2,889,265. Analysis of the payroll revealed that during the year, five (5) employees whose total compensation during the year was Kshs.1,549,371, were employed by the Fund. However, copies of advertisement and interview score sheets were not availed for audit purposes. Further, minutes of the Constituency Committee Meeting approving the recruitment were not availed for audit review.

In the circumstances, the competitiveness, validity and regularity of the recruitment and expenditure of Kshs.1,549,371 on employees compensation could not be confirmed.

5.0 Use of Goods and Services

5.1. Support Schedules

Included in statement of receipts and payments and as disclosed in Note 5 to the financial statements is use of goods and services balance of Kshs.8,798,900. The management did not avail for audit review schedules in support these payments:

5.2. Fuel, Oil and Lubricants

Note 5 to the financial statements for the year ended 30 June 2017 reflects use of goods and services of Kshs.8,798,900. Included in this figure is nil balance for fuel, oil and lubricants. However, review of the vehicles' work tickets and fuel receipts revealed that the vehicles drew fuel amounting to Kshs.51,871 during the year under review.

5.3. Insurance Costs

Note 5 to the financial statements for the year ended 30 June 2017 reflects use of goods and services of Kshs.8,798,900. Included in this figure is nil balance for insurance cost. However, inspection of imprest surrender vouchers revealed that during the financial year under review, motor vehicle insurance payments amounting to Kshs.2,000 were paid to an insurance firm for Policy No. AMD/070/1/071317/2017/03. The vehicle was insured for one month from 18 May 2017 to 17 June 2017. However, the insurance cost of Kshs.2,000 has not been recognized in these financial statements. Further, inspection of the vehicle revealed that the Fund has not yet insured the vehicle since the last policy lapsed on 17 June 2017. Scrutiny of the work ticket revealed that vehicle has made journeys after 17 June 2017 without having been insured.

Consequently, the accuracy and completeness of the payments for use of goods and services of Kshs.8,798,900 could not be ascertained.

5.4. Communication, Supplies and Services

Note 5 to the financial statements for the year ended 30 June 2017 reflects use of goods and services of Kshs.8,798,900. Included in this figure is communication, supplies and services payments Kshs.201,000. However, documents availed for audit review could only support an amount of Kshs.116,000, resulting to an unreconciled variance of Kshs.85,000.

Consequently, the completeness, and accuracy of communication, supplies and services balances amounting to Kshs.201,000 could not be confirmed.

5.5. Other Operating Expenses

Note 5 to the financial statements for the year ended 30 June 2017 reflects other operating expenses balances of Kshs.1,329,100. Included in these balances is Kshs.1,074,000 paid for the development of the Constituency Strategic Plan.

However, scrutiny of the PMC project meeting minutes of 7 September 2016 revealed that the committee resolved the amount to be paid directly to the consultant. Payments of Kshs.1,074,000 were made without supporting documents. Further, total payments of Kshs.1,074,000 were made to the consultant in advance contrary to Section 146 of the Public Procurement and Asset Disposal Act, 2015 that requires no works, goods or services contract shall be paid for before they are executed or delivered and accepted by the accounting officer of a procuring entity or an officer authorized by him or her in writing except where so specified in the tender documents and contract agreement.

In addition, inquiries with management on 16 May 2018 revealed that the Fund does not yet have a strategic plan, despite payments of Kshs.1,074,000 having been made to the consultant.

Consequently, the validity and propriety of other operating expenses amount of Kshs.1,329,100 could not be ascertained.

6.0 Other Grants and Payments

6.1. Bursary

Included in statement of receipts and payments and as disclosed in Note 7 to the financial statements for the year ended 30 June 2017 is other grants and other payments of Kshs.45,058,927.48. Included in this amount is bursary to secondary schools, tertiary and special schools amount of Kshs.22,142,541. However, examination of the minutes showed the committee had not developed a criterion to vet, categorize and identify needy students.

Further, the NG CDF Malindi Constituency made payments to driving schools amounting to Kshs.1,500,000 based on application of Malindi Bodaboda Umbrella Association to sponsor their members to get training. The list availed by the Umbrella had 133 beneficiaries at Kshs.10,000 per person totaling to Kshs.1,330,000 resulting to an unreconciled variance of Kshs.170,000. Further no document was availed to explain how the beneficiaries were identified.

In the circumstances, the accuracy, propriety and value for money for the bursary payments of Kshs.22,142,541.08 could not be confirmed.

