


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 09 MAY 2019	DAY: THURSDAY
TABLED BY:	MORO ADLET DOALE LEADER OF MAJORITY
CLERK AT THE TABLE:	IMZAPU MWALE

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND KITUI SOUTH  
CONSTITUENCY**

**FOR THE YEAR  
ENDED 30 JUNE 2018**



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KITUI SOUTH  
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018

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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 (NGCDF) KITUI  
SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

**Mandate**

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
KITUI SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**Core Values**

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

**(b) Key Management**

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

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Samuel Mutisya B.
3.	Sub-County Accountant	Justus Mutua N.
4.	Chairman NGCDFC	Florence M. Martin

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF Kitui South Constituency Headquarters**

P.O. Box 155-90201  
NG-CDF Building  
Next to DCC Offices, Mutomo Sub-county  
Mutomo , KENYA

**(f) NGCDF KITUI South Constituency Contacts**

E-mail: [kituisouth@ngcdf.go.ke](mailto:kituisouth@ngcdf.go.ke)

Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF Kitui South Constituency Bankers**

Equity Bank Ltd

Mutomo Branch

1670266577876

P.O. Box 143

Mutomo, Kenya

**(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 (NG-CDF)  
KITUI SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

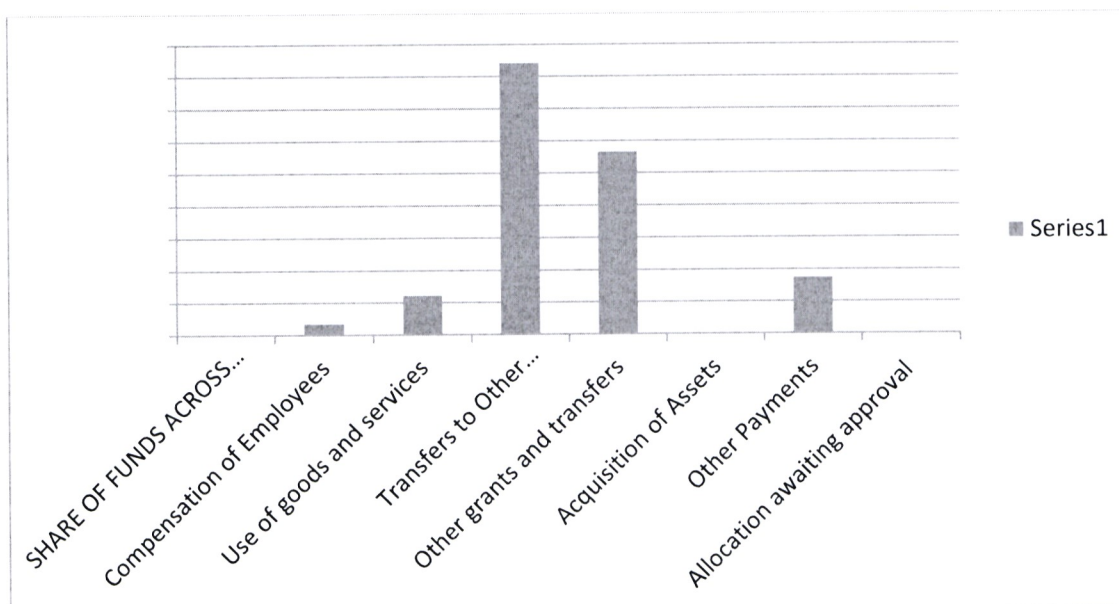
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**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

Kitui South Constituency is one of the 8 constituencies of Kitui County. The constituency has six wards namely ;Mutomo, Ikutha, Athi, Kanziko, Mutha and Ikanga-Kyatune. The constituency has a population of 166,050 according to IEBC data of 2013.

For the year under review, 2017/18, the constituency had been allocated Ksh86,810,345 in the original budget and a further allocation of Ksh11,379,311 in the supplementary budget making the total allocation due to the constituency for the 2017/18 Ksh98,189,656. Of all these allocation, only 50% of the allocation equivalent to Ksh43,405,172 had been received as at 30<sup>th</sup> June 2018.

