

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 24 JUL 2018

DAY: Wednesday

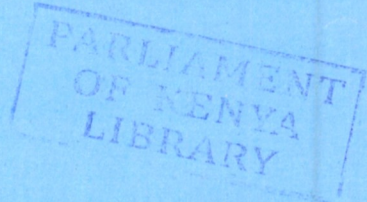
OF

TABLED BY:

Hon. Aden Duale, MP  
(LOM)

CLERK OF THE TABLE:

Aalima Ahmed



**THE AUDITOR-GENERAL**

ON

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – I GEMBE SOUTH  
CONSTITUENCY**

**FOR THE YEAR  
ENDED 30 JUNE 2018**





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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND IGEMBE 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)



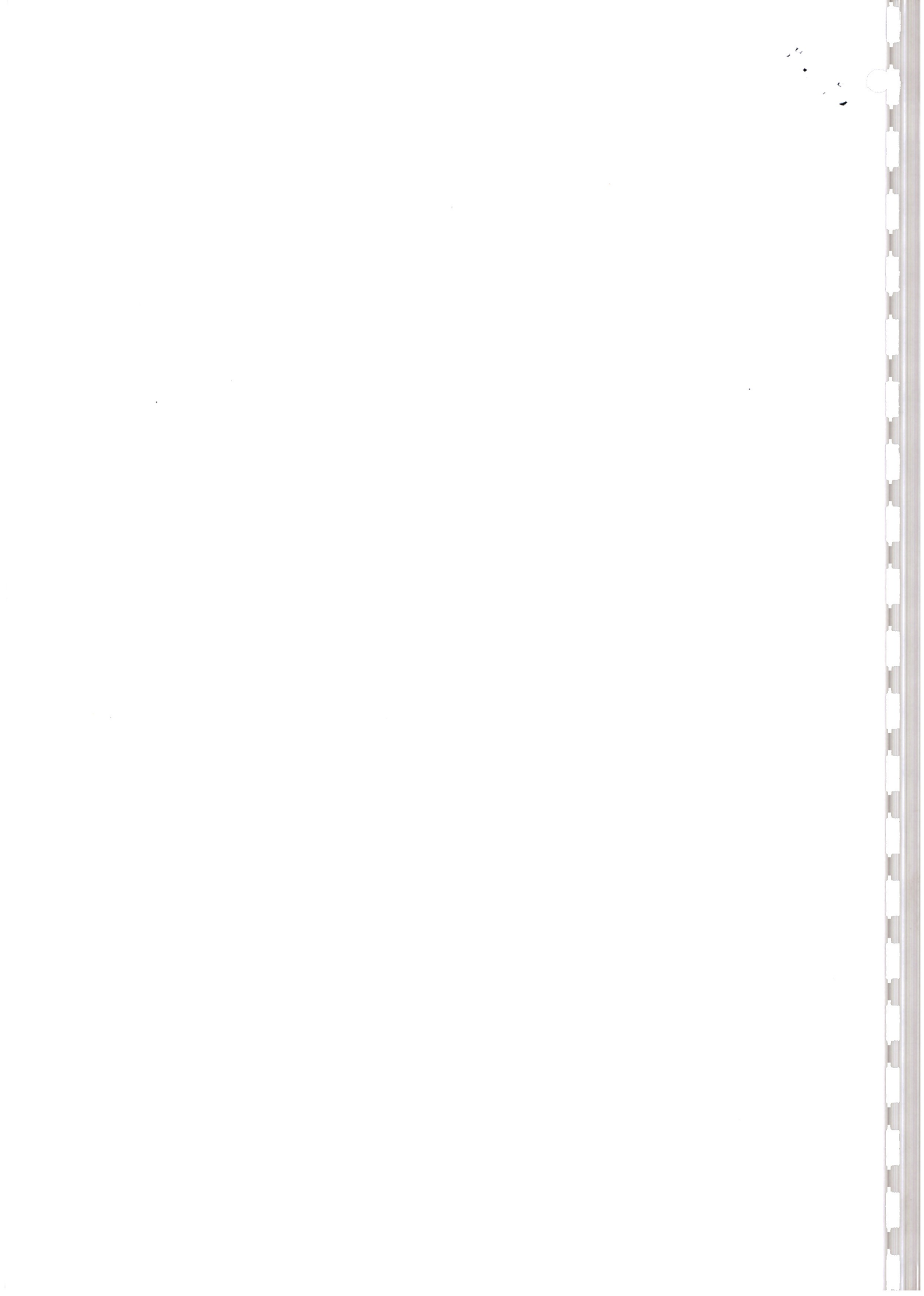


RECEIVED

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
IGEMBE 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 Constituency 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 Constituency 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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:

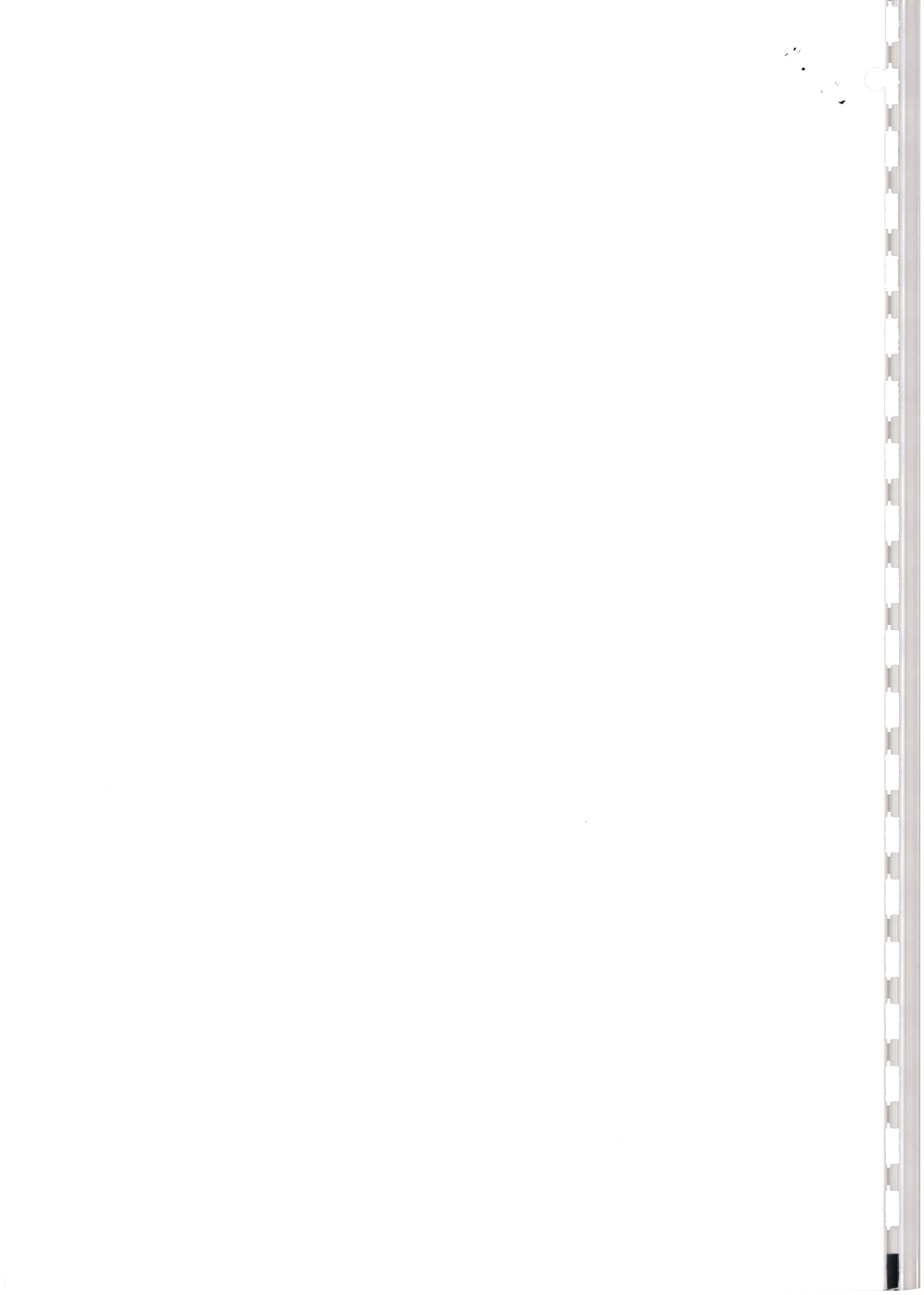
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
IGEMBE SOUTH CONSTITUENCY**

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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 IGEMBE SOUTH day-to-day management is under the following key organs:

- i. National Government Constituency 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:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Pauline Mwangi</b>
3.	Sub-County Accountant	<b>Joram K Mutua</b>
4.	Chairperson NGCDFC	<b>Lucy Nkoroi</b>
5.	Member NGCDFC	<b>Isaac Mugambi</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Igembe 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 IGEMBE SOUTH Constituency Headquarters**

P.O. Box 98-60600  
MAUA



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

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

Telephone: (254) 0725506597  
E-mail: pmwangi@ngcdf.go.ke  
Website: www.go.ke

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

1. Cooperative Bank of Kenya  
Nairobi Branch  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

Cooperative Bank of Kenya  
P.O. Box 565-60600  
Maua, 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

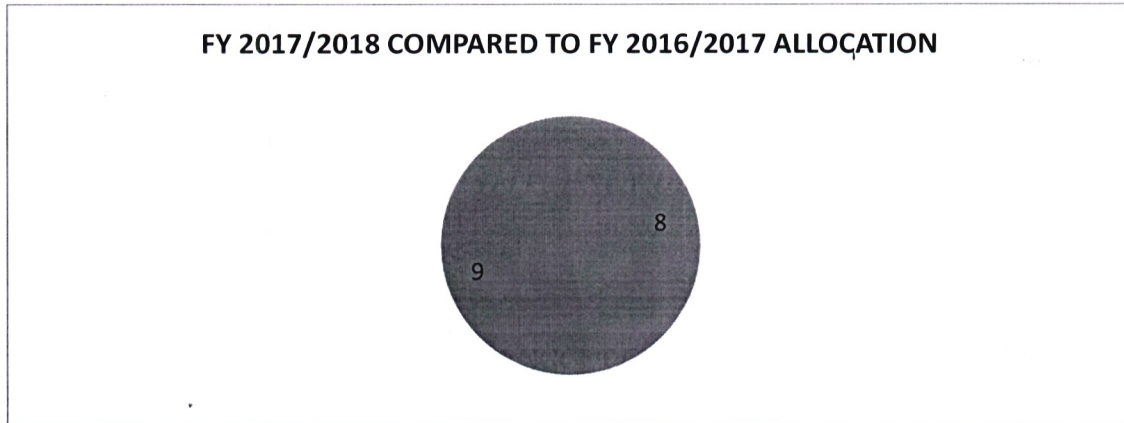


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
 IGEMBE SOUTH CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2018**

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

Include among others the following:

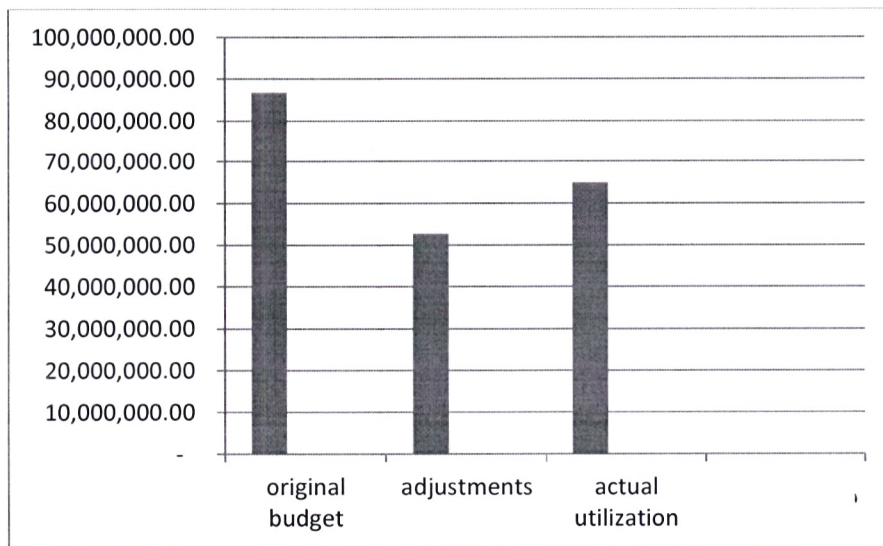
Mention in summary the budget performance against actual amounts for current year based on economic classification and programmes.

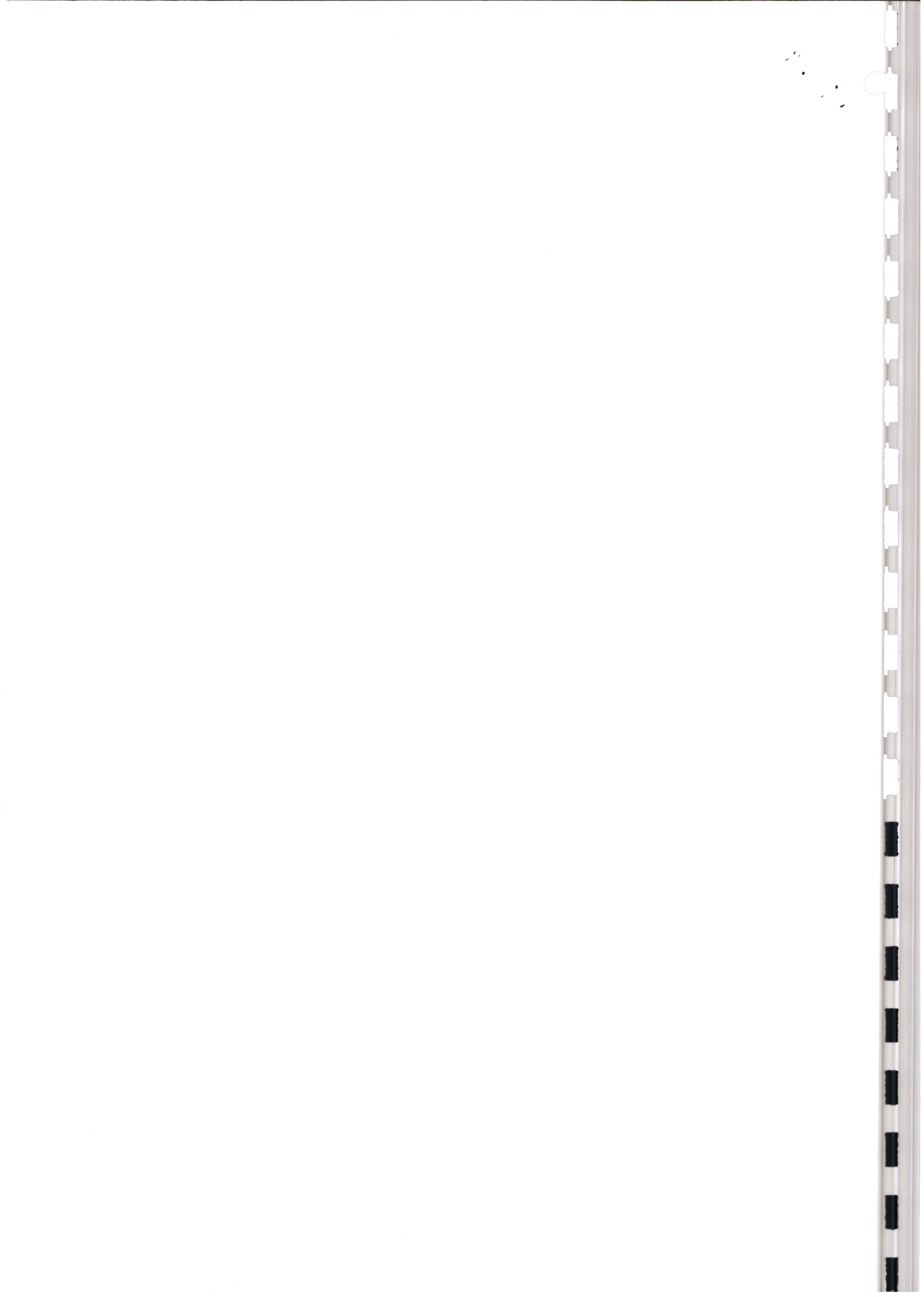


**Key**

- 9-FY 2017/2018 Showing great improvement on financial year allocation
- 8-FY 2016/2017 allocation which shows less funds than the current year allocation

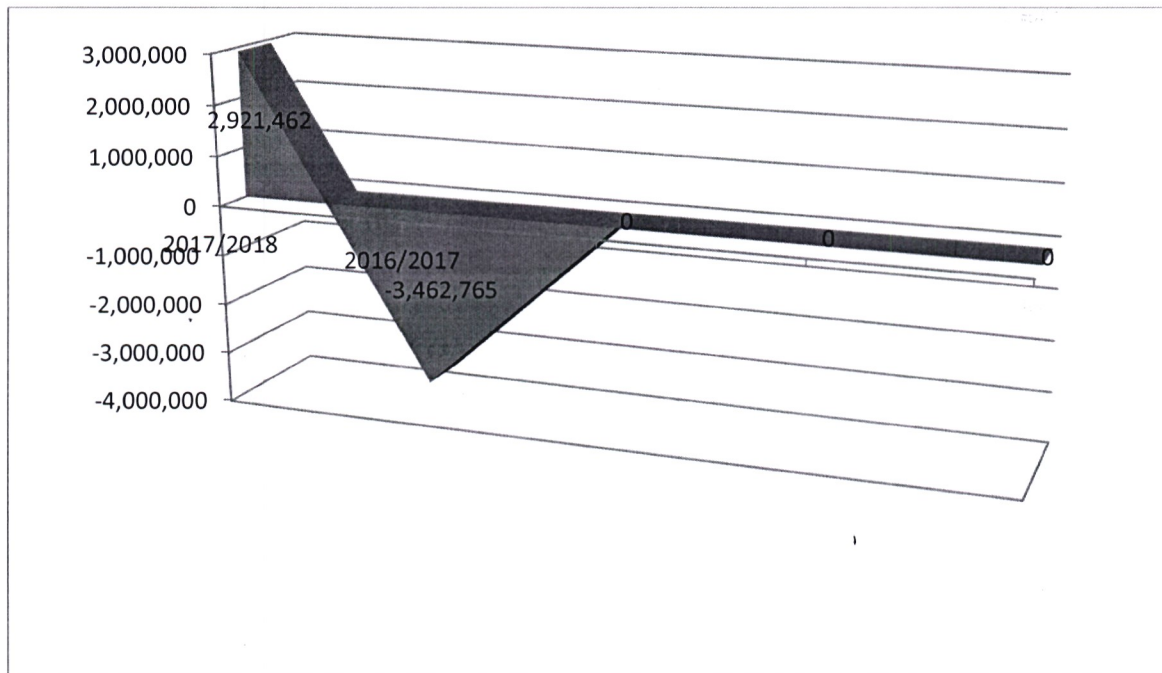
**Original Budget, Adjustments, Against Actual utilization of funds**





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

Statement of receipts and payments 2017/2018 against 2016/2017

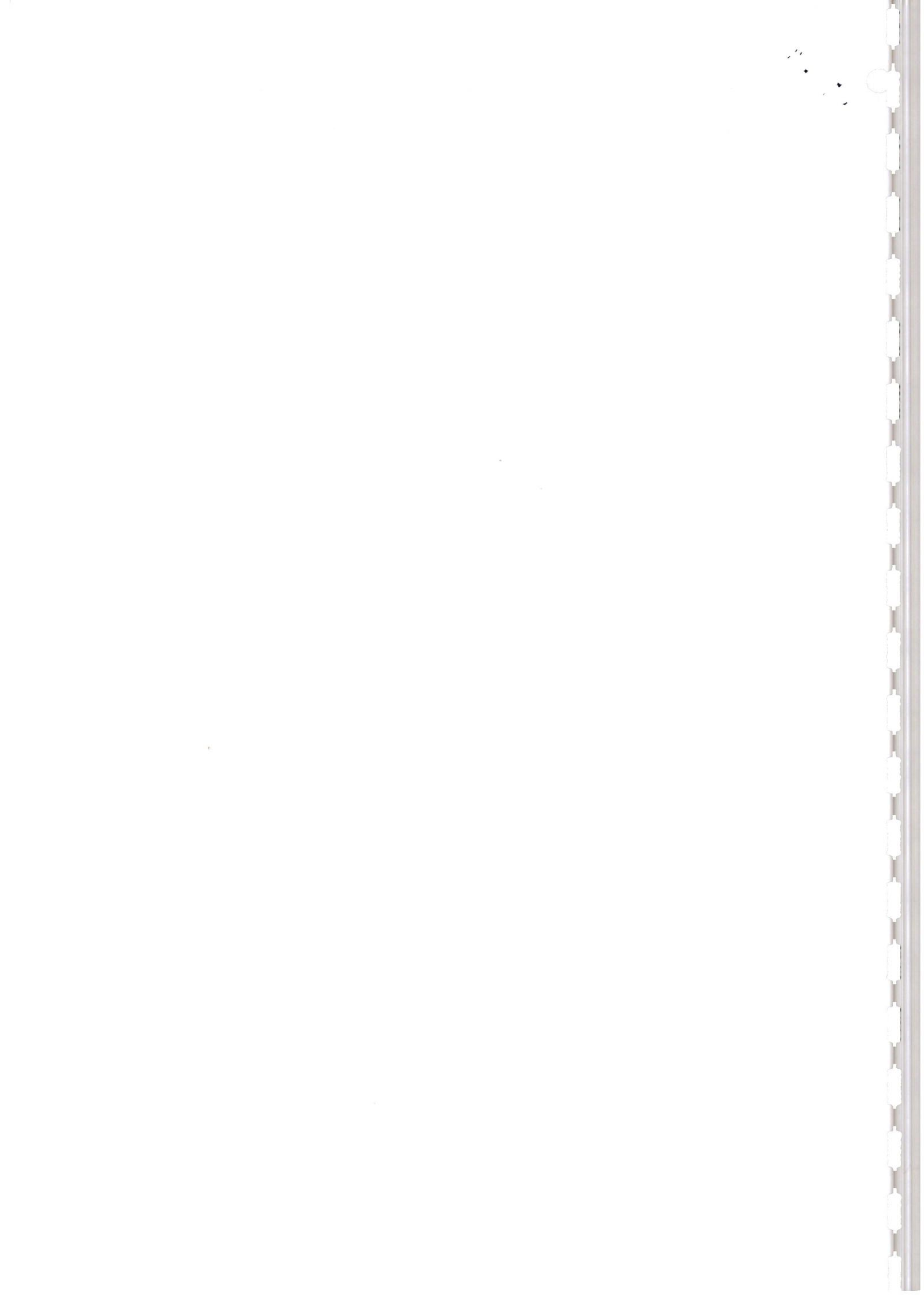


**Detail key achievements for the entity**

We were able to complete education and electricity infrastructural projects. Needy students were retained in schools through payment of school fees from bursary and the youth were made productive through involvement in sporting activities, lastly we improved the environment by planting of trees at water catchment areas.

