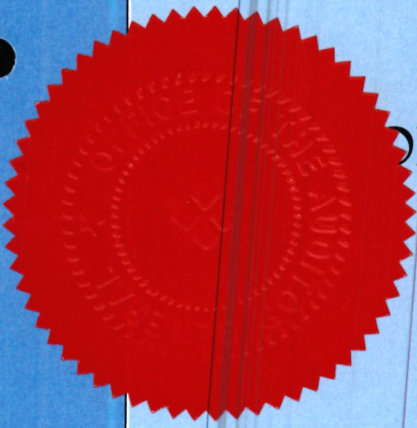


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 21 NOV 2018	DAY: Wed
REPORT BY:	The Hon. Aden Duale, EGH, MP
CLERK-AT-THE-TABLE:	<i>[Signature]</i>

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OF KENYA  
LIBRARY

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2017**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
29 SEP 2017  
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-  
MUKURWE-INI CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-  
NI CONSTITUENCY**

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

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Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	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.....	24
IX. NOTES TO THE FINANCIAL STATEMENTS.....	26

**CONSTITUENCY DEVELOPMENT FUND- MUKURWE-INI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

**(b) Key Management**

The *MUKURWE-INI Constituency's* day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituencies Development Fund Committee (NG-CDFC)

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Edwin Nyamu</b>
3.	Accountant	<b>Pascal Amoke</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of MUKURWE-INI 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) MUKURWE-INI NG-CDF Headquarters**

P.O. Box 8 - 10103  
NG-CDF Offices  
Near Mukurwe-ini police station  
Mukurwe-ini  
NYERI

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- MUKURWE-INI  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**(f) MUKURWE-INI NG-CDF Contacts**

Telephone number 0704498539

E-mail: [mukurweini@cdf.go.ke](mailto:mukurweini@cdf.go.ke)

Website: [mukurwe-ini.net](http://mukurwe-ini.net).

**(g) MUKURWE-INI NG-CDF Banker**

Equity Bank

P.O. Box 8-10103

Mukurwe-ini Branch

A/C No.0830297514775

**(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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- MUKURWE-INI  
CONSTITUENCY**

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

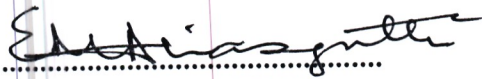
**II.FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND  
COMMITTEE (CDFC)**

From the allocation, Mukurwe-ini NG-CDF has managed to implement education, electricity, health, security projects together with organised constituency sports tournament, planting of trees to enhance a beautiful and friendly environment.

Mukurwe-ini NG-CDFC implemented one of the biggest directly funded projects in the constituency, this is the NG-CDF Office block which will house among other things the Constituency headquarters, NG-CDF hall, Resource centre and a community library.

Our key achievement has been access to quality and equal opportunity in education by giving bursaries to the less fortunate and persons with disabilities both in secondary and tertiary level.

Our primary and secondary schools' infrastructures have been constructed or rehabilitated thus creating a conducive environment to learners and teachers.



.....  
**MR. ELIAS MAGUTU  
CHAIRMAN NG-CDFC**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- MUKURWE-INI  
CONSTITUENCY**

**Reports and Financial Statements  
or 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 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.

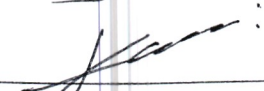
The Accounting Officer in charge of the MUKURWE-INI Constituencies Development Fund is responsible for the preparation and presentation of the MUKURWE-INI NG-CDF financial statements, which give a true and fair view of the state of affairs of the MUKURWE-INI NG-CDF for and as at the end of the financial 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.

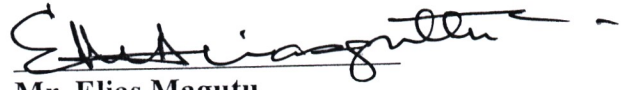
The Accounting Officer in charge of the MUKURWE-INI NG-CDF accepts responsibility for the *NG-CDF's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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 the MUKURWE-INI 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 MUKURWE-INI 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  
28<sup>th</sup> July 2017.