6.2. Sports Projects

Note 7 to the financial statements for the year ended 30 June 2017 reflects other grants and other payments of Kshs.45,058,927.48. Included in this figure is sports projects of Kshs.5,264,829. Review of payment vouchers and PMC files for transfers amounting to Kshs.3,964,829.40 to various sports projects for procurement of sport kits and facilities. However, support documents such as invoices, procurement documents, PMC minutes and bank's statements were not availed for audit, and therefore it was not possible to confirm compliance to Section 10 of the National Government Constituencies Development Fund Act, 2015 that states that all expenses shall be properly accounted for and proper

books of accounts shall be kept and returns made to the Constituency Committee for that constituency on how the disbursements have been used. Further, some of the PMC Members were observed to be CDF Staff contrary to Section 41 (2) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the regularity, accuracy of lawfulness of sports projects amount of Kshs.3,964,829 could not be ascertained.

6.3. Emergency Projects

Note 7 to the financial statements for the year ended 30 June 2017 reflects other grants and other payments of Kshs.45,058,927.48. Included in this figure is emergency projects of Kshs.8,787,785. Review of the supporting documents revealed that payments amounting to Kshs.3,987,785 were made to various projects as follows:

PV. No	Payee	Amount	Description
105	Manduguni Primary School	1,500,000	Renovation of 2 classrooms: Roofing of 2 No. Classroom at Maduguni Primary School.
106	Mariakano Primary School	1,000,000	Proposed renovation of 2 Classrooms at Mariakano Primary School
107	HGM Malindi Primary School	1,000,000	Renovation of Administration Office at HGM Primary School
150	St. Marys Takaye Secondary School	487,785	Construction of 1 No. Classroom at St. Marys Takaye Secondary School Tender No. MLD/NG-CDF/16/2015-2016
	Total	3,987,785	

However, contrary to Section 8 (3) of the National Government Constituencies Development Fund Act, 2015, these projects activities were not observed to be emergency projects in nature and scope. The above projects involved construction or repair of classrooms which could all have been planned for, resources allocated and completed as per contract agreement.

Under the circumstances, the propriety, validity and legality of the emergency projects amounting to Kshs.3,987,785 for the year ended 30 June 2017 could not be confirmed.

7.0 Acquisition of Assets

The statement of receipts and payments reflects a figure of Kshs.7,225,600 in respect to acquisition of assets for the year ended 30 June 2017. However, verification of project files revealed the following anomalies: -

7.1. Acquisition of Assets

As previously reported, the NG CDF Malindi Constituency spent a total of Kshs.6,050,000 in acquisition of land broken down as: - Kshs.5,000,000 paid to land vendor and Kshs.1,050,000 paid to a single sourced consultant to verify the land details. However, records availed for audit did not provide information on how the piece of land and the vendor were identified. Perusal of payment details revealed that the land was acquired and paid for before valuation. Further, records availed for audit further revealed that the land acquired was formerly a road reserve which had been alienated through allotment letter dated 17 June 1999. The vendor had not processed ownership documents and as at the time of the audit, the NG CDF Malindi Constituency had not acquired ownership documents and the matter was under investigation by Ethics and Anti-Corruption Commission (EACC). In addition, construction of the office had commenced even before land sale agreement was signed and no taxes were withheld when making payments as per Income Tax Act Cap 470 and VAT Act, Cap 476.

Consequently, the ownership of the asset and validity and propriety of the expenditure of Kshs.15,000,000 for the year ended 30 June 2016 could not be ascertained.

7.2. Purchase of Vehicles and Other Transport Equipment

Note 8 to the financial statements for the year ended 30 June 2017 reflects acquisition of assets of Kshs.7,225,600. Included in this figure are payments amounting to Kshs.5,225,000 in respect of purchase of vehicles and other transport equipment. The payment was for acquisition of a nine - seater passenger vehicle for the NG CDF Malindi Constituency. However, examination of documents availed for audit revealed the following:

7.2.1. The NG CDF Malindi Constituency did not have a procurement plan contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 that requires an accounting officer to prepare an annual procurement plan.

7.2.2. Inspection of the advertisement and procurement documents revealed that the Fund did not request bidders to submit tender security contrary to Regulation 41 (1) of the Public Procurement Regulations 2006 that states that the amount of any tender security under Section 57 (2) of the Act shall be expressed either as a fixed amount or as a percentage of the estimated value of the contract and shall not in either case exceed two percent of the estimated value of the contract.

