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OFFICE OF THE AUDITOR-GENERAL

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REPORT

*Hon. Benjamin Wadwa
Majority Party Whip
Halima Ahmed*

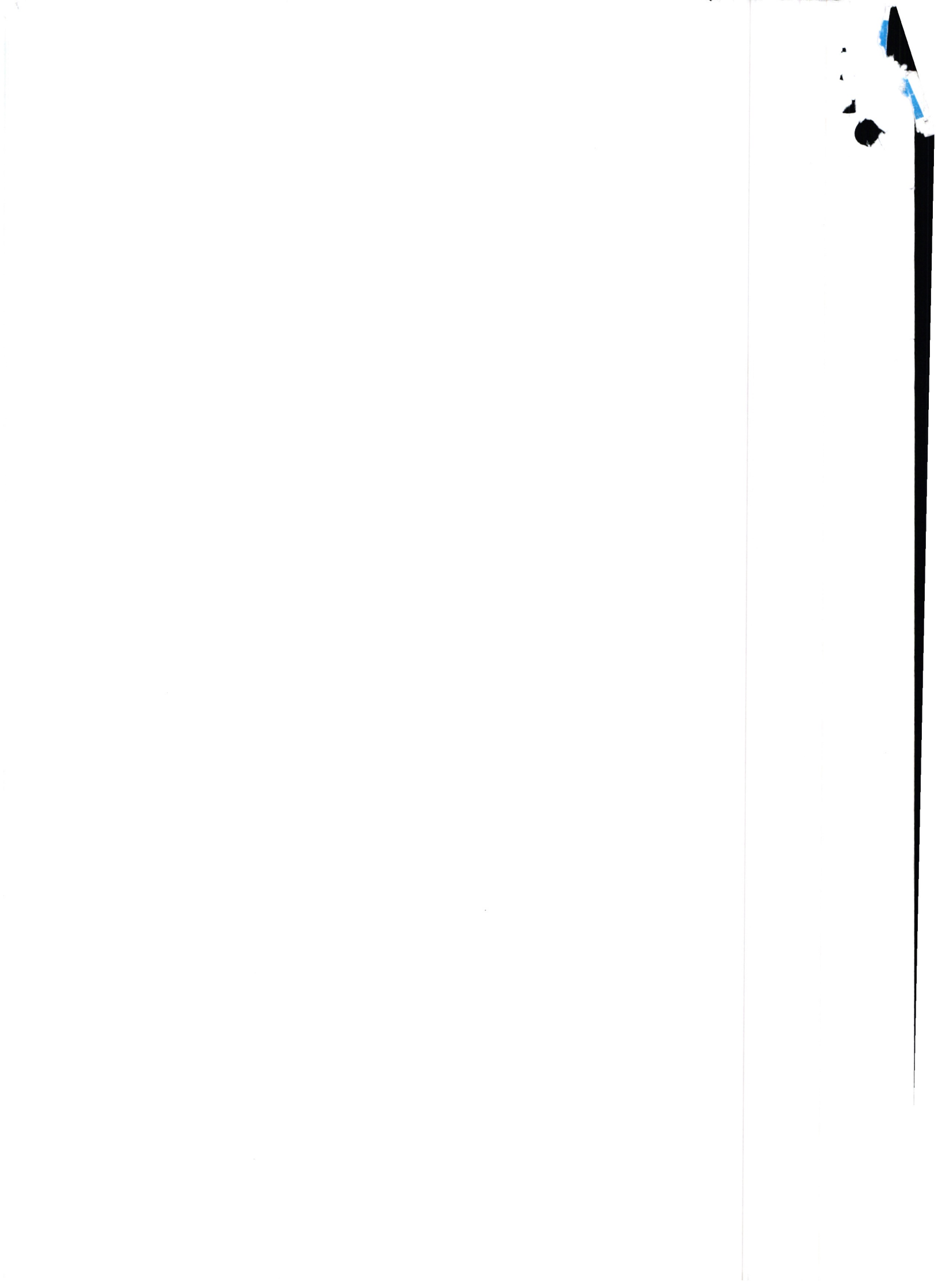
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
LAMU EAST CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





