

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

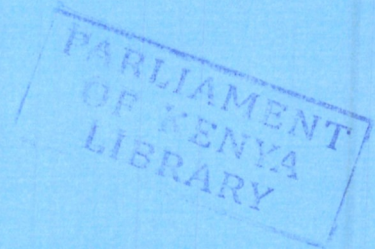
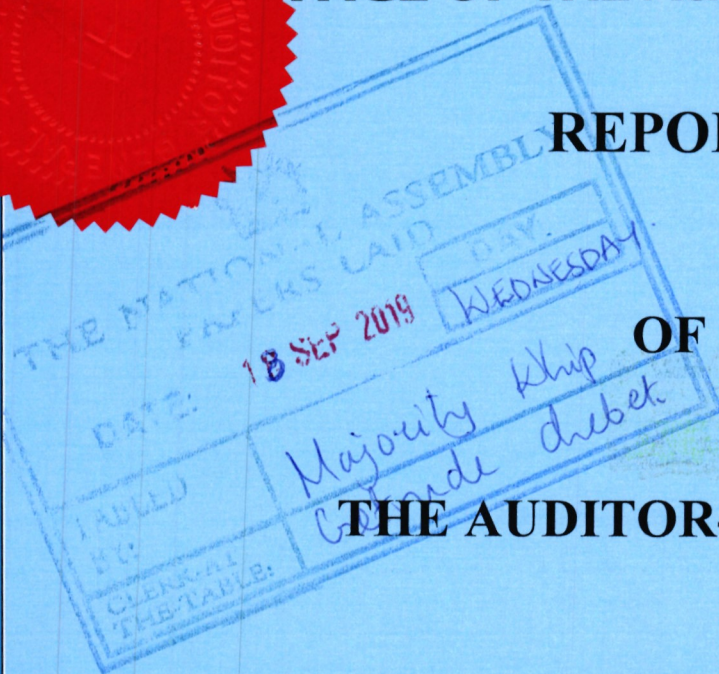
OF

THE AUDITOR-GENERAL

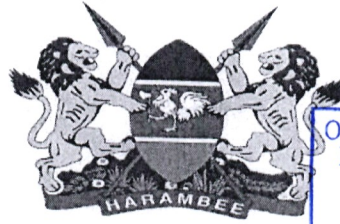
ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
SHINYALU CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018







OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

26 AUG 2019

RECEIVED

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

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

Reports and Financial Statements

For the year ended June 30, 2018

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 SHINYALU 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	Robert G Nyaundi
3.	Sub-County Accountant	George Efumbi Khisa
4.	Chairman NGCDFC	Elizabeth Shyamala
5.	Member NGCDFC	Ben shitiabayi

(d) Fiduciary Oversight Arrangements

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

P.O. Box 405-50107

Shinyalu

Next to DCC's Office

Kakamega, KENYA

Shinyalu Market, Kakamega

*Khalisia Building
Kakamega county, Kenya*

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

(f) NGCDF SHINYALU Constituency Contacts

Telephone: (254) 0722483766
E-mail: cdshinyalu@ngcdf.go.ke
Website: www.cdf.go.ke

(g) NGCDF SHINYALU Constituency Bankers

COOPERATIVE BANK OF KENYA
A/C NO 01120098471300
Kakamega Branch

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

I. FORWARD BY THE CHAIRMAN NG CDF COMMITTEE

It's my pleasure to present the financial statement for the year 2017/2018 for Shinyalu constituency.

ANNUAL CONSTITUENCY ALLOCATION:

In this year the constituency was allocated kshs 86,810,344, an amount that was shared equally across all constituencies in the country. Towards the end of the financial year the government through the NG CDF Board advised that an additional kshs. 11,379,310.34 was made available to the constituency thus raising the total allocation to Kshs. 98,189,655.16.

By closure of the financial year the constituency had received Kshs. 43,405,172 for financial year 2017/2018. There was also a balance brought forward of kshs 5,673,523 and kshs 40,348,275 which was delayed funding for the year 2016/2017

KEY ACHIEVEMENTS

The constituency embarked on identifying projects that fall within the national government spectrum namely education, security, sports, and environment in addition to award of bursary to needy students in various institutions.

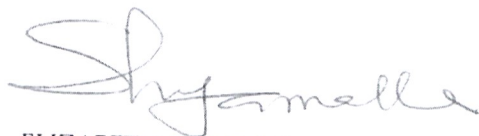
So far I am pleased to state that a number of schools have ongoing projects in classroom toilets laboratories and administration blocks.

Most of them will be completed in the new financial year.

EMERGING ISSUES AND CHALLENGES

The challenges faced in implementation of the projects basically arise from the project management committee's capacity to implement projects with the framework laid down

In the New Year we shall address the problem by training the committees on time. Otherwise we look forward to making the constituency a better place than we found.