Through the allocations, the NG-CDFC of the constituency has ensured a good share of the funds is allocated to bursary to ensure many needy students remain in school. Attention towards improvement of the learning infrastructure has also been given fair share of attention. Funds have been allocated to primary, secondary and tertiary institutions to ensure at least all levels of education are taken care of.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
KITUI SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

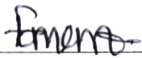
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The greatest challenge faced in the course of our work is the competition of little resources against very many needs. The NG-CDFC has tried to engage the public to ensure the resources are shared equitably to avoid back clashes.

Further, the NG-CDFC has continually ensured issues raised by the Board especially of project proposals that may delay the disbursement of Funds to the constituency are dealt with expeditiously.

In conclusion, I wish to thank all the stakeholders including the Office of the Auditor General who have provided invaluable guidance to enable us reach the far heights we have.

Thank you.



Florence Mbesa Martin

**CHAIRMAN NGCDF COMMITTEE**





**Reports and Financial Statements**

**For the year ended June 30, 2018**

**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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

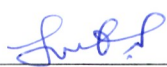
The Accounting Officer in charge of the NGCDF-Kitui South Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30,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

The Accounting Officer in charge of the NGCDF-Kitui South Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 20XX, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-Kitui South Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


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

**Approval of the financial statements**

The NGCDF-Kitui South Constituency financial statements were approved and signed by the Accounting Officer on 5<sup>th</sup> March, 2019.

  
\_\_\_\_\_  
Fund Account Manager  
Name: Dennis Matundura



  
\_\_\_\_\_  
Sub-County Accountant  
Name: Justus Mutua N.  
ICPAK Member Number:

# REPUBLIC OF KENYA

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Website: 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 - KITUI SOUTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Kitui South Constituency set out on pages 7 to 22, which comprise statement of assets as at 30 June 2018 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of National Government Constituencies Development Fund- Kitui South Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1.0 Cash and Cash Equivalents

##### 1.1 Stale Cheques

The statement of assets for the year under review reflects Kshs.91,462,468 as cash and cash equivalents as at 30 June, 2018. However, included in the balance are stale cheques totaling to Kshs.590,660 which has not been reversed in the cash book or replaced as at 30 June 2018.

In the circumstances, the reported cash and cash equivalents balance of Kshs.91,462,468 as at 30 June 2018 is understated by the Kshs.590,660 stale cheques.

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Kitui South Constituency for the year ended 30 June 2018*

## **1.2 Idle Bank Balance**

Note 10A reflects a cash and cash equivalent balance of Kshs.91,462,468 as at 30 June, 2018 which include Kshs.6,693,227 held in a Bank since 25 November 2015. Although management explained that the funds were held due to court case that frozen the account, the respective documents including the current position of the court case have not been availed for audit review. Further, the respective bank reconciliation statement was not provided for audit review.

In the circumstance, it has not been possible to ascertain the validity and accuracy of the Kshs.6,693,227 bank balance and the residents of Kitui South Constituency did not receive services equivalent to the withheld bank balance.

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

### **Key Audit Matters**

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

### **Other Matter**

## **1.0 Budgetary Control and Performance**

### **1.1 Receipts**

The combined summary statement of appropriation reflects approved budgeted receipts of Kshs.208,129,559 and actual receipts of Kshs.148,245,075 resulting to an unrealized revenue from the exchequer of Kshs.59,884,484 or 29% for the year ended 30 June, 2018.

Overall, the Fund failed to actualize its budget by Kshs.59,884,484 or 29% an indication that some of the programmes and activities that had been planned were not implemented. There is need therefore for Constituency Development Fund management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Kitui South Constituency.

In the circumstances the residents of the Constituency did not get expected services equivalent to the Kshs.59,884,484 unrealized exchequer releases from the Board for the year ended 30 June 2018.

