

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

**THE NATIONAL ASSEMBLY  
PAPERS LAID**

DATE: 4 MAR 2019 DAY: Tuesday

TABLED BY: LOM

CLERK-AT THE-TABLE: [Signature]

PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2018**



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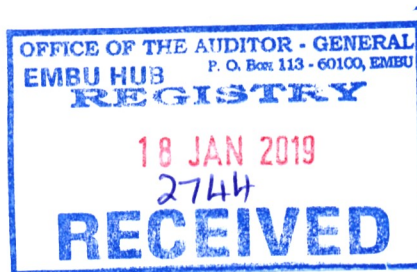
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MANYATTA  
CONSTITUENCY**

**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)**  
**MANYATTA 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 (NGCDF)  
MANYATTA 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	Mary Kabuga
3.	Sub-County Accountant	Peter Wachira
4.	Chairman NGCDFC	Evans Mbogo
5.	Member NGCDFC	Beatrice Njoki

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -MANYATTA 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 MANYATTA Constituency Headquarters**

P.O. Box 1991-60100  
Manyatta Constituency Building  
Along Embu -Meru Highway  
Opposite Regional commissioners offices  
Embu

**(f) NGCDF MANYATTA Constituency Contacts**

Telephone: (254) 723-124 525  
E-mail: manyatta@ngcdf.go.ke  
Website: www.ngcdfmanyatta.go.ke

**(g) NGCDF MANYATTA Constituency Bankers**

1. Co-operative Bank (specify the constituency account banker details)  
01120051118100  
Embu

**(h) Independent Auditors**

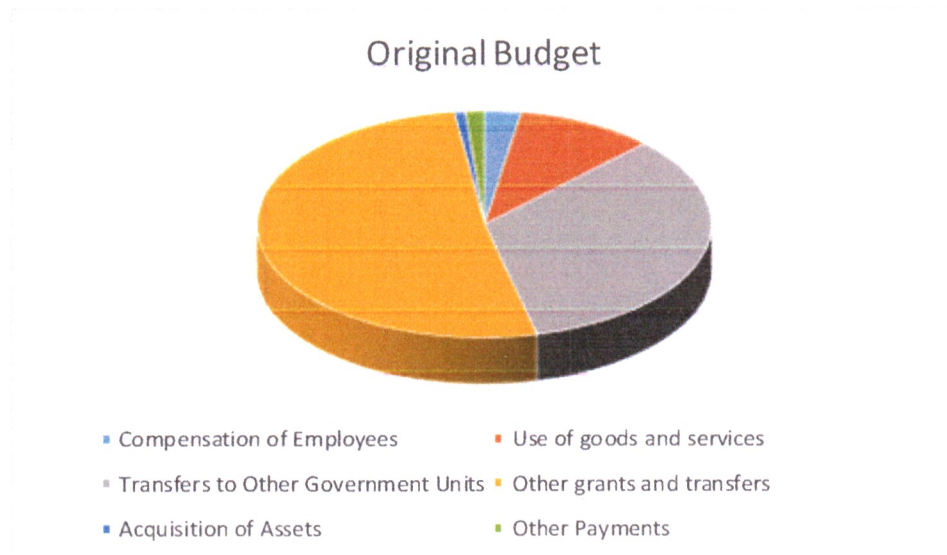
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

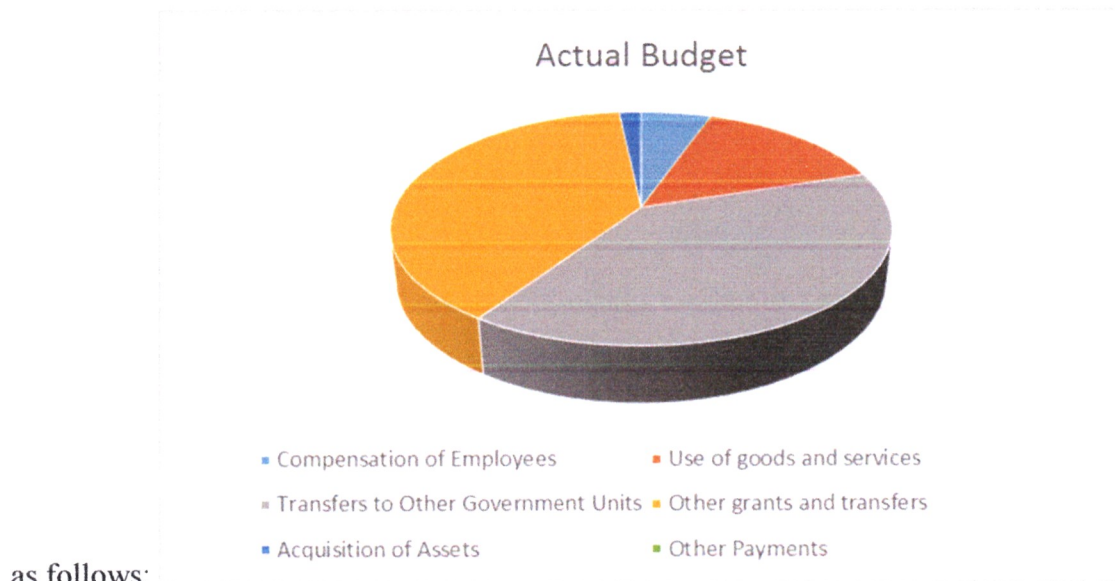
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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