**Detail key achievements for the entity**

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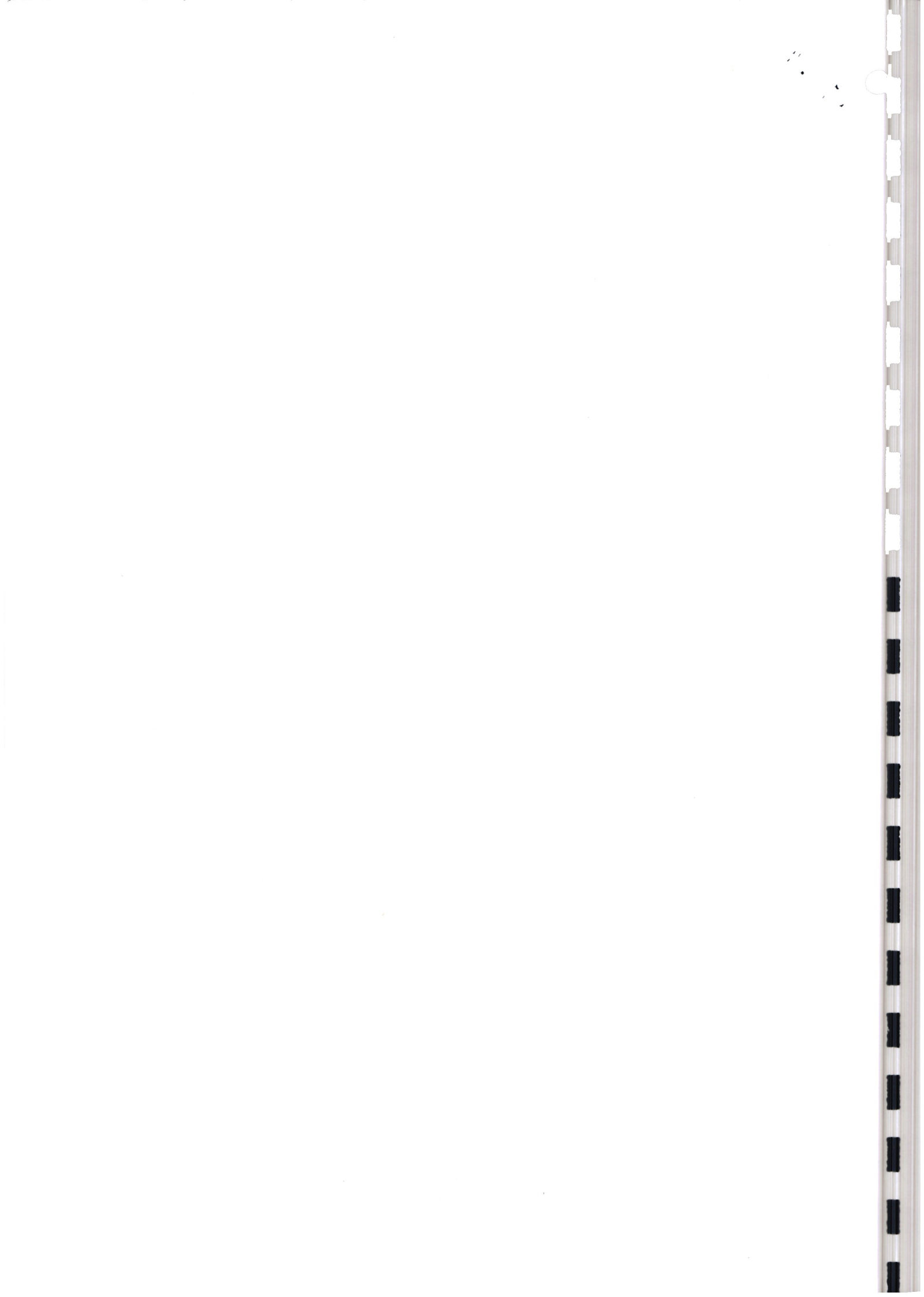
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
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*Kamburu primary school classroom*



*Anchenge Assistant Chiefs' office*



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
IGEMBE SOUTH CONSTITUENCY  
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*Ura River Primary School administration block under construction*



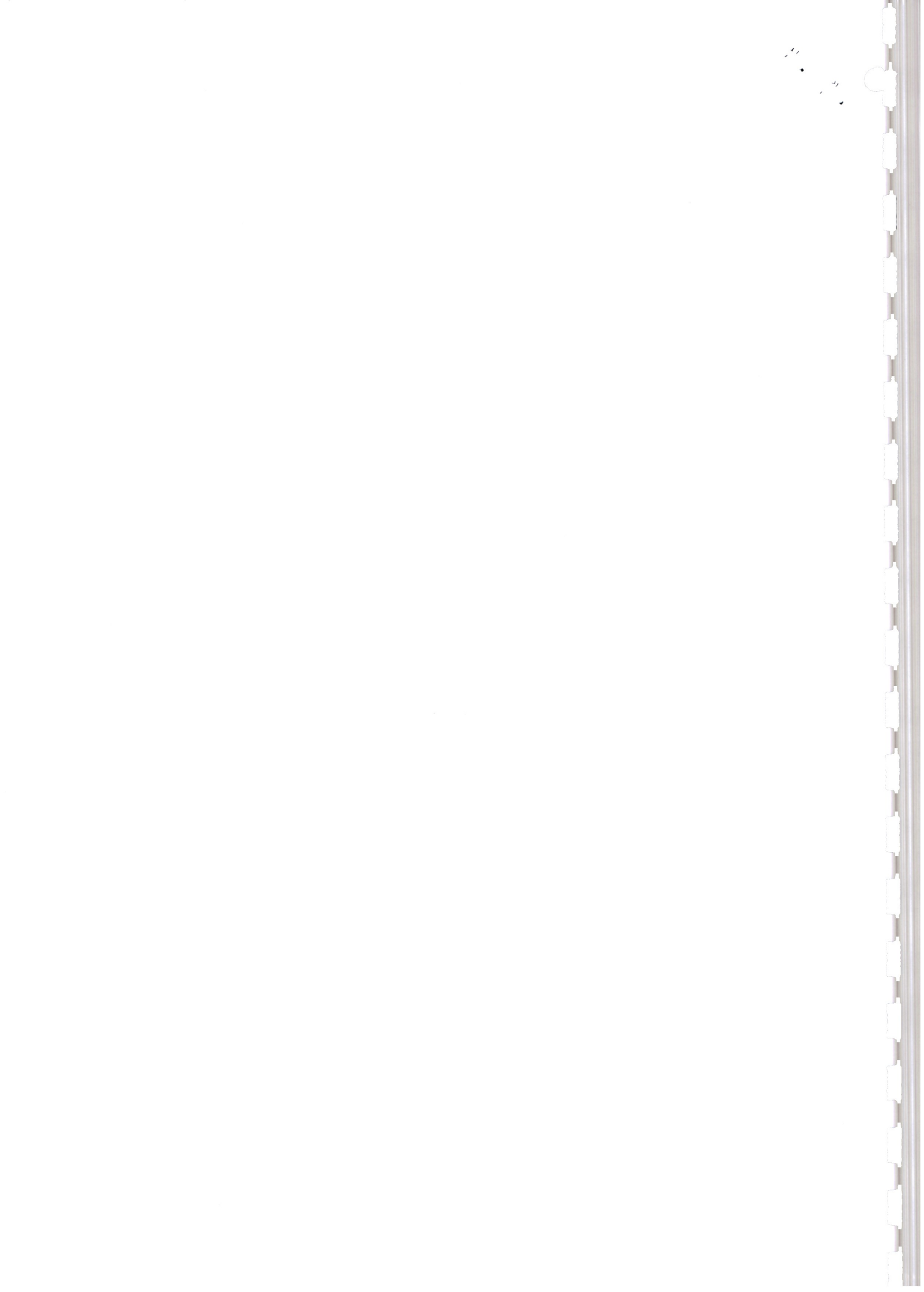
*Igembe South NG-Cdfc & constituency offices*

**List emerging issues related to the entity**

There has been many challenges since some sectors were devolved and therefore could no longer be funded by NG-CDF. Due to this some projects have stalled and this has caused a lot of complaints from the community members.

Another challenge is delay in release of funds from the National Government Constituency Development Fund Board causing delay in implementation of the projects.

All in all, the fund has been a success and many community members have benefited from it especially the education sector which has greatly been transformed through construction of classes, laboratories, dinning halls and educating needy students through the bursary kitty.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
IGEMBE SOUTH CONSTITUENCY**

**Reports and Financial Statements**

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

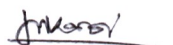
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The youths have also not been left since they have been motivated through the sports kitty through buying them sports uniforms, boots and balls for various football leagues in the constituency.

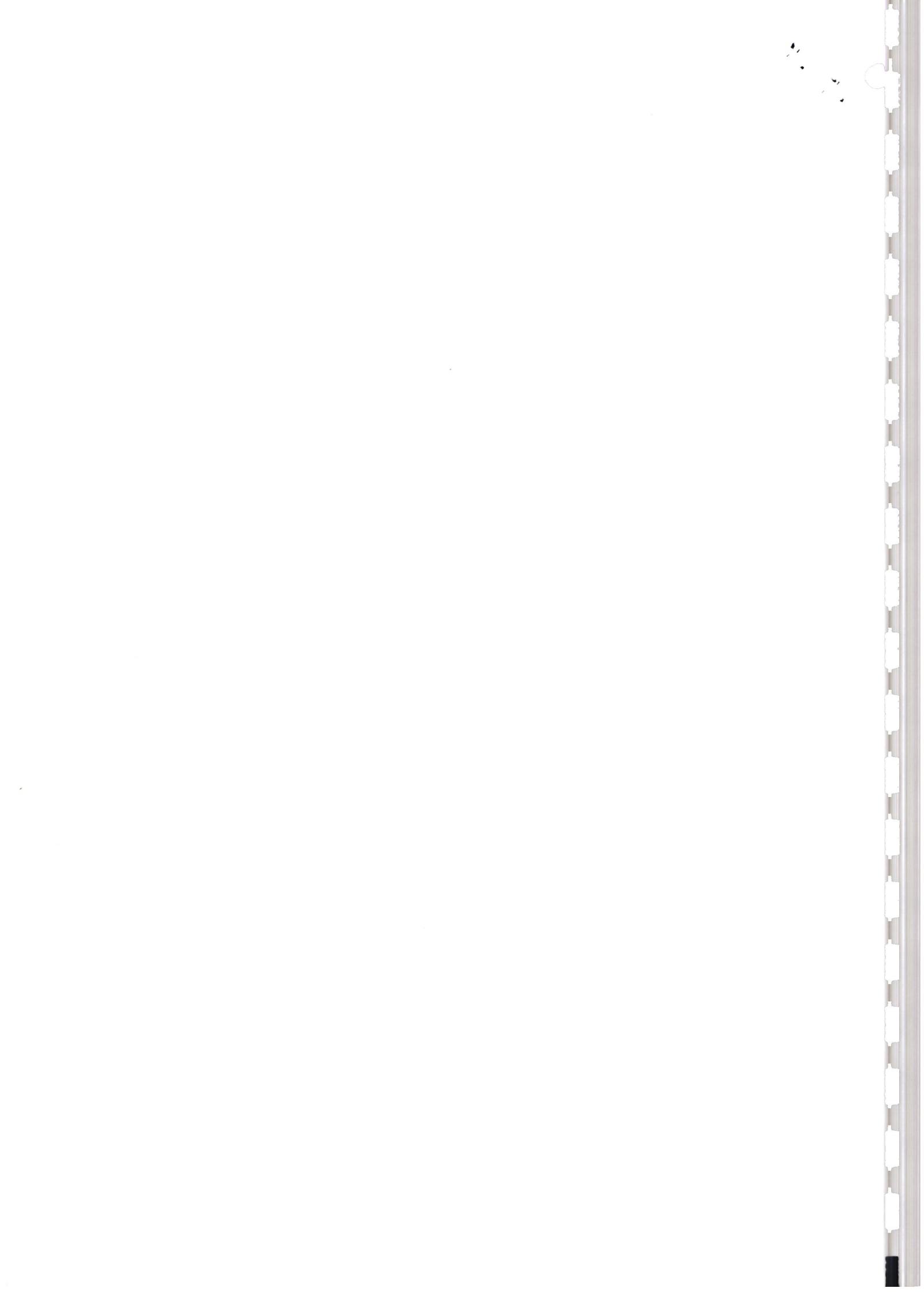
**List the implementation challenges and recommended way forward. (*Ensure that you include what the entity is doing to overcome the challenges noted*).**

However, there are quite a number of challenges we faced during implementation and they include: Resistance by some members of the community to surrender land for road works, delayed disbursement of funds and lack of knowledge from some project Management committees in project implementation. These challenges can be overcome by involving the local public administration in implementation of roads projects and capacity building of Project Management Committees.

*Sign*



**CHAIRMAN NGCDF COMMITTEE**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
IGEMBE SOUTH CONSTITUENCY**

**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- Igembe 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- Igembe 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, 2018, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF- Igembe 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.

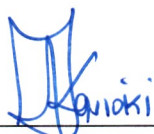
The Accounting Officer in charge of the NGCDF- Igembe South Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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- Igembe South Constituency financial statements were approved and signed by the Accounting Officer on 30<sup>th</sup> September 2018.

  
\_\_\_\_\_  
Fund Account Manager  
Name: Pauline Mwangi

FUND ACCOUNT MANAGER  
IGEMBE SOUTH CONSTITUENCY  
30 SEP 2018  
P. O. BOX 5000  
MAUA

  
\_\_\_\_\_  
Sub-County Accountant  
Name: Joram K Mutua  
ICPAK Member Number:





# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - ISEMBE 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 National Government Constituencies Development Fund - Isembe South Constituency set out on pages 10 to 38, which comprise the statement of assets and liabilities as at 30 June 2018, the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Isembe South Constituency as at 30 June 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act No, 2015.

#### Basis for Qualified Opinion

##### 1.0 Cash and Cash Equivalent

Note 10A to the financial statements reflects Kshs.3,374,005 in respect to bank balances as at 30 June 2018. However, the respective bank reconciliation statement reflected un-presented cheques totaling Kshs.3,298,551 out of which Kshs.561,132 had become stale as at the time of this audit in February 2019 but the same had not been replaced or reversed in the cash book thereby understating the cashbook balance by the same amount.

Further, bank charges totalling to Kshs.2,350 as at 30 June 2018 were not expensed under the use of goods and services component but remained as a reconciling item thereby understating the expenses by the same amount and overstating the cash book balance with the same amount.

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

In the circumstances, it has not been possible to ascertain the accuracy of the cash and cash equivalents balance of Kshs.3,374,005 reflected in the financial statements as at 30 June.

## 2.0 Variances between the year 2017/2018 Comparative Figures and Year 2016/2017 Audited Balances

The Financial statements for the year ended 30 June 2018 reflects Kshs.3,037,373 in respect to comparative opening balances of two (2) expenditure components while the audited 2016/2017 financial statements reflected Kshs.1,558,173 on the same components resulting to an unexplained variance of Kshs.1,479,200 as shown below:

Item	Financial Statement	2017/2018 Financial Statements Opening Balances (Kshs)	2016/2017 Financial Statements Audited Closing Balances (Kshs)	Variance (Kshs)
Other payments	Statement of receipts and payments	1,500,000	None	1,500,000
Compensation of employees	Note 4	1,537,373	1,558,173	(20,800)
<b>Total</b>		<b>3,037,373</b>	<b>1,558,173</b>	<b>1,479,200</b>

In the circumstances, the accuracy of the respective financial statements balances for the year ended 30 June 2018 could not be ascertained.

## 3.0 Bursaries

Note 7 to the financial statements for the year ended 30 June 2018 reflects Kshs.31,220,394 in respect to other grants and other payments which include Kshs.3,110,459 and Kshs.17,465,798 in respect to bursaries to secondary schools and tertiary institutions respectively both totaling to Kshs.20,576,257. However, only bursaries totaling to Kshs.5,907,996 (29%) were acknowledged by the respective beneficiaries through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.14,668,261 (71%) un-acknowledged by the beneficiary institutions.

Further, Kshs.1,420,786 was awarded to ninety- two (92) bursary applicants in various schools and institutions who did not have admission numbers creating doubts if students were genuine.

In the circumstances, the accuracy, validity and value for money of the Kshs.14,668,261 and Kshs.1,420,786 both totaling to Kshs.16,089,047 in respect to bursaries to secondary schools and tertiary institution for the year ended 30 June 2018 could not be ascertained.

## 4.0 Use of Goods and Services

Note 5 to the financial statements reflects Kshs.5,395,369 in respect to use of goods and services which includes Kshs.23,129 in respect to bank service commission and charges.

However, the Kshs.23,129 did not include the Kshs.2,350 appearing as a reconciling item in the bank reconciliation statements as at 30 June 2018.

In the circumstances, it has not been possible to ascertain the accuracy of the Kshs.23,129 in respect to bank service commission and charges for the year ended 30 June 2018.

#### 5.0 Non Adherence to Projects Bills of Quantities.

Note 6 to the financial statements reflects Kshs.21,500,000 in respect to transfers to other government entities comprising of Kshs.13,600,000 and Kshs.7,900,000 in respect to transfer to primary and secondary schools' projects respectively. Included in Kshs.13,500,000 is Kshs.1,300,000 disbursed to two primary schools whose projects' physical verification carried out in the month of January 2019 revealed that though the projects are said to have been complete, the work done was at variance with the Bill of Quantities (BQ) as detailed below;

Name of school	Amount Disbursed (Kshs)	Work as per BQ	Work done
Karumaru primary school	500,000	13 stone walled pit latrines with pre-painted roofing sheets of gauge 30	10 pit latrines of corrugated iron sheet of gauge 32
Ura River primary school	800,000	Window panes, flooring, plastering, ceiling and painting.	Flooring and plastering
<b>Totals</b>	<b>1,300,000</b>	-	-

In the circumstances, the accuracy, propriety and value for money for the Kshs.1,300,000 transferred to the two primary schools for the year ended 30 June 2018 could not be ascertained.

#### 6.0 Project Management Committee (PMC) Bank Balances

Note 6 and 7 to the financial statements reflects transfers to other Government entities and other grants and other payments of Kshs.21,500,000 and Kshs.31,220,394 respectively both totaling to Kshs.52,720,394 which was earmarked to implement projects in various sectors within the constituency during the year under review. However, included in Kshs.52,720,394 is Kshs.4,928,093 in respect to forty - eight (48) projects management committee (PMC) bank balances as analyzed at annex 5 to the financial statements and whose bank reconciliations, cash books and bank statements were not provided for audit review.

In the circumstances, the accuracy of PMC bank balances of Kshs.4,928,093 as at 30 June 2018 could not be ascertained.

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

## Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion 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 Analysis

The summary statement of appropriation: recurrent and development combined for the year ended 30 June, 2018 reflects budgeted receipts and actual receipts of Kshs.91,689,655 and Kshs.64,415,516 respectively resulting in a receipts budget shortfall of Kshs.27,274,139 or 30%.

Overall, the Fund failed to actualize its receipt budget by Kshs.27,274,139 an indication that some 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 residents of Igembe South Constituency.

#### 1.2 Expenditure Analysis

The summary statement of appropriation: recurrent and development combined reflects budgeted payments of Kshs.91,689,655 for the year ended 30 June 2018 while the actual payments are Kshs.61,729,054 resulting to an under expenditure of Kshs.30,471,934 in four (4) items and an over expenditure of Kshs.511,333 in two items as shown below;

Items	Budget (Kshs)	Actual (Kshs)	Under (Kshs)	Over (Kshs)	%
Compensation of Employee	1,801,958	1,813,291		11,333	1%
Use of goods and services	9,535,110	5,395,369	4,139,741	-	43%
Transfer to other Government entities	42,898,275	21,500,000	21,398,275	-	50%
Other Grant and Transfers	32,777,285	31,220,394	1,556,891	-	5%
Other Payments	4,677,027	1,300,000	3,377,027	-	72%
Acquisition of Assets	0	500,000		500,000	100%
<b>Total</b>	<b>91,689,655</b>	<b>61,729,054</b>	<b>30,471,934</b>	<b>511,333</b>	

The under expenditure of Kshs.30,471,934 or 33% translates to equivalent services expected but not delivered to the residents of Igembe South Constituency. Further, the Fund overspent its budget on two items by Kshs.511,333 without approval in form of a supplementary budget contrary to Section 43(2) of Public Finance Management Act

(County Regulations), 2015 which states that County government entities shall execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the County Emergency Fund, or supplementary estimates.

There is need therefore for the management to relook at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the residents of Igembe South Constituency.