## 1.2 Expenditure

The combined summary statement of appropriation - recurrent and development reflects approved expenditure budget of Kshs.208,129,559 against actual expenditure of Kshs.56,782,607 resulting to under absorption of Kshs.151,346,952 or 73 % as detailed below:

### Expenditure Analysis

Item	Final Budget (Kshs)	Actual (Kshs)	Under Expenditure (Kshs.)	% Under Expenditure
Compensation of employees	3,700,000	1,347,563	2,352,437	64%
Use of goods and services	12,612,931	7,772,900	4,840,031	38%
Transfers to other Government entities	107,191,939	24,400,000	82,791,939	77%
Other Grants and transfers	72,947,662	18,622,619	54,325,043	74%
Acquisition of Assets	3,000,000	3,000,000	0	0%
Other payments	8,677,027	1,639,525	7,037,502	81%
<b>Total</b>	<b>208,129,559</b>	<b>56,782,607</b>	<b>151,346,952</b>	<b>73</b>

In overall, the Fund under spent its budget by Kshs.151,346,952 or 73% of the total budget allocation. The funds could have been allocated to other deserving areas that would have improved delivery of goods and services to the residents of Kitui South Constituency. There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the citizens of Kitui South.

In the circumstances the residents of Kitui South Constituency did not get expected services equivalent to the Kshs.151,346,952 under expenditure for the year ended 30 June 2018.

## 2.0 Project Implementation Status

During the year under review, the Fund disbursed Kshs.47,622,619 to thirty-four (34) projects within the constituency. However, six (6) projects, amounting to Kshs.9,100,000 for the year ended 30 June 2018 were ongoing as analyzed below:

<b>Sector</b>	<b>Project Status</b>	<b>Amount Allocated (Kshs.)</b>	<b>Amount Disbursed (Kshs.)</b>	<b>No. of Projects</b>
Education	Completed	19,100,000	19,100,000	22
	Ongoing	5,300,000	5,300,000	3
	Not started			
	<b>Sub Total</b>	<b>24,400,000</b>	<b>24,400,000</b>	<b>25</b>
Security	Completed	2,800,000	2,800,000	4
	Ongoing	800,000	800,000	2
	Not started			
	<b>Sub Total</b>	<b>3,600,000</b>	<b>3,600,000</b>	<b>6</b>
Others	Completed	1,600,000	1,600,000	1
	Ongoing	3,000,000	3,000,000	1
	Not started			
	<b>Sub Total</b>	<b>4,600,000</b>	<b>4,600,000</b>	<b>2</b>
Bursary	Completed	15,022,619	15,022,619	1
	Ongoing			
	Not started			
	<b>Sub Total</b>	<b>15,022,619</b>	<b>15,022,619</b>	<b>1</b>
	<b>Totals</b>	<b>47,622,619</b>	<b>47,622,619</b>	<b>34</b>

In view of the foregoing, the constituents did not get the expected services equivalent to the six (6) ongoing all totaling to Kshs.9,100,000 for the year ended 30 June 2018. This is an indication of inappropriate project implementation mechanism. Therefore, there is need for the Constituency Development Fund management to review its project planning mechanism with a view to prioritizing those projects which will be implemented during the financial year resulting to higher impact in improving service delivery to the citizen of Kitui South Constituency.

### 3.0 Project Inspection Status

The following twenty-seven (27) projects were verified during the audit assignment and only twenty-three (23) projects costing Kshs.20,800,000 has been completed, three (3) projects costing Kshs.7,950,000 were on going and one (1) project costing Kshs.400,000 has not started.

<b>Sector</b>	<b>Project Status</b>	<b>Amount Allocated (Kshs)</b>	<b>Amount Disbursed (Kshs)</b>	<b>No. of Project</b>
Education	Completed	9,500,000	9,500,000	14
	Ongoing	1,000,000	950,000	1
Tertiary	Completed	6,500,000	6,500,000	3
	Ongoing	4,000,000	4,000,000	1

<b>Sector</b>	<b>Project Status</b>	<b>Amount Allocated (Kshs)</b>	<b>Amount Disbursed (Kshs)</b>	<b>No. of Project</b>
<b>Others</b>	Completed	1,600,000	1,600,000	1
	Ongoing	3,000,000	3,000,000	1
<b>Security</b>	Completed	3,200,000	3,200,000	5
	Not Started	400,000	400,000	1
<b>Total</b>		<b>29,200,000</b>	<b>29,150,000</b>	<b>27</b>

In the circumstances, the residents of Kitui South constituency did not get services equivalent to Kshs.400,000 fund disbursed for project which was not implemented for the year ended 30 June 2018.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that public resources have been applied lawfully and in an effective way.