In the financial year 2017/18, Manyatta NG-CDF was allocated ksh 86,810,344 which was an amount slightly higher compared to the previous funding .The amount was distributed as follows;



A total of kshs 41,248,175 has been spent on various projects as follows in the financial year 2017/18



as follows:



**Key Achievements for Manyatta NG-CDF**

The NG-CDFC has also Constructed several security infrastructure hence improving security in the constituency. Improved education has also been witnessed due to improved schools infrastructure which include permanent classrooms, equipped laboratories, and dining halls and administration blocks as well as resource Centres.

Some photos of the projects implemented are as shown.

**1. KIRIARI RESOURCE CENTRE**

The Resource Centre accommodates workshops for Mechanical and Electrical Engineering courses, ICT Hub and offices



2. KANGARU AP LINE  
Residential houses and offices.



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



The challenges facing NG-CDF Manyatta include insufficient funds from the Board to cater for the many needs in the constituency causing delayed implementation of the projects.

**CHAIRMAN NG-CDFC: EVANS MBOGO**

Sign.....

**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-MANYATTA 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-MANYATTA 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, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MANYATTA 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-MANYATTA 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-MANYATTA Constituency financial statements were approved and signed by the Accounting Officer on 13/9 2018.

  
\_\_\_\_\_  
Fund Account Manager  
Name: Mary Kabuga  
Date: \_\_\_\_\_

  
\_\_\_\_\_  
Sub-County Accountant  
Name: Peter Wachira  
ICPAK Member Number: 20417

THE NATIONAL SUB-COUNTY ACCOUNTANT  
EMBU WEST  
P. O. Box 1330 - 60100,  
EMBU

# REPUBLIC OF KENYA

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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 CONSTITUENCY DEVELOPMENT FUND - MANYATTA 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 National Government Constituency Development Fund (NGCDF) - Manyatta Constituency set out on pages 10 to 32, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation-recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

#### Basis for Qualified Opinion

##### 1.0 Unsupported Prior Year Adjustments

Note 9 to the financial statements reflects a balance of Kshs.1,944,505 in respect to prior year adjustments for the year ended 30 June 2018. However, documentation in support of the adjustments was not availed for audit review.

In the circumstances it is not possible to determine the accuracy and authenticity of the Kshs.1,944,505 prior year adjustments for the year ended 30 June 2018.

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

## **2.0 Unaccounted for Bursary**

Note 5 to the financial statements reflects other grants and other payments totaling to Kshs.16,027,961 which included Kshs.555,549 spent in respect to Bursary to Secondary which further included Kshs.407,949 bursary disbursements and which were however, not supported by acknowledgement receipts from the respective schools .

In the circumstance, it was not possible to ascertain whether the Kshs.407,949 was received and expended as appropriated during the year ended 30 June 2018.

## **3.0 Transfer to Secondary Schools**

Note 4 to the financial statements reflects Kshs.13,650,000 expenditure in respect to transfer to secondary schools which includes Kshs.6,000,000 transferred to a secondary school for construction of multipurpose hall and a kitchen which further includes Kshs.1,305,900 in respect to painting, windows glazing, doors, wall and floor finishes, mechanical and electrical works. A physical verification carried out in the month of January 2019 revealed that the contractor was on site, however works costing Kshs.1,305,900 or 21.8% had not been done. Review of the payments schedule revealed that the Kshs.6,000,000 (100%) contract price had been paid to the contractor although work done was 78.2%. No explanation was provided as to why the Kshs.1,305,900 payment was made for work not done.

In the circumstance, it was not possible to ascertain whether the Kshs.1,305,900 expenditure was a proper charge to public funds and whether it had equivalent value for money during the year ended 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituency Development Fund - Manyatta Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) 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 summary statement of appropriation recurrent and development combined reflected approved budgeted receipts of Kshs.102,560,685 and actual income of KShs.46,043,103 resulting in net under receipts of Kshs.56,517,582 as summarized below;

Items	Current year Budget Figures	Actual Receipts	Budget utilization Difference	% of utilization
	Kshs.	Kshs.	Kshs.	
<b>Receipts</b>				
Transfer from NGCDF Board	102,560,685	46,043,103	56,517,582	44.9%
<b>TOTAL</b>	<b>102,560,685</b>	<b>46,043,103</b>	<b>56,517,582</b>	<b>44.9%</b>

Overall, the fund failed to actualize its budget by Kshs.56,517,582 or 55.1% an indication that most 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 Manyatta Constituency.