## 2.0 Project Implementation Status

The project implementation status made available for audit review shows that eighty (80) projects worth Kshs.56,539,096 were budgeted to be implemented during the year under review. However only twenty five (25) projects valued at Kshs.9,786,207 had been completed, forty (40) projects worth Kshs31,450,000 were ongoing and fifteen (15) projects worth Kshs.15,302,889 were not started as at 30 June 2018 as follows;

Sector	Project Status	Amount Allocated Kshs	No. of projects	Amount Disbursed Kshs
Education	Completed	6,850,000.	11	6,850,000
	Ongoing	26,450,000.	34	26,450,000
	Not started	9,298,276	7	0
	<b>Sub Total</b>	<b>42,598,276</b>	<b>52</b>	<b>33,300,000</b>
Security	Completed	900,000	2	900,000
	Ongoing	1,200,000	4	1,200,000
	Not started	1,100,000	2	0
	<b>Sub Total</b>	<b>3,200,000</b>	<b>8</b>	<b>2,100,000</b>
Environment	Completed	1,736,207	11	1,736,207
	Ongoing	0	0	0
	Not started	227,586.	5	0
	<b>Sub Total</b>	<b>1,963,793.</b>	<b>16</b>	<b>1,736,207</b>
Other Payment	Completed	300,000.	1	300,000
	Ongoing	3,800,000.	2	3,800,000
	Not started	4,677,027.	1	0
	<b>Sub Total</b>	<b>8,777,027.</b>	<b>4</b>	<b>4,100,000</b>
	<b>Grand Total</b>	<b>56,539,096</b>	<b>80</b>	<b>41,236,207</b>

In view of the foregoing, the constituents did not get the expected services equivalent to the Kshs.31,450,000 ongoing and Kshs.15,302,889 not started projects all totalling to Kshs.46,752,889 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 residents of Igembe South Constituency.

### **3.0 Progress on Follow up of Auditors Recommendations**

The financial statements for the year under review at page 35 reflects a progress on follow up of Auditors recommendations showing that all the issues/observations raised in the Auditor-General's report have been resolved. However, there was no documentary evidence availed for audit review on how the issues have been resolved.

In the circumstances, the issues raised in the 2016/2017 Auditor-General's report may not have been resolved as at 30 June 2018 thereby defeating the whole purpose of including the progress report in the financial statements.

## **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 Basis for Conclusion on Lawfulness and Effectiveness in use of Public resources 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 Unauthorized Payment of Airtime**

Note 5 to the financial statements for the year under review reflects Kshs.5,395,369 in respect to use of goods and services which includes Kshs.214,280 in respect to communication, supplies and services which further includes Kshs.105, 000 paid as airtime allowances to Constituency Development Fund Committee (CDFC) members in the months of January to June 2018. However, no documents were made available to show that the members were entitled to receive the payments contrary to Section 33 of National Government Constituency Development Regulations 2016 which states that the Cabinet Secretary shall, with the approval of the National Assembly Select Committee on National Government Constituencies Development Fund, issue guidelines on allowances payable to members of a constituency committee and other government officers involved in the management of the Fund.

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

#### **2.0 Presentation of the Financial Statements**

The Fund's financial statements for the year ended 30 June 2018 did not include a separate summary statement of appropriation for recurrent and development and a budget execution by programs and sub- programs. However, the Public Sector Accounting Standards Board (PSASB) stipulates that the financial statements for any National Government entity should include these statements/documents. In addition, pages 1 and 11 to 14 of the financial statements are repeated and hence misleading to the users of the financial statements.

In the circumstances, the presentation of the financial statements for the year under review is not in accordance with the recommended format.

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 procedures performed, except for the matter 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 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 Constituencies Development Fund - Igembe South 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 Constituencies Development Fund - Igembe South 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 Constituencies Development Fund - Igembe South 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 Constituencies Development Fund - Igembe South 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 Constituencies Development Fund - Igembe South Constituency's policies and procedures may deteriorate.

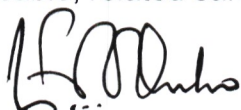


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 Constituencies Development Fund - Igembe South Constituency's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituencies Development Fund - Igembe South 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 Constituencies Development Fund - Igembe South 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.

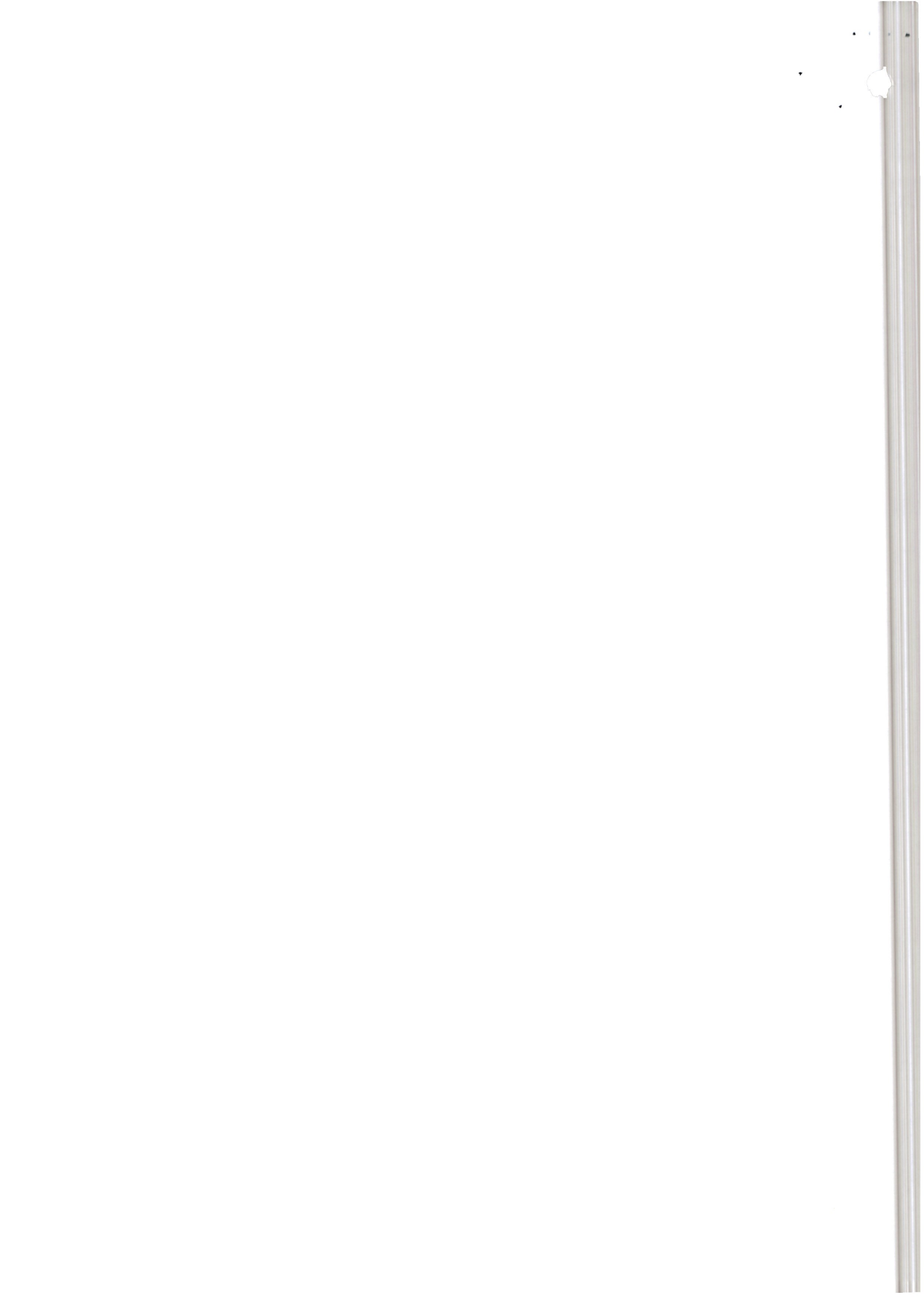
I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**18 April 2019**




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


**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

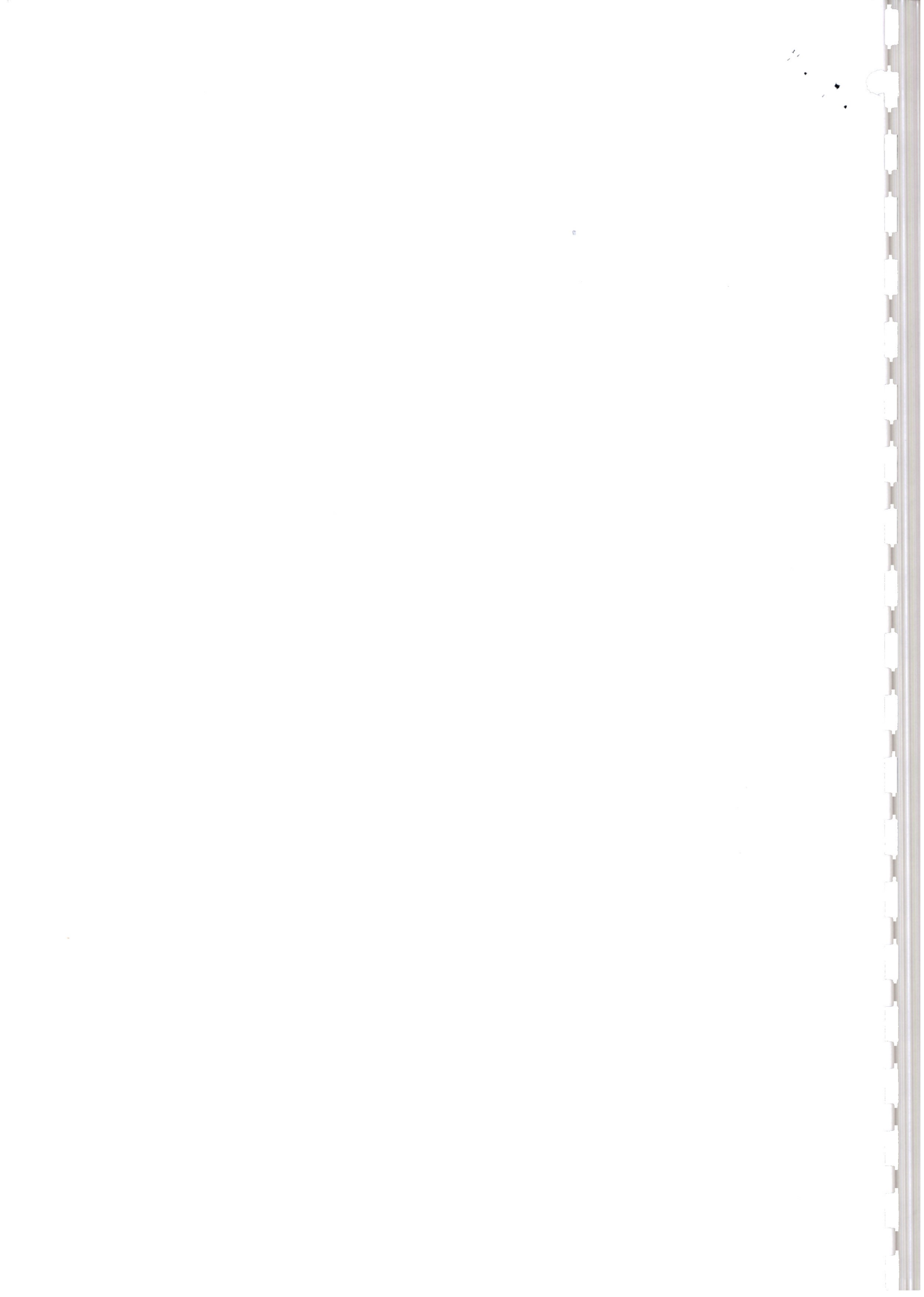
	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	64,415,516	97,623,848
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	<u>00</u>	<u>121,090</u>
<b>TOTAL RECEIPTS</b>		<b>64,415,516</b>	<b>97,744,938</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,813,291	1,558,173
Use of goods and services	5	5,395,369	6,367,522
Transfers to Other Government Units	6	21,500,000	37,850,000
Other grants and transfers	7	31,220,394	46,731,355
Acquisition of Assets	8	500,000	8,700,653
Other Payments	9	<u>1,300,000</u>	<u>1,500,000</u>
<b>TOTAL PAYMENTS</b>		<b>61,729,054</b>	<b>101,207,703</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>2,686,462</u></b>	<b><u>(3,462,765)</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Igembe South Constituency financial statements were approved on 30<sup>th</sup> September 2018 and signed by:

  
Fund Account Manager  
Name: Pauline Mwangi



  
Sub-County Accountant  
Name: Joram K Mutua  
ICPAK Member Number:




**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
IGEMBE SOUTH CONSTITUENCY**  
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For the year ended June 30, 2018

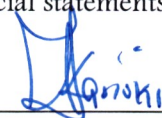
**V. STATEMENT OF ASSETS AND LIABILITIES**

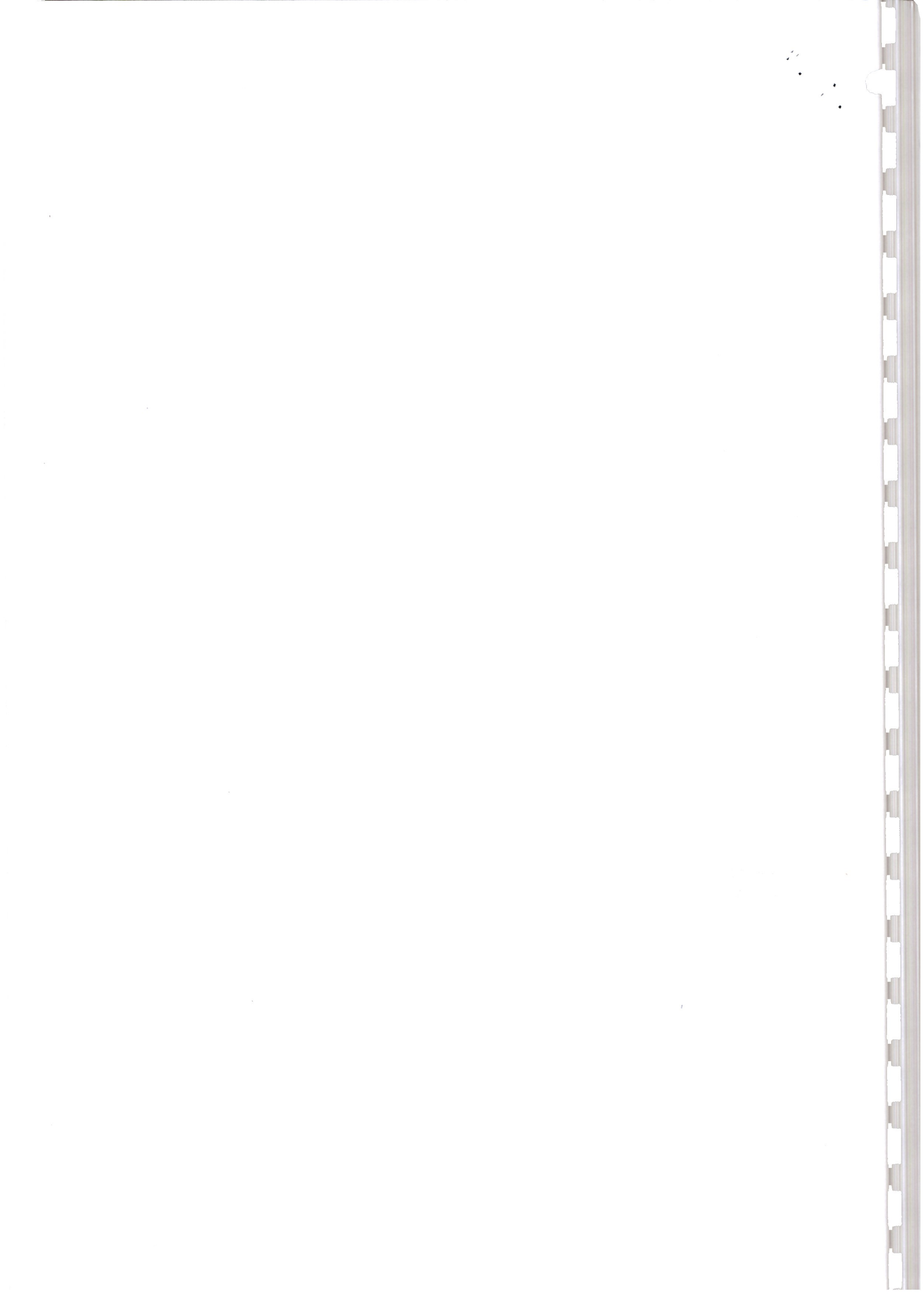
	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	3,374,005	687,543
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>3,374,005</b>	<b>687,543</b>
Current receivables - Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,374,005</b>	<b>687,543</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts payable - Retention	12	-	-
<b>NET FINANCIAL ASSETS</b>		<b><u>3,374,005</u></b>	<b><u>687,543</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	687,543	4,150,308
Surplus/Deficit for the year		2,686,462	(3,462,765)
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		<b><u>3,374,005</u></b>	<b><u>687,543</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Igembe South Constituency financial statements were approved on 30<sup>th</sup> September 2018 and signed by:

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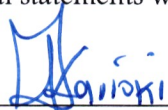
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
IGEMBE SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

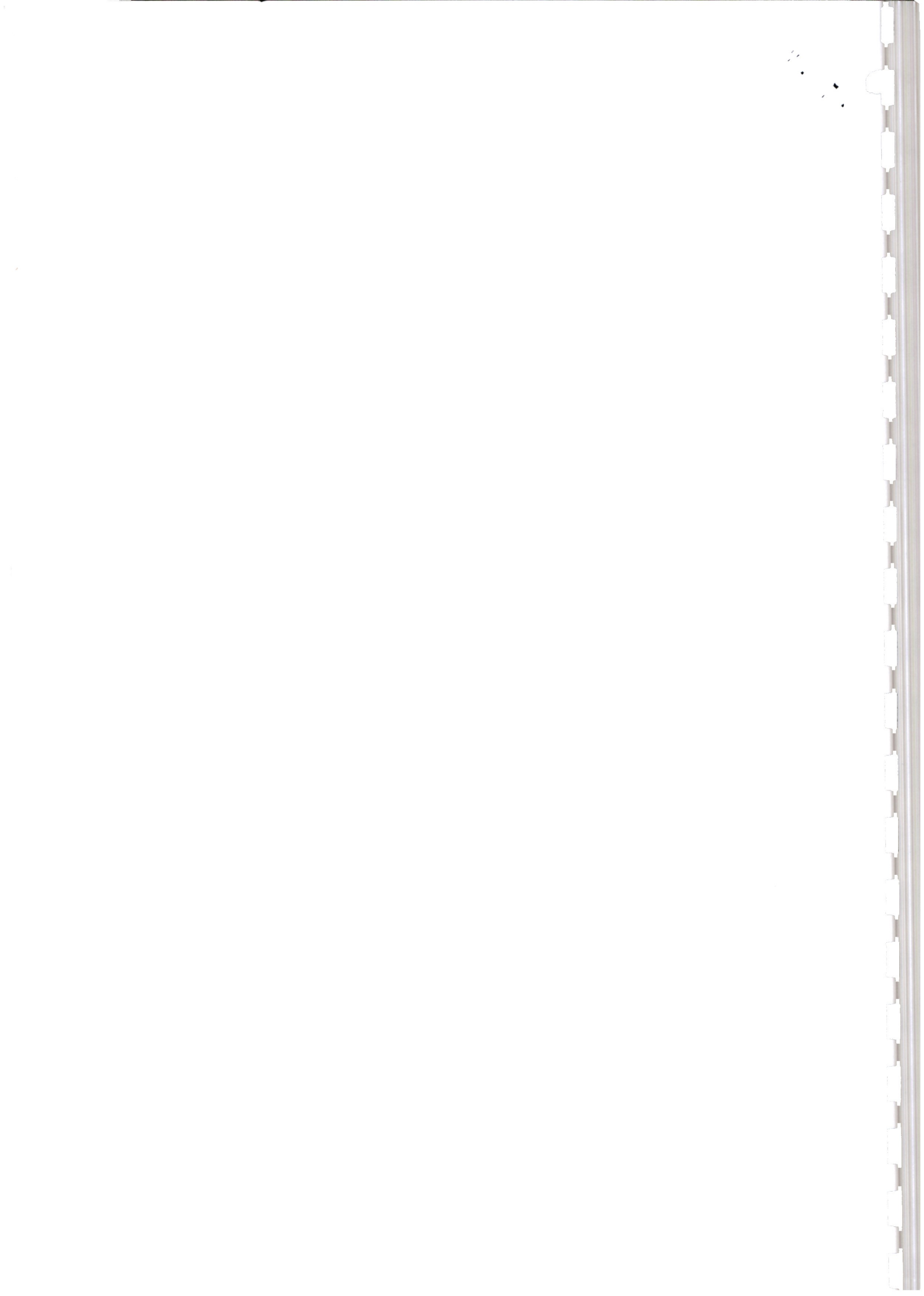
Receipts for operating income		2017- 2018	2016 - 2017
Transfers from NGCDF Board	1	64,415,516	97,623,848
Other Receipts	3	=	121,090
		<b>64,415,516</b>	<b>97,744,938</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,813,291	1,558,173
Use of goods and services	5	5,395,369	6,367,522
Transfers to Other Government Units	6	21,500,000	37,850,000
Other grants and transfers	7	31,220,394	46,731,355
Other Payments	9	1,300,000	1,500,000
		<b>(61,229,054)</b>	<b>(92,507,050)</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>3,186,462</b>	<b>5,237,888</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(500,000)	(8,700,653)
<b>Net cash flows from Investing Activities</b>		<b>(500,000)</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>2,686,462</b>	<b>(3,462,765)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>687,543</b>	<b>4,150,308</b>
<b>Cash and cash equivalent at END of the year</b>		<b><u>3,374,005</u></b>	<b><u>687,543</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Igembe South Constituency financial statements were approved on 30<sup>th</sup> September 2018 and signed by:

  
Fund Account Manager  
Name: Pauline Mwangi

  
Sub-County Accountant  
Name: Joram K Mutua  
ICPAK Member Number:







**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) IGEMBE 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 Utilisation Difference	% of Utilisation
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345.00	4,879,310.00	91,689,655.00	64,415,516.00	27,274,139.00	70%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTAL RECEIPTS</b>	<b>86,810,345.00</b>	<b>4,879,310.00</b>	<b>91,689,655.00</b>	<b>64,415,516.00</b>	<b>27,274,139.00</b>	<b>70%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,119,200.00	182,759.00	1,801,958.00	1,813,291.00	-11,333.00	101%
Use of goods and services	9,193,731.00	841,379.00	9,535,110.00	5,395,369.00	4,139,741.00	57%
Transfers to Other Government Units	37,250,000.00	5,348,275.00	42,898,275.00	21,500,000.00	21,398,275.00	50%
Other grants and transfers	32,570,387.00	5,006,897.00	32,777,285.00	31,220,394.00	1,556,891.00	95%
Acquisition of Assets			0	500,000.00	-500,000.00	100%
Other Payments	4,977,027.00	-	4,677,027.00	1,300,000.00	3,377,027.00	28%
<b>TOTAL</b>	<b>86,810,345.00</b>	<b>11,379,310.00</b>	<b>91,689,655.00</b>	<b>61,729,054.00</b>	<b>29,960,601.00</b>	<b>67%</b>

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. By the close of the financial year, only 70% of the funds had been received but priority was given to bursary for needy students hence the underutilization in all the sectors.
- ❖ (Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.)  
The reason for the difference between the original and final budget is because 50% of the allocation for 2016/17 came in the current financial year.