7.2.3. The professional opinion document was not availed for audit review and thus it was not possible to confirm compliance to Section 84 (1) of the Public Procurement and Asset Disposal Act, 2015, that states that the head of procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the accounting officer on the procurement or asset disposal proceedings.

In the circumstances, the lawfulness, ownership and completeness of purchase of vehicles and other transport equipment balances of Kshs.5,225,000 for the year ended 30 June 2017 could not be ascertained.

7.3. Purchase of Office Furniture and General Office Equipment

The statement of receipts and payments for the year ended 30 June 2017 reflects acquisition of assets of Kshs.7,225,600. Included in this figure and as disclosed in note 8 to the financial statements are payments of Kshs.2,000,600 in respect of purchase of office furniture and general equipment. Examination of records revealed that the Fund used request for quotation procurement method rather than open tender in awarding the contract for supply of office furniture contrary to the first schedule (Threshold Matrix of Procuring entities) of the Public Procurement Regulations, 2006 that requires procuring entities that are classified under Class C as per the Gazette Notice No. 719 of 24 January 2007, to use Request for Quotation procurement method where the maximum level of expenditure for goods does not exceed Kshs.500,000. As per the Gazette Notice, Fund has been categorized under Class C procuring entity.

The management was therefore in breach of the law and in consequence, the propriety and regularity of payments amounting to Kshs.2,000,600 for the purchase of office furniture and equipment could not be ascertained.

8.0 Cash Balance

The statement of financial assets as at 30 June 2017 reflects nil cash balance. However, the Board of Survey certificates was not availed for audit verification.

Consequently, the accuracy and completeness of nil cash as at 30 June 2017 could not be ascertained.

9.0 Bank balance

The statement of financial assets as at 30 June 2017 reflects bank balance of Kshs.3,040,494.68. However, the bank reconciliation statement as at 30 June 2017 presented for audit revealed the following:-

- i. Unpresented cheques amounting to Kshs.1,814,755.73 out of which the sum of Kshs.267,254.05 relates to stale cheques not reversed in cash book as at the year end.
- ii. Subsequent bank statements were not availed for audit to confirm when cheques amounting to Kshs.1,547,501.68 outstanding as at 30 June 2017 cleared.
- iii. Payments amounting to Kshs.200,129.32 were not recorded in the cash book.

- iv. Bank confirmation certificate of balance as at 30 June 2017 was not availed for audit review.

In the circumstances, the accuracy and completeness of the bank balance of Kshs.3,040,494.68 could not be confirmed.

10.0 Outstanding Imprest

The statement of financial assets as at 30 June 2017 reflects nil balance of outstanding imprest. However, note 11 to the financial statements reflect an opening balance of Kshs.468,000. Payment vouchers used to surrender the imprest were not availed for audit review and no explanation was availed for the audit on how the imprest of Kshs.468,000 for the financial year 2015/2016 was cleared.

In the circumstances, the accuracy and completeness of nil outstanding imprest could not be ascertained.

11.0 Budget Control and Performance

During the year under review, the NG CDF Malindi Constituency had a final budget of Kshs.177,223,752.72 and had actual expenditure of Kshs.133,234,983, resulting to an under absorption of Kshs.43,988,766.76 or 25% as summarized below:

Receipt/ Expense Item	Final Budget	Actual on Comparable Basis	Under Absorption in Kshs.	% of Utilization	Under Absorption - %
Compensation of Employees	3,590,142	2,889,265	700,877	80%	20
Use of goods and services	10,071,510	8,798,900	1,272,610	87%	13
Transfers to Other Government Units	93,581,036	69,262,291	24,318,744	74%	26
Other grants and transfers	61,928,137	45,058,927	16,869,209	72%	28
Acquisition of Assets	8,052,928	7,225,600	827,328	89%	11
Total	177,223,753	133,234,983	43,988,767	75%	25

The under management indicated that absorption was attributed to non-disbursement of Kshs.40,948,275.86 by National Government CDF Board.