**ELIZABETH SHYAMALA
CHAIRPERSON NGCDF COMMITTEE**

SHINYALU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

II. 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-SHINYALU 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, 20XX. 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.

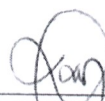
The Accounting Officer in charge of the NGCDF-SHINYALU Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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-SHINYALU 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-SHINYALU 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-SHINYALU Constituency financial statements were approved and signed by the Accounting Officer on 15/8/ 2018.


Fund Account Manager
Name: Robert G. Nyaundi


Sub-County Accountant
Name: George Efumbi Khisa



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 - SHINYALU CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Shinyalu Constituency set out on pages 7 to 33, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined, 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 - Shinyalu Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Compensation of Employees

The statement of receipts and payments reflects compensation of employees figure of Kshs.1,095,898 while the schedule and payroll records availed for audit review revealed a figure of Kshs.1,055,898 resulting in an unreconciled and unexplained variance of Kshs.40,000.

Consequently, the accuracy of the compensation of employee figure of Kshs.1,095,898 for the year ended 30 June 2018 could not be confirmed.

2. Cash and Cash Equivalents

2.1 Bank Reconciliation

The statement of financial assets reflects cash and cash equivalents balance of Kshs.39,090,121 as at 30 June 2018 whereas the reconciled cashbook reflected a balance of Kshs.38,724,613 resulting in an unreconciled and unexplained variance of Kshs.365,508.

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

An audit review procedure performed on the bank reconciliation statements for the month of June 2018 revealed un-presented cheques totalling Kshs.12,100,260 out of which, cheques with total value of Kshs.3,844,304 relates to the period between February 2015 and February 2017 and were therefore stale. However, no explanation was provided for not reversing the stale cheques in the cash book.

Further, a post balance sheet review on the reconciliation statements as at end of March 2019 showed that additional cheques totalling Kshs.692,266 of the un-presented cheques had become stale by 31 December 2018 but remained un-cleared from the bank reconciliation statements. In addition, review of the bank reconciliation reflects payments in bank not in cashbook totalling Kshs.177,550 in respect of bank charges relating to the period between September 2016 and May 2018. However, no reason was provided for not recording the bank charges in cashbook. The statement further reflected receipts in cashbook not recorded in bank amounting to Kshs.4,277,558 which related to the period March 2017 and prior years.

2.2 Irregular Cheque Replacement

During the year under review, payments were made to two schools at Kshs.1,000,000 to Shamiloli Primary School for construction of two classrooms and Kshs.1,000,000 to Shivakala new primary school for construction of pit latrines vide cheque Nos.008480 and 008481 respectively dated 3 June 2018. The payments were indicated as replacement of stale cheques according to CDFC MIN. No.38/14/7/2018, through which the Constituency Development Fund Committee (CDFC) approved the allocation of the funds to the two schools. The projects were indicated to be labour-based projects. Subsequently, the fund account manager together with the respective Project Management Committees (PMCs) of the schools withdrew the Kshs.2,000,000 in July 2018 to implement the projects for the two schools. However, as at the time of audit in March 2019, the implementation of the two projects had not commenced and no reason was provided. In addition, no explanation or documentary evidence was provided in support of the withdrawn funds totalling Kshs.2,000,000.

Consequently, it has not been possible to confirm that the cash and cash equivalents balance of Kshs.39,090,121 as at 30 June 2018 is fairly stated.

3. Summary Statement of Appropriation and Budget Information

The summary statement of appropriation shows that the NGCDF Shinyalu had initially budgeted to spend Kshs.86,810,344 during the period under review which was adjusted to Kshs.144,211,453. This budget is however understated by Kshs.600,000 as the final adjusted budget should have been Kshs.144,811,453 comprising the following breakdown;

	Item	Amount Kshs.
1.	Undisbursed amount for 2016/2017	40,948,275
2.	Cash balance for 2016/2017	5,673,523
3.	Allocation for 2017/2018	98,189,655
	Total	144,811,453

Further, no disclosure has been made in the financial statements of pending receivables and payables for approved projects for which the funds were budgeted.

Consequently, the accuracy of the summary statement of appropriation: recurrent and development combined for the year ended 30 June 2018 could not be confirmed.

4. Presentation and Disclosure of the Financial Statements

The financial statements submitted include items that have been presented with blank figures and notes and are therefore not relevant to the users of the financial statements. In addition, the total of net cash flows from operating activities is shown as Kshs.33,305,528 instead of Kshs.33,527,668 resulting in an unexplained variance of Kshs.222,140 reported under note 14 as prior year adjustment. Further, note 8 to the financial statements on acquisition of assets for the year 2016/2017 reflects Kshs.1,996,940 for purchase of bicycles, while the previous year's audited financial statements the amount was classified under purchase of motor vehicles.