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

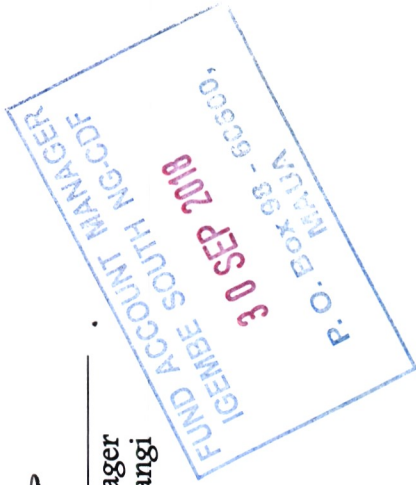
The NGCDF-Igembe South Constituency financial statements were approved on 30<sup>th</sup> September 2018 and signed by:

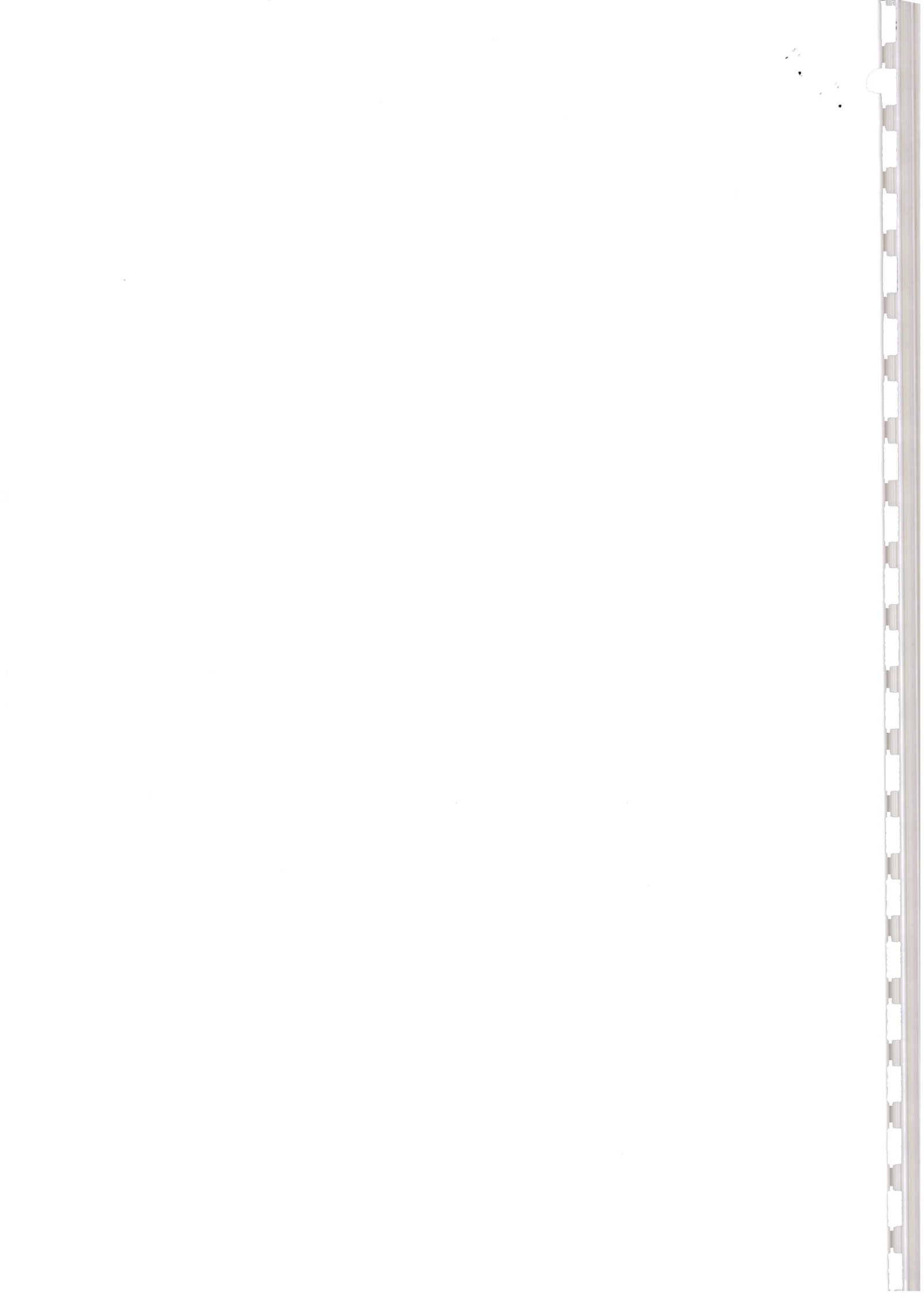


Fund Account Manager  
Name: Pauline Mwangi



Sub-County Accountant  
Name: Joram K Mutua  
ICPAK Member Number:





## **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-IGEMBE 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**

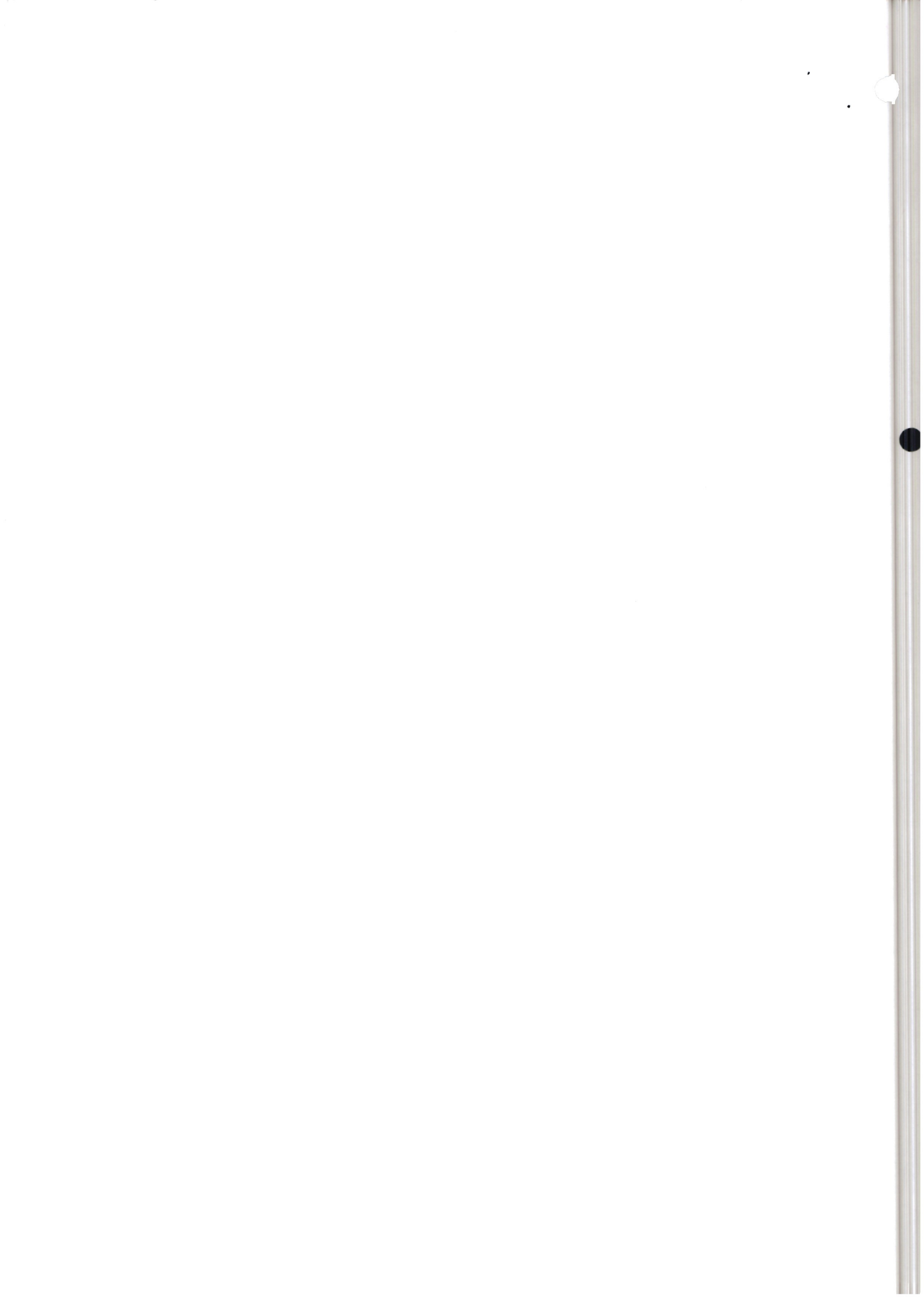
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

#### **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.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
SOUTH 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
SOUTH CONSTITUENCY**

**Reports and Financial Statements**

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

**SIGNIFICANT ACCOUNTING POLICIES**

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**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**

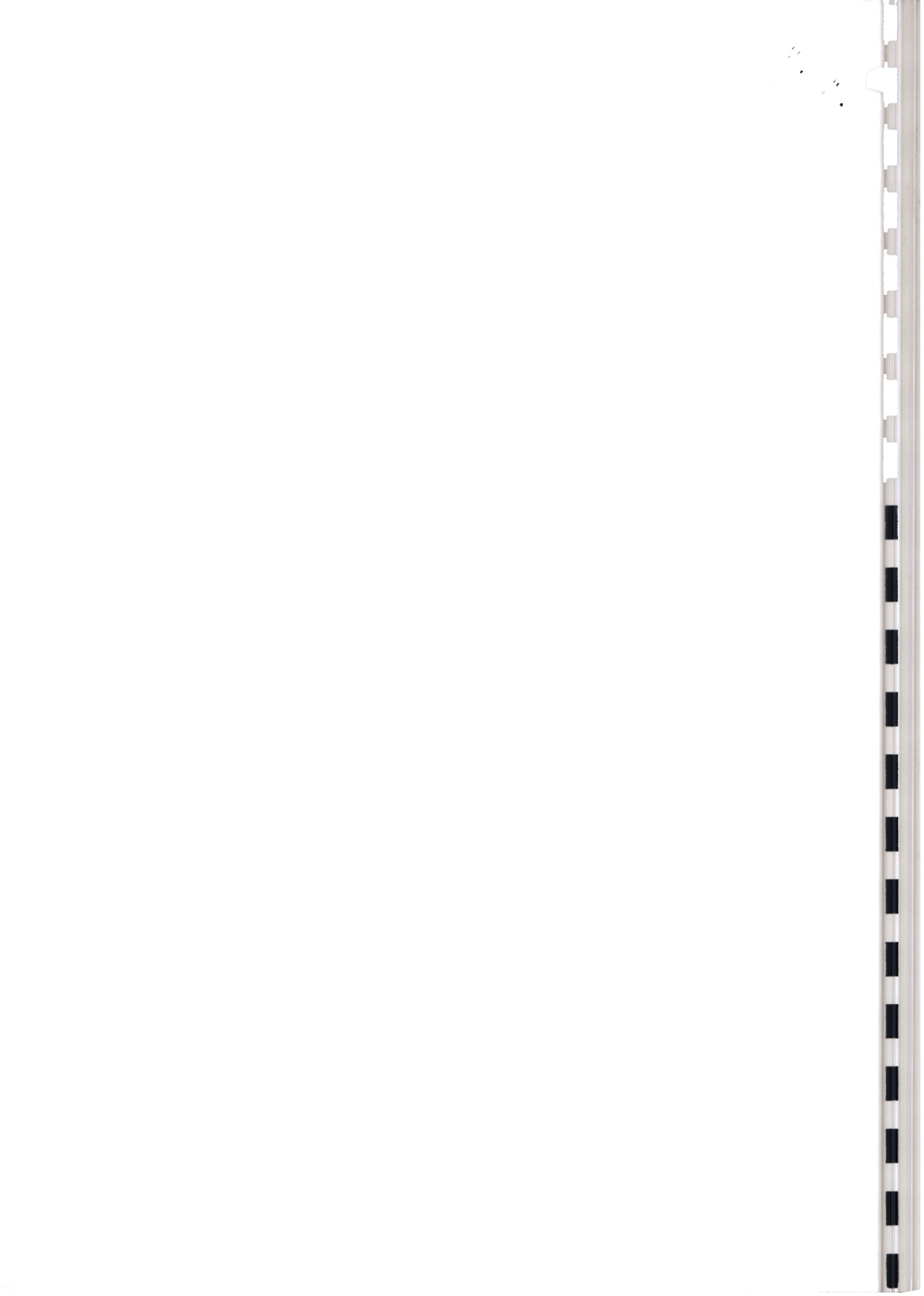
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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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.

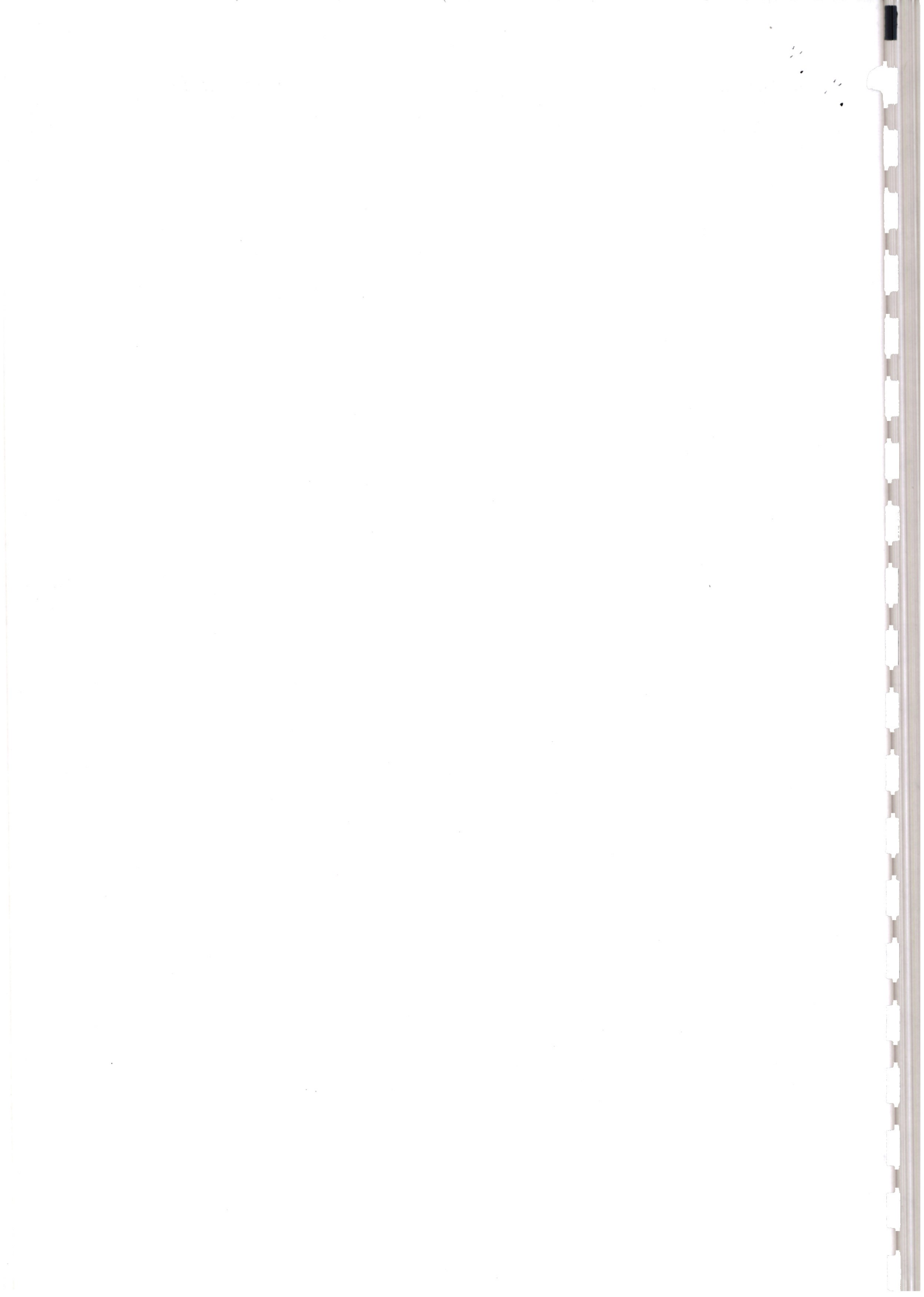
**14. Errors**

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 CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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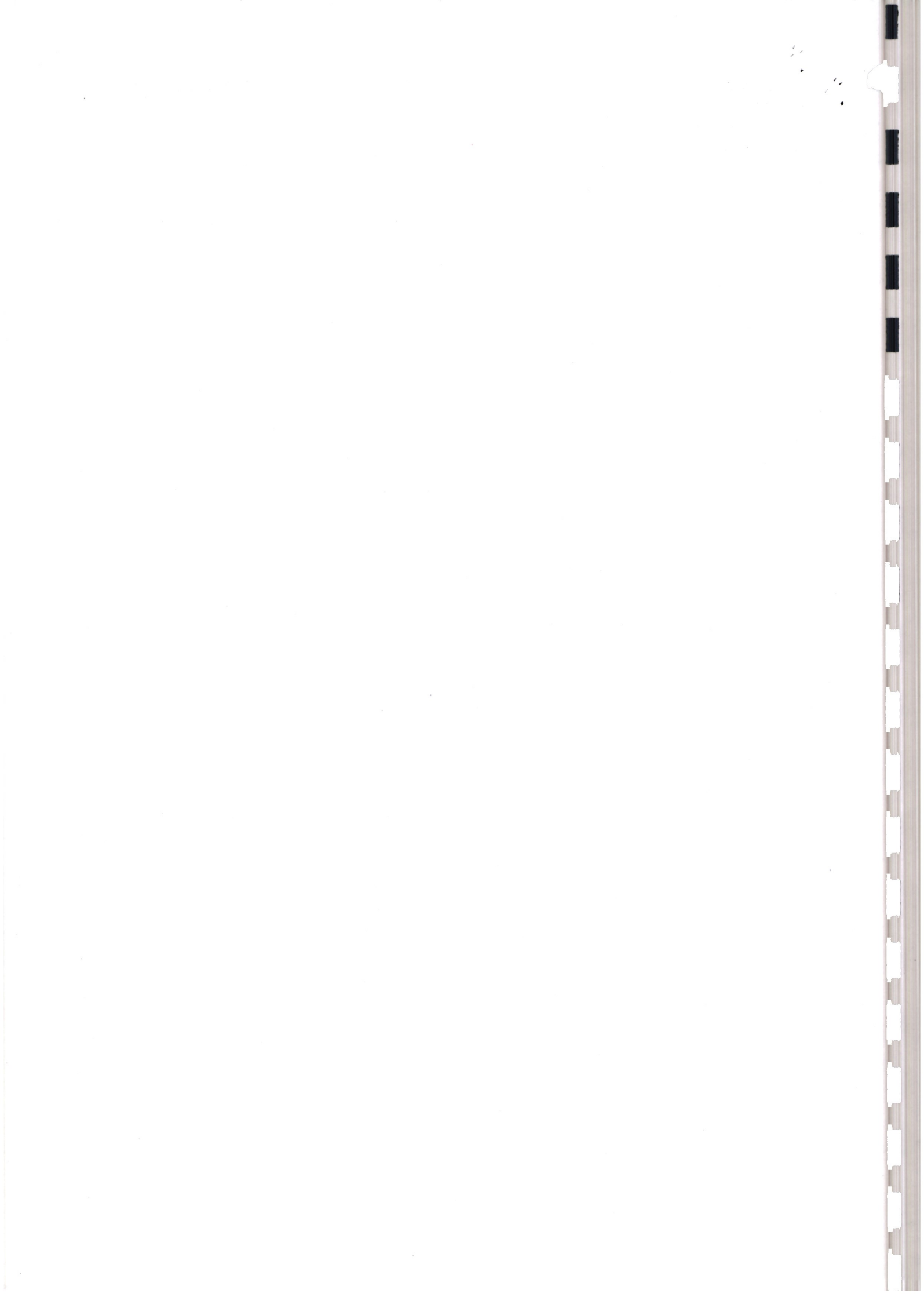
**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO. A825850	1		56,675,571
AIE NO. A829562	2		4,094,828
AIE NO. A855018	3		36,853,449
AIE NO. A855820	1	5,500,000	
AIE NO. A892694	2	21,010,344	
AIE NO. A892888	3	37,905,172	
<b>TOTAL</b>		<b>64,415,516</b>	<b>97,623,848</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2017-2018	2016-2017
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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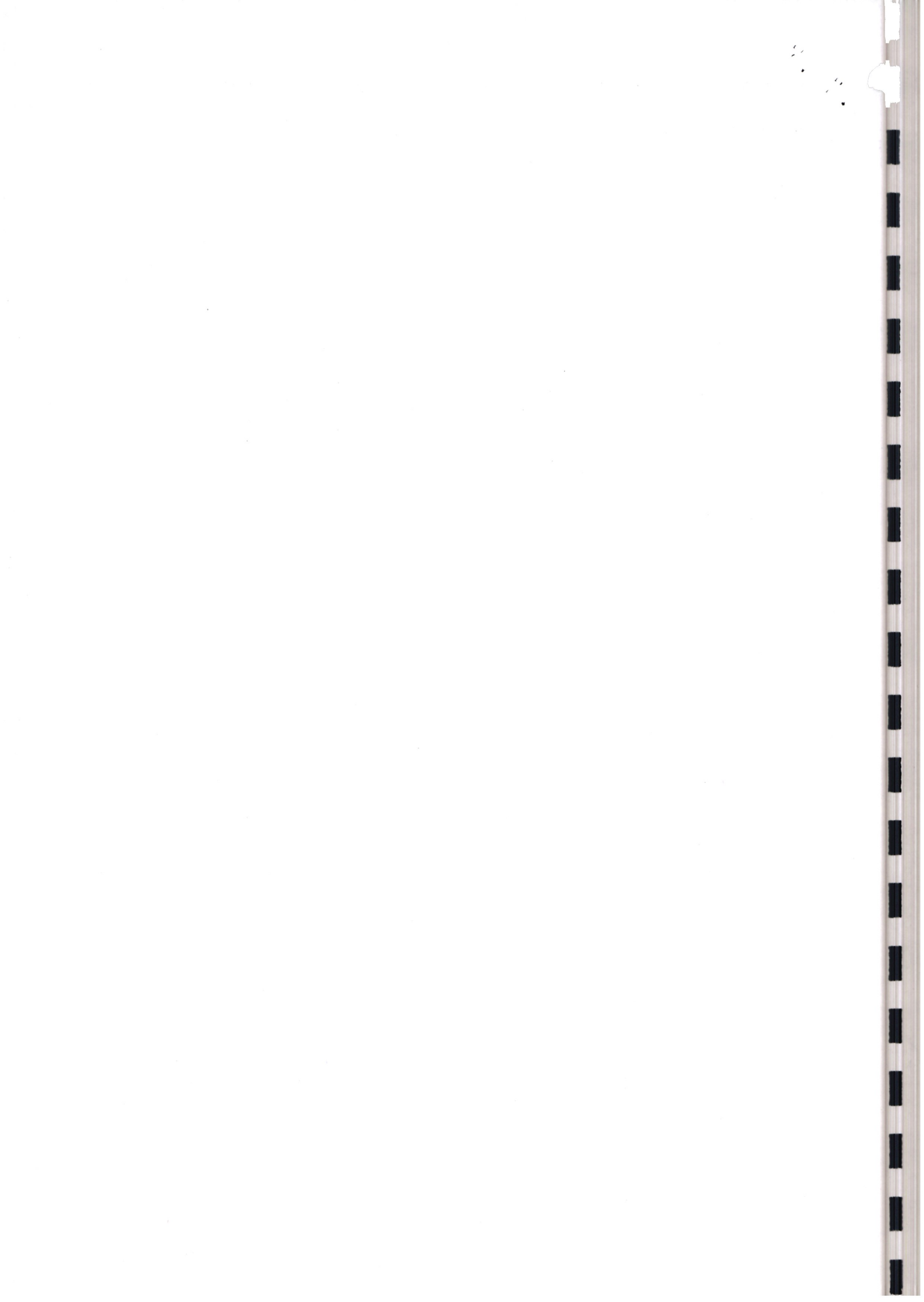
*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2017- 2018 Kshs	2016-2017 Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	121,090
<b>Total</b>	<b>-</b>	<b>121,090</b>

