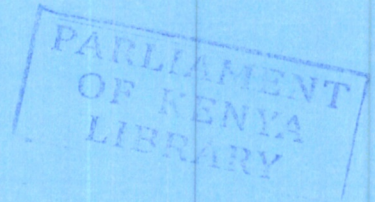


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

Stamp from THE NATIONAL ASSEMBLY PAPERS LAID. Includes handwritten date 01 AUG 2019, MAJORITY LEADER, and a signature.

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
FUNYULA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
FUNYULA CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - FUNYULA
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2015. The National government *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the National government *Constituencies Development Fund*. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The *funyula Constituency's* 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 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno.
2.	A.I.E holder	Judith Ochoro
3.	Accountant	Lillian Amusolo

(d) Fiduciary Oversight Arrangements

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

(e) FUNYULA NG CDF Headquarters

P.O. Box 44 funyula
Cdf office opposite funyula police station.
Funyula Nerobia road
Busia, KENYA

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
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NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - FUNYULA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Funyula Constituency set out on pages 2 to 14, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of financial assets and liabilities, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Funyula 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Funyula Constituency in accordance with ISSAI 30 on Code of Ethics.

I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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. There were no Key Audit Matters to report in the year under review.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Conclusion

Ineffective Implementation of the Environmental Project

During the year under review, the Fund incurred Kshs.1,736,206 on an environment projects that involved tree planting across the constituency. However, verification performed on the project revealed that only 20% of the trees survived thus indicating a high failure rate.

In the circumstances, value for money was not achieved in the implementation of the project.

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 Conclusion on Effectiveness of Effectiveness Of Internal Controls, Risk Management And Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Project Implementation Status

During the year under review, the Fund had planned to implement a total of 57 projects/programs through different project management committees. However, analytical procedures conducted on the records revealed that 46 or 81% of projects had not started, three (3) or 5% were ongoing and 8 or 14% had been completed as at the time of audit as tabulated below;

Sector	Total Project Cost Kshs.	Budgeted projects	Actual/Implemented Projects					% of completed projects	
			Not Started Kshs.		Ongoing		Completed Kshs.		
Transfers to Primary Schools	30,050,000	33	33	30,050,000	0	-	0	-	0
Transfers to Secondary Schools	5,200,000	6	6	5,200,000	0	-	0	-	0
CDF- Office	6,701,960	6	0	-	2	1,620,000	4	5,081,960	67
Security	3,000,000	5	5	3,000,000	0	-	0	-	0
Sports	1,736,207	1	0	-	0	-	1	1,736,207	100
Environment	1,736,207	1	0	-	0	-	1	1,736,207	100
Emergency Projects	4,568,966	1	0	-	1	4,568,966	0	-	0
Monitoring, Evaluation and Capacity Building	2,604,310	1	0	-	0	-	1	2,604,310	100
Education Bursary, Mock Exams & CATs	26,585,668	1	0	-	0	-	1	26,585,668	100
Strategic Plan	3,450,000	1	1	3,450,000	0	-	0	-	0
Constituency Innovation Hubs	1,177,027	1	1	1,177,027	0	-	0	-	0
Total	86,810,345	57	46	42,877,027	3	6,188,966	8	37,744,352	14

Consequently, the Fund failed to complete/operationalize projects after investing some funds in them thus denying the residents access of the benefits that would have accrued from the projects.

2. Budget Performance

During the year under review, the approved allocation for the Fund was Kshs.86,810,345. However, transfers from the NGCDF Board was Kshs.43,405,173 as per the statement of receipts and payments resulting into an underfunding by Kshs.43,405,173. Further, the Fund spent Kshs.34,580,422 against a budgeted amount of Kshs.98,189,655 resulting into under-absorption of Kshs.63,609,233 or 65% as tabulated below;

Receipt/Expense Item	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
Receipts	Kshs.	Kshs.	Kshs.	
Transfers from NGCDF Board	98,189,655	43,405,172	54,784,483	44%
Totals	98,189,655	43,405,172	54,784,483	44%
Payments				
Compensation of Employees	4,069,276	1,117,583	2,951,693	27%
Use of goods and services	4,819,753	2,807,100	2,012,653	58%
Transfers to Other Government Units	45,200,000	0	45,200,000	0%
Other grants and transfers	44,100,626	30,655,739	13,444,887	70%
Totals	98,189,655	34,580,422	63,609,233	35%

Consequently, the Fund failed to implement projects and programmes amounting to Kshs.63,609,233 thus denying the constituents the much desired services.