Also, the financial statements do not include disclosures for pending accounts payables and unutilized funds together with the corresponding projects to which the funds were budgeted for, although the summary statement of appropriation: recurrent and development combined shows unspent balance of Kshs.93,652,464 and the statement of assets and liabilities shows cash and cash equivalents balance of Kshs.39,090,121 as at 30 June 2018.

Consequently, the accuracy and completeness of the financial statements for the year ended 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 Constituencies Development Fund - Shinyalu 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. Budgetary Control and Performance

1.1 Budget Performance

During the year under review, Fund had an approved budget of Kshs.144,211,453 against actual expenditure of Kshs.50,558,989 representing 35% of the approved budget resulting in under-expenditure of Kshs.93,652,464 or 65% of the final budget as shown below:

Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under Absorption (Kshs)	Under Absorption %
Compensation of Employees	1,903,349	1,095,898	807,451	42
Use of goods and services	11,470,034	9,559,053	1,910,981	17
Transfers to Other Government Units	61,093,803	17,900,000	43,193,803	71
Other grants and transfers	58,253,886	21,892,968	36,360,918	62
Acquisition of Assets	111,070	111,070	0	-
Allocation awaiting approval	11,379,311	0	11,379,311	100
Total	144,211,453	50,558,989	93,652,464	65

However, the management did not provide any reason for non-utilization of funds that were meant for development projects. Non-utilization of funds is an indication that services and approved programs were not delivered and therefore the budget did not meet all the intended objectives of improving service delivery to the residents of Shinyalu Constituency.

1.2 Project Implementation Status

The management of Fund did not provide an updated and current Project Implementation Status (PIS) report as at 30 June 2018 for audit review in support of the budgeted projects which had total disbursements of Kshs.39,904,038. The Project Implementation Status (PIS) report provided for audit review was as at 30 June 2016.

Consequently, the constituents may not have obtained value from the amounts disbursed towards the implementation of the planned projects for 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 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

1. Handing Over Exercise

During the year under review, a new constituency development fund committee was constituted. However, the management did not provide documentary evidence in form of handover report as required by Section 24 (1) of the National Government Constituencies Development Fund Regulations. It was also noted that the outgoing fund manager did not hand over to the incoming fund manager. The process of transition was therefore not seamless and which may have affected the operations of the Fund.

2. Fixed Assets Register - Missing Office Laptop

The summary of fixed asset register at annexure 3 to the financial statements reflects assets valued at Kshs.12,192,390 as at 30 June 2018 and which included two office laptops, HPI5

500GB purchased at a cost of Kshs.111,070 on 30 August 2017. However, the two laptops were not in the custody of the Fund Account Manager as at the time of audit in March 2019 and no explanation was provided as to their where about.

Consequently, the value of the two laptops amounting to Kshs.111,070 could not be ascertained as at 30 June 2018.

3. Transfers to Other Government Units

3.1 Failure to Spend Funds Disbursed to PMCs – Kshs.4,500,000

Included under transfers to other government units amount of Kshs.19,900,000 is Kshs.4,500,000 disbursed to two (2) primary schools and one secondary school towards implementation of projects. However, as at the time of the audit in March 2019, the projects had not been implemented by the schools as shown below:

Date	PV. No.	Chq No.	Payee	Amount (Kshs)	Remarks
10/05/2018	67	008441	Ingolomosio Primary School	3,000,000	The funds were released to enable the school construct 4 classrooms at Kshs.2,000,000 and put an administration block at Kshs.1,000,000. The funds have since remained in the school account at Cooperative Bank, Kakamega as the school awaits identification of contractor by the CDFC. The school had no bills of quantities for the projects.
10/05/2018	67	008385	Lugala Secondary School	500,000	The funds were disbursed to the school to plaster, floor, fit windows/doors and ceiling for the school library. When disbursement of funds delayed, the school utilised funds from another source to complete the works hence the funds are intact in the bank. The principal said he is waiting for the new board to be inaugurated to seek its authority to utilize the CDF funds to purchase land for school expansion.
10/05/2018	67	8376	Shitsava Primary School	1,000,000	The funds were disbursed to purchase 1.5 acres of land for school expansion. A site visit to the school revealed that the funds were diverted and utilised on construction of two classrooms after the CDFC delayed disbursing funds and the targeted land had been sold to someone else.
Total				4,500,000	

Consequent, the residents of Shinyalu Constituency may not have obtained value for Kshs.4,500,000 disbursed towards the four projects during the year ended 30 June 2018.