**4. COMPENSATION OF EMPLOYEES**

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,359,476	1,537,373
Basic wages of casual labour	31,800	-
<b>Personal allowances paid as part of salary</b>		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	395,315	-
Employers contribution to NSSF	26,700	-
<b>Total</b>	<b>1,813,291</b>	<b>1,537,373</b>



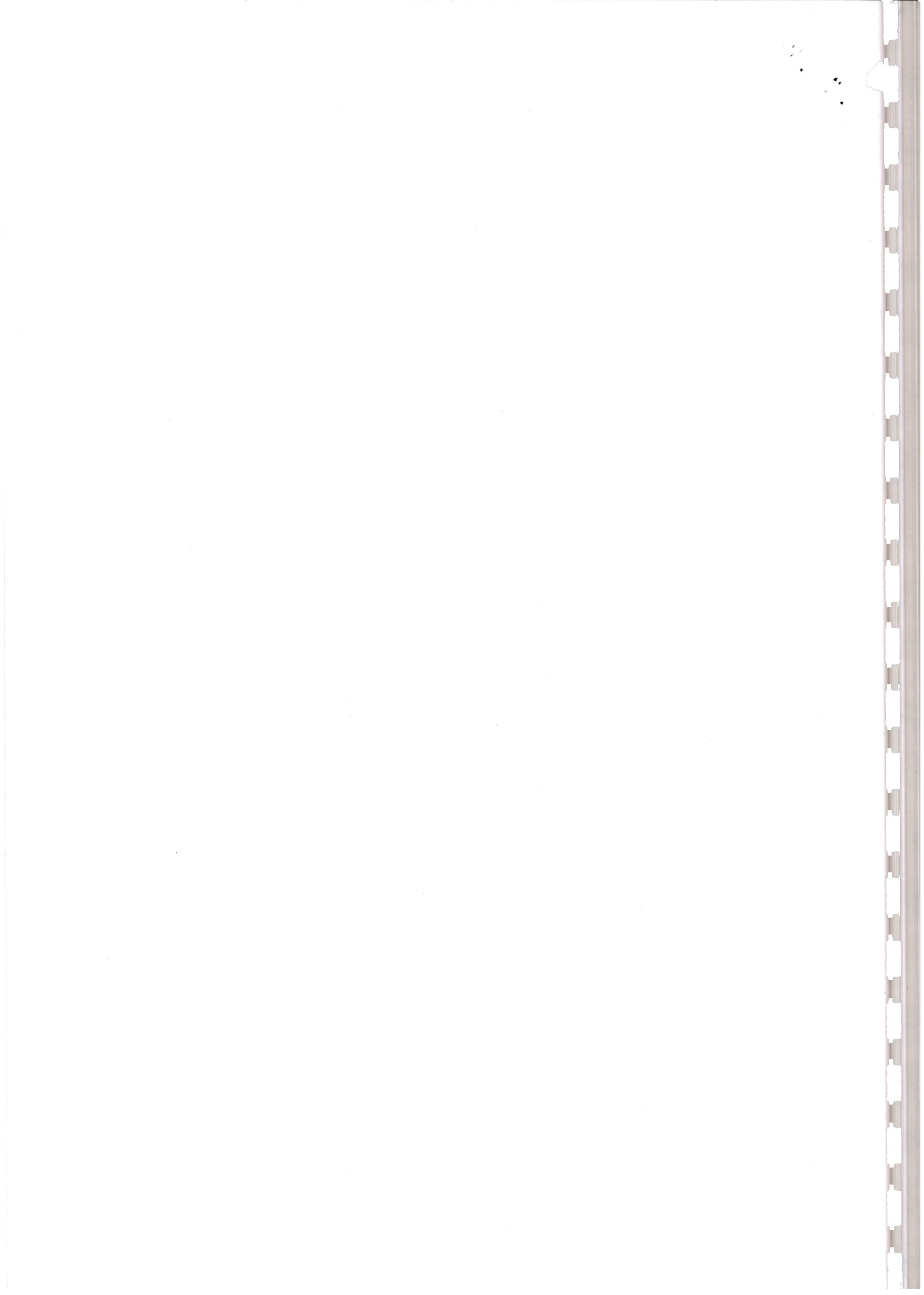


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Other Committee Expenses	224,000	4,876,130
Committee allowances	2,706,000	
Utilities, supplies and services	22,905	75,266
Communication, supplies and services	214,280	-
Domestic travel and subsistence	27,000	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	495,000	-
Hospitality supplies and services	259,070	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	169,581	-
Other operating expenses-strategic plan	-	-
Routine maintenance – vehicles and other transport equipment	688,200	1,061,000
Routine maintenance – other assets	14,000	-
Fuel, oil & lubricants	552,204	565,000
Bank service commission and charges	23,129	-
<b>Total</b>	<b>5,395,369</b>	<b>6,367,522</b>



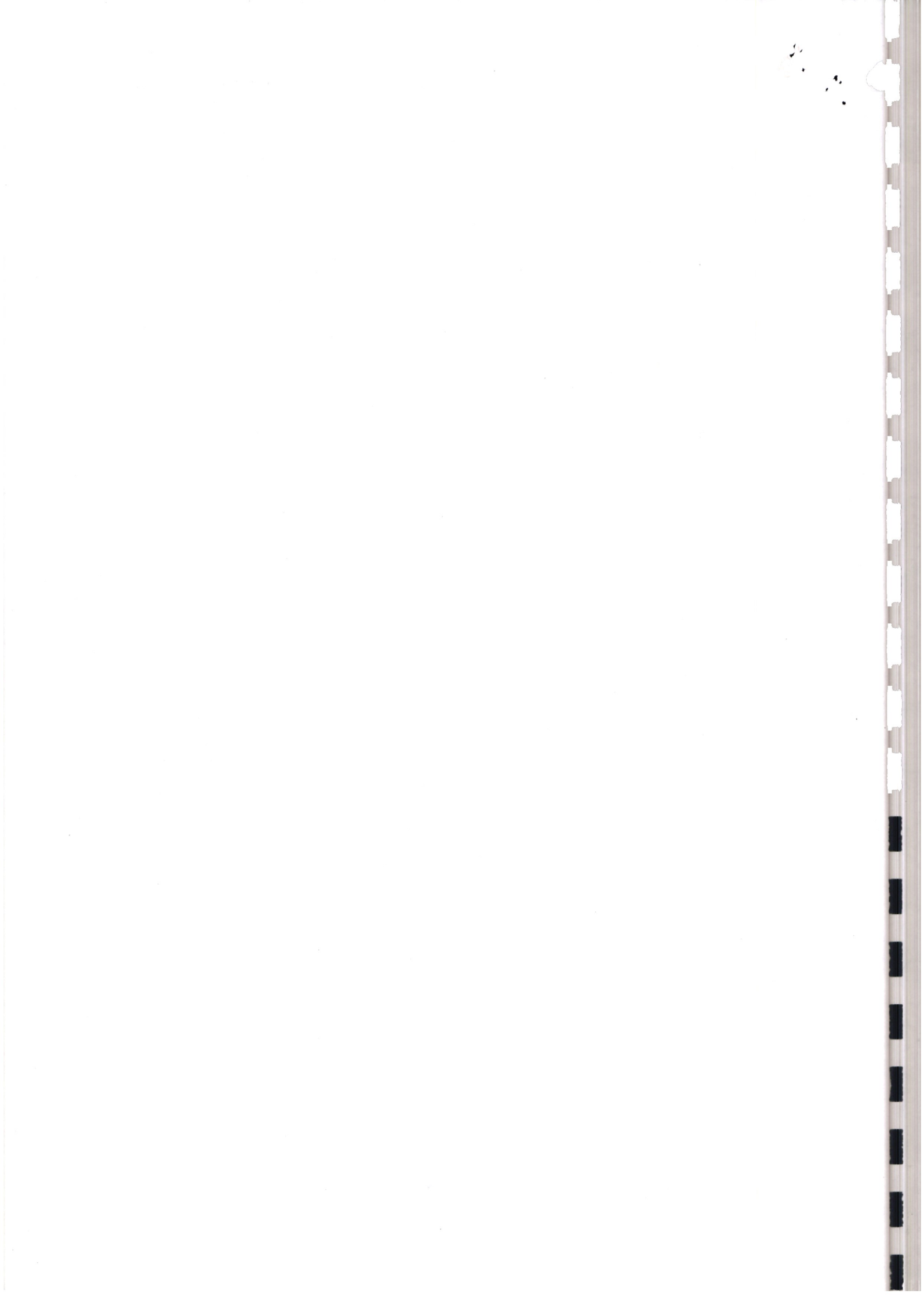
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to primary schools (see attached list)	13,600,000	23,950,000
Transfers to secondary schools (see attached list)	7,900,000	14,400,000
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
<b>TOTAL</b>	<b>21,500,000</b>	<b>37,850,000</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

Description	2017-2018	2016-2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	3,110,459	6,435,390
Bursary – tertiary institutions (see attached list)	17,465,798	11,046,454
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	2,400,000	5,700,000
Roads projects (see attached list)	-	11,000,000
Sports projects (see attached list)	-	1,813,000
Environment projects (see attached list)	2,374,137	2,233,511
Emergency projects (see attached list)	5,870,000	7,003,000
Other Projects	-	1,500,000
<b>Total</b>	<b>31,220,394</b>	<b>46,731,355</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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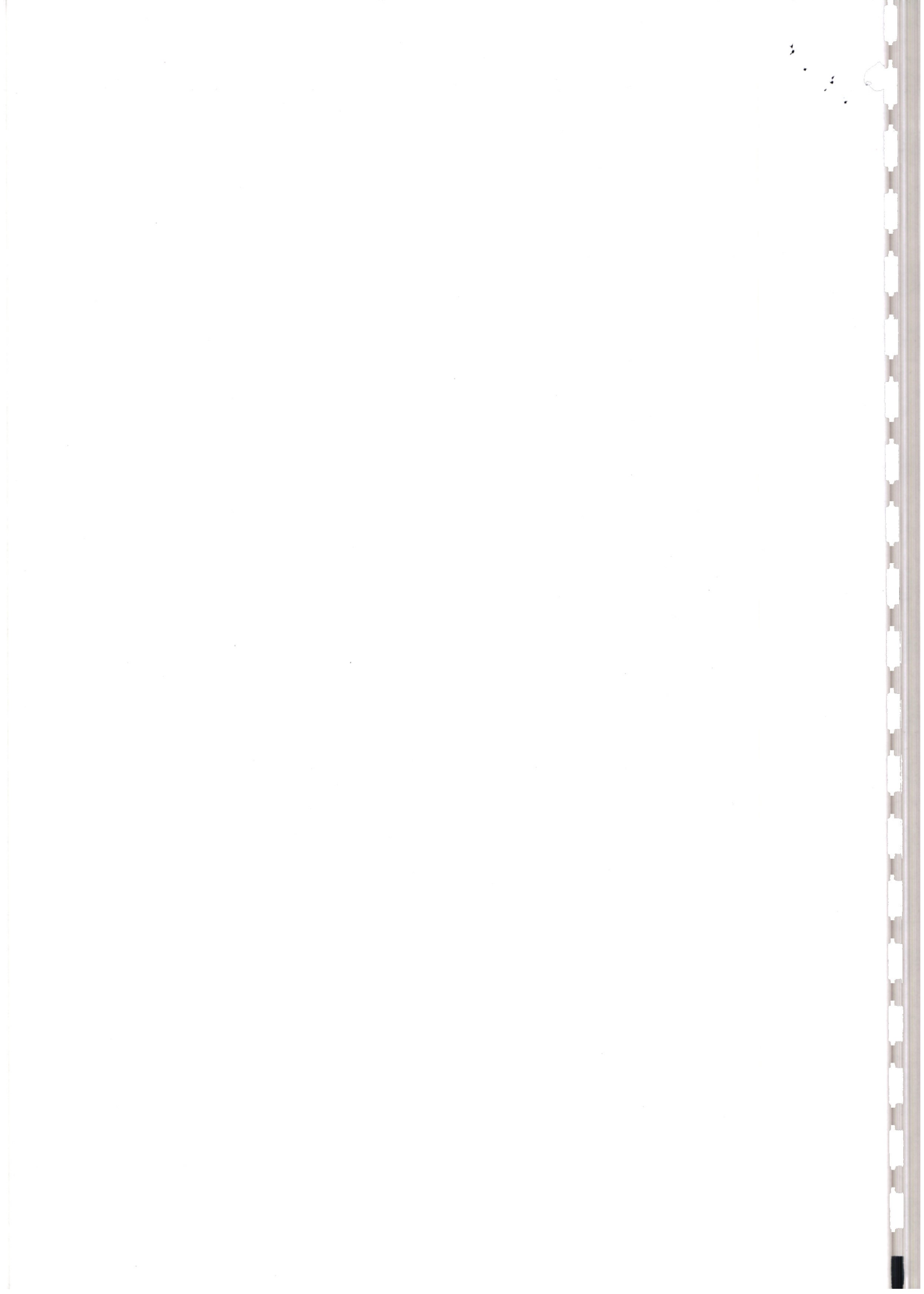
*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

<u>Non-Financial Assets</u>	2017-2018 Kshs	2016-2017 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	500,000	2,000,000
Purchase of Vehicles and Other Transport Equipment	-	6,700,653
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>500,000</b>	<b>8,700,653</b>

**9. OTHER PAYMENTS**

	2017-2018 Kshs	2016-2017 Kshs
Strategic plan	-	-
ICT Hub	-	-
TIVET	-	-
Kilili Land Office	300,000	
Igembe South Disability Centre	1,000,000	
	<b>1,300,000</b>	-

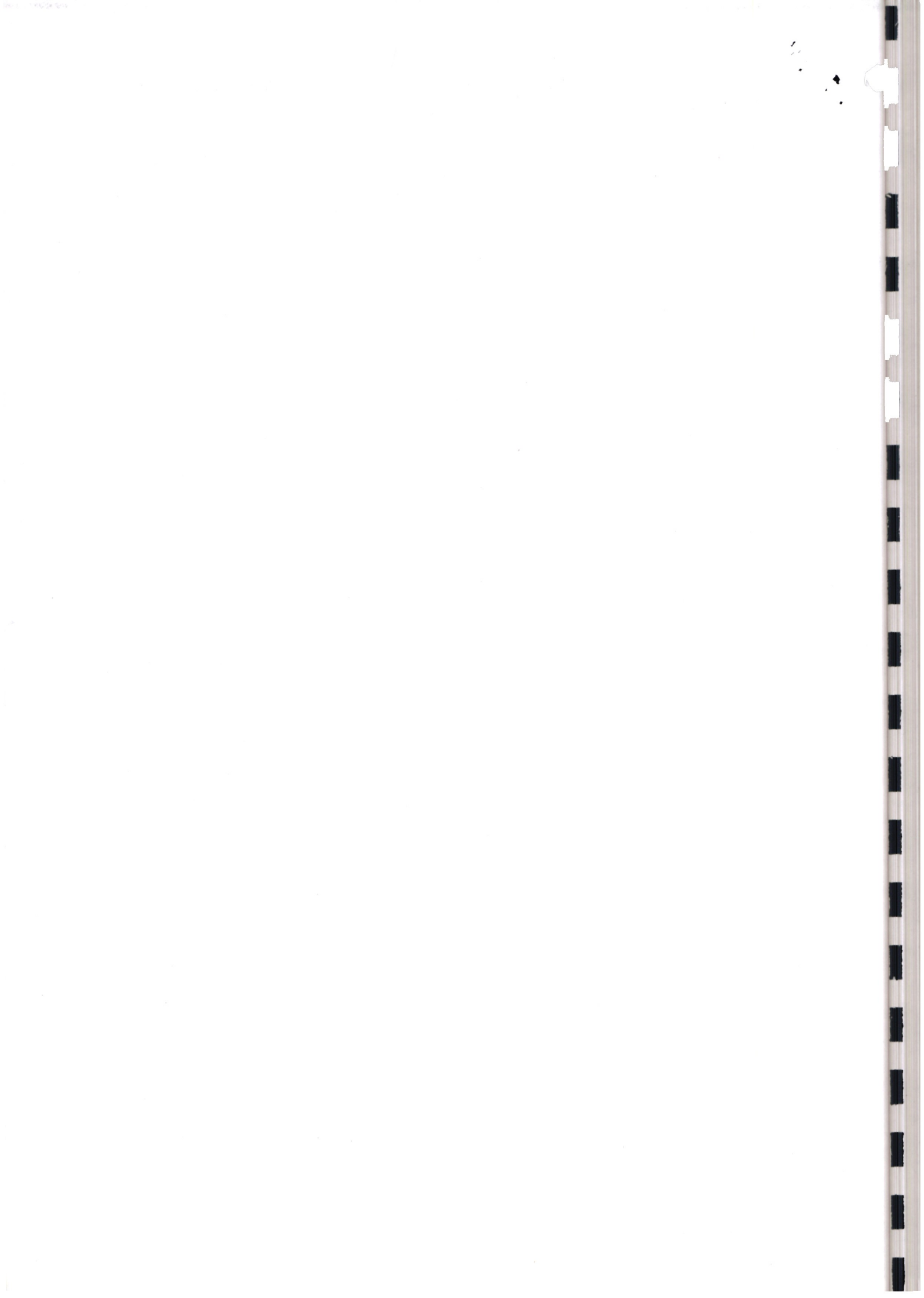


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

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

<b>Name of Bank, Account No. &amp; currency</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Cooperative Bank (01120024818000)	3,374,005	687,543
<b>Total</b>	<b>3,374,005</b>	<b>687,543</b>
<b>10B: CASH IN HAND</b>		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations ( <i>specify</i> )	0	0
<b>Total</b>	<b>00</b>	<b>00</b>
<i>[Provide cash count certificates for each]</i>		





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE SOUTH CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