#### 1.2 Payments

The summary statement of appropriation recurrent and development combined reflected approved budgeted payments of Kshs.102,560,685 and actual payments of KShs.41,248,175 resulting in net under expenditure of Kshs.61,312,510 as summarized below;

Items	Current year Budget Figures	Actual on comparable Basis	Budget utilization Difference	% of utilization
<b>PAYMENTS</b>				
Compensation of Employees	3,293,159	2,211,084	1,082,075	<b>67.1%</b>
Use of Good and Services	10,607,068	6,059,130	4,547,938	<b>57.1%</b>
Transfer to Other Government Units	34,648,276	16,250,000	18,398,276	<b>46.9%</b>

Items	Current year Budget Figures	Actual on comparable Basis	Budget utilization Difference	% of utilization
<b>PAYMENTS</b>				
Other Grant and Transfers	52,142,926	16,027,961	36,114,965	30.7%
Acquisition of Assets	700,000	700,000	-	100.0%
Other payments	1,169,256		1,169,256	0.0%
<b>Total Expenditure</b>	<b>102,560,685</b>	<b>41,248,175</b>	<b>61,312,510</b>	<b>40.2%</b>

In overall, the National Government Constituency Development Fund - Manyatta Constituency under spent its budget by Kshs.61,312,510 of the total budget allocation. There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on priority areas which will improve service delivery to the residents of Manyatta Constituency. This may also be an indication of improper planning and defective budgetary preparation process.

In the circumstances the residents of the Manyatta Constituency did not get expected services equivalent to Kshs.61,312,510 under expenditure for the year ended 30 June 2018.

## 2.0 Project Implementation Status

Review of project implementation status report for the period 2017/2018 revealed that sixty three (63) projects worth Kshs.88,660,458 were budgeted to be implemented during the year under review. However, out of the sixty three (63) projects, forty three projects worth Kshs.32,977,961 were funded comprising of thirty (30) projects worth Kshs.20,041,855 which were completed and thirteen (13) projects worth Kshs.12,936,106 which were ongoing while twenty (20) projects worth Kshs.55,682,497 had not started as at 30 June 2018 as follows;

Sector	Project Status	Amount Allocated	Amount Disbursed	Number Of Projects
<b>Education</b>	Completed	4,750,000	4,750,000	10
	Ongoing	11,500,000	11,500,000	6
	Not Started	18,398,276		12
	<b>TOTAL</b>	<b>34,648,276</b>	<b>16,250,000</b>	<b>28</b>
<b>Sport</b>	Completed	1,236,306	1,236,306	1
	Ongoing	-	-	
	Not Started	227,586		1
	<b>TOTAL</b>	<b>1,463,892</b>	<b>1,236,306</b>	<b>2</b>
<b>Bursary</b>	Completed	555,549	555,549	1
	Ongoing	-	-	



<b>Sector</b>	<b>Project Status</b>	<b>Amount Allocated</b>	<b>Amount Disbursed</b>	<b>Number Of Projects</b>
	Not Started	26,071,662		1
	<b>TOTAL</b>	<b>26,627,211</b>	<b>555,549</b>	<b>2</b>
<b>Security</b>	Completed	8,450,000	8,450,000	6
	Ongoing	-	-	-
	Not Started	8,200,000		4
	<b>TOTAL</b>	<b>16,650,000</b>	<b>8,450,000</b>	<b>10</b>
<b>Environment</b>	Completed			
	Ongoing	1,236,106	1,236,106	6
	Not Started	1,027,786		1
	<b>TOTAL</b>	<b>2,263,892</b>	<b>1,236,106</b>	<b>7</b>
<b>Emergency</b>	Completed	4,350,000	4,350,000	10
	Ongoing	200,000	200,000	1
	Not Started	587,931		1
	<b>TOTAL</b>	<b>5,137,931</b>	<b>4,550,000</b>	<b>12</b>
<b>Acquisition of Assets</b>	Completed	700,000	700,000	1
	Ongoing			
	Not Started			
	<b>TOTAL</b>	<b>700,000</b>	<b>700,000</b>	<b>1</b>
<b>Purchase Of ICT Hub</b>	Completed			
	Ongoing			
	Not Started	1,169,256		1
	<b>TOTAL</b>	<b>1,169,256</b>	<b>0</b>	<b>1</b>
<b>Grand Total</b>		<b>88,660,458</b>	<b>32,977,961</b>	<b>63</b>

In view of the foregoing, the constituents did not get the expected services equivalent to the thirteen (13) ongoing and twenty (20) not started projects all totaling to Kshs.68,618,603 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 into improving service delivery to the citizen of Manyatta Constituency.