3.2 Poorly Implemented and Incomplete Projects

Included in transfers to other government units amount of Kshs.17,900,000 are disbursements amounting to Kshs.6,500,000 to five (5) education projects. However, audit verification of these projects in March 2019 revealed that the implementation was not done properly as shown below:

Date	PV. No.	Chq No.	Payee	Amount (Kshs)	Remarks
30/06/2018	84	008443	Maluna Primary School	1,500,000	The funds were disbursed for the construction five (5) classrooms which were not completed. They were in use although they were incomplete; without windows, floor, plastering, painting etc. It was noted that this is the second project for 5 classes with the phase 1 still standing 3 incomplete classes. A third incomplete project involves the Administration block that was at lintel level.
30/06/2018	84	008440	Mukhuru Primary School	1,500,000	The funds were disbursed for the completion of five (5) classrooms. The works were done and the classes were habitable save for minor works involving window panes and painting. It was however noted that the school charged between Kshs.2,000 and Kshs.4,000 for the tenders to undertake the works thereby raising Kshs.18,000 which was shared by the PMC members as facilitation allowances in addition to the project 5%.
30/06/2018	84	008444	Luvini Primary School	1,500,000	The funds were disbursed for the completion of four (4) classrooms. The pupils were using them incomplete without windows, floor, plastering, painting etc. It was noted that the school had a second incomplete project involving construction of the administration block that was stalled at lintel level.
30/06/2018	84	008377	Friends Bulovi Secondary School	1,000,000	The funds were disbursed to the school for acquisition of two (2) acres of land for expansion. However, the amount was diverted to construction of a classroom at Kshs.600,000 on a different piece of land acquired at Kshs.400,000 (1 acre). No CDFC approval was given and the school has no title deed to the piece of land.
10/05/2018	67	008377	Wanzalala Primary School	1,000,000	The funds were disbursed for the construction two (2) classrooms. A visit to the school revealed that the classrooms have been partially completed and left without window panes. Further, only one class has been floored but has already developed cracks before being put into use.
				6,500,000	

Consequently, failure to implement these projects may have denied the constituents of Shinyalu the much needed services as well as not obtaining value for money in respect of Kshs.6,500,000 incurred on the projects.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Internal Controls, Effectiveness, Governance and Risk Management Systems 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

Procurement of School Bus under Emergency Funds

The statement of receipts and payments reflect under other grants and transfers an expenditure of Kshs.1,884,064 which was released as an emergency support to Mukhonje Secondary School to assist the school offset an outstanding loan. The loan had been borrowed from Kenya Commercial Bank Limited to purchase the school bus KBR 867U, an Isuzu 55 seater.

Information available indicated that the school board secured the funds in 2012 and agreed with the bank that quarterly payments were to be made upon collecting the funds from parents on payment of a mandatory levy of Kshs.3,000. The school had also undertaken a funds drive in 2013 to raise additional funds. The school however defaulted in its obligation to service the loan and therefore made an appeal for support which was approved by the Fund. However, the management did not provide any evidence to qualify the disbursement of funds under emergency support.

Consequently, the funding did not qualify under emergency funding as required by Section 8 of the National Government Constituencies Development Fund Act, 2015.

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

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 Fund or to cease operations, or have no realistic alternative but to do so.

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

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 resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

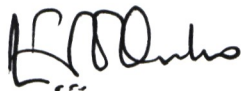
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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

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

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



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

Nairobi


13 August 2019

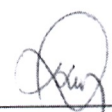
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	83,753,447	109,421,012
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		83,753,447	109,421,012
PAYMENTS			
Compensation of employees	4	1,095,898	929,803
Use of goods and services	5	9,559,053	9,932,281
Transfers to Other Government Units	6	17,900,000	66,753,000
Other grants and transfers	7	21,892,968	74,448,161
Acquisition of Assets	8	111,070	1,996,940
Other Payments	9	-	-
TOTAL PAYMENTS		50,558,989	154,060,185
SURPLUS/DEFICIT		33,194,458	(44,639,173)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SHINYALU Constituency financial statements were approved on 15/8/2018 2018 and signed by:


 Fund Account Manager
 Name: Robert G. Nyaundi

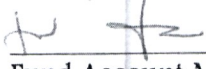

 Sub-County Accountant
 Name: George Efumbi Khisa

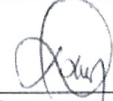
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

II. STATEMENT OF ASSETS

	Note	2017-2018	2016-2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	39,090,121	5,673,523
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		39,090,121	5,673,523
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		39,090,121	5,673,523
FINANCIAL LIABILITIES			
Accounts Payable-Retention	12		
NET FINANCIAL ASSETS		39,090,121	5,673,523
REPRESENTED BY			
Fund balance b/fwd 1st July 2017	13	5,673,523	50,312,696
Surplus/Deficit for the year		33,194,458	(44,639,173)
Prior year adjustments	14	222,140	-
NET LIABILITIES		39,090,121	5,673,523