  
Mr. Edwin Nyamu  
Fund Account Manager

  
Mr. Elias Magutu  
Chairman NG-CDFC



# REPUBLIC OF KENYA

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Fax: +254-20-311482  
E-mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund–Mukurweini Constituency set out on pages 5 to 20, 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund–Mukurweini 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 National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matter described in the Other Matter section of my report, 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 Opinion

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

---

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

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Other Matter section of my report, I have determined that there are no key audit matters to communicate in my report.

## **Other Matter**

### **1. Bank Balances**

The statement of assets reflects bank balance of Kshs.2,617,739 as at 30 June 2017. However, scrutiny of the bank reconciliation statement presented for audit verification indicated that, included in the list of un-presented cheques of Kshs.2,088,420 in the month of June 2017 are cheques totaling Kshs.183,688 that were already stale as at 30 June 2017 and could not be presented to the bank for payment. No reason was provided for the failure to reverse the cheques into the cashbook.

Consequently the accuracy of bank balances of Kshs.2,617,739 as at 30 June 2017 could not be confirmed.

### **2. Unauthorized change of Project Activity**

Statement of receipts and payments reflects transfers to other government entities balance of Kshs.68,700,000 which includes disbursement of Kshs.1,500,000 to Karaguririo Primary School for construction of two (2 no.) classrooms. However, review of project file and expenditure returns revealed that the Project Management Committee (PMC) did not adhere to the approved project activity but instead used the funds for the construction of a block of toilets at the school. No authority from the NG-CDF Board for the change of project activity was provided for audit review.

Consequently, the regularity and value-for-money of the expenditure of Kshs.1,500,000 incurred during the year on the project could not be confirmed.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

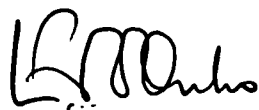
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 Fund 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 Fund 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**

**13 November 2018**

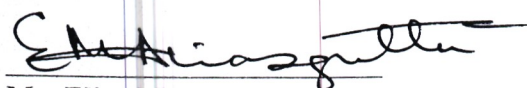
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- MUKURWE-INI  
CONSTITUENCY**

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

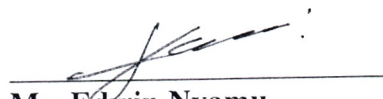
**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NG-CDF board-AIEs' Received	1	130,303,828.70	73,969,847.50
Proceeds from Sale of Assets	2	-	
Other Receipts	3	217,700.00	340,700.00
<b>TOTAL RECEIPTS</b>		<b>130,521,528.70</b>	<b>74,310,547.50</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,235,958.45	1,764,527.75
Use of goods and services	5	13,326,412.65	5,010,172.00
Transfers to Other Government Units	6	86,255,000.00	77,505,025.40
Other grants and transfers	7	29,478,694.00	27,364,616.80
Acquisition of Assets	8	4,999,999.70	2,396,568.00
Other Payments	9	562,000.00	-
<b>TOTAL PAYMENTS</b>		<b>136,858,064.80</b>	<b>114,040,909.95</b>
<b>SURPLUS/DEFICIT</b>		<b>(6,336,536.10)</b>	<b>(39,730,362.45)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MUKURWE-INI NG-CDF financial statements were approved on 28<sup>th</sup> July 2017 and signed by:



**Mr. Elias Magutu  
Chairman - NG-CDFC**



**Mr. Edwin Nyamu  
Fund Account Manager**

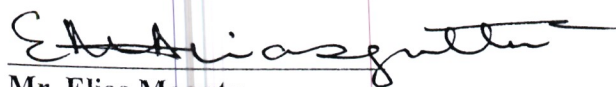
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- MUKURWE-INI  
CONSTITUENCY**