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Conclusion on Compliance and Effectiveness section of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1.0 Presentation of the Financial Statements**

The International Public Sector Accounting Standards (Cash Basis) reporting template for Ministries, Departments and Agencies (MDAs) revised in 2018 prescribed by the Public Sector Accounting Standards Board (PSASB) require government entities to include a separate statement of appropriation recurrent and development, budget execution by programmes and sub programmes. However, the Funds financial statements for the year ended 30 June 2018 did not include these statements.

Further, the template stipulates that the progress on follow up of auditor recommendations should include status of audit issues raised and the date when the issues are expected to be resolved. However, annex 4 to the financial statements on progress on follow up of auditor recommendations indicated that the issue raised on the certificate for year 2016/2017 were all resolved, the respective documentary evidence showing how and when the issues were resolved was not provided for audit review.

In view of the foregoing, the presentation of the financial statements for the year ended 30 June 2018 did not conform to the Public Accounting Standards Board requirements.

### **2.0 Project Management Committee Bank Balances**

Annex 3 to the financial statements reflects Kshs.22,444,904 in respect to project management committee (PMC) bank balances. However, the cashbooks and bank reconciliation statements were not availed for audit review contrary to the requirement of Sections 100 and 90 (1), (3) of the Public Finance Management (National Government) regulations 2015 which stipulates that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall ensure that bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month.

In the circumstances, the Fund is in breach of the law and it has not been possible to ascertain the accuracy of Kshs.22,444,904 project management committee (PMC) bank balances as at 30 June 2018.

### **3.0 Irregular Use of Emergency Funds**

Note 5 to the financial statements reflects a Kshs.16,027,961 expenditure in respect to other grants and payments which includes Kshs.4,550,000 spent in respect to emergency projects. However, review of the project files indicated that the application for emergency funding and report on urgent unforeseen situation were not in the file and were also not availed for audit review. Therefore, the expenditure appeared to have been on projects that were not emergency in nature contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which stipulates that expenditure on emergency should be for an urgent, unforeseen need for expenditure which in the opinion

of the constituency committee cannot be delayed until the next financial year without harming the public interest of the constituents. Further, report on utilization of emergency funds to the board as required by Section 20 (2) of the same regulation which stipulates that utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency was not provided for audit review.

In the circumstances, the Fund was in breach of the law.

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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

### Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, except for the matters described in the 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 overall governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were 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, 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 National Government Constituency Development Fund - Manyatta Constituency'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 National Government Constituency Development Fund - Manyatta Constituency 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 National Government Constituency Development Fund - Manyatta Constituency's 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 resources are applied in an effective way.

Those charged with governance are responsible for overseeing the National Government Constituency Development Fund - Manyatta Constituency'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 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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion with limited assurance as to 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 noncompliance. 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 National Government Constituency Development Fund - Manyatta Constituency's policies and procedures may deteriorate.

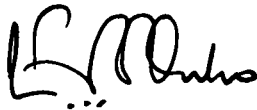
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 National Government Constituency Development Fund - Manyatta Constituency's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituency Development Fund - Manyatta Constituency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituency Development Fund - Manyatta Constituency to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**05 March 2019**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**MANYATTA CONSTITUENCY**

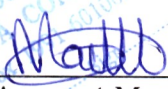
**Reports and Financial Statements**

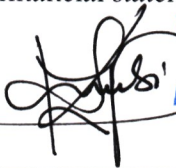
**For the year ended June 30, 2018**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	46,043,103	131,678,614
<b>TOTAL RECEIPTS</b>		<b><u>46,043,103</u></b>	<b><u>131,678,614</u></b>
<b>PAYMENTS</b>			
Compensation of employees	2	2,211,084	1,198,830
Use of goods and services	3	6,059,130	11,707,510
Transfers to Other Government Units	4	16,250,000	37,531,513
Other grants and transfers	5	16,027,961	83,503,233
Acquisition of Assets	6	700,000	1,479,300
<b>TOTAL PAYMENTS</b>		<b><u>41,248,175</u></b>	<b><u>135,420,385</u></b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>4,794,928</u></b>	<b><u>(3,741,772)</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANYATTA Constituency financial statements were approved on 13/9 2018 and signed by:

  
Fund Account Manager  
Name: Mary Kabuga

  
Sub-County Accountant  
Name: Peter Wachira  
ICPAK Member Number: 20417


THE NATIONAL SUB-COUNTY ACCOUNTANT  
EMBU WEST  
P.O. Box 1330 - 60100,  
EMBU

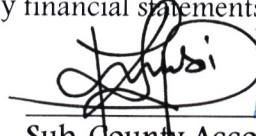
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**MANYATTA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**V. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	7	8,472,532	1,733,099
Total Cash and Cash Equivalents		8,472,532	1,733,099
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>8,472,532</u></b>	<b><u>1,733,099</u></b>
<b>FINANCIAL LIABILITIES</b>			
<b>NET FINANCIAL ASSETS</b>		<b><u>8,472,532</u></b>	<b><u>1,733,099</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/F 1st July...	8	1,733,099	5,474,871
Surplus/Deficit for the year		4,794,928	(3,741,772)
Prior year adjustments	9	1,944,505	-
<b>NET LIABILITIES</b>		<b><u>8,472,532</u></b>	<b><u>1,733,099</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANYATTA Constituency financial statements were approved on 13/9 2018 and signed by:

  
 Fund Account Manager  
 Name: Mary Kabuga

  
 Sub-County Accountant  
 Name: Peter Wachira  
 ICPAK Member Number: 20417

THE NATIONAL SUB-COUNTY ACCOUNTANT  
 EMBU WEST  
 P. O. Box 1330 - 60100,  
 EMBU



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**MANYATTA CONSTITUENCY**

**Reports and Financial Statements**

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

**VI. STATEMENT OF CASHFLOW**

		2017 - 2018	2016- 2017
Receipts for operating income			
Transfers from NGCDF Board	1	46,043,103	131,678,614
		46,043,103	131,678,614
Payments for operating expenses			
Compensation of Employees	2	2,211,084	1,198,830
Use of goods and services	3	6,059,130	11,707,510
Transfers to Other Government Units	4	16,250,000	37,531,613
Other grants and transfers	5	16,027,961	83,503,233
		40,548,175	133,941,186
Adjusted for:			
Adjustments during the year	9	1,944,505	-
Net cash flow from operating activities		7,439,433	(2,262,472)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	700,000	(1,479,300)
Net cash flows from Investing Activities		(700,000)	(1,479,300)
NET INCREASE IN CASH AND CASH EQUIVALENT		6,739,433	(3,741,772)
Cash and cash equivalent at BEGINNING of the year	8	1,733,099	5,474,871
Cash and cash equivalent at END of the year		<u>8,472,932</u>	<u>1,733,099</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANYATTA Constituency financial statements were approved on 13/9 2018 and signed by:

Fund Account Manager  
Name: Mary Kabuga

Sub-County Accountant  
Name: Peter Wachira  
ICPAK Member Number: 20417

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MANYATTA 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 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 NGCDF Board	86,810,344	15,750,341	102,560,685	46,043,103	56,517,582	44.9%
Proceeds from Sale of Assets						
<b>Total</b>	<b>86,810,344</b>	<b>15,750,341</b>	<b>102,560,685</b>	<b>46,043,103</b>	<b>56,517,582</b>	<b>44.9%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,230,000	1,063,159	3,293,159	2,211,084	1,082,075	67.1%
Use of goods and services	8,582,930	2,024,138	10,607,068	6,059,130	4,547,938	57.1%
Transfers to Other Government Units	29,400,000	5,248,276	34,648,276	16,250,000	18,398,276	46.9%
Other grants and transfers	44,728,158	7,414,768	52,142,926	16,027,961	36,114,965	30.7%
Acquisition of Assets	700,000		700,000	700,000	-	100.0%
Other Payments	1,169,256	-	1,169,256		1,169,256	0.0%
<b>TOTALS</b>	<b>86,810,344</b>	<b>15,750,341</b>	<b>102,560,685</b>	<b>41,248,175</b>	<b>61,312,510</b>	

a) The underutilization of all projects was as a result of fund amounting to Kshs.56,517,582 not being received during the current financial year under review as follows

- i. Kshs 1,050,000 for compensation had not been received from the Board during the financial year under review
- Kshs 2,573,273 for use of goods and services had not been received during the financial year under review
- Kshs31,385,348 for transfer to other government units had not been received during the year under review
- Kshs 19,398,276 for other grants and transfers had not been received during the financial year under review

b) Kshs 1,000,000 under transfer to other government units was a reallocation funds for previous years of Kshs 1,000,000 from Social security project to St Alphonse and;

c) Kshs 750,000 for other grants and transfers was a reallocation for previous years from Social security to Rianjagi Assistant Chief Office.

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

The NGCDF-MANYATTA Constituency financial statements were approved on 13/19 2018 and signed by:

**MANYATTA CONSTITUENCY**  
**FUND ACCOUNTS MANAGER**  
P. O. Box 1091, EMBU



\_\_\_\_\_  
Fund Account Manager  
Name: Mary Kabuga

**THE NATIONAL SUB-COUNTY ACCOUNTANT**  
**EMBU WEST**  
P. O. Box 1330 - 60100,

\_\_\_\_\_  
Sub-County Accountant **EMBU**  
Name: Peter Wachira  
ICPAK Member Number: 20417

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

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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 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-MANYTTA 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.