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SHINYALU Constituency financial statements were approved on 15/8/2018 2018 and signed by:


Fund Account Manager
Name: Robert G. Nyaundi

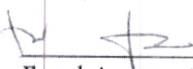

Sub-County Accountant
Name: George Efumbi Khisa

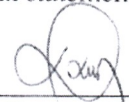
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

III. STATEMENT OF CASHFLOW

Receipts for operating income		2017-2018	2016-2017
Transfers from CDF Board	1	83,753,447	109,421,012
Other Receipts	3	-	
		83,753,447	109,421,012
Payments for operating expenses			
Compensation of Employees	4	1,095,898	929,803
Use of goods and services	5	9,559,053	9,932,281
Transfers to Other Government Units	6	17,900,000	66,753,000
Other grants and transfers	7	21,892,968	74,448,161
Other Payments	9	-	-
		50,447,919	152,063,245
Adjusted for:			
Adjustments during the year	14	222,140	-
Net cash flow from operating activities		33,305,528	(42,642,233)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	111,070	1,996,940
Net cash flows from Investing Activities		(111,070)	(1,996,940)
NET INCREASE IN CASH AND CASH EQUIVALENT		33,416,598	(44,639,173)
Cash and cash equivalent at BEGINNING of the year	13	5,673,523	50,312,696
Cash and cash equivalent at END of the year		39,090,121	5,673,523

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SHINYALU Constituency financial statements were approved on 15/8/18 2018 and signed by:


Fund Account Manager
 Name: Robert G. Nyaundi


Sub-County Accountant
 Name: George Efumbi Khisa

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

SHINYALU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

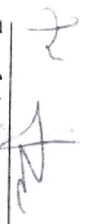
IV. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,344	57,401,109	144,211,453	89,426,970	54,784,483	62.0%
Proceeds from Sale of Assets	-	-	-	-	-	
TOTAL RECEIPTS	86,810,344	57,401,109	144,211,453	89,426,970	54,784,483	62.0%
PAYMENTS						
Compensation of Employees	1,072,049	831,300	1,903,349	1,095,898	807,451	57.6%
Use of goods and services	6,738,881	4,731,153	11,470,034	9,559,053	1,910,981	83.3%
Transfers to Other Government Units	40,745,528	20,348,275	61,093,803	17,900,000	43,193,803	29.3%
Other grants and transfers	38,253,886	20,000,000	58,253,886	21,892,968	36,360,918	37.6%
Acquisition of Assets	-	111,070	111,070	111,070	-	100.0%
Other Payments	-	-	-	-	-	0.0%
Allocation awaiting approval	-	11,379,311	11,379,311	-	11,379,311	0.0%
TOTAL	86,810,344	57,401,109	144,211,453	50,558,989	93,652,464	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SHINYALU CONSTITUENCY
Reports and Financial Statements
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The adjustment figure of Kshs 57,401,109 comprised of the cash book balance of Kshs 5,673,523 brought forward from the financial year 2016/2017 plus the supplementary budget figure of Kshs 11,379,311 and Kshs 40,348,275 undisbursed funds for financial year 2017/2018

The NGCDF-SHINYALU Constituency financial statements were approved on 15/8/ 2018 and signed by:


Fund Account Manager
Name: Robert G. Nyauudi


Sub-County Accountant
Name: George Efumbi Khisa

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

V. 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-SHINYALU Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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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 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

SHINYALU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

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

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 1st July 2017 to 30th 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 30th June 2018.

14. Errors

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

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

15. Related Party Transactions

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

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

VI. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES	1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description		2017-2018	2016 - 2017	
			Kshs	Kshs	
1330407	Normal Allocation	AIE NO. A 839554		64,832,736	
		AIE NO. A 829995		4,094,827	
		AIE NO. A 839580		3,640,000	
		AIE NO. A839660		36,853,449	
		AIE NO. A 892508	5,500,000		
		AIE NO A 892567	40,348,275		
		AIE NO A 896780	37,905,172		
1330408	Conditional grants	AIE NO...		-	
				-	
1330409	Receipt from other Constituency			-	
	TOTAL		83,753,447	109,421,012	
3510000	2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
	Description		2017-2018	2016 - 2017	
			Kshs	Kshs	
3510202	Receipts from the Sale of Buildings		-	-	
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-	
3510801	Receipts from the Sale Plant Machinery and Equipment		-	-	
3510803	Receipts from the Sale of Office and General Equipment		-	-	
	TOTAL		-	-	
1400000	3 OTHER RECEIPTS				
	Description		2017-2018	2016 - 2017	
			Kshs	Kshs	
1410107	Interest Received		-	-	
1410405	Rents		-	-	
1420601	Sale of Tender Documents		-	-	