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

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

**12 RETENTION**

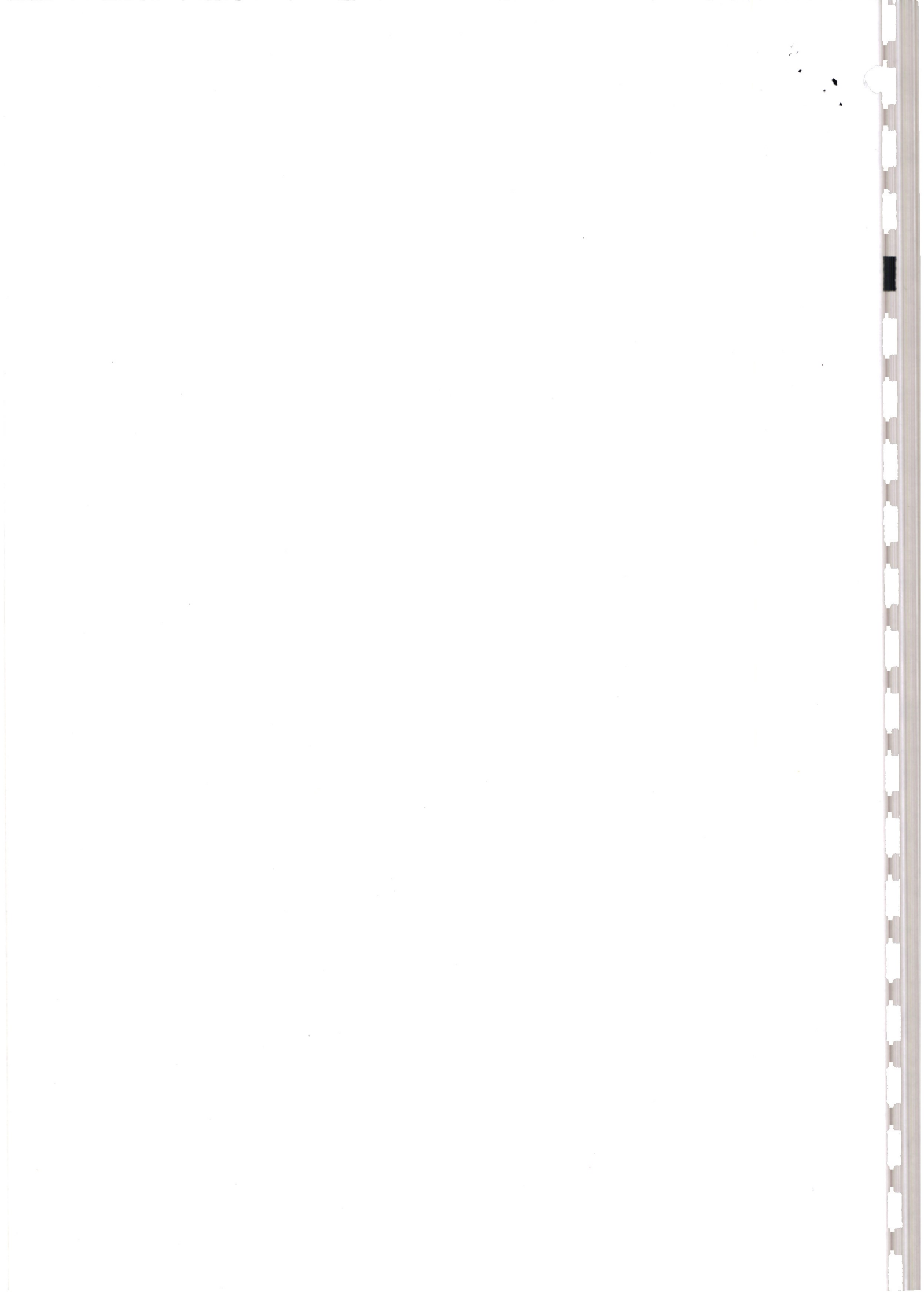
	<b>2017 - 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Supplier 1	0	0
Supplier 2	0	0
Supplier 3	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*[Provide short appropriate explanations as necessary]*

**13. BALANCES BROUGHT FORWARD**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	3,374,005	687,543
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>3,374,005</b>	<b>687,543</b>

*[Provide short appropriate explanations as necessary]*



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14. PRIOR YEAR ADJUSTMENTS**

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	0	0
Cash in hand	0	0
Imprest	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<b>0</b>	<b>0</b>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

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

**15.3: UNUTILIZED FUNDS (See Annex 3)**

	Kshs	Kshs
Compensation of employees	2,111,722	0
Use of goods and services	8,392,365	0
Amounts due to other Government entities (see attached list)	23,898,276	0
Amounts due to other grants and other transfers (see attached list)	11,929,099	27,587,931
Acquisition of assets	0	0
Others Igembe south ICT hubs	4,677,027	0
	<b>51,008,489</b>	<b>27,587,931</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – IGEMBE SOUTH CONSTITUENCY**

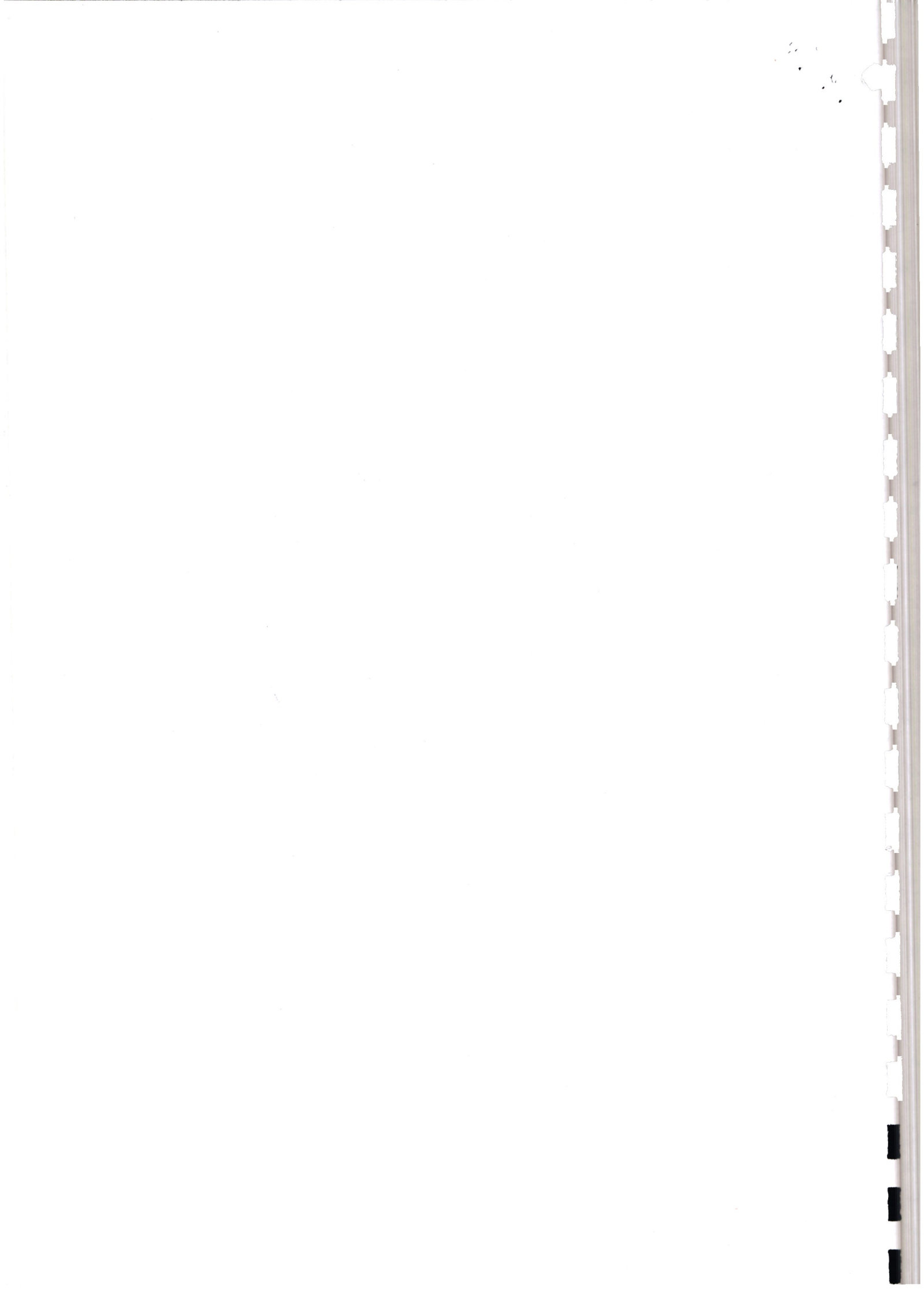
**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**15.4: PMC account balances (See Annex 5)**

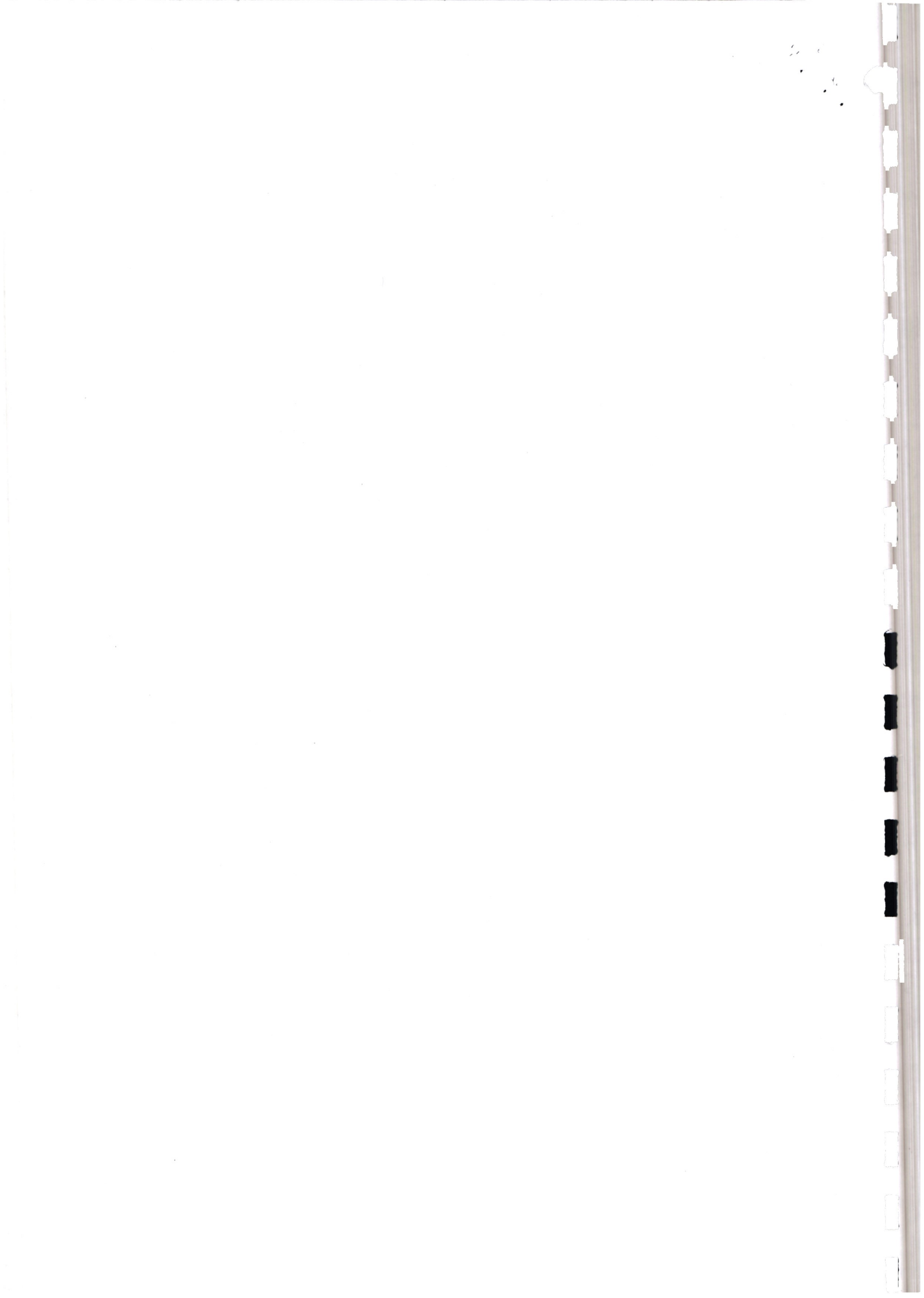
	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	4,928,093.00	1,336,377.76
	<b>4,928,093.00</b>	<b>1,336,377.76</b>



**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

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

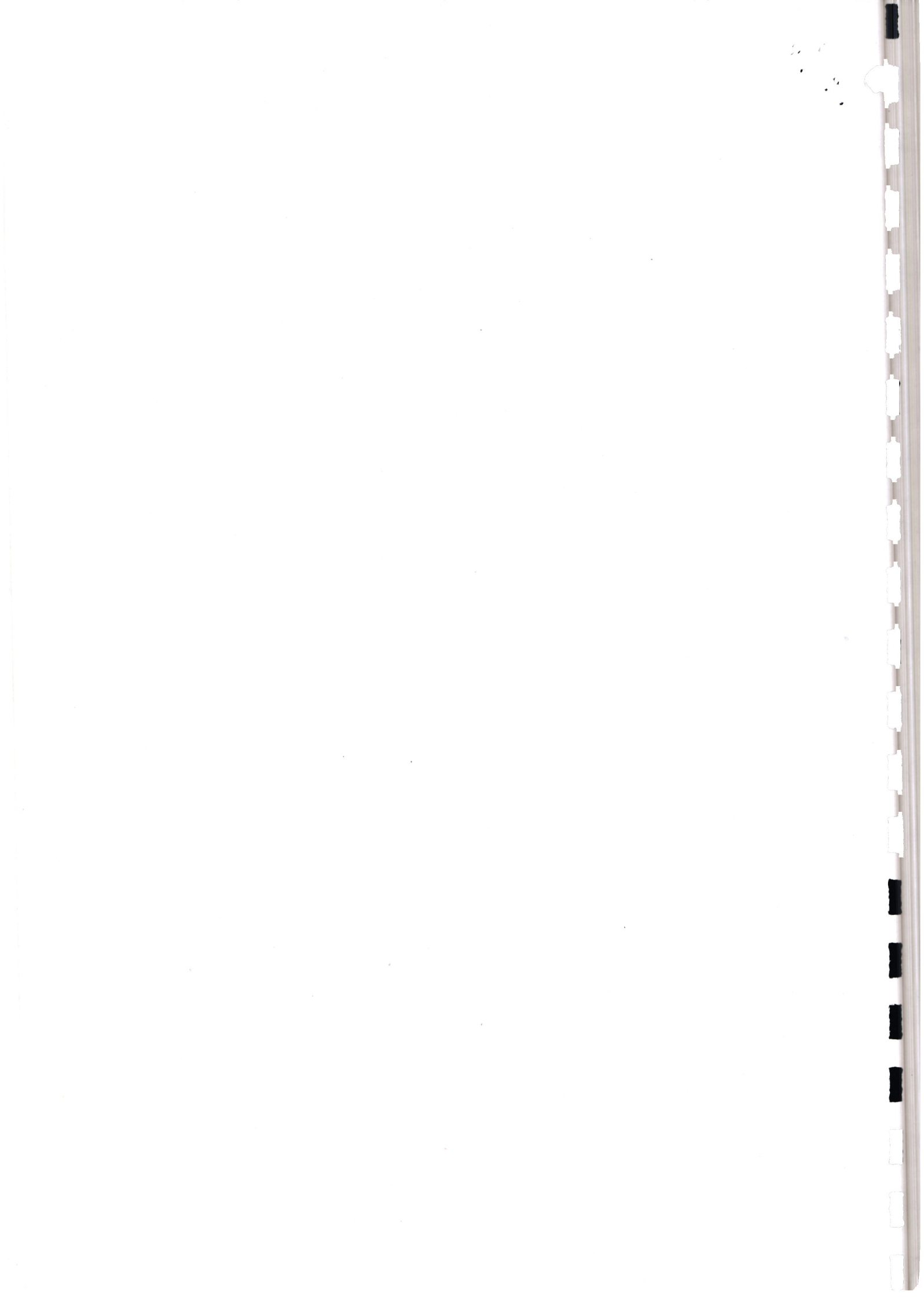




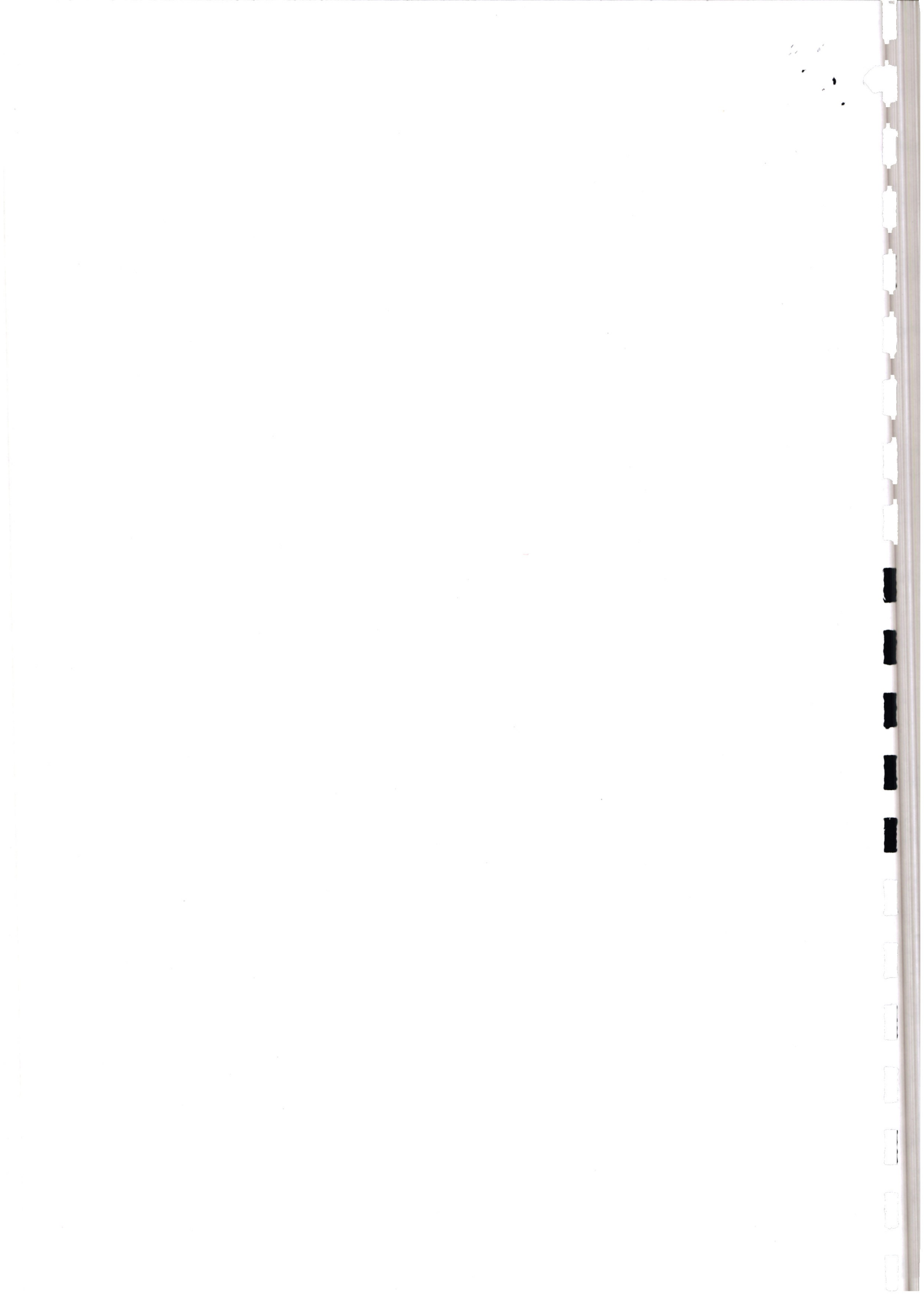
**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

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







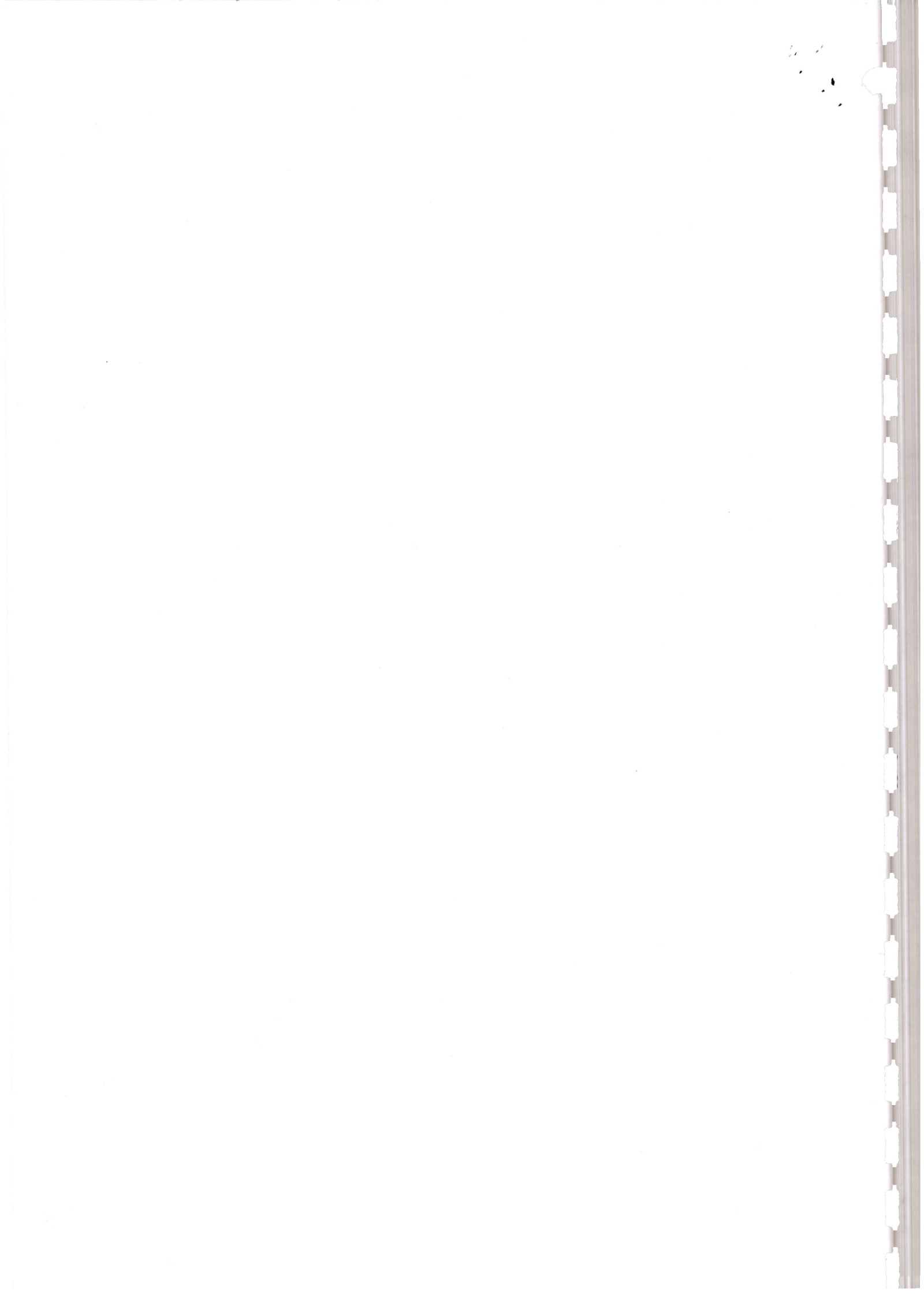
**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018 (Kshs'000)**