### Basis for Conclusion

#### 1. Management of Motor Cycles

Note 7 to the financial statements reflects Kshs.3,600,000 in respect to security which includes Kshs.1,600,000 spent in procurement of sixteen (16) motor cycles which were issued to the chiefs to hand over to the leaders of Nyumba Kumi to enhance security in the constituency. However, information available indicate that all the motor riders did not have a valid driving license contrary to the traffic Act Chapter 403 Section 103B (5) which stipulates that a person shall not ride a motor cycle unless that person has a valid driving license.

In the circumstance, the management was in breach of the law.

#### 2. Stalled Construction of Women Hostel

Note 6 to the financial statements reflects Kshs.24,400,000 in respect to transfer to other government entities which includes Kshs.10,500,000 disbursed to Kenya Medical Training College- Mutomo for implementation of four (4) projects as follows;

	<b>Item</b>	<b>Amount (Kshs.)</b>
1	Construction of women hostel	4,000,000
2	Construction of drainage and sewerage system	3,000,000
3	Construction of fence with concrete poles fixed with barbed wire and chain link	2,000,000
4	Construction of Masonry tank	1,500,000
	<b>Total</b>	<b>10,500,000</b>

However, under clause 4 of the signed contract between the contractor and the Fund for the construction of the above women hostel worth Kshs.4,000,000, the work was to be completed within three months with effect from 4 May 2018 to 4 August 2018. However, physical verification done in the month of January 2019 revealed that the project has not been completed as doors, windows, ceiling, painting and floor were still not done. This is almost five (5) months after the completion date and the contractor is not on site.

In the circumstance, it is not clear when the project will be completed and if the citizens of Kitui South Constituency will get value for money of Kshs.4,000,000 the contract and the value for money of Kshs.4,000,000 spent on the hostel.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.**

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified opinion section of my report, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSA 1330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance was operating effectively, in all material respects.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the 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's or to cease operations, or have no realistic alternative but to do so.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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



In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

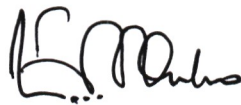
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue offering services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to

the date of my audit report. However, future events or conditions may cause the Fund to cease to continue offering services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

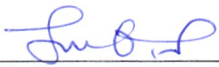
**01 April 2019**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
KITUI SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

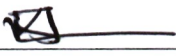
**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>RECEIPTS</b>			<b>RESTATED</b>
Transfers from CDF board-AIEs' Received	1	125,106,896	139,988,509
Proceeds from Sale of Assets	2		
Other Receipts	3		215,180
<b>TOTAL RECEIPTS</b>		<b>125,106,896</b>	<b>140,203,689</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,347,563	2,622,835
Use of goods and services	5	7,772,900	8,759,670
Transfers to Other Government Units	6	24,400,000	63,795,041
Other grants and transfers	7	18,622,619	67,658,535
Acquisition of Assets	8	3,000,000	5,838,688
Other Payments	9	1,639,525	3,667,584
<b>TOTAL PAYMENTS</b>		<b>56,782,607</b>	<b>152,342,353</b>
<b>SURPLUS/DEFICIT</b>		<b>68,324,289</b>	<b>(12,138,664)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kitui South Constituency financial statements were approved on 5<sup>th</sup> March, 2019, and signed by:

  
Fund Account Manager  
Name: Dennis Matundura



  
Sub-County Accountant  
Name: Justus Mutua N.  
ICPAK Member Number: 12228

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**

**KITUI SOUTH CONSTITUENCY**

**Reports and Financial Statements**

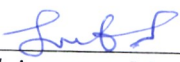
**For the year ended June 30, 2018**

**V. STATEMENT OF ASSETS**


RESTATED

	Note	2017-2018 Kshs	2016-17 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	91,462,468	23,138,179
Cash Balances (cash at hand)	10B		
<b>Total Cash and Cash Equivalents</b>		<b>91,462,468</b>	
Current Receivables-Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>91,462,468</b>	<b>23,138,179</b>
<b>REPRESENTED BY</b>			
Accounts Payable- Retention	12		
Fund balance b/fwd 1st July...	13	23,138,179	35,273,843
Surplus/Deficit for the year		68,324,289	(12,138,664)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>91,462,468</b>	<b>23,138,179</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kitui South Constituency financial statements were approved on 5<sup>th</sup> March, 2019 and signed by:

  
Fund Account Manager  
Name: Dennis Matundura



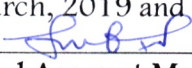
  
Sub-County Accountant  
Name: Justus Mutua N.  
ICPAK Member Number: 12228

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
KITUI SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**


**VI. STATEMENT OF CASHFLOW**

		<b>2017-2018</b>	<b>2016 - 2017</b>
<b>Receipts for operating income</b>			<b>(RESTATED)</b>
Transfers from CDF Board	1	125,106,896	139,988,509
Other Receipts	3		215,180
		<b>125,106,896</b>	<b>140,203,689</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,347,563	2,622,835
Use of goods and services	5	7,772,900	8,759,670
Transfers to Other Government Units	6	24,400,000	63,795,041
Other grants and transfers	7	18,622,619	67,658,535
Other Payments	9	1,639,525	3,667,584
		<b>53,782,607</b>	<b>146,503,665</b>
<b>Adjusted for:</b>			
Adjustments during the year	14		-
<b>Net cash flow from operating activities</b>		<b>71,324,289</b>	<b>(6,299,976)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(3,000,000)	(5,838,688)
<b>Net cash flows from Investing Activities</b>		<b>68,324,289</b>	<b>(12,138,664)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>23,138,179</b>	<b>35,273,843</b>
<b>Cash and cash equivalent at END of the year</b>		<b>91,462,468</b>	<b>23,138,179</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kitui South Constituency financial statements were approved on 5<sup>th</sup> March, 2019 and signed by:

  
Fund Account Manager  
Name: Dennis Matundura.




  
Sub-County Accountant  
Name: Justus Mutua N.  
ICPAK Member Number: 12228


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**  
**KITUI SOUTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

<b>VII. TRIAL BALANCE AS AT 30TH JUNE 2018</b>			
		<b>DR</b>	<b>CR</b>
<b>Cash and Cash equivalents</b>			<b>RESTATED</b>
	Bank Balances	91,462,468	
	Cash Balances	-	
	Outstanding Imprest	-	
<b>Payments</b>			
	Compensation of Employees	1,347,563	
	Use of goods and services	7,772,900	
	Transfers to Other Government Units	24,400,000	
	Other grants and transfers	18,622,619	
	Acquisition of Assets	3,000,000	
	Other Payments	1,639,525	
<b>Receipts</b>			
	Transfers from the Board		125,106,896
	Proceeds from sale of assets		-
	Others receipts		
Prior Year Adjustment			-
<b>Fund Balance b/f</b>			23,138,179
<b>TOTAL</b>		<b>148,245,075</b>	<b>148,245,075</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kitui South Constituency financial statements were approved on 5<sup>th</sup> March, 2019 and signed by:

  
**Fund Account Manager**  
**Name: Dennis Matundura**



  
**Sub-County Accountant**  
**Name: Justus Mutua N.**  
**ICPAK Member Number: 12228**

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



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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	121,319,214	208,129,559	148,245,075	59,884,484	71%
Proceeds from Sale of Assets					-	
Other Receipts					-	
<b>TOTAL RECEIPTS</b>	<b>86,810,345</b>	<b>121,319,214</b>	<b>208,129,559</b>	<b>148,245,075</b>	<b>59,884,484</b>	<b>71%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,700,000	2,000,000	3,700,000	1,347,563	2,352,437	36%
Use of goods and services	6,112,931	6,500,000	12,612,931	7,772,900	4,840,031	62%
Transfers to Other Government Units	42,048,835	65,143,104	107,191,939	24,400,000	82,791,939	23%
Other grants and transfers	28,271,552	44,676,110	72,947,662	18,622,619	54,325,043	26%
Acquisition of Assets	-	3,000,000	3,000,000	3,000,000	-	100%
Other Payments	8,677,027		8,677,027	1,639,525	7,037,502	19%
<b>TOTAL</b>	<b>86,810,345</b>	<b>121,319,214</b>	<b>208,129,559</b>	<b>56,782,607</b>	<b>151,346,952</b>	<b>27%</b>

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

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- i. Compensation of employees:-36.4% : The budget was meant to cater for more employments of extra officers which was Not effected. The funds allocated included staff gratuity which was not paid within the year.
- ii. Use of goods and services:-61.6%: The term for the previous NG-CDFC expired in August 2017 during the period of general elections and there was none until December. Therefore the funds were not spend over the period
- iii. Transfer to other government units:-21.8%: Funds were received late. 30<sup>th</sup> june 2018 and therefore not disbursed.
- iv. Other Grants and transfers:-30.2%, Funds were received late.
- v. Other payments :-18.9%; Funds received towards the end of the financial year

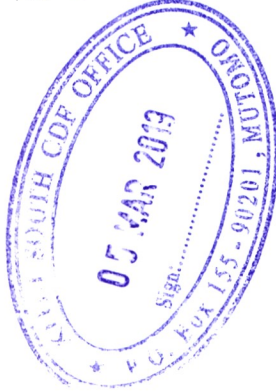
The NGCDF- Constituency financial statements were approved on 5<sup>th</sup> March, 2019 and signed by:



Fund Account Manager  
Name: Dennis MAtundura



Sub-County Accountant  
Name: Justus Mutua N.  
ICPAK Member Number:12228





## **VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the NGCDF-Kitui South Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

##### **Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

##### **Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **External Assistance**

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

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

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

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

### **Other receipts**

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

## **b) Recognition of payments**

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

### **Compensation of Employees**

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

### **Use of Goods and Services**

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

### **Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**6. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**7. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**8. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**9. Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**10. Unutilized Funds**

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI  
SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**SIGNIFICANT ACCOUNTING POLICIES**

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2018.

**14. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

**15. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>GFS CODES</b>				
	<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>			
	<b>Description</b>		<b>2017-2018</b>	<b>2016 - 2017</b>
		<b>AIE NO.</b>	<b>Kshs</b>	<b>Kshs</b>
		855881	5,500,000.00	
<b>1330407</b>	Normal Allocation	839747	36,853,448.00	
		892667	4,900,000.00	
		896952	39,948,276.10	
		896985	37,905,172.00	
		829623		4,094,828.00
		855589		83,893,681.00
		825835		52,000,000.00
	<b>Total</b>		<b>125,106,896.10</b>	<b>139,988,509.00</b>

<b>4 COMPENSATION OF EMPLOYEES</b>				
<b>2110000</b>	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
2110201	Basic wages of contractual employees		1,263,525.00	1,662,738.00
2110202	Basic wages of casual labour			
	<b>Personal allowances paid as part of salary</b>			
2110301	House allowance			
2110314	Transport allowance			
2110320	Leave allowance			

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

2110326	Other personnel payments			
2120101	Employer contribution to NSSF		84,038.00	
2710120	Gratuity-contractual employees			960,097.00
	<b>TOTAL</b>		<b>1,347,563.00</b>	<b>2,622,835.00</b>

<b>5 USE OF GOODS AND SERVICES</b>				
<b>2200000</b>				
	<b>Description</b>		<b>2017-2018</b>	<b>2016-2017</b>
			<b>Kshs</b>	<b>Kshs</b>
2210100	Utilities, supplies and services		846,000.00	1,721,200.00
2210200	Communication, supplies and services		21,920.00	-
2210809	Committee allowance		6,701,455	6,427,470.00
2211301	Bank service commission and charges		39,525.00	-
2220100	Routine maintenance - vehicles and other transport equipment		164,000.00	611,000.00
	<b>TOTAL</b>		<b>7,772,900.00</b>	<b>8,759,670.00</b>