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

1450207	Other Receipts Not Classified Elsewhere (specify)		-	-
	TOTAL		-	-
2110000	4 COMPENSATION OF EMPLOYEES			
	Description		2017-2018	2016 - 2017
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,095,898	798,960
2110202	Basic wages of casual labor			
	Personal allowances paid as part of salary			
2110301	House allowance			
2110314	Transport allowance			
2110320	Leave allowance			
2110326	Other personnel payments			
2120101	Employer contribution to NSSF			
2710120	Gratuity-contractual employees			130,843
	TOTAL		1,095,898	929,803
2200000	5 USE OF GOODS AND SERVICES			
	Description		2017-2018	2016 - 2017
			Kshs	Kshs
2210100	Utilities, supplies and services			270,356
2210101	Electricity			
2210102	Water & sewerage charges			
2210104	Office rent		32,000	112,000
2210200	Communication, supplies and services		113,280	
2210300	Domestic travel and subsistence			
2210500	Printing, advertising and information supplies & services			
2210600	Rentals of produced assets			
2210700	Training expenses			
2210800	Hospitality supplies and services			820,873
2210802	Other committee expenses		3,515,335	1,041,000
2210809	Committee allowance		4,119,300	6,162,363
2210900	Insurance costs			
2211000	Specialized materials and services			

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

2211100	Office and general supplies and services	369,030	460,689
2211200	Fuel , oil & lubricants	1,150,000	900,000
2211300	Other operating expenses		
2211301	Bank service commission and charges		
2211313	Security operations		
2220100	Routine maintenance - vehicles and other transport equipment	260,108	165,000
2220200	Routine maintenance- other assets		
	TOTAL	9,559,053	9,932,281
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES		
	Description	2017-2018	2016 - 2017
		Kshs	Kshs
2630204	Transfers to Primary schools	14,800,000	47,977,000
2630205	Transfers to Secondary schools	3,100,000	12,700,000
2630206	Transfers to Tertiary institutions	-	6,076,000
2630207	Transfers to Health institutions	-	-
	TOTAL	17,900,000	66,753,000
2640000	7 OTHER GRANTS AND OTHER PAYMENTS		
	Description	2017-2018	2016 - 2017
		Kshs	Kshs
2640101	Bursary -Secondary	16,035,500	30,275,000
2640102	Bursary -Tertiary	3,973,404	10,681,000
2640104	Bursary-Special schools		330,000
2640105	Mocks & CAT		500,000
2640504	Water		4,500,000
2640505	Food security		
2640506	Electricity		
2640507	Security		4,691,379
2640508	Roads and Bridges		12,138,498
2640509	Sports		2,493,100
2640510	Environment		1,000,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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2640512	Cultural Projects				
2640513	Agriculture			1,000,000	
2640200	Emergency Projects		1,884,064	6,839,184	
	TOTAL		21,892,968	74,448,161	
3100000	8 ACQUISITION OF ASSETS				
	<u>Non Financial Assets</u>		2017-2018	2016 - 2017	
			Kshs	Kshs	
3110102	Purchase of Buildings		-	-	
3110202	Construction of Buildings		-	-	
3110302	Refurbishment of Buildings		-	-	
3110701	Purchase of Vehicles		-	-	
3110704	Purchase of Bicycles & Motorcycles		-	1,996,940	
3110801	Overhaul of Vehicles		-	-	
3111001	Purchase of office furniture and fittings		-	-	
3111002	Purchase of computers ,printers and other IT equipments		111,070	-	
3111005	Purchase of photocopier		-	-	
3111009	Purchase of other office equipments		-	-	
3111112	Purchase of soft ware		-	-	
3130101	Acquisition of Land		-	-	
	TOTAL		111,070	1,996,940	
	9 Other Payments				
	specify		-	-	
	specify		-	-	
	TOTAL		-	-	
	10A: Bank Balances (cash book bank balance)				
	Name of Bank, Account No. & currency	Account Number	2017-2018	2016 - 2017	
			Kshs	Kshs	
	<i>Cooperative Bank Kakamega branch</i> <i>A/C no.01120098471300</i>		39,090,121	5,673,523	