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

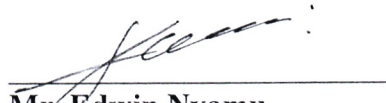
**V. STATEMENT OF ASSETS**

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	2,617,739.18	8,868,112.28
Cash Balances (cash at hand)	10B		
Outstanding Imprests	11		
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,617,739.18</b>	<b>8,868,112.28</b>
<b>REPRESENTED BY</b>			
Retention	12	86,163.00	0
Fund balance b/fwd 1st July...	13	8,868,112.28	48,598,474.73
Surplus/Deficit for the year		(6,336,536.10)	(39,730,362.45)
Prior year adjustments			
<b>NET LIABILITIES</b>	14	<b>2,617,739.18</b>	<b>8,868,112.28</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MUKURWE-INI NG-CDF financial statements were approved on 28<sup>th</sup> July 2017 and signed by:



**Mr. Elias Magutu  
Chairman - NG-CDFC**



**Mr. Edwin Nyamu  
Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- MUKURWE-INI  
CONSTITUENCY**

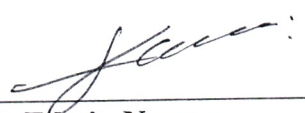
**Reports and Financial Statements  
For the year ended June 30, 2017**

**VI. STATEMENT OF CASHFLOW**

		2016 - 2017	2015 - 2016
<b>Receipts for operating income</b>			
Transfers from NG-CDF Board	1	130,303,828.70	73,969,847.50
Other Receipts	3	217,700.00	340,700.00
		<b>130,521,528.70</b>	<b>74,310,547.50</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,235,958.45	1,764,527.75
Use of goods and services	5	13,326,412.65	5,010,172.00
Transfers to Other Government Units	6	86,255,000.00	77,505,025.40
Other grants and transfers	7	29,478,694.00	27,364,616.80
Other Payments	9	562,000.00	
<b>Adjusted for:</b>			
Adjustments during the year	14		
<b>Net cash flow from operating activities</b>		<b>(1,336,536.40)</b>	<b>(37,333,794.45)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		
Acquisition of Assets	9	4,999,999.70	2,396,568.00
<b>Net cash flows from Investing Activities</b>		<b>(4,999,999.70)</b>	<b>(2,396,568.00)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(6,336,536.10)</b>	<b>(39,730,362.45)</b>
Cash and cash equivalent at BEGINNING of the year	13	8,868,112.28	48,598,474.73
Cash and cash equivalent at END of the year		2,531,576.18	8,868,112.28

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MUKURWE-INI NG-CDF financial statements were approved on 28<sup>th</sup> July 2017 and signed by:

**Mr. Elias Magutu**  
Chairman NG-CDFC

  
**Mr. Edwin Nyamu**  
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 %
<b>RECEIPTS</b>						
Transfers from NG-CDF Board	81,896,552	60,375,389	142,271,941	139,171,941	3,100,000	97.8%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts (AIA)	-	-	-	217,000	(217,000)	0.0%
	81,896,552	60,375,389	142,271,941	139,388,941	2,883,000	98.0%
<b>PAYMENTS</b>						
Compensation of Employees	2,457,000	635,272	3,092,272	2,235,958	856,314	72.3%
Use of goods and services	3,982,724	3,203,810	7,186,534	13,326,413	(6,139,879)	185.4%
Transfers to Other Government Units	47,100,000	43,255,000	90,355,000	86,255,000	3,100,000	96.6%
Other grants and transfers	28,356,828	7,719,307	36,076,135	29,478,694	7,597,441	78.9%
Acquisition of Assets	-	5,000,000	5,000,000	5,000,000	-	100.0%
Other Payments	-	562,000	562,000	562,000	-	100.0%
<b>TOTALS</b>	<b>81,896,552</b>	<b>60,375,389</b>	<b>142,271,941</b>	<b>136,858,065</b>	<b>5,413,876</b>	<b>96.2%</b>



(a) [For the revenue items, indicate whether they form part of the ALA by inserting the "ALA" alongside the revenue category.]  
(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. Use of Goods and Services- Overutilisation due to unutilised balances brought forward from previous financial years  
FY 2014-15, 2015-16.