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

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**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.

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

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**SIGNIFICANT ACCOUNTING POLICIES**

**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 balances not yet disbursed by the Board to the constituency at the end 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) –  
MANYATTA 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) –  
MANYATTA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO A855921	1	5,500,000	
AIE NO A892737	2	2,637,931	
AIE NO A896767	3	37,905,172	
AIE NO A825875	1		52,419,993
AIE NO A829915	2		4,094,828
AIE NO A855210	3		36,853,449
AIE NO A855676	4		38,310,344
<b>TOTAL</b>		<b>46,043,103</b>	<b>131,678,614</b>

**2. COMPENSATION OF EMPLOYEES**

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,037,124	1,014,236
Basic wages of casual labor		
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Gratuity	1,097,400	
Other personnel payments	76,560	184,594
<b>Total</b>	<b>2,211,084</b>	<b>1,198,830</b>



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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	2,599,350	5,264,000
Utilities, supplies and services	346,000	160,000
Communication, supplies and services	163,000	503,799
Domestic travel and subsistence		619,450
Printing, advertising and information supplies & services		1,454,950
Rentals of produced assets		-
Training expenses	717,000	950,500
Hospitality supplies and services		971,400
Insurance costs		-
Specialized materials and services		-
Office and general supplies and services	84,545	1,000,020
Other operating expenses	2,027,800	-
Routine maintenance – vehicles and other transport equipment	21,435	383,391
Routine maintenance – other assets	100,000	400,000
Fuel, Oil, Lubricants		
<b>Total</b>	<b>6,059,130</b>	<b>11,707,510</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	2,600,000	18,551,513
Transfers to secondary schools (see attached list)	13,650,000	7,980,000
Transfers to tertiary institutions (see attached list)	-	11,000,000
Transfers to health institutions (see attached list)	-	-
<b>TOTAL</b>	<b>16,250,000</b>	<b>37,531,513</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	555,549	37,524,300
Bursary – tertiary institutions (see attached list)	-	11,750,200
Bursary – special schools (see attached list)		
Water-		256,256
Roads	-	500,000
Security projects (see attached list)	8,450,000	23,953,425
Environment projects (see attached list)	1,236,206	3,863,447
Sports	1,236,206	1,637,931
Emergency	4,550,000	4,017,674
<b>Total</b>	<b>16,027,961</b>	<b>83,503,233</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANYATTA CONSTITUENCY  
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For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

6. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	1,479,300
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	700,000	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>700,000</b>	<b>1,479,300</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

7: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018 Kshs	2016-2017 Kshs
<i>Co-operative Bank, Account No. 01120051118100</i>	8,472,532	1,733,099
<i>Name of Bank, Account No.</i>		
<i>Name of Bank, Account No.</i>		
<b>Total</b>	<b>8,472,532</b>	<b>1,733,099</b>

10B: CASH IN HAND

Location 1	-	-
Location 2		
Location 3		
Other Locations ( <i>specify</i> )		
<b>Total</b>	<b>-</b>	<b>-</b>

*[Provide cash count certificates for each]*

8. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	1,733,099	5,474,871
Cash in hand		
Imprest		
<b>Total</b>	<b>1,733,099</b>	<b>5,474,871</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9 PRIOR YEAR ADJUSTMENTS**

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	1,944,505	-
Cash in hand		
Imprest		
<b>Total</b>	<b>1,944,505</b>	<b>-</b>

*Prior year adjustment comprises of Sale of tender receipts of Kshs.77,000 on March 2015, Funds reversed by Gichegeri Water Project on 14<sup>th</sup> July 2015 of Kshs.876,100 and Embu Bus Stop of Kshs.800,000, Rufund of Bursary of Kshs.35,805 and Reversal of Stale bursary Cheques of Kshs.155,600*

**10: OTHER IMPORTANT DISCLOSURES**

**10.1 PENDING STAFF PAYABLES**

	Kshs	Kshs
	2017-2018	2016-2017
Compensation of employees		1,112,211
<b>Total</b>		<b>1,112,211</b>

**10.2 OTHER PENDING PAYABLES**

	Kshs	Kshs
	2017-2018	2016-2017
Amount due to Other Grants and Other Transfers		620,888
<b>Total</b>		<b>620,888</b>

**10.3 AMOUNT DUE FROM THE BOARD**

	Kshs	Kshs
	2017-2018	2016-2017
Amount due to Other Grants and Other Transfers		2,637,931
<b>Total</b>		<b>2,637,931</b>

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**10: UNUTILIZED FUNDS (See Annex 1)**