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10B: CASH IN HAND)					
			2017-2018	2016 - 2017	
			Kshs	Kshs	
Location 1			-	-	
Location 2			-	-	
Location 3			-	-	
Other receipts (specify)			-	-	
TOTAL			-	-	
<i>[Provide cash count certificates for each]</i>					
11: OUTSTANDING IMPRESTS					
<i>Name of Officer</i>			<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>
	Date imprest taken		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
			-	-	-
					-
12 Retention					
Supplier/Contractor	PV No.		2017-2018	2016 - 2017	
TOTAL					
13 BALANCES BROUGHT FORWARD					
			2017-2018	2016 - 2017	
			Kshs	Kshs	
Bank accounts			5,673,523	49,912,696	
Cash in hand				400,000	
Imprest				-	
TOTAL			5,673,523	50,312,696	
<i>[Provide short appropriate explanations as necessary]</i>					
14 PRIOR YEAR ADJUSTMENTS					

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		2017-2018	2016 - 2017
		Kshs	Kshs
	Bank accounts	222,140	
	Cash in hand	-	-
	Imprest	-	-
	TOTAL	222,140	-
	15 OTHER IMPORTANT DISCLOSURES		
	15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)		
		2017-2018	2016 - 2017
		Kshs	Kshs
	Construction of buildings	-	-
	Construction of civil works	-	-
	Supply of goods	-	-
	Supply of services	-	-
	TOTAL	-	-
	15.2: PENDING STAFF PAYABLES (See Annex 2)		
		2017-2018	2016 - 2017
		Kshs	Kshs
	Senior management	-	-
	Middle management	-	-
	Unionisable employees	-	-
	Others (specify)	-	-
	15.3: OTHER PENDING PAYABLES (See Annex 3)		
		2017-2018	2016 - 2017
		Kshs	Kshs
	Amounts due to other Government entities (see attached list)	-	-
	Amounts due to other grants and other transfers (see attached list)	-	-
	Others (specify)	-	-

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2016 d=a-c	Outstanding Balance 2014	Comments
Construction of buildings						
1.						
2.						
3.						
4.						
Sub-Total						
Construction of civil works						
5.						
6.						
7.						
Sub-Total						
Supply of goods						
8.						
9.						
10.						
Sub-Total						
Supply of services						
11.						
12.						
13.						
Sub-Total						
Grand Total						

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
	Sub-Total			
Amounts due to other grants and other transfers				
	Sub-Total			
	Sub-Total			
Acquisition of assets				
Others (<i>specify</i>)				
	Sub-Total			
	Grand Total			

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f		Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost	
	(Kshs)	2016/17			(Kshs)	2017/18
Land						
Buildings and structures			0	0		0
Transport equipment			0	0		0
Office equipment, furniture and fittings		11,702,190	0	0		11,702,190
ICT Equipment, Software and Other ICT Assets		18,600	0	0		18,600
Other Machinery and Equipment		424,600	111,070	0		535,670
Heritage and cultural assets		47,000	0	0		47,000
Intangible assets		0	0	0		0
Total		12,192,390	111,070	0		12,303,460

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ANNEX 4 -PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Busulwa Primary School	Cooperative	01139165040800	1,008.50	800
Friends School Lukusi Secondary	Cooperative	01100033619500	24,360.00	3,000
Friends School Shilyalyo Secondary	Cooperative	01139165359202	503,576.91	500,000
Ihondolo Primary School	Cooperative	01139631733100	3,443.50	1,000,900
Iloro Primary School	Cooperative	01100165626000	0	2,000
Itenyi Primary School	Cooperative	01141165048100	1,775.00	94,810
Ivakale Primary School	Cooperative	01109165107100	1,460.95	1,000
Lirhanda Mixed Primary School	Cooperative	01139167559901	4,572.50	45,000
Lugango Primary School	Cooperative	01109023471300	2,245.15	1,000
Luvini PAG Primary School	Cooperative	01139631627602	2,082.75	1,000
Lwanda Secondary School	Cooperative	01139167256501	2,177.50	2,000
Madioli Primary School	Cooperative	01139165666900	269.50	1,000
Mukhonje Primary School	Cooperative	01139165074201	1,000.50	1,000
Magakha PAG Primary School	Cooperative	0113963264400	1,522.50	2,000
Muleche Primary School	Cooperative	01139165051000	2,482.25	1,000
Mundulu Primary School	Cooperative	01139165050601	4,341.00	1,000
Murhanda Secondary School	Cooperative	01139545688902	72.50	75