The MUKURWE-INI NG-CDF financial statements were approved on 28<sup>th</sup> July 2017 and signed by:

  
Mr. Elias Magutu  
Chairman NG-CDF

  
Mr. Edwin Nyamu  
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-INI  
CONSTITUENCY**

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

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**VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NG-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.

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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
NG-CDF Board			
AIE NO	A825881	51,507,277.00	3,969,847.50
AIE NO	A829940	4,094,827.60	50,000,000.00
AIE NO	A855139	36,853,449.00	0
AIE NO	A855566	37,848,275.10	0
(other constituency e.g, parent constituency)			
<b>TOTAL</b>		<b>130,303,828.70</b>	<b>73,969,847,50</b>

**1.1.1.1.1.1.2 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	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-  
INI CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**1.1.1.1.1.1.3 OTHER RECEIPTS**

	<b>2016- 2017</b>	<b>2015 - 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest Received	0	33,450.00
Rents	0	100,000.00
Receipts from Sale of tender documents	0	100,000.00
Other Receipts Not Classified Elsewhere	217,700.00	107,250.00
<b>Total</b>	<b>217,700.00</b>	<b>340,700.00</b>

**1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES**

	<b>2016 - 2017</b>	<b>2015 - 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,853,902.05	1,699,727.75
Basic wages of casual labour	0.00	0.00
<b>Personal allowances paid as part of salary</b>		
House allowance	0.00	0.00
Transport allowance	0.00	0.00
Leave allowance	0.00	0.00
Gratuity	250,296.40	0.00
Other personnel payments	131.760.00	64,800.00
<b>Total</b>	<b>2,235,958.45</b>	<b>1,764,527.75</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**1.1.1.1.1.1.5 USE OF GOODS AND SERVICES**

	<b>2016 - 2017</b>	<b>2015 - 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	3,083,500.00	2,822,650.00
Utilities, supplies and services	44,068.00	100,862.00
Communication, supplies and services	439,128.00	6,960.00
Domestic travel and subsistence	0.00	0.00
Printing, advertising and information supplies & services	0.00	0.00
Rentals of produced assets	0.00	0.00
Fuel, oil and lubricants	600,000.00	620,000.00
Hospitality supplies and services	0.00	0.00
Other committee expenses	7,222,000.00	0.00
Specialized materials and services	0.00	0.00
Office and general supplies and services	622,381.00	845,868.00
Other operating expenses	768,311.65	446,149.00
Routine maintenance – vehicles and other transport equipment	548,024.00	167,683.00
Routine maintenance – other assets	0.00	0.00
<b>Total</b>	<b>13,326,412.65</b>	<b>5,010,172.00</b>
<b>TOTAL</b>	<b>13,326,412.65</b>	<b>5,010,172.00</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**1.1.1.1.1.1.6 TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to National Government entities	0.00	0.00
Transfers to primary schools (see attached list)	68,700,000.00	37,560,342.80
Transfers to secondary schools (see attached list)	17,555,000.00	39,944,682.60
Transfers to tertiary institutions (see attached list)	0.00	0.00
Transfers to health institutions (see attached list)	0.00	0.00
<b>TOTAL</b>	<b>87,255,000.00</b>	<b>77,505,025.40</b>

**1.1.1.1.1.1.7 OTHER GRANTS AND OTHER PAYMENTS**

	2016 - 2017	2015- 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	11,888,499.00	12,679,327.00
Bursary – tertiary institutions (see attached list)	9,737,195.00	6,492,248.00
Bursary – special schools (see attached list)	0.00	0.00
Mock & CAT (see attached list)	0.00	0.00
Water projects (see attached list)	0.00	3,351,651.00
Agriculture projects (see attached list)	0.00	0.00
Electricity projects (see attached list)	835,000.00	0.00
Security projects (see attached list)	1,818,000.00	2,000,000.00
Roads projects (see attached list)	0.00	700,000.00
Sports projects (see attached list)	1,800,000	998,930.30
Social programs	1,000,000.00	
Environment projects (see attached list)	900,000.00	1,142,460.50
Emergency projects (see attached list)	1,500,000.00	0.00
<b>Total</b>	<b>29,478,694.00</b>	<b>27,364,66.80</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-  
INI CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**1.1.1.1.1.1.8 ACQUISITION OF ASSETS**