	Kshs	Kshs
	2017-2018	2016-2017
Compensation of employees	1,082,075	1,187,446
Use of goods and services	4,547,938	167,630
Amounts due to other Government entities (see attached list)	18,398,276	2,971,655
Amounts due to other grants and other transfers (see attached list)	36,114,965	44,299
Acquisition of assets	-	-
Others (ICT)	1,169,256	-
	<b>61,312,510</b>	<b>4,371,030</b>

**11: PMC account balances (See Annex 3)**

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	19,351,073	5,231,621.96
	<b>19,351,073</b>	<b>5,231,621.96</b>

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ANNEX 1 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		1,082,075	1,666,745	
Use of goods & services		4,547,938	167,630	
<b>Amounts due to other Government entities</b>				
Transfer to Primary Schools		3,900,000	971,655	
Transfer to Secondary Schools		13,716,276	2,000,000	
Transfer to tertiary Institutions		782,000		
<b>Sub-Total</b>				
<b>Amounts due to other grants and other transfers</b>				
Bursary		20,619,539.12		
Security Projects		13,700,000		
Environment		1,226,460	44,299	
Sports				
Emergency		568,966		
<b>Sub-Total</b>				
<b>Sub-Total</b>				
Acquisition of assets				
<b>Others (ICT HUB)</b>		1,169,256		
<b>Sub-Total</b>				
<b>Grand Total</b>		<b>61,312,510</b>	<b>4,850,329</b>	

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**ANNEX 2 – 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				
Transport equipment ( <i>adjustments – balance not carried forward from previous year</i> )	3,475,910			3,475,910
Office equipment, furniture and fittings ( <i>adjustments – balance not carried forward from previous year</i> )	466,107			466,107
Office Refurbishment & cabro Paving	2,289,300			2,289,300
ICT Equipment, Software and Other ICT Assets	600,480			600,480
Other Machinery and Equipment		700,000		700,000
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>6,831,797</b>	<b>700,000</b>		<b>7,531,797</b>



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**ANNEX 3–PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Embu County Secondary school	Equity Bank	190293860221	429,908.50	2,637.50
Embu west DCC	Co-op Bank	1100566789900	-	-
DEB Kairuri Sec	Co-op Bank	11000517476000		477,856.11
Environment	Co-op Bank	1100552236900		272,223.14
Gakinduriri primary school	Equity Bank	190193462407	1,585.05	-
Gatunduru	Co-op Bank	1100052747600		31,557.38
Karau Police Station	Family Bank	75000038600	-	32,221.00
Gatondo Primary School	Equity Bank	190291035012	33,518.50	95,953.50
Gaciigi Primary	Co-op bank	1109407154500		15,221.00
Igumo primary school	Equity Bank	190101400650	350,704.21	39,964.21
Iveche primary school	Co-op bank	1139052000101	1,001,000.00	-
Kambo AP	Co-op bank	1109408708400	156.96	-
Kathangariri	Co-op bank	1109730420700		599,780.00
Kangaru Primary school	Co-op bank	1100894566613		-
Kiangochi Pry	Co-op bank	1109408974500		269,810.75
Kangaru Police Station	Family Bank	75000038601		895.45
Kiriari Day	Co-op bank	110051743200		116,118.27
Kithunguriri	Co-op bank	1199730467500		47,976.50
Kenga secondary school	Co-op Bank	1100407337000	1,298,560.00	-
Kivwe Police Post	Co-op Bank	1141730737700	-	99,325.00
Kiriari Resource Centre	Co-op Bank	1109739420100		333,221.00
Kiamwenja assistant chief	Co-op Bank	1100730454500	211,430.50	13,850.50
Kiandundu Primary	Co-op bank	1100321144698	2,130.00	-
Kibugu Chiefs Office	Family Bank	75000030212	630.00	-
Kigari Primary	Co-op Bank	1109408723800		15,400.00
Kimangaru secondary school	Co-op Bank	1100052299200	289,200.12	1,950.12
Kithegi Day	Co-op Bank	1100051722100		3,878.47
Keria Primary	Co-op Bank	1109408940200		70,963.13
Kirigi AP Lines	Co-op Bank	1109730999500	6,999,917.50	-
Kirigi Pry	Co-op Bank	110052745900		878.36
Kirigi Slums	Co-op Bank	1109730393000		11,622.50
Kirigi day secondary school	Co-op Bank	1100051093900	201,234.51	-
Manyatta CDF Office	Coop Bank	11002456745669	27.00	-
Mukangu Pry	Coop Bank	1109052742100		328.71