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>				
<b>2630200</b>				
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
2630204	Transfers to Primary schools		11,100,000.00	19,350,000.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

2630205	Transfers to Secondary schools		2,800,000.00	16,150,000.00
2630206	Transfers to Tertiary institutions		10,500,000.00	28,195,041.00
2630207	Transfers to Health institutions			100,000.00
	<b>TOTAL</b>		<b>24,400,000.00</b>	<b>63,795,041.00</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

<b>2640000</b>	<b>OTHER GRANTS AND OTHER PAYMENTS</b>			
	<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs</b>	<b>Kshs</b>
2640101	Bursary -Secondary		9,804,531.00	8,532,382.90
2640102	Bursary -Tertiary		5,218,088.00	6,472,000.00
2640504	Water			26,700,000.00
2640507	Security		3,600,000.00	8,244,152.00
2640508	Roads and Bridges			8,450,000.00
2640509	Sports			1,000,000.00
2640200	Emergency Projects			8,200,000.00
	<b>TOTAL</b>		<b>18,622,619.00</b>	<b>67,658,534.90</b>

**8. ACQUISITION OF ASSETS**

	<b>ACQUISITION OF ASSETS</b>		
<b>3100000</b>			
	<b>Non Financial Assets</b>		
		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
3110102	Construction of Buildings	3,000,000.00	5,000,000.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

3111002	Purchase of computers ,printers and other IT equipments			647,400.00
	<b>TOTAL</b>		<b>3,000,000.00</b>	<b>5,647,400.00</b>

**9. OTHER PAYMENTS**

	<b>9 Other Payments</b>		2017-2018	2016-2017
	Construction of DEOs Office-Mutomo		1,600,000.00	
	Rural Electrification			3,662,069.00
	Bank Charges			5,515.00
	<b>TOTAL</b>		<b>1,600,000.00</b>	<b>3,667,584.00</b>

**10A: Bank Accounts (cash book bank balance)**

	<b>10A: Bank Balances (cash book bank balance)</b>			
	<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>2017 - 2018</b>	<b>2016 - 2017</b>
			<b>Kshs (30/6/2018)</b>	<b>Kshs (30/6/2017)</b>
	<i>National Bank- Mutomo Branch</i>	<i>A/C No. 1147222355</i>	<b>6,693,226.85</b>	<b>6,693,226.85</b>
	<i>Equity Bank- Mutomo Branch</i>	<i>A/c No.1670266577876</i>	84,769,241.10	16,444,952.00
	<b>Total</b>		<b>91,462,467.95</b>	<b>23,138,178.85</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI SOUTH CONSTITUENCY**

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**13. BALANCES BROUGHT FORWARD**

		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs (1/7/2017)</b>	<b>Kshs (1/7/2016)</b>
Bank accounts		23,138,179	35,273,843
<b>TOTAL</b>		<b>23,138,179</b>	<b>35,273,843</b>

**14. OTHER IMPORTANT DISCLOSURES**

**14.1: UNUTILIZED FUNDS**

Compensation of employees	2,000,000.00	1,500,000.00
Use of goods and services	6,500,000.00	1,500,000.00
Amounts due to other Government entities (see attached list)	45,000,000.00	15,000,000.00
Amounts due to other grants and other transfers (see attached list)	37,962,468.00	5,138,178.00
Acquisition of assets	-	-
Others ( <i>specify</i> )	-	-
	<b>91,462,468.00</b>	<b>23,138,178.00</b>

**14.2: PMC account balances (Annex 2)**

	<b>2017- 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	17,707,102.30	8,353,877.25
<b>Total</b>	<b>17,707,102.3</b>	<b>8,353,877.25</b>

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**ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	15,561,408.00	3,000,000.00		18,561,408.00
Transport equipment	9,750,212	-	-	9,750,212
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets	647,400	-	-	647,400
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets				
<b>Total</b>	<b>25,959,020.00</b>	<b>3,000,000.00</b>	<b>-</b>	<b>28,959,020.00</b>