**Non Financial Assets**

	<b>2016 - 2017</b>	<b>2015 - 2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	0	0
Construction of Buildings	4,999,999.70	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	2,396,568.00
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
<b>Total</b>	<b>4,999,999.70</b>	<b>2,396,568.00</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-  
INI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.9 OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Library	562,000.00	0
	562,000.00	0

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017 Kshs	2015 - 2016 Kshs
<i>Equity Bank Account No. 0830297514775</i>	2,617,739.18	8,868,112.28
<b>Total</b>	<b>2,617,739.18</b>	<b>8,868,112.28</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-  
INI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

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

[Provide cash count certificates for each]

11: OUTSTANDING IMPRESTS

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

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-  
INI 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
Transworld contractors	63,530.00	0
Transworld contractors	22,633.00	0

**Total**

86,163.00	0
-----------	---

*[Provide short appropriate explanations as necessary]*

13. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	8,868,112.28	48,598,474.73
Cash in hand	0	0
Imprest	0	0
		0
<b>Total</b>	8,868,112.28	48,598,474.73

*[Provide short appropriate explanations as necessary]*

14. PRIOR YEAR ADJUSTMENTS

	2016- 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	0	0
Cash in hand	0	0
Imprest	0	0
	0	0
<b>Total</b>	0	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUKURWE-  
 INI 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 Kshs	2015 - 2016 Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<u>0</u>	<u>0</u>

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
	<u>0</u>	<u>0</u>

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
	<u>0</u>	<u>0</u>

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	1,835,105.50	0
	<u>1,835,105.50</u>	<u>0</u>

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.	0	0	0	0	0	
2.	0	0	0	0	0	
3.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Construction of civil works						
4.	0	0	0	0	0	
5.	0	0	0	0	0	
6.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Supply of goods						
7.	0	0	0	0	0	
8.	0	0	0	0	0	
9.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Supply of services						
10.	0	0	0	0	0	
11.	0	0	0	0	0	
12.	0	0	0	0	0	
Sub-Total	0	0	0	0	0	
Grand Total	0	0	0	0	0	

Reports and Financial Statements  
For the year ended June 30, 2017 (Kshs'000)

0  
A0NNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.		0	0	0	0	0	
2.		0	0	0	0	0	
3.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
<b>Middle Management</b>							
4.		0	0	0	0	0	
5.		0	0	0	0	0	
6.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
<b>Unionisable Employees</b>							
7.		0	0	0	0	0	
8.		0	0	0	0	0	
9.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
<b>Others (specify)</b>							
10.		0	0	0	0	0	
11.		0	0	0	0	0	
12.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
	Grand Total	0	0	0	0	0	

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2017 d=a-c	Outstanding Balance 2016	Comments
<b>Amounts due to other Government entities</b>							
1.		0	0	0	0	0	
2.		0	0	0	0	0	
3.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
<b>Amounts due to other grants and other transfers</b>							
4.		0	0	0	0	0	
5.		0	0	0	0	0	
6.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
<b>Others (specify)</b>							
7.		0	0	0	0	0	
8.		0	0	0	0	0	
9.		0	0	0	0	0	
	Sub-Total	0	0	0	0	0	
	Grand Total	0	0	0	0	0	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2017/16	Historical Cost (Kshs) 2015/16
Land	-	-
Buildings and structures	24,272,409.26	19,272,409.26
Transport equipment		
Office equipment, furniture and fittings	5,650,000.00	5,650,000.00
ICT Equipment, Software and Other ICT Assets	3,843,613.50	3,843,613.50
Other Machinery and Equipment	1,580,150.00	1,580,150.00
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>35,346,172.76</b>	<b>30,346,172.76</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (MUKURWE-INI CONSTITUENCY)**