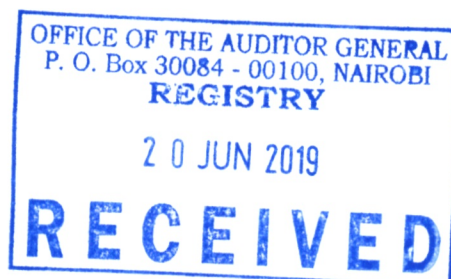
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LAMU
EAST CONSTITUENCY**

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)**



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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE NGCDF COMMITTEE CHAIRMAN	4
III. STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES.....	7
IV. STATEMENT OF RECEIPTS AND PAYMENTS	8
V. STATEMENT OF ASSETS AND LIABILITIES.....	9
VI. STATEMENT OF CASHFLOW	10
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	11
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	13
IX. NOTES TO THE FINANCIAL STATEMENTS.....	15



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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)
LAMU EAST 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 Lamu East 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	Stephen Charo
3.	Sub-County Accountant	Geoffrey Kimani
4.	Chairman NGCDFC	Ali Kassim
5.	Member NGCDFC	Khadija Swabri

(d) Fiduciary Oversight Arrangements

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

P.O. Box 262-80500,
Lamu Island
Next to Lamu Fort,
Lamu, Kenya



(f) NGCDF Lamu East Constituency Contacts

Telephone: (254) 721 722246

E-mail: ngcdflamueast.go.ke

Website: www.go.ke

(g) NGCDF Lamu East Constituency Bankers

Equity Bank

Lamu Branch

Account Number 159 0261 644 233

P.O. Box 60-80500

Lamu, Kenya

(h) Independent Auditors

Auditor-General

Office of the Auditor- General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney- General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

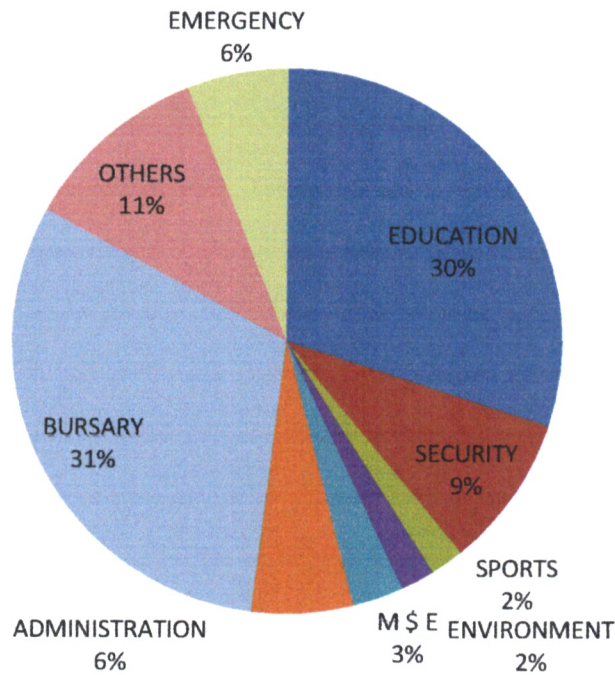


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 LAMU EAST CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2018**