<b>15.3: OTHER PENDING PAYABLES (See Annex 3)</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>Kshs</b>	<b>Kshs</b>	
Use of goods and services			
Utilities, supplies and services			
Electricity	20,000		
Water & sewerage charges	30,000		
Office rent			
Communication, supplies and services	200,000		
Domestic travel and subsistence	100,000		
Printing, advertising and information supplies & services			
Rentals of produced assets			
Training expenses	1,000,000		
Hospitality supplies and services			
Other committee expenses	150,000		
Committee allowance	1,500,000		
Insurance costs			
Specialized materials and services			
Office and general supplies and services	262,365		
Fuel, oil & lubricants	800,000		
Other operating expenses -strategic plan	3,500,000		
Bank service commission and charges	30,000		
Security operations			
Routine maintenance - vehicles and other transport equipment	700,000		
Routine maintenance- other assets	100,000		
<b>Total</b>	<b>8,392,365</b>		



**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
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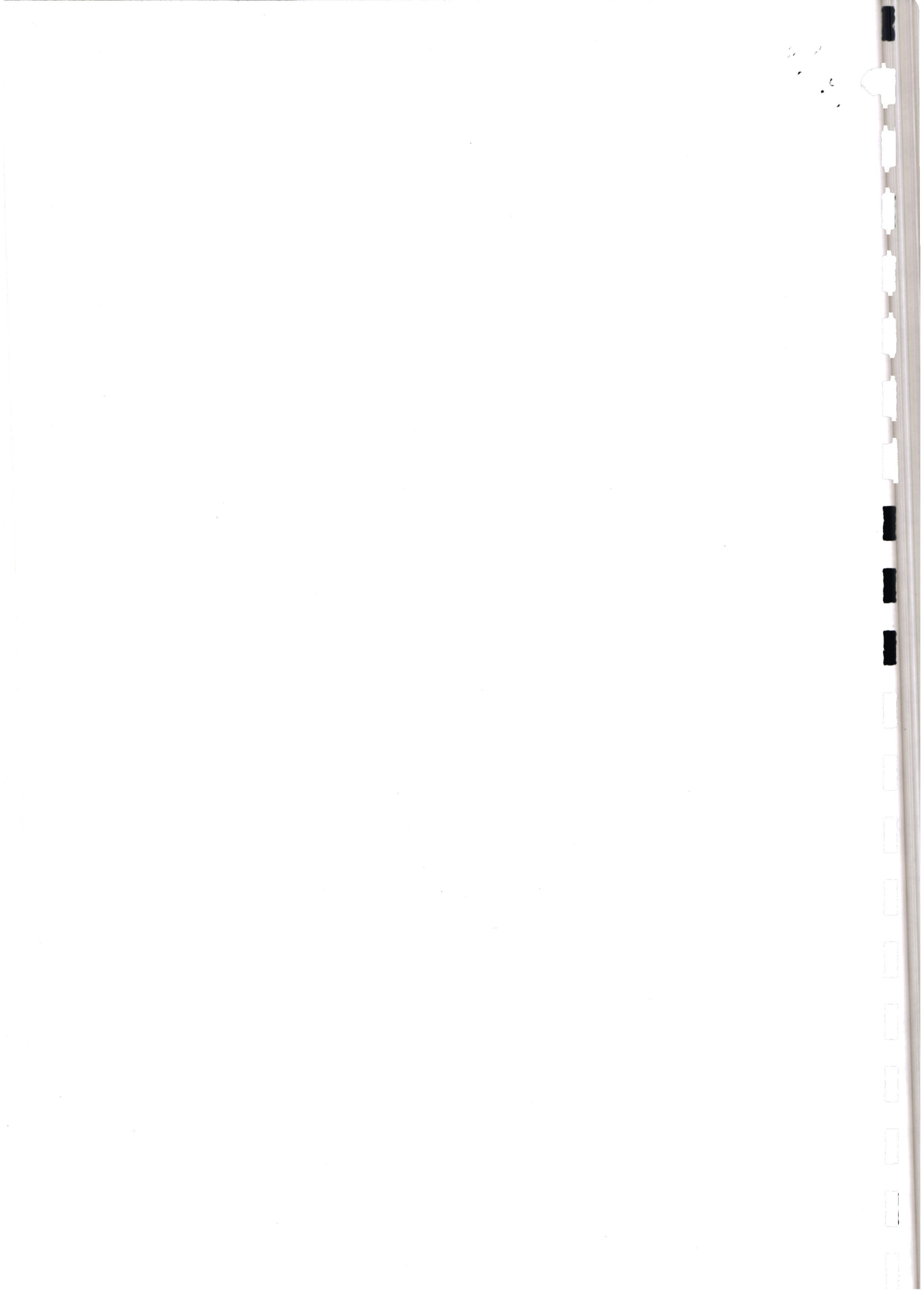
Amounts due to other Government entities (see attached list)				
<b>Primary Schools</b>				
Athi Special School			1,000,000	
Muthiru Primary School			650,000	
Murumune Primary School			650,000	
Kiguma Ciiri Primary School			650,000	
Lakathi Primary School			650,000	
Nting'irai Primary School			650,000	
Kibilaku Primary School			650,000	
Antubochiu Primary School			650,000	
Kathima Primary School			650,000	
Luluma Primary School			650,000	
Amwamba Primary School			650,000	
Athimba Primary School			650,000	
Abuuri Primary School			650,000	
Kilalai Primary School			650,000	
<b>Secondary Schools</b>				
Maua Day Sec School			650,000	
Gitura Day Sec school			400,000	
Kithetu Kirimene Day Sec School			2,000,000	
Karumaru Day Sec School			800,000	
Nceme Day Sec School			650,000	
Riaki Day Sec School			1,500,000	
Kindani Day Sec School			800,000	
Mboone Day Sec School			500,000	





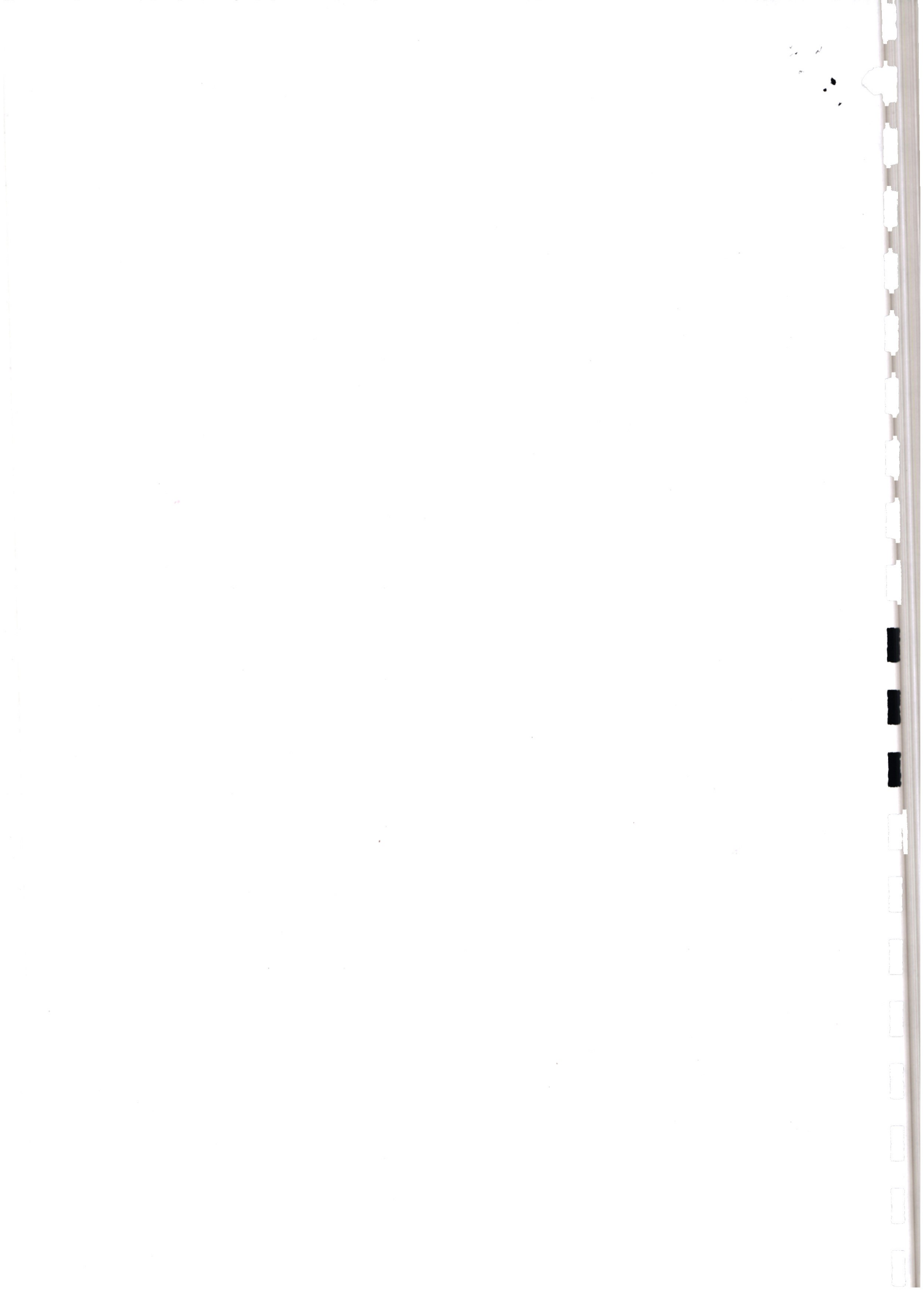
**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
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**For the year ended June 30, 2018 (Kshs'000)**

Itumi Day Sec School		1,500,000	
Akachiu Education Office		300,000	
Tiira Day Sec School		5,348,276	
		<b>23,898,276</b>	
<b>Amounts due to other grants and other payments (see attached list)</b>		-	
Bursary-Secondary Schools		4,368,754	
Bursary-Tertiary Institutions		2,000,000	2,000,000
Mocks & Cats			4,400,000
Electricity			1,600,000
Sports		1,963,793	1,637,931
Environment		1,227,586	
<b>Roads &amp; Bridges</b>			
St John Ankamia Bridge			1,500,000.00
Kiolu bridge			4,000,000.00
Akuungu bridge			3,000,000.00
Mutunge bridge			5,000,000.00
Nkiene Amangi Ciiri Kianda bridge			3,000,000.00
<b>Security</b>			
Igembe South DCCs office		300,000	
Nthanjene AP Camp		100,000	100,000
Kiguru Chiefs Camp		800,000	
Ikuu AP Camp		500,000	
Kanuni Dos office		100,000	
Kisimani AP Camp			100,000
Kilili AP Camp			200,000
Kiraone AP Camp			100,000



**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
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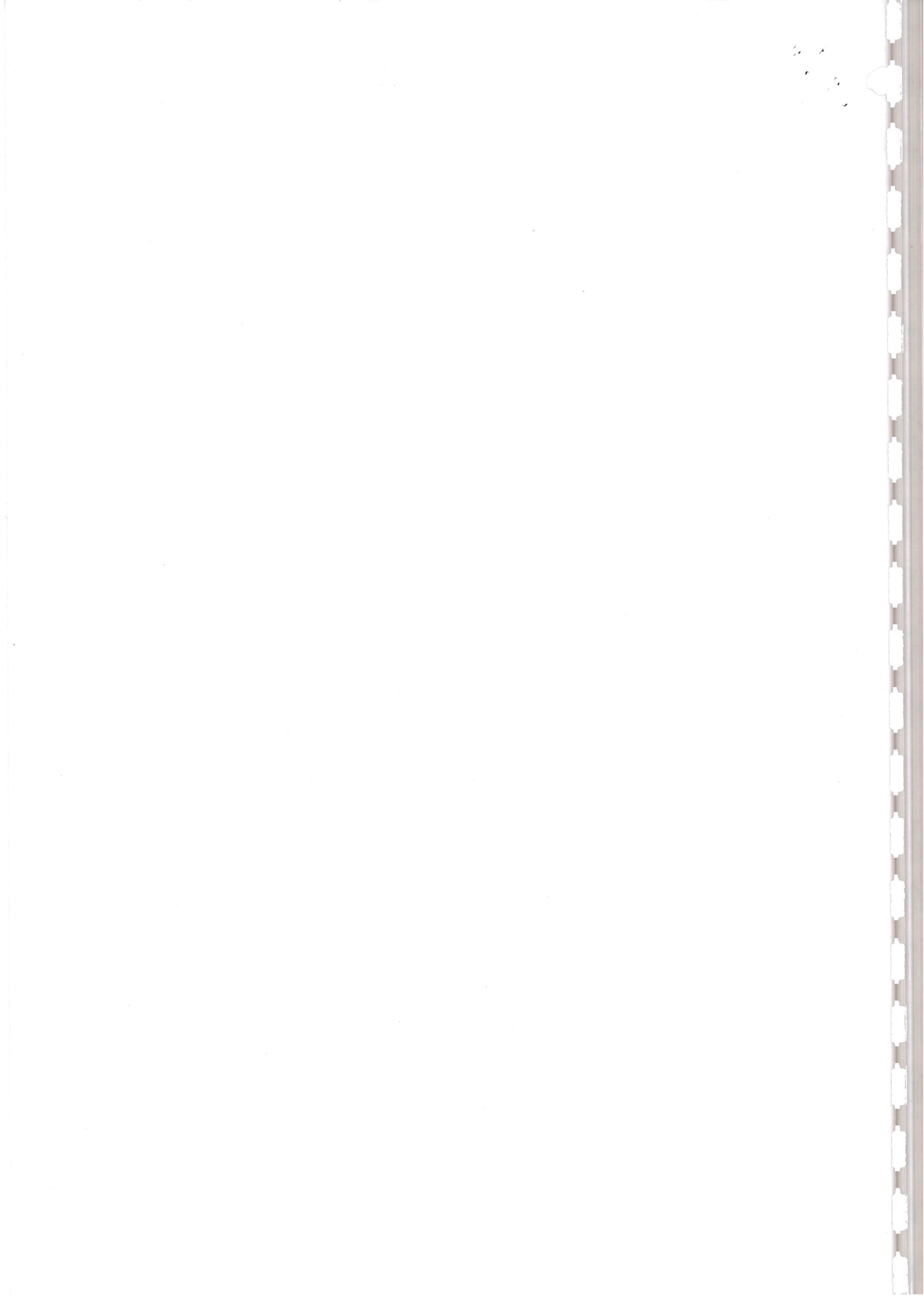
Akachiu AP Camp			150,000	
Athi AP Camp			100,000	
Maua Police Station			100,000	
Maua AP Camp			100,000	
Athiru Gaiti Chiefs Office			50,000	
Kirimampio Chiefs office			50,000	
Kindani Chiefs office			100,000	
Athi Chiefs office			50,000	
Akachiu ACCs office			100,000	
Maua division hqts			100,000	
Kiegoi AP Camp			50,000	
Emergency		568,966		
<b>Others (specify)</b>		<b>11,929,099</b>	<b>27,587,931</b>	
Igembe South ICT Hubs		4,677,027		
		<b>4,677,027</b>		



**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

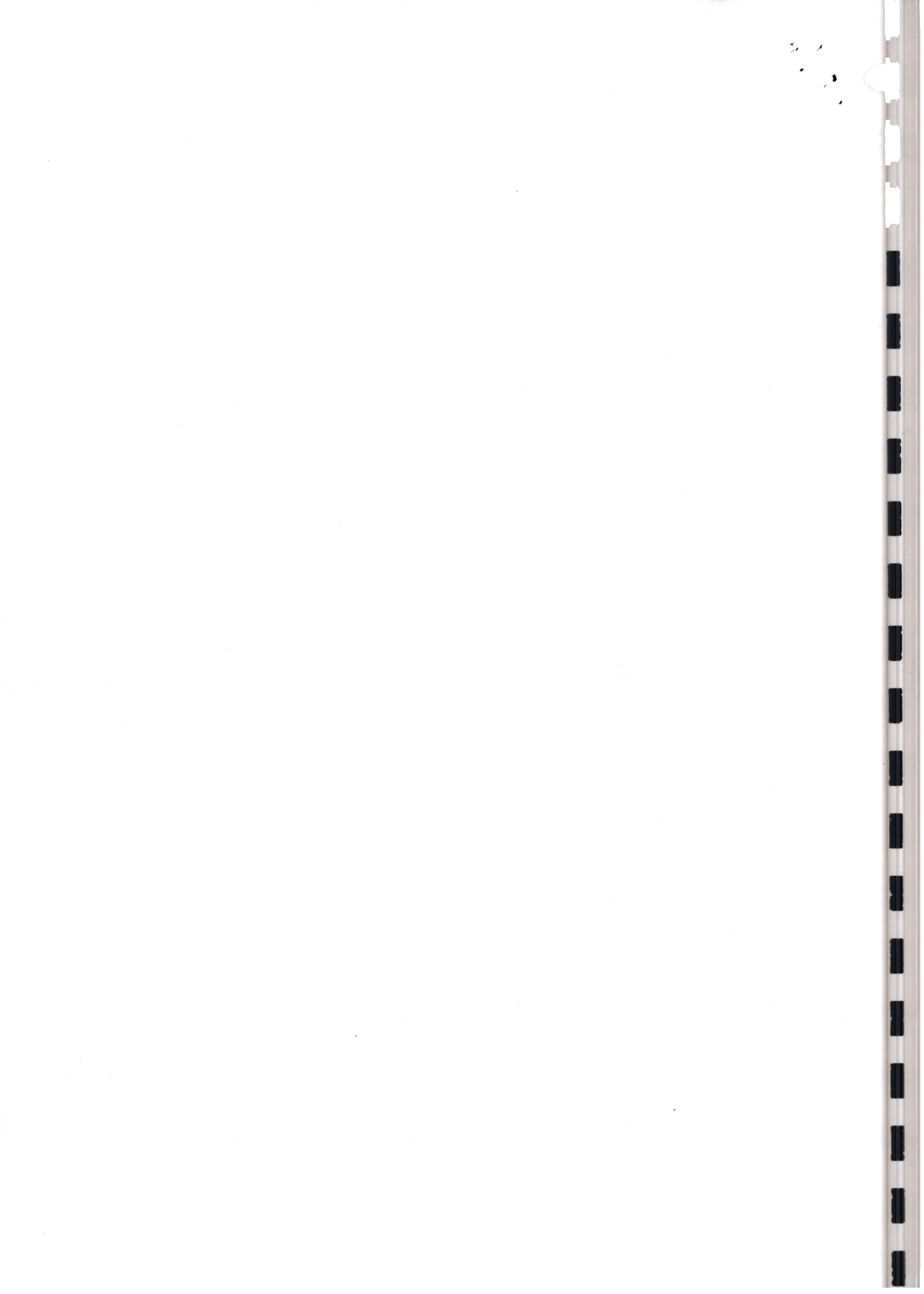
Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-			-
Buildings and structures	8,700,000	500,000		9,200,000
Transport equipment	11,265,759			11,265,759
Office equipment, furniture and fittings	3,200,000			3,200,000
ICT Equipment, Software and Other ICT Assets	-			-
Other Machinery and Equipment				
Heritage and cultural assets	-			-
Intangible assets	-			-
<b>Total</b>	<b>23,165,759</b>	<b>500,000</b>		<b>23,665,759</b>



**NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY**  
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**For the year ended June 30, 2018(Kshs'000)**