**Reports and Financial Statements**

for the year ended June 30, 2017 (Kshs'000)

**NEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017**

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Gakira Primary School-NG-CDF PMC	Equity Bank	0830170604134	1,711.50	0
Kaharo Primary School-NG-CDF PMC	Equity Bank	0830170518326	172.50	0
Muthuthini Primary School-NG-CDF PMC	Equity Bank	0830171062945	10,762.50	0
Gakima Primary School-NG-CDF PMC	Equity Bank	0830171062664	157.50	0
Mweru Primary School-NG-CDF PMC	Equity Bank	0830171756486	90,154.85	0
Mbugwa Primary School-NG-CDF PMC	Equity Bank	0830171063300	887.20	0
Gatura Primary School-NG-CDF PMC	Equity Bank	0830171785457	38,732.35	0
Gathiriti Primary School-NG-CDF PMC	Equity Bank	0830171756321	17.35	0
Karaguririo Primary School-NG-CDF PMC	Equity Bank	0830170252824	911.50	0
Kiawaita Primary School-NG-CDF PMC	Equity Bank	0830171756371	857.35	0
Matiraini Primary School-NG-CDF PMC	Equity Bank	0830171063442	917.20	0
Kianyaga Primary School-NG-CDF PMC	Equity Bank	0830171062771	1,017.50	0
Githagara Primary School-NG-CDF PMC	Equity Bank- Mukurwe-ini	0830171756257	1,117.35	0
Karindi Primary School-NG-CDF PMC	Equity Bank	0830170055531	1,117.50	0
Wahari Primary School-NG-CDF PMC	Equity Bank	0830170185823	2.50	0
Nguura Primary School-NG-CDF PMC	Equity Bank	0830171756431	163,786.35	0
Gathitu Primary School-NG-CDF PMC	Equity Bank	0830171063051	1,327.50	0
Thangathi Primary School-NG-CDF PMC	Equity Bank	0830171062411	612.50	0
Ithanji Primary School-NG-CDF PMC	Equity Bank	0830171063262	2,452.50	0
Kihate Primary School-NG-CDF PMC	Equity Bank	0830171062280	1,057.50	0
Matuto Primary School-NG-CDF PMC	Equity Bank	0830171062203	1,062.50	0
Kigathi Primary School-NG-CDF PMC	Equity Bank	0830171062998	8,422.50	0
Wachee Primary School-NG-CDF PMC	Equity Bank	830171062483	3,552.50	0
Thukuma Primary School-NG-CDF PMC	Equity Bank	0830171063112	1,597.50	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (MUKURWE-  
INI CONSTITUENCY)