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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Shanda Primary School	Cooperative	01139166529300	2,800.00	1,000
Shanderema Primary School	Cooperative	01109165042100	775.50	2,000
Shavirotsi Primary School	Cooperative	01139165058101	6,249.00	4,742
Shilyalyo Primary School	Cooperative	01139165080900	2,803.00	2,000
Shinyalu Constituency Environment PMC	Cooperative	01141632733800	998,650.00	1,000,000
Shinyalu Constituency Health PMC	Cooperative	01141632683800	2,451,084.00	6,076,000
Shinyalu Constituency Water PMC	Cooperative	01141632683900	950.50	4,500,000
Shinyalu Security PMC	Cooperative	01134632236000	8,717.75	489,000
Shitochi Primary School	Cooperative	01100033917500	1,248.91	92,066.35
Solyo Primary School	Cooperative	01141545043300	2,102.75	427,612.07
St. Albert Shanjero Primary School	Cooperative	0113902357900	3,795.00	3,790
St. Annes Ikuywa Secondary School	Cooperative	0113902357900	0	1,000
St. Gerald Shanjero Secondary School	Cooperative	01139165032901	1,330.00	700,000
St. Joseph's Mukulusu Secondary School	Cooperative	01139165082400	2,066.35	1,000
Irobo Primary School	Cooperative	01139632241100	236,562.50	6,462.50
St. Monica Lubao Secondary School	Equity	0500263316847	0	1,000
St. Monica Lugose Secondary School	Cooperative	01139632639600	2,012.75	1,000
St. Paul's Shibuye Boys Primary School	Cooperative	01120098471300	0	2,000

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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
St. Peter's Shirulu Primary School	Cooperative	01139165820500	1,570.75	1,000
Virhembe Police Post	Cooperative	011200098471300	979.45	90,000
Wakukha Primary School	Cooperative	011396326390600	0	2,000
Wanzalala Primary School	Cooperative	01139632628100	1,001,022.75	2,000
Shikulu Primary School	Cooperative	01109165043300	0	1,000
			5,281,111.97	15,064,257.92

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ANNEX 3: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
Un presented cheques	As at 30 th June 2017 there were un presented cheques totalling kshs 6,573,779 all of which are stale and not eligible for presentation. The cheques should be reversed in the cheque book.	It is true Shinyalu NGCDF disbursed cheques to various projects including bursary, but the cheques remained unrepresented as at 30 June 2017.(Annex 1).However, NGCDF made a resolution through a meeting held on all the stale cheques be reversed in the cash book awaiting replacement (Annex 2). We further, confirm that the Fund Account Manager has instructed the Sub County Accountant to implement the NGCDFC resolution of Min 38/14/7/2018(Annex 3)	Sub County Accountant	Resolved	Resolved-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Committee expenses	Included in the use of goods and services Kshs. 9,932,281 is supporting schedule figure kshs 3,241,023 for committee expenses there is however a variance of kshs 464,977 from documents availed.	It is true the committee expenses actual payment vouchers and the supporting schedules amount differs. This is as result of reporting the various expenditures on the actual payment voucher on different headings in the supporting schedules for easy reporting in the financial statement, but summing the various expenditures totals to actual amount on the payment voucher. (Annex 8)	Fund Account Manager	Resolved	Resolved
Un vouched expenditure	Payment vouchers totalling kshs 312,000 were not made available for audit verification	It is true at the time of audit the payment vouchers were not availed but they are now available for your verification (Annex10)	Sub County Accountant	Resolved	Resolved

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Poor implementation of projects	Included in the transfer to other government unit's figure of kshs 66,753,000 is kshs 1,000,000 disbursed to Madioli primary school for construction of two classrooms. However physical verification revealed poor workmanship.	It is true NGCDF shinyalu funded Madioli Primary School with kshs 1 million for construction of two standard classrooms.(Annex 11). We further, confirm that the project is ongoing and the contractor has not handed over the classrooms to the project management committee (Annex12), we have also advised the project management committee before they take over the project all the pending works should be completed.(Annex 13)	Fund Account Manager	Resolved	Resolved
Security projects	During the year under review, Shinyalu NG-CDF carried out security projects worth Kshs.3,800,000 for various areas. No BQs were availed for audit verification to provide	At the time of audit the documents were not availed but they are now available for verification (Annex 14)	Fund Account Manager	Resolved	Resolved

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>guideline on how the projects were to be carried out and aid in field verification.</p> <p>Upon field inspection however, it was noted that Virhembe Police Post, of which Kshs.891, 379.48 had been spent and deemed complete as per the Implementation Status, was not even operational/occupied. The cementing works had been poorly done and no casting had been done on the walls. There was also no provision of a wall as would be expected in any police post.</p>				

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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)
Environmental and Agricultural projects	During the year, the Fund carried out environmental and agricultural projects worth Kshs. 1, 000,000 each. However, no expenditure returns have been availed for audit verification to show how that money was utilized rendering it unaccounted for	NGCDF Shinyalu funded agricultural projects worth kshs 1, 000, 000.00. However, at the time of audit the returns were not availed but they are now available for verification (Annex 15). We further, confirm that the environment project has not been implemented (Annex 16)	Fund Account Manager	Resolved	Resolved

Prepared by:


 Robert G. Nyauudi

Fund Account Manager
Shinyalu Constituency



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