12.0 Projects Verification

Project verifications in the month of May 2018 for 14 projects costing Kshs.19,225,841 revealed following:

	Payee	Amount (Kshs.)	Description of project	Observations
Item No.	Primary schools			
1	Milimani Primary School	2,700,000.00	Construction of 2 classrooms	The two classrooms were completed and in use and paid for. Electrical work billed at Kshs.87,540 was not done. Signage contracted at Kshs.30,000 were also not done. The two classrooms were in use.
2	Viriko Primary School	3,000,000.00	Construction of 2 classrooms	The two classrooms were completed and paid for. The floor had damages/chipped off. The painting as only done undercoat plus one coat instead of two coats. The classrooms were being used by St. Catherine Makobe High School Form 1 and 2.
3	Airport Primary School	1,300,000.00	Construction of 1 classroom	1 classroom constructed and in use - Electrical works billed at KShs.63,900 was not done although fully paid for.
4	Mkunguni Primary School	2,700,000.00	Construction of 2 classrooms	The two classrooms were completed and in use. However, there were no desks and the pupils were found to be sitting on the floor at the time of inspection.
5	Karima Primary School	400,000.00	Supply of 100 desks	The deputy head teacher informed the audit team only 50 desks were received. No store card was availed.
	Secondary Schools			
6	St. Marys Takaye Secondary School	1,300,000.00	Construction of 1 classroom	Electrical work not done, no signage. Painting not done as per specifications. Fully paid
7	Baguo Secondary School	1,000,000.00	Construction of 1 classroom	Project incomplete. Done up to roofing. Contractor not on site.
	Water Projects			
8	Sosobora Girimacha Water Project	200,841.00	Water project	No evidence of work done. Fully paid
9	Kijiwetanga	1,000,000.00	Water project	No evidence of work done. Fully

	Payee	Amount (Kshs.)	Description of project	Observations
	Water Project			paid
10	Galana Water Project	2,000,000.00	Water project	No evidence of work done. Fully paid
	Security Project			
11	Kakuyuni AP Posts	1,000,000	Ongoing project from 2015 - 16Construction of Administration police posts. Office and staff houses	A block of 2 staff houses incomplete/stalled. The rest in use but no power connected. Only KShs.3 million NG CDF Malindi Constituency was availed so far for total project cost of Kshs. 7,992,625. Units in use has not been connected to power.
12	Langobaya Chiefs Camp	1,000,000	Chief's Office	Building incomplete. Project file not availed
	Road Project			
13	Kazuju Pata-Mkondoni Road	625,000.00	Grading	No evidence of work done. Fully paid
	Sport Project			
14	Msabaha Sports Center	1,000,000	Rehabilitation	No evidence of work done. BQ not availed also. Fully paid
	Total	19,225,841		

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 National Government Constituency Development Fund- Malindi Constituency's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting.

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 Fund's financial reporting process.

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

My responsibility is to conduct an audit of the National Government Constituency Development Fund - Malindi Constituency's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of National Government Constituency Development Fund - Malindi 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.



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

Nairobi

06 July 2018

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

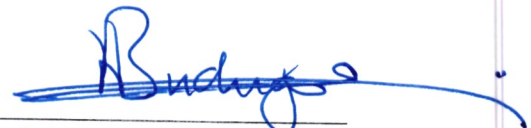
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs.	2015-2016 Kshs.
RECEIPTS			
Transfers from NG-CDFB	1	103,562,822.60	63,000,000.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		103,562,822.60	63,000,000.00
PAYMENTS			
Compensation of Employees	4	2,889,265.30	2,024,816.00
Use of goods and services	5	8,798,900.00	8,085,350.55
Transfers to Other Government Units	6	69,262,290.92	8,979,014.00
Other grants and transfers	7	45,058,927.48	33,668,569.00
Acquisition of Assets	8	7,225,600.00	20,598,116.00
Other Payments	9	-	900,000.00
TOTAL PAYMENTS		133,234,983.70	74,255,865.55
SURPLUS/(DEFICIT)		(29,672,161.10)	(11,255,865.55)

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



Chairman NG-CDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

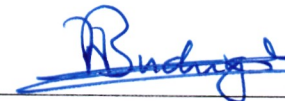
STATEMENT OF CASHFLOW AS AT JUNE 30, 2017

		2016-2017 Kshs.	2015-2016 Kshs.
Cash Flows from Operating Activities			
Receipts for operating income			
Transfers from NG-CDF Board	1	103,562,822.60	63,000,000.00
Other Receipts		-	-
		103,562,822.60	63,000,000.00
Payments for operating expenses			
Compensation of Employees	4	(2,889,265.30)	(2,024,816.00)
Use of goods and services	5	(8,798,900.00)	(8,085,350.55)
Transfers to Other Government Units	6	(69,262,290.92)	(8,979,014.00)
Other grants and transfers	7	(45,058,927.48)	(33,668,569.00)
Other Payments	9	-	(900,000.00)
		(126,009,383.70)	(53,657,749.45)
Adjusted for:			
Adjustments during the year		-	-
Net cash flows from operating activities		(22,446,561.10)	9,342,250.45
Cash Flows from Investing Activities			
Acquisition of Assets		(7,225,600.00)	(20,598,116.00)
Net cash flows from Investing Activities		(7,225,600.00)	(20,598,116.00)
Net Increase In Cash and Cash Equivalent		(29,672,161.07)	(11,255,865.55)
Cash and cash equivalent at Start of the year		32,712,655.75	43,968,521.30
Cash and cash equivalent at END of the year		3,040,494.68	32,712,655.75