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, whether due to fraud or error and for its assessment of the effectiveness of internal control.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement 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 review 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

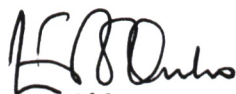
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

17 June 2019

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

Reports and Financial Statements

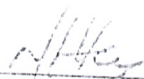
For the year ended June 30, 2018

**V. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE
2018**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board-AIEs' Received	1	43,405,172	81,896,551
TOTAL RECEIPTS		43,405,172	81,896,551
PAYMENTS			
Compensation of employees	2	1,117,583	3,792,327
Use of goods and services	3	2,807,100	5,939,964
Transfers to Other Government Units	4	00	38,491,379
Other grants and transfers	5	30,655,739	57,498,553
TOTAL PAYMENTS		34,580,422	105,722,223
SURPLUS/DEFICIT		8,824,750	(23,825,672)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Funyula NGCDF financial statements were approved on 15 September 2018 and signed by:


Chairman - NGCDFC


Fund Account Manager


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

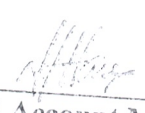
**Reports and Financial Statements
For the year ended June 30, 2018**

VI. STATEMENT OF ASSETS AS AT 30 JUNE 2018

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	8,839,944	15,194
TOTAL FINANCIAL ASSETS		8,839,944	15,194
REPRESENTED BY			
Fund balance b/fwd 1st July...			
Surplus/Deficit for the year	6	15,194	23,840,866
NET LIABILITIES/ASSETS		8,824,750	(23,825,672)
		8,839,944	15,194

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The FUNYULA NGCDF financial statements were approved on 15-September, 2018 and signed by:


Chairman - NGCDFC


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY

Reports and Financial Statements
For the year ended June 30, 2018

VII. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2018

		2017 - 2018	2016 - 2017
		Kshs.	Kshs.
Receipts for operating income			
Transfers from NGCDF Board	1	43,405,172	81,896,551
Payments for operating expenses		43,405,172	81,896,551
Compensation of Employees	2	1,117,583	(3,792,327)
Use of goods and services	3	2,807,100	(5,939,964)
Transfers to Other Government Units	4	-	(38,491,379)
Other grants and transfers	5	30,655,739	(57,498,553)
		34,580,422	105,722,223
Net cash flow from operating activities		8,824,750	(23,825,672)
NET INCREASE IN CASH AND CASH EQUIVALENT		8,824,750	(23,825,672)
Cash and cash equivalent at BEGINNING of the year	6	15,194	23,840,866
Cash and cash equivalent at END of the year		8,839,944	15,194

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Funyula NGCDF financial statements were approved on 15 September, 2018 and signed by:



Chairman NGCDF


Fund Account Manager

VIII. 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
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	11,379,310	98,189,655	43,405,172	54,784,483	44%
TOTALS	86,810,345	11,379,310	98,189,655	43,405,172	54,784,483	44%
PAYMENTS						
Compensation of Employees	4,069,276	-	4,069,276	1,117,583	2,951,693	27%
Use of goods and services	4,136,994	682,759	4,819,753	2,807,100	2,012,653	58%
Transfers to Other Government Units	35,200,000	10,000,000	45,200,000	-	45,200,000	0%
Other grants and transfers	43,404,075	696,551	44,100,626	30,655,739	13,444,887	70%
TOTALS	86,810,345	11,379,310	98,189,655	34,580,422	63,609,233	35%

The Funyula NGCDF financial statements were approved on 15 September, 2018 and signed by:


 Chairman NGCDF




 Fund Account Manager

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NGCDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *NGCDF*.

2. Recognition of revenue and expenses

The *NGCDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *NGCDF*. In addition, the *NGCDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *NGCDF*.