Accounts and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

P	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
				0
Rev. Muhoro Secondary School-NG-CDF PMC	Equity Bank	0830171870637	1,383,407.50	0
Giathugu Secondary School-NG-CDF PMC	Equity Bank	0830170605462	484.50	0
Kanunga Primary School-NG-CDF PMC	Equity Bank	0830170000988	883.00	0
ACK Githi Primary School-NG-CDF PMC	Equity Bank	0830170000966	4.00	0
Mutwewathi Primary School-NG-CDF PMC	Equity Bank	0830170000874	3,220.00	0
Wanguru Primary School-NG-CDF PMC	Equity Bank	0830169918605	830.00	0
Ngoru Orthodox Secondary School-NG-CDF PMC	Equity Bank	0830170000945	1,812.50	0
Gathiriti Secondary School-NG-CDF PMC	Equity Bank	0830169972130	2,502.50	0
Karaba Secondary School-NG-CDF PMC	Equity Bank	0830169934174	778.50	0
Njiruini Secondary School-NG-CDF PMC	Equity Bank	0830170000903	1,401.50	0
Kanguruwe Assistant's Chief NG-CDF PMC	Equity Bank	0830170646304	1,022.50	0
Ichamara Administration block NG-CDF PMC	Equity Bank	0830170605620	317.50	0
AP Headquarters NG-CDF PMC	Equity Bank	0830170634071	280.00	0
TAC Hall Gikondi NG-CDF PMC	Equity Bank	0830170627101	100,000.00	0
Thangathi AP Post NG-CDF PMC	Equity Bank	0830170896883	197.50	0
Kaheti AP Post NG-CDF PMC	Equity Bank	0830168840764	615.00	0
Gachiro Primary School-NG-CDF PMC	Equity Bank	0830170537240	1,047.00	0
Githunguri Primary School-NG-CDF PMC	Equity Bank	0830170576642	112.50	0
Kibutio Primary School-NG-CDF PMC	Equity Bank	0830170600296	262.50	0
Kiwamururu Primary School-NG-CDF PMC	Equity Bank	0830170551087	1,292.50	0
Tambaya Primary School-NG-CDF PMC	Equity Bank	0830170537999	451.50	0
Ititu Primary School-NG-CDF PMC	Equity Bank	0830170604799	82.50	0
Mukurwe-ini sports tournament NG-CDF PMC	Equity Bank	0830170946920	800.00	0
Mukurwe-ini NG-CDF library PMC	Equity Bank	0830171371735	2.50	0
Mukurwe-ini Environment NG-CDF	Equity Bank	0830173286249	890.00	0
<b>Total</b>			<b>1,835,105.50</b>	<b>0</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (MUKURWE-  
INI CONSTITUENCY)**

**Reports and Financial Statements  
for the year ended June 30, 2017 (Kshs'000)**

**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. of the audit report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timefr ame: (Put a date when you expect the issue to be resolv ed)
1	The statement of receipts and payments reflect an amount of Kshs 27,364,616.80 under other grants and transfers which excludes an amount of kshs1,789,202.00 incurred under Emergency expenses. No explanation has been given for the omission	Financial statements are being verified and necessary amendments have been done	Edwin Nyamu. (Fund Account Manager)	Not resolved.	21 days (31 <sup>st</sup> August 2017)
2	Bank balance as at 30 <sup>th</sup> June 2016 amounted to Kshs 8,868,112 as per the statements of the financial assets. However, the bank reconciliation statement includes unpresented cheques of Kshs.2,620,095.35 as at 30 <sup>th</sup> June 2016. Out of this, an amount of Kshs. 165,365.70 was in relation to stale cheques dating back to April 2015 for the year 2014/2015. It is expected that cheques which are unrepresented beyond six months are invalid and should be reversed back in the cashbook. No reason was provided for not reversing the stale cheques in the cashbook.	Application for stale cheques to be reversed has been done to the District Accountant.	Pascal Amoke (District Accountant )	Not resolved.	21 days (31 <sup>st</sup> August 2017)
3	The financial statements under review do not have a note 15 (Other Important	There was no pending payables, a typographical error	Edwin Nyamu. (Fund	Not resolved	21 days (31 <sup>st</sup>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (MUKURWE-  
INI CONSTITUENCY)**

**Reports and Financial Statements**

**For the year ended June 30, 2017 (Kshs'000)**

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)
	Disclosures) and Annex 3 (Other Pending Payables) attached. It was therefore not possible to confirm whether there were any Other Pending Payables as at 30 <sup>th</sup> June 2016	occurred. A correct statement has been submitted	Account Manager)		August 2017)
ART 10	During financial year 2015/2016, the CDF Mukurwe-ini had allocated a total of Kshs. 1,000,000 for Mocks and Cats. An amount of Kshs. 620,000 was spent on math contest and purchase of exams. This expenditure is not properly supported.	We have provided the supporting documents for both Kshs. 420,000.00 and Kshs. 200,000.00. These documents are dully signed by education officers and shows how the funds were utilised	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)
1	A site visit at Gathukimundu Primary School established that the above activities had been done, However, the flooring, the construction of the veranda, wall painting of the roof and wiring was done on only 6 classrooms and not the 8 classrooms had been proposed and approved. In the circumstances therefore, the intended activity for which the allocation was given was not adhered to.  No explanation was given for the failure to complete the works as planned.	Funding allocated for the named project was not sufficient to carry out the intended for all the class rooms. This was necessitated by variance in the works from the BQ's quantities. The works officer's completion certificates were attached explaining	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (MUKURWE-  
INI CONSTITUENCY)

Reports and Financial Statements  
For the year ended June 30, 2017 (Kshs'000)

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)
		the same.			
7.2	A visit to Kaheti primary school revealed that there was change of activity contrary to the earlier proposal and subsequent funding Ten steel doors, 20 steel windows, roof, wall painting to 10 classrooms, flooring of 10 classrooms, external finishes to 4 classrooms and construction of veranda were done instead of flooring of 5 no. classrooms.	By the time the project was to be implemented a good Samaritan had carried out the construction of the boys and girls toilets. This freed the funds to carry out further works to include other classrooms which increased the number to 10.	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)
7.3	The NG-CDF had allocated Kihuti Primary School a total of Kshs. 1,500,000 for construction of 3 classrooms. However, a visit to the school indicated that only 2 classrooms were under construction instead of the 3 budgeted and were about 90% complete. It was also noted that the classrooms were already in use even before completion. The keying of external walls was ongoing and the painting had not been done. was no evidence indicating that the CDFC and PMC Board for the change of activity.	Funding allocated for the named project was not sufficient to carry out the intended works for all the class rooms. This was necessitated by variance in the works from the BQ's quantities. The works officer's completion certificates are attached explaining the same.	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (MUKURWE-  
INI CONSTITUENCY)

Reports and Financial Statements

for the year ended June 30, 2017 (Kshs'000)

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)
		Compliance with the auditor's recommendation will be implemented in the future in seeking Board approval for change of activity			
4	Examination of project files and other related documents revealed that the Constituency Development Fund Committee (CDFC) did not adhere to the Approved Budget code list and planned activity during the implementation of various secondary school projects.	Compliance with the auditor's recommendation will be implemented in the future in adhering to the Budget code list	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)
10	Physical verification of Giathugu, Mihuti, South Tetu, and Gaikundo Secondary Schools projects revealed that the works were carried without a National Construction Authority (NCA) registered contractors contrary to Section 23(2) of the National Construction Authority Act, 2011 since no NCA compliance certifications were availed for audit verification. Further, no completion certificates were issued to certify the quality of works done. It was also noted that delivery notes submitted by various suppliers of materials	Compliance with the auditor's recommendation will be implemented in the future in implementing and following the various construction and other statutory requirements. The various delivery notes were signed and were attached for verification	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - (MUKURWE-NI CONSTITUENCY)

Reports and Financial Statements  
For the year ended June 30, 2017 (Kshs'000)

Reference No. in 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)
	were not signed and dated by the receiving person. It was therefore not possible to ascertain whether the materials were delivered as per the order.				
10.0	A review of project files revealed that neither the project files nor payment vouchers had interim and completion certificates attached. It was therefore not clear on what basis the respective project management committees (PMC's) used when making interim and the final payments to the contractors. It was also not clear whether any supervision was carried out during the implementation of the as required by the law.	Compliance with the auditor's recommendation will be implemented in the future in implementing and following the various construction and other statutory requirements. Various certificates have been attached showing current compliance. Letter seeking participation of the works officer has also been attached.	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)
10.0	Untimely implementation of environment project.	A list showing beneficiaries has been attached. The District Forest officer has been consulted in subsequent implementation of the environment project to avoid variance and discrepancy in weather changes or species adoptability	Edwin Nyamu. (Fund Account Manager)	Not resolved	21 days (31 <sup>st</sup> August 2017)