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



Chairman NG-CDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

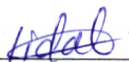
For the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT
COMBINED

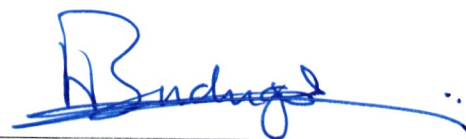
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	B	c=a+b	D	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	81,896,551.72	95,327,201	177,223,752.72	103,562,822	73,660,930.72	58%
Proceeds from Sale of Assets	-	-	-	-	-	0
Other Receipts	-	-	-	-	-	0
PAYMENTS						
Compensation of Employees	3,020,000.00	570,142	3,590,142.00	2,889,265	700,876	80%
Use of goods and services	7,626,551.61	2,444,958	10,071,509.61	8,798,900	1,272,609.61	87%
Transfers to Other Government Units	36,281,034	57,300,000	93,581,035.52	69,262,290.92	24,318,744	74%
Other grants and transfers	33,068,964.59	28,859,172.04	61,928,136.63	45,058,927.48	16,869,209.15	72%
Acquisition of Assets	1,900,000	6,152,928	8,052,928	7,225,600	827,328	89%
Other Payments	-	-	-	-	0	0%
TOTALS	81,896,551.72	95,327,201.65	177,223,752.72	133,234,983	43,988,766.76	75%

The Adjustments amount of Kshs. 95,327,201.50 comprises of prior year Cash and Bank Closing Balances of Kshs. 32,712,655.75 and the prior year receivables amount of Kshs. 62,614,546 that was received in the year ended June 30, 2017.

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



Chairman NG-CDFC



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 authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

2016-2017		2015-2016	
Description	Amount	Description	Amount
Transfers from NG-CDF Board	Kshs.	Transfers from NG-CDF Board	Kshs.
AIE No A825980	62,614,546.00	AIE NO A796326	10,000,000.00
AIE No A855229	36,853,449.00	AIE NO A 724123	10,000,000.00
AIE No A829908	4,094,827.60	AIE NO A820608	10,000,000.00
		AIE NO A825651	33,000,000.00
TOTAL	103,562,822.60	TOTAL	63,000,000.00

2. PROCEEDS FROM SALE OF ASSETS

Description	2016 - 2017	2015 - 2016
	Kshs.	Kshs.
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from the Sale of office and general equipment	-	-
TOTAL	-	-

3. OTHER RECEIPTS

	2016 - 2017	2015 - 2016
	Kshs.	Kshs.
Other Receipts Not Classified Elsewhere	-	-
TOTAL	-	-

4. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs.	Kshs.
Gross salary of Contractual Employees	2,870,065.30	2,018,016.00
Basic Wages of Casual Labour	-	-
Personal Allowances Paid as part of Salary	-	-
House Allowance	-	-
Transport Allowance	-	-
Gratuity	-	-
National Social Security Fund Contribution by Employer	19,200.00	6,800.00
TOTAL	2,889,265.30	2,024,816.00

10

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
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	2015-2016
	Kshs.	Kshs.
Utilities, supplies and services	35,000.00	33,631.05
Communication, supplies and services	201,000.00	234,990.00
Domestic travel and subsistence	600,000.00	559,970.00
Printing, advertising and information supplies & services	-	-
Training expenses	1,030,000.00	-
Committee Expenses	3,734,100.00	3,558,534.00
Hospitality supplies and services	-	-
Insurance Costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	1,474,500.00	2,726,000.00
Fuel, oil & Lubricants	-	-
Rental of produced assets	192,500.00	643,314.90
Other operating expenses	1,329,100	328,910.00
Routine maintenance – vehicles and other transport equipment	50,200.00	-
Routine maintenance – other assets	152,500.00	-
TOTAL	<u>8,798,900.00</u>	<u>8,085,350.55</u>