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Mutunduri AP Line	Coop Bank	19262518352		102,983.00
Mbukori Primary	Coop Bank	1109052748601		612.50
Manyatta Ass. Chief's Office	Coop Bank			699,860.50
Nembure primary school	Co-op Bank	1117032749102	200,000.00	-
Njukiri Assistant Chief Office	Family Bank	75000028878	1,046.00	-
Nthambo day secondary school	National Bank	1021068549700	151,191.00	-
Rianjagi assistant chief office	Co-op Bank	1148731026000	750,000.00	-
Gakundu Bridge	Co-op Bank	1109730614100		48,313.00
Ngerwe Pry	Family Bank	75000038581	-	59,601.00
Igumo primary school	Equity Bank	190101401650		39,932.21
Gatwe Primary School	Family Bank	75000028899	664,029.80	1,314,150.00
Runganga Primary school	Co-op Bank	1100052033000	258,751.65	387,125.65
Manyatta Sports	Co-op bank	1100365487996	1,238,568.10	1,080.50
St Benedict Kithimu	Co-op bank	1100200526277	421,025.00	-
St Ursula Primary	Co-op bank	1100052593600		20,290.00
St. Lukes Day Sec	Co-op bank	1139051619902		705.00
St Joseph Allaname primary sch	Equity Bank	190162035334	1,158.00	1,224.00
St Martha Gatoori Day Secondary	Family Bank	75000028216	795.00	-
St Michael Primary School	Co-op bank	1100397304600	56,378.30	1,080.00
St Peters Gatituri secondary	Co-op bank	1100052839000	532,204.38	-
St Peters Gatituri Pry	Co-op bank	1109052751000	350,001.00	
St. Alphonse secondary school	Co-op bank	1109052734400	999,752.50	-
St. Peters Kathakwa	Co-op bank	1139051722903	6,000,000.00	-
St. Pauls Mbuvari Pry	Equity Bank	190193223262		811.00
Gicherori Pry	Family Bank	75000038214		8.00
Kibugu Pry	Family Bank	75000037927		186.00
NG CDF Office	Family Bank	75000038891		27
<b>Total</b>			<b>22,444,903.58</b>	<b>5,231,621.96</b>

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**ANNEX 4 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Cash and Cash Equivalent balances	The Stale and un presented cheques amounting to Kshs.39,800 and Kshs.2,844,271 respectively have been reversed in the Cashbook. Receipts in bank statement not yet recorded in cash book amounting to Kshs 1,783,913 have been captured in the cash book and adjustment of cash and cash equivalent will be made in the preceding financial year. Attached is the copy of the cashbook indicating the adjustments <i>App 1</i>	DA, FAM	Resolved	
2.0	Irregular Procurement of Works for One Storey Kiriari Resource Centre	The minimum tender qualification that were put on the advert dated 15 <sup>th</sup> November, 2016 required certified bank statement for 2015/2016. The bank statement submitted was enough evident that the bidder awarded contract was of sound financial standing. Copies of the bank statement and advert placed are attached. <i>App 2</i>  Please note the evaluation committee was hesitant to use the status of ownership of the companies given that the same had not been highlighted in the paper advertisement and use of these conditions would have appeared as a deviation from the advert and	FAM, PMC	Resolved	

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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)
		hence biased. Your concern is however noted for future endeavors.  The project is complete as per attached photo. <i>App 3</i>			
3.1	Dallas Administration Police (AP) Camp	The fund was disbursed to the project for construction of an administration Police camp. However there were land ownership wrangles on the site where the project was to be constructed. This brought delay in the implementation.  The PMC has identified another site and is waiting for transfer of ownership documents from the County government. Attached is the bank statement. <i>App 4</i>	PMC, NG-CDFC, FAM	pending	3 Months
3.2	Kangaru Police Post	Not including the reasons for being unsuccessful to the bidders was an oversight.    Regrets letter were sent and acknowledged by unsuccessful bidders though they did not include reasons for failure .However the PMCs have been advised to be including the reasons for failure in future.  The project is however complete and in use as per attached photo. <i>App 5</i>	PMC/FAM	Resolved	
4.1	Kairuri Secondary School	Funds allocated to the project could not complete and hence the project has been allocated more funds to complete. Attached is			



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Reference No. of the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
		a photo showing the status <i>App 6</i>			
4.2	Dallas Primary School	<p>The land where the school is located was allocated by the County Government and it is in the process of acquiring the title deed since the letter has been forwarded to the National Lands Commission to issue a title deed.</p> <p>The cracks were minor and have been remedied.</p> <p>The School is registered as a public school as there are TSC Teachers in the School</p>	PMC/FAM	Resolved	
1.0	Other matters Budget & Budgetary Control	<p>Kshs 2,637,931 have been received from the Board</p> <p>Kshs 4,371,030 have since been utilized been utilized as follows</p>	FAM	Resolved	
2.1	Project Implementation	The ward report prepared on public participation has a standard format and does not include the names of those who proposed the projects.	FAM	Resolved	

Time: 11:00

*[Faint, illegible handwriting in blue ink, possibly a list or notes]*