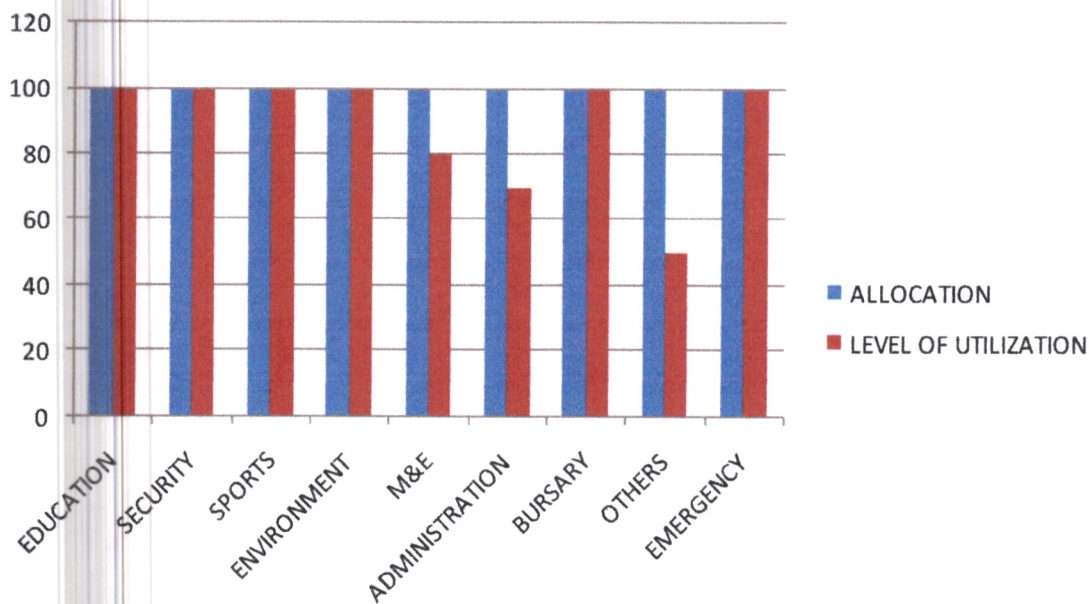
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

It is with great joy that we share with you the progress report for the last one year FY 2017-2018. During the year we received Kenya Shillings 86,810,344.82 which was distributed to all sectors for planned and budgeted activities as under:

1. SECTOR ALLOCATION OF FUNDS FY 2017-2018



2. All the funds were put into good and accountable use as per level of utilization as under:





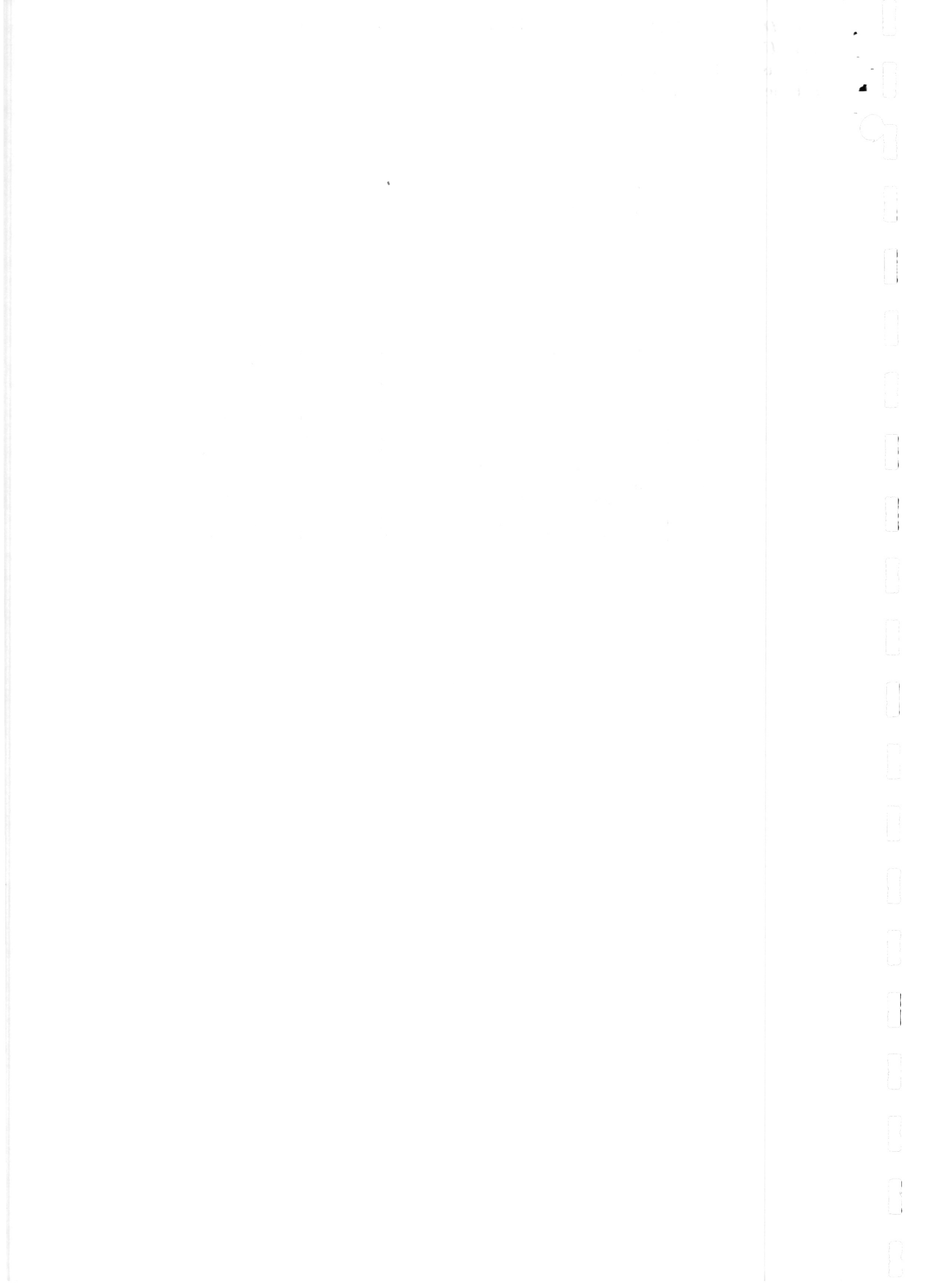
MAJOR MILESTONES AND ACHIEVEMENT IN THE TWO MAJOR SECTORS OF EDUCATION AND SECURITY:



1. Pate Secondary School being the first girls secondary school in Lamu East; four new classrooms for a storey building



2. Tchundwa AP houses being the first permanent humane accommodation for the police; 6 roomed house with chain-link fence and two blocks of toilets



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

PERENIAL ISSUES

Lamu East suffers from pre-independence challenges of

- i) Diseases, illiteracy and poverty
- ii) Fragmented Islands hampering free movement of goods and services
- iii) Insecurity caused by pirates and now terrorists

EMERGING ISSUES

- iv) Climatic changes causing droughts, unpredictable rainfall and floods
- v) High turnover of Fund Account Managers
- vi) Staff capacity and competencies
- vii) Cultural prejudices
- vii) Late implementation of Constituency ICT Hubs due to lack of a framework

In Lamu East cultural practices are prejudiced against women such that there are no women entrepreneurs. Youth also venture outside the constituency and people living with disability can hardly cope with the harsh terrain conditions and rough seas.

Most of these issues were addressed through

- i) Public participation on project taking which was done in January 2018 which enlightened the people on various opportunities and rights of citizens
- ii) NG -CDFC training which exposed and equipped the members with cross-cutting issues besides Government procedures and compliance matters conducted in February, 2018
- iii) PMC training also exposed a large number of people on government procedures and cross-cutting issues in April 2018
- iv) The emergency vote came in handy during the floods caused by long rains that swept most of the toilets the constituency
- v) Bursary kit helps raise the standards of education and literacy levels
- vi) Staff competencies were addressed during the various training and encouraging staff to pursue further studies besides hiring two experienced staff in matters of CDF
- vii) Two CDF health facilities and one desalination plant were handed over to Lamu County Government to address the issue of ill health and diseases
- viii) The poverty issue is tackled by hiring of local labour and use of local available materials

However, the issue of insecurity is rather complex and scary and so is the rough sea which is unique to Lamu East Constituency. On our own we have projects in Kiunga bordering Somalia and Kiangwe in Boni Forest which we have implemented and completed against the security challenges