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015 – 2016
	Kshs.	Kshs.
Transfers to primary schools	37,440,000.00	1,979,014.00
Transfers to secondary schools	25,200,000.00	1,000,000.00
Transfers to tertiary institutions	6,000,000.00	4,000,000.00
Transfers to health institutions	622,290.92	2,000,000.00
TOTAL	<u>69,262,290.92</u>	<u>8,979,014.00</u>

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER GRANTS AND OTHER PAYMENTS

	2016-2017 Kshs.	2015-2016 Kshs
Bursary – Secondary schools, Tertiary School, Special Schools	22,142,541.08	1,600,000.00
Mock & CAT	-	1,670,000.00
Water projects	3,200,841.00	-
Agriculture Projects	-	-
Electricity projects	-	-
Security projects	3,000,000.00	14,000,000.00
Roads projects	625,000.00	9,000,000.00
Sports projects	5,264,829.40	1,378,384.50
Environment projects	1,887,931.00	2,178,384.50
Emergency projects	8,787,785.00	3,841,800.00
Other Current Grants and Transfers	150,000.00	-
TOTAL	45,058,927.48	33,668,569.00

8. ACQUISITION OF ASSETS

Non-Financial Assets	2016-2017 Kshs.	2015-2016 Kshs.
Purchase of Buildings	-	-
Construction of Buildings	-	15,000,000.00
Refurbishments of Buildings	-	-
Purchase of Vehicles and other Transport Equipment	5,225,000.00	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Office Furniture and General Equipment	2,000,600.00	598,116.00
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equipment	-	-
Acquisition of Land	-	5,000,000.00
Acquisition of Intangible Assets	-	-
TOTAL	7,225,600.00	20,598,116.00

9. OTHER PAYMENTS

	2016-2017 Kshs	2015– 2016 Kshs
Other Payments	-	900,000.00
Total	-	900,000.00

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A. BANK ACCOUNTS (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2016-2017	2015– 2016
		Kshs	Kshs
Equity Bank, Malindi Branch	0450262081948	3,040,494.68	32,244,655.75
TOTAL		3,040,494.68	32,244,655.75

10B. CASH IN HAND

	2016-2017	2015– 2016
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
TOTAL	-	-

11. OUTSTANDING IMPREST

Name of Officer	2016-2017	2015– 2016
	Kshs	Kshs
Nelson Nyang'wara	-	468,000.00
TOTAL	-	468,000.00

12. RETENTION

Supplier/Contractor	Payment Voucher No	2016-2017	2015-2016
		Kshs.	Kshs.
-	-	-	-
TOTAL		-	-

13. BALANCES BROUGHT FORWARD

Description	2016 - 2017	2016 - 2017
	Kshs (1//7/2016)	Kshs (1//7/2015)
Bank Accounts	32,244,655.75	43,968,521.30
Cash in hand	-	-
Imprest		468,000.00
TOTAL	32,712,655.75	43,968,521.30

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

14. PRIOR YEAR ADJUSTMENT

	2016-2017	2015-2016
	Kshs	Kshs.
Bank Accounts	-	-
Cash in Hand	-	-
TOTAL	<u>-</u>	<u>-</u>

15. OTHER IMPORTANT DISCLOSURES

15.1. PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016-2017	2015-2016
	Kshs.	Kshs.
Construction of Buildings	-	-
Construction of Civil Works	-	-
Supply of Goods	1,791,250.00	-
Supply of Services	104,000.00	-
TOTAL	<u>1,895,250.00</u>	<u>-</u>

15.2. PENDING STAFF PAYABLES

Details	2016-2017	2015 – 2016
	Kshs.	Kshs.
Senior Management	-	-
Middle Management	-	-
Employee Salary for the month of May and June 2016	484,226.00	269,735.90
TOTAL	<u>484,226.00</u>	<u>269,735.90</u>

15.3. OTHER PENDING PAYABLES (See Annex 1)

Details	2016-2017	2015 – 2016
	Kshs.	Kshs.
Amount due to Other Government Entities	28,004,983.00	-
Amount due to Other grants and Other Transfers	11,389,668.00	-
Others (Specify)	2,053,624.00	-
TOTAL	<u>41,448,275.00</u>	<u>-</u>

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

15.4. PMC ACCOUNT BALANCES.

PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances	842,738.70	-
TOTAL	842,738.70	-

15.5. AMOUNT DUE FROM THE NG-CDF BOARD (RECEIVABLES)

Details	2016-2017 Kshs.	2015 – 2016 Kshs.
Transfers from NG-CDF Board	40,948,275.86	62,614,546.00
Others (<i>specify</i>)	-	-
TOTAL	40,948,275.86	62,614,546.00