**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

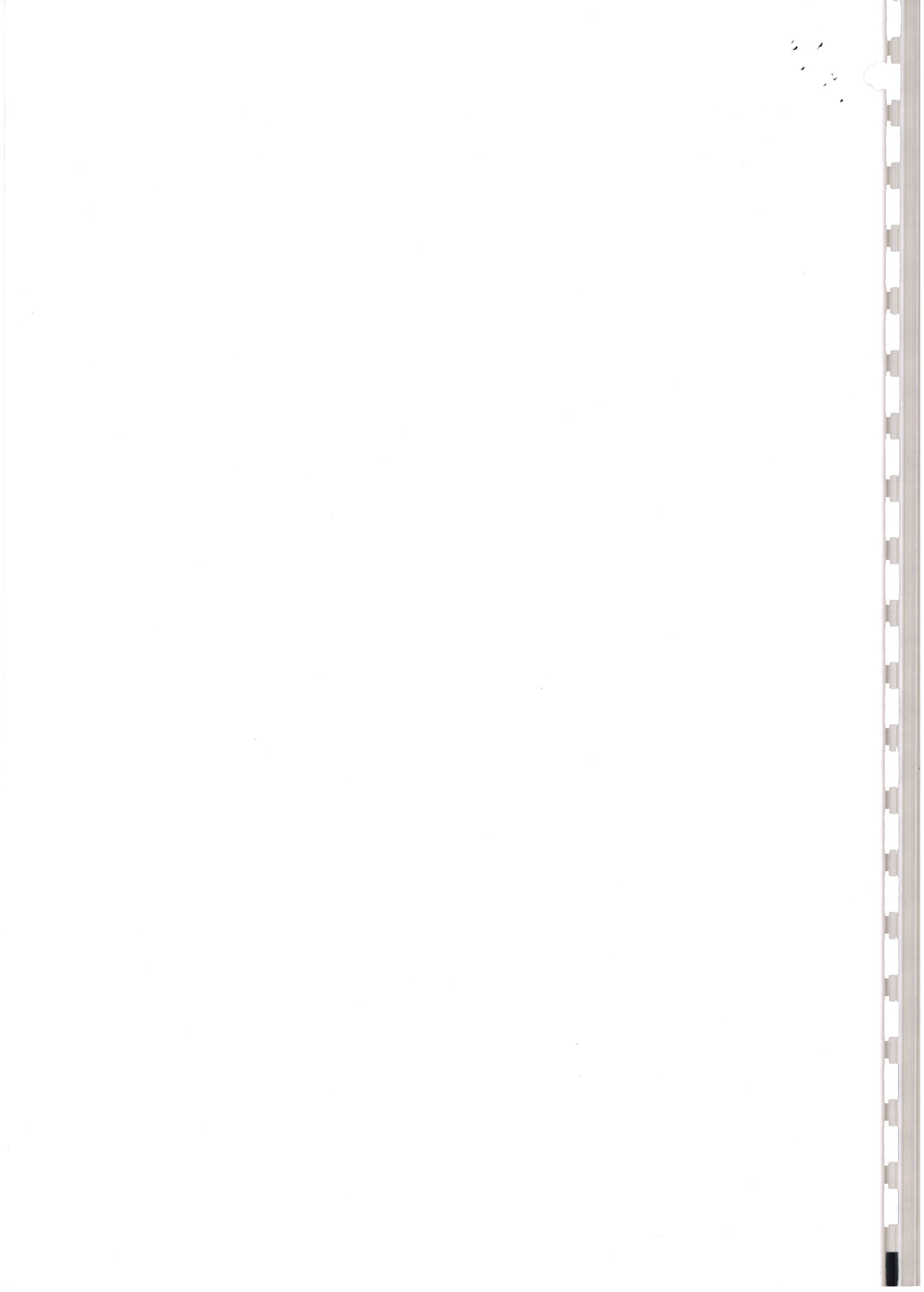
<b>Project Management Committee</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2017/18</b>
Kithetu Kirimene Day Sec School	Co-operative bank	011414003000	17,160.00
Ankurani Primary School	Co-operative bank	01141414818300	1,182.00
Igembe South Environment Project	Co-operative bank	01141611806200	2,419.00
Amunju Primary School	Co-operative bank	01109024655300	1,535.00
Kiamiringa AP camp	Co-operative bank	01141611817700	650.00
Ikuu Abuuri AP Camp	Co-operative bank	01141611510400	742.50
Mpurine Primary School	Co-operative bank	01141024659200	1,825.00
Kilili Land Office	Co-operative bank	01141611794200	156,105
Iria Ruui Pry School	Co-operative bank	01141611480300	4,462.50
Amwamba Primary School	Co-operative bank	01139011921302	1,056.00
Giika Chiefs Camp	Co-operative bank	01141611808200	450.00
Tiira Day School	Co-operative bank	01141414493700	9,297.50
Kiguru Primary School	Co-operative bank	0114102547800	2,500.25
Nkinja Primary School	Co-operative bank	01141611477900	3,217.00
Nting'irai Primary School	Co-operative bank	01109024613000	1,775.13
Luluma Chiefs Camp	Co-operative bank	01141611713700	450.00
Ugoti Primary School	Co-operative bank	01109024660700	1,480.00
Kanuni Do's Office	Co-operative bank	01141611813300	325.00
Kamburu Primary School	Co-operative bank	01109011922200	450.00
Nthanjene AP Camp	Co-operative bank	01141611543000	257.00
Kathima Primary School	Co-operative bank	01141611078800	602.50





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Kianda Primary School	Co-operative bank	0114102467400	797.00
Thubai Primary School	Kenya Commercial Bank	1116538091	1.30
Luluma Day Sec School	Kenya Commercial Bank	1205508244	154,970.00
Kibilaku Primary school	Nyambene Arimi Sacco	01-6917-004-00171	1,798.66
Riaki Primary School	Nyambene Arimi Sacco	6917006-00095	1,714.00
Akachiu Education Office	Nyambene Arimi Sacco	6917006-00100	2,775.00
Tiira Primary School	Nyambene Arimi Sacco	6917006-00102	620.92
Athiru Gaiti secondary school	Nyambene Arimi Sacco	6917-006-00069	31,000.00
Ura Primary School	Nyambene Arimi Sacco	01-6917-006-00103	5,223.00
Antubochiu AP Camp	Family bank	086000006404	374.00
Munyeriki Primary School	Family bank	086000005379	226,194.00
Riaki Day Sec School	Dhabiti Sacco Ltd	4918-001-14239	13,847.00
Kilalai Day Sec School	Dhabiti Sacco Ltd	4918-001-12775	1,280,579.00
Igembe South Disability Centre	Dhabiti Sacco Ltd	4918-001-14258	1,591.00
Athi Primary School	Dhabiti Sacco Ltd	4918-001-12815	2,314.00
Gitura Primary School	Dhabiti Sacco Ltd	4918-001-12771	800,645.00
Rhenya Primary School	Nyambene Arimi Sacco	6917-006-00031	1,530.00
Nkiene Primary School	Co-operative bank	01109024660200	150,000.00
Kisimani Primary School	Co-operative bank	01141024694700	425,000.00
Antubankui Primary School	Co-operative bank	01109024573300	2,110.00
Nceme Primary School	Dhabiti Sacco Ltd	4918-001-14880	164,000.00
Kathima Chiefs Office	Dhabiti Sacco Ltd	4918-044-16154	3,000.00
Karumaru Primary School	Dhabiti Sacco Ltd	4918-001-13178	307,850.00



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Ugoti Day Sec School	Co-operative bank	01109414808901	290,000.00
Igembe South Ng-Cdf Offices	Co-operative bank	01141611823800	51,138.00
Kiegoi Day Sec School	Nyambene Arimi Sacco	6917-006-00110	537,180.00
Akui Day Sec School	Co-operative bank	01129024188600	263,900.00
<b>Total</b>			<b>4,928,093.00</b>



NATIONAL GOVERNMENT ENTITY - IGEMBE SOUTH CONSTITUENCY

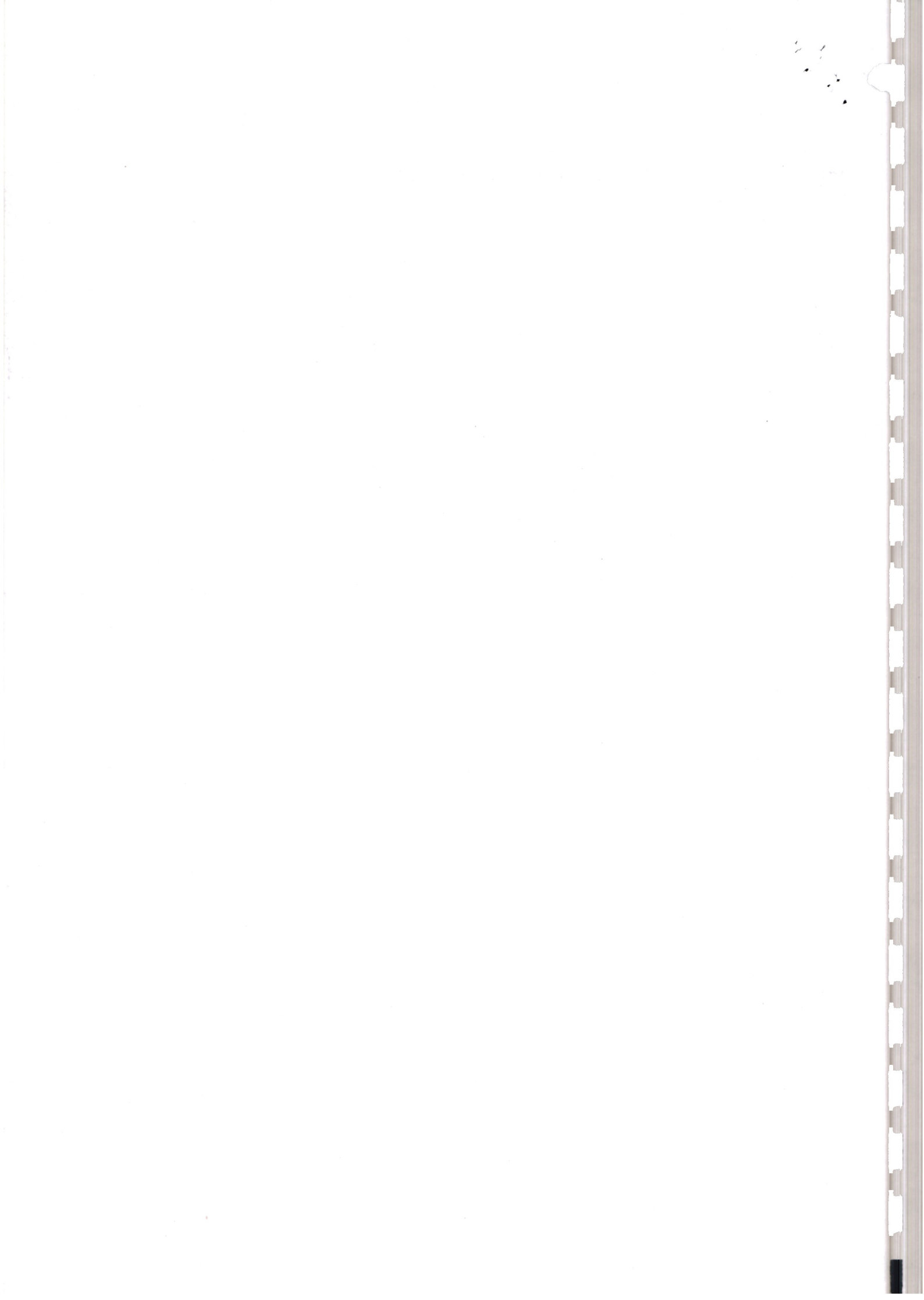
Reports and Financial Statements

For the year ended June 30, 2018 (Kshs'000)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

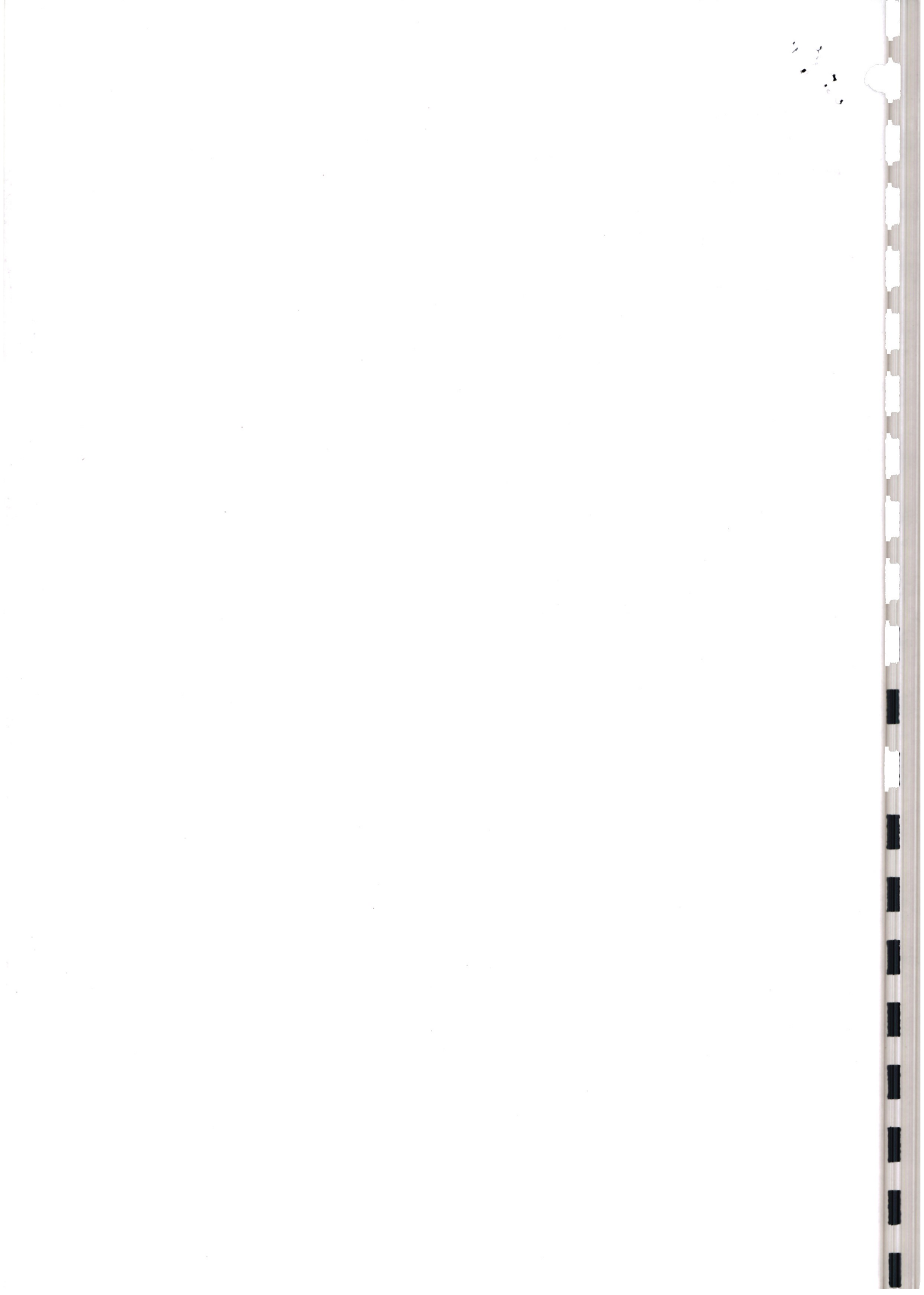
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. 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)
EH/AU D/NGC DF/IGE MBE S/2016 -17/5	<p><b>1. Presentation of Financial Statements</b></p> <p><b>Observation:</b> During the period under review, the financial statements prepared and presented for audit did not comply with the format as prescribed by the Public Sector Accounting Standards Board as the following statements were not included in the financial statements as required;</p> <p>i) Summary Statement of Appropriation account: Recurrent</p> <p>ii) Summary Statement of Appropriation account: Development</p>	The necessary amendments have since been made to include the statements and now the statements are in accordance with the Cash-Basis International Public Sector Accounting Standards.	Fund Account Manager	Resolved	Already Resolved In 2018.
EH/AU D/NGC	<b>2. Inaccuracies of Financial Statements</b>	The necessary	Fund Account	Resolved	Already



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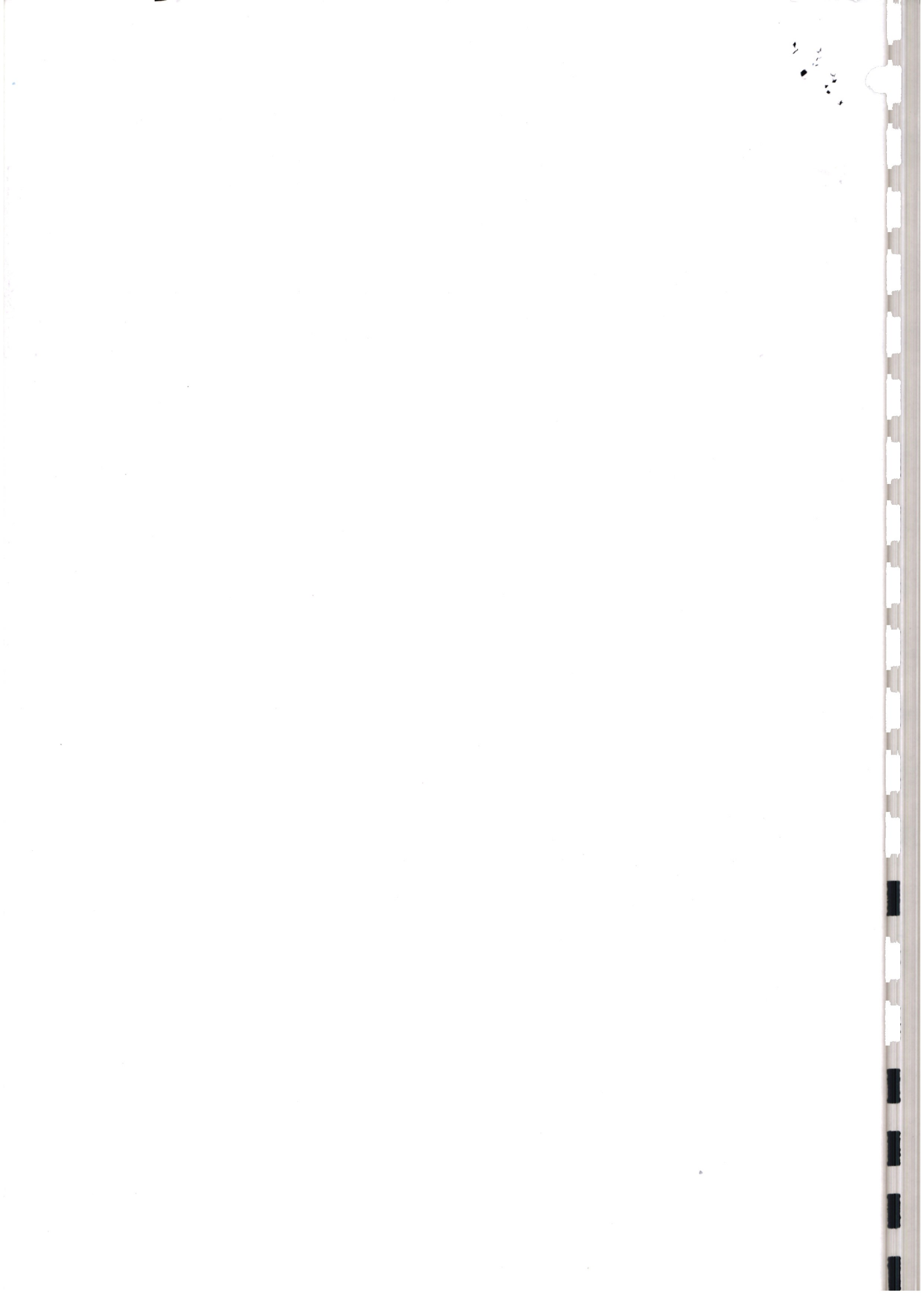
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
DF/IGEMBE S/2016-17/5	The Fund presented for audit financial statements prepared as required by section 81 of Public Finance Management Act, 2012. However, variances were noted between the financial statements and supporting documents and schedules	amendments have been made to reflect the correct balances.	Manager		Resolved In 2018.
EH/AUD/NGC DF/IGEMBE S/2016-17/5	<p><b>Budget and budgetary control</b></p> <p>During the financial year under review, the fund had an approved budget of Kshs. 138,572,123 comprising of Kshs. 56,675,571 for financial year 2015/2016 funds and Kshs. 81,896,552 being for financial year 2016/2017. The fund had an unspent funds amounting to Kshs. 4,150,308 at the beginning of the financial year whereas as at 30<sup>th</sup> June 2017 funds amounting to Kshs. 687,543 were unspent. The total expenditure by the fund in the financial year 2016/2017 was Kshs. 102,920,922 representing an absorption rate of 74% the total budget.</p>	The Ng-Cdf Board secretariat should release funds in time so that the projects can be implemented on timely basis. We will also ensure that the funds budgeted for and approved are utilized on timely basis as budgeted.	Fund Account Manager	Resolved	Already Resolved In 2018.





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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)
EH/AU D/NGC DF/IGE MBE S/2016 -17/5	<b>Bank Balances</b> During the period under review, NG-CDF Igembe South Constituency reflected bank balance of Kshs. 687,543 at 30 <sup>th</sup> June 2017. An audit review revealed that the unrepresented Cheques in the bank reconciliation were totalling to Kshs. 1,862,914.	An accurate bank reconciliation statement has been prepared and the correct balance has been indicated in the financial statements.	Fund Account Manager	Resolved	Already Resolved In 2018.
EH/AU D/NGC DF/IGE MBE S/2016 -17/5	<b>Irregular Implementation of Projects</b> During the financial year under review, the NG-CDFC Igembe South Constituency funded and implemented projects amounting to Kshs. 11,000,000	The FAM will ensure that only projects that fall within the functions of the National Government under the constitution are budgeted for and implemented.	Fund Account Manager	Resolved	Already Resolved In 2018.
EH/AU D/NGC DF/IGE MBE S/2016 -17/5	<b>Project Implementation</b> During the period under review, Igembe South Constituency Development Fund (CDF) allocated Kshs. 76,982,759 to projects in various sectors including primary Schools, Secondary schools, bursaries, water projects, security, roads, sports and environment within the constituency. Analysis as per the project implementation status indicated that 20(Twenty	This was due to delay in release of project funds from the National Government Constituency Development Fund Board. The Ng-Cdfc will ensure in future that the projects are implemented once the funds are disbursed by the NG-CDF Board.	Fund Account Manager	Resolved	Already Resolved In 2018.



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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)
	<p>Nine) projects amounting to Kshs. 23,150,000 had not started, 22(Twenty Two) projects amounting to Kshs. 43,832,759 were on going while 19(Nineteen) projects amounting to 10,000,000 were completed.</p>				