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**ANNEX 2 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	BANK	Account No.	Bank Balance 2017/18 (30/06/18)	Bank Balance 2016/17 (30/06/17)
Muthue primary school	KCB	1167597424	1,372.35	100650
Mutha primary school	KCB	1213896207	80.00	-
Ivukuvuku primary school	KCB	1168519330	1,996.30	640
St. peters primary school	KCB	1166409937	42859.40	436.20
Ilusya primary school	KCB	1166341550	110199.80	14349.65
Nzouni Primary School	KCB	1166331261	119,162.80	32.80
Nzalani primary school	KCB	1166592944	524,819.60	485.10
Mwaani primary school - Mutha	KCB	1224699750	900,500.00	0
Ilamba primary school	KCB	1166412474	500,060	60
Kengo primary school	KCB	1206580003	1,962.80	920.00
Kiviu primary school	KCB	1166205762	2,370.00	1,200.00
Kyanganga primary school	KCB	1166519198	430,546.20	656.20
Mutyauwa primary school	KCB	1225874238	393,090.00	0
Kalivu secondary school	KCB	1160183066	1,000,374.85	359.55
Kyanyaa assistant chief office	KCB	1215845928	400,000.00	0
Syunguni assistant chief office	KCB	1216309434	25,820.00	0
Kiati assistant chief office	KCB	1225510074	60,560.00	0
Mwala assistant chief office	KCB	1225667283	400,000.00	0
Kengo assistant chief office	KCB	1225666821	59,350.00	0
KMTC Mutomo Campus	KCB	1174072954	7,853,912.70	7,871,841.50
Kitui South CDF Office	KCB	1154156214	1,590,403.00	24,173.00
Mutomo Zonal Office	KCB	1215782209	159,170.00	0
Ilengi primary school	EQUITY	1670168708176	44,790.00	890.00
Kandae primary school	EQUITY	1670169614575	468,790.00	10,670.00
Ngoseni primary school	EQUITY	1670171510313	489,920.00	200
Kyatune primary school	EQUITY	1670168819266	340.00	780.00
Ikutha girls secondary school	EQUITY	1670264520981	811,290.00	11,510.00
Ikanga Boys secondary school	EQUITY	1670268705797	551,895.00	52,335.75
Mutomo Mixed secondary school	EQUITY	1670167274428	761,467.50	261,687.50
<b>Total</b>			<b>17,707,102.00</b>	<b>8,253,227.00</b>

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**ANNEX 3 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
EH/AUD/NG-CDF/KITUI.S/2016-2017/8	<b>Accuracy, Completeness and presentation of the Financial statements</b>	The difference of the Ksh3000 in the financial statements was a posting error and it has been corrected.	Samuel Mutisya B-FAM	Resolved	30 <sup>th</sup> September 2018
	<b>Cash and cash equivalents :</b> 1. Stale cheques of Ksh490,524.00 2. Variance of ksh3000	The management has resolved to replace all the stale cheques to other needy students. The error of the Ksh3000 has been noted and corrected	Samuel Mutisya B-FAM	Partially resolved	30 <sup>th</sup> /12/2018
	<b>Incomplete Project: Ikutha Social Hall</b>	The management will ensure the project is completed	Samuel Mutisya B	Partially Resolved	30 <sup>th</sup> September 2018
	<b>Doubtful Procurement of Construction of Dinning Hall- KMTC Mutomo</b>	The regret letters were dispatched to the losing bidders and copies are available for verification	Samuel Mutisya B	Resolved	30 <sup>th</sup> /august /2018
	<b>Ikutha Technical Training Institute</b>	Kitui South NG-CDF is consulting with the mentoring institute – Wote to ensure the project is completed within the agreed timelines	Samuel Mutisya B	Project almost complete and ready for inspection	30/12/18
	<b>Unaccounted for re-possession of school bus- Kisayani secondary school</b>	The Kitui South NG-CDF is planning allocation of more funds in 2018/19 to redeem the Bus	Samuel Mutisya B	Partially resolved	30/12/18