The prior year receivables amount of Kshs. 62,614,546 was received during the financial year ended June 30, 2017. The total approved allocation to Malindi Constituency Development Fund for the financial year 2016/17 was Kshs. 81,896,551.72. However, as at 30 June 2017, Kshs. 40,948,275.86 was yet to be disbursed by the Board.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amounts Paid to Date	Outstanding Balance 2017	Comments
Amounts Due to Other Government Entities						
1. Amount Due to Educational institutions	-	-	-	-	-	-
2. Amounts Due to Tertiary Institutions						
3. Amounts Due to Health Projects	-	-	-	-	-	-
4. Motor Vehicle	-	-	-	-	1,791,250.00	-
Sub-Total						
Amounts due to Other Grants and Other Transfers						
5. Bursaries	-	-	-	-	-	-
6. Water Projects Road Projects	-	-	-	-	-	-
7. Emergency	-	-	-	-	-	-
Sub-Total						
Sub-Total						
Others (Specify)						
8. Malindi CDF Office	-	-	-	-	-	-
9. M&E& Administration	-	-	-	-	204,000.00	-
Sub-Total						
Grand Total					1,995,250.00	

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI 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.					-		
					-		
		Sub-Total			-		
Middle Management							
3.					-		
4.					-		
					-		
		Sub-Total			-		
Unionisable Employees							
5.					-		
6.					-		
					-		
		Sub-Total			-		
Others (specify) Contractual employees							
7.	Dorris Mwari				83,180		
8.	Veronica Maleco				54,360		
9.	Zakaria Ahmed				62,040		
10.	Mercyrine Omagwa				44,738		
11.	David Jilani				42,538		
12.	Linda Wanjala				42,538		
13.	Muhamed Muhaji				40,578		
14.	Christine Hariri				35,054		
					405,026		
		Sub-Total			405,026		
		Grand Total			405,026		

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI 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.	Education projects				16,758,035		
2.	Security				6,746,949		
3.					-		
	Sub-Total				23,504,984		
Amounts due to other grants and other transfers							
4.					15,889,668.03		
5.					-		
6.					-		
	Sub-Total				-		
	Sub-Total				-		
Others (specify)							
7.					2,053,624.00		
8.					-		
9.					-		
	Sub-Total				-		
	Grand Total				41,448,275.00		

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	5,000,000.00	5,000,000.00
Building and Structures	-	-
Construction of Buildings	15,000,000.00	15,000,000.00
Motor Vehicle and Other Transport Equipment	5,225,000.00	-
Office Equipment, Furniture and Fittings	2,821,097.00	820,497.00
ICT Equipment, Software and other ICT Assets	974,327.00	974,327.00
Other Machinery and Equipment	22,750,000.00	22,750,000.00
Heritage and Cultural Assets	-	-
Intangible Assets	-	-
Total	51,570,424.00	44,344,824.00

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

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16-
Malindi Constituency Development Fund –Malindi Administration Police Station	Equity- Malindi	045026508832	1,112.00	-
Malindi Constituency Development Fund -Kakuyuni AP Post	Equity- Malindi	0450266120773	120.00	-
Malindi Constituency Development Fund –Weru Technical Institute	Equity- Malindi	0450266297441	180.00	-
Malindi Constituency Development Fund –Malindi Police Line	Equity- Malindi	0450266861598	390.00	-
National Government CDF-Watamu Environmental Group	Equity- Malindi	0450269350180	560.00	-
National Government Cdf-Takaye Primary School	Equity- Malindi	0450269412126	390.00	-
National Government Cdf-Ganda Pry School	Equity- Malindi	0450270054200	890.00	-
National Government Cdf-Kijiwetanga Pry School	Equity- Malindi	0450270211542	840.00	-
National Government CDF-St. Andrews Pry School	Equity- Malindi	0450270211580	2,340.00	-
National Government CDF-Mashamba Pry School	Equity- Malindi	0450270211876	730.00	-
National Government CDF-Viriko Pry School	Equity- Malindi	0450270211971	920.00	-
National Government CDF-Baguo Pry School	Equity- Malindi	0450270212272	110.55	-
National Government CDF-Baguo Sec School	Equity- Malindi	0450270212357	310.00	-
National Government CDF-Madunguni Sec School	Equity- Malindi	0450270212418	340.00	-
National Government CDF-Karima Pry School	Equity- Malindi	0450270212669	340.00	-

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16-
National Government CDF-Pishimwenga Pry School	Equity- Malindi	0450270212685	21,240.00	-
National Government CDF-Airport Pry School	Equity- Malindi	0450 270212911	2,450.00	-
National Government CDF-Kakuyuni Pry School	Equity- Malindi	0450270212914	460.00	-
National Government CDF-ACK Bishop Kalu Sec School	Equity- Malindi	0450270213331	404,537.00	-
National Government CDF- Mkunguni Pry School	Equity- Malindi	0450270213539	50.00	-
National Government CDF-Arabuko Sokoke Pry School	Equity- Malindi	0450270214154	460.00	-
National Government CDF-Marikano Pry School	Equity- Malindi	0450270214950	382,450.00	-
National Government CDF-Mwangaza Pry School	Equity- Malindi	0450270238384	838.00	-
National Government CDF-Milimani Pry School	Equity- Malindi	0450270240769	1,890.00	-
National Government CDF-St. Mary's Takaye Second School	Equity- Malindi	0450270574188	2,340.00	-
National Government CDF-St. Catharine Mwangaza Girls' Sec School	Equity- Malindi	0450270708545	2,937.00	-
National Government CDF-Langobaya Public Toilets	Equity- Malindi	0450270711341	1,020.00	-
National Government CDF-Langobaya Sb Chiefs Office	Equity- Malindi	0450270711403	148.35	-
National Government CDF-Kakuyuni Chief's Office	Equity- Malindi	0450270711515	890.00	-
National Government CDF-Gahaleni Pry School	Equity- Malindi	0450271666931	890.00	-
National Government CDF-Khombeni Pry School	Equity- Malindi	0450271868516	10.00	-
National Government CDF-Kakuyuni Environmental Group	Equity- Malindi	04502722390908	450.00	-
National Government CDF-Ganda Environmental Activity	Equity- Malindi	0450272391040	0.00	-

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16-
National Government CDF-Malindi Karate Clubs	Equity- Malindi	0450272393643	0.00	-
National Government CDF-Mida Majaoni Football Club	Equity- Malindi	0450272402034	0.00	-
National Government CDF-Muyeye Sec School	Equity- Malindi	0450272483120	60.00	-
National Government CDF-Majibombas Football Club	Equity- Malindi	0450263800341	60.00	-
National Government CDF-Galana Water Project	Equity- Malindi	0450262648187	41.00	-
National Government CDF-Galana Water Project	Equity- Malindi	0450262622270	635.80	-
National Government CDF-Kijiwetanga Water Project	Equity- Malindi	0450269441790	4,680.00	-
National Government CDF-Madunguni Pny School	Equity- Malindi	0450269441924	890.00	-
National Government CDF-Mijomboni FC	Equity- Malindi	0450271107598	890.00	-
National Government CDF-TIMBONI FC	Equity- Malindi	0450272390022	1,880.00	-
National Government CDF-Watamu FC	Equity- Malindi	0450272393954	60.00	-
National Government CDF-Chaube FC	Equity- Malindi	0450272402416	299.00	-

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)
10.2 Galana Water project	During previous financial year audit (2014/15), the above water project was found to have stalled despite the contractor having been paid the whole contract sum and the issue was reported in Auditor-General's report. A revisit to the site found the project status has not changed and the project is still incomplete and no work has taken any measures to ensure the contract is delivered in full yet the contractor has been paid in full. The intended beneficiaries are yet to realize any value for the project	Galana water project was funded in the FY 2013/2014. The project had two phases; The activity in the First phase involved "purchase and installation of water pump at central point to pump water to the well-established kiosks" at a cost of Kshs 3,000,000. This phase was implemented by Malindi water and sewerage company (MAWASCO). The allocation was Kshs 3,000,000 but MAWASCO were given Kshs 4,000,000. These funds were channeled through cheque No. 0026 vied a letter dated 12 th December 2014. This was well above the allocated sum of Kshs 3,000,000. The second phase activity was "Construction of 3 water kiosks" at a cost of Kshs 1,300,000. It is important to note that the cost of laying pipes and civil/mechanical/engineering works came to Kshs 4,301,883 which is approximately three (3) times the original budget of Kshs 1,300,000. As a result of under estimation of costs by the public works the project has			

10

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MALINDI 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)
		remained uncompleted. The original cost of the project is well over Kshs 15,000,000. However, less than half of this amount has so far been disbursed to the project.			