3. In-kind contributions

In-kind contributions are donations that are made to the *NGCDF* 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 *NGCDF* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. Pending bills

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

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NGCDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *NGCDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – FUNYULA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

IX NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
AIE NO A855800		5,500,000	4,094,827.0
AIE NO A892943		37,905,172	36,853,449
		-	40,948,275
TOTAL		43,405,172	81,896,551.00

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – FUNYULA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	924,053	2,695,912
Gratuity		1,096,415
Other personnel payments (NSSF)	193,530	0
Total	1,117,583	3,792,327

3. USE OF GOODS AND SERVICES

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Committee Expenses	1,113,000	2,134,500
Utilities, supplies and services	613,500	1,970,964
Training expenses	1,080,600	1,834,500
Total	2,807,100	5,939,964

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – FUNYULA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to primary schools	-	32,391,379
Transfers to secondary schools	-	6,100,000
TOTAL	-	38,491,379

5. OTHER GRANTS AND OTHER PAYMENTS

	2017 – 2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools	19,175,727	22,707,724
Bursary – tertiary institutions	5,216,000	6,547,000
Mock & CAT	500,000	540,700
Social Security Program(NHIF)	1,100,000	-
Water projects	-	10,700,000
Agriculture projects	-	700,000
Electricity projects	-	325,661
Security projects	-	5,000,000
Sports projects	1,736,206	1,637,931
Environment projects	1,736,206	3,944,710
Other projects	-	1,300,00
Emergency projects	1,191,600	4,094,827
Total	30,655,739	57,498,553

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – FUNYULA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. BALANCES BROUGHT FORWARD

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank accounts	15,194	23,080,866
Imprest	-	760,000
Total	15,194	23,840,866

7. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017 - 2018	2016 - 2017
	Kshs	Kshs
Equity bank of Kenya Busia branch 0780292650348	8,839,944	15,194
Total	8,839,944	15,194

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X 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.

Referen ce No. on the externa l audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designatio n)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issu to be resolved)
BUS/C DF/INS P/2/(4 1) page 2.	<p>Budgetary control performance. The fund had an approved budget of ksh. 149,431,797 and spent ksh. 125,590,931 resulting to under expenditure of ksh. 23,840,866 which translate into 16% budget underutilization. Further some budgetary expenditure items registered absorption rating of below 90%. This include use of goods and services, other grants and transfers and acquisition of assets with absorption level at 59% ,70%, and 0% respectively. Consequently the budget target was not met and various projects budgeted were not done within the financial year. It's not clear how the CDF intended to clear this backlog of the projects implementation as they affect service delivery to the constituency.</p>	<p>The 16% budget underutilisation was due to late disbursement of funds by NGCDF board hence leading to funyula NGCDF not implementing all projects within the year resulting to under absorption of budgetary expenditure. However the project were implement when the funds were received from NGCDF board.</p>	FAM	Not resolved	By 30/12/2017
BUS/C DF/INS P/2/(4 1) page 2	<p>Project implementation status The fund was to implement a total of 33 projects/programmes by different sectors during the financial year. Further analysis indicated that 2or 6% of the project had not started 5or15% of the projects were still ongoing and 26 or 79% of the project had been completed. Therefore the fund did not fully meet</p>	<p>Non completion of project was beyond control of funyula NGCDF since by end of the year; all budgeted funds had not been received from NGCDF Board. The</p>	FAM	Not resolved	By 30/12/2017

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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)
	the budget target and effective delivery of services.	projects that are ongoing are partly because of being funded in phases and partly due to late receipt of budgeted funds.			
BUS/C DF/INS P/2/(4 1) page 3	<p>Non-involvement of technical departments in project executions</p> <p>The fund implemented various projects with a total cost of ksh 24,402,000 and did not involve the relevant government departments in supervision and generation of interim certificate of work done to be used for payments. Consequently, this might lead to poor project executions, poor service delivery to members of the public and risk of payment for services not rendered.</p>	Funyula NGCDF has employed a clerk of works who is accredited by nation construction authority to supervise building works who normally supervise NGCDF projects. But FAM has taken note of auditor's recommendation.	FAM	Not resolved.	By 30/12/2017

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XI ANNEX 1. SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2017/18	Historical Cost (Kshs) 2016/17
Land	N/A	N/A
Buildings and structures	17,240,068	17,240,068
Transport equipment	3,713,200	3,713,200
Office equipment, furniture and fittings	469,500	469,500
ICT Equipment, Software and Other ICT Assets	378,650	378,650
Total	21,801,418	21,801,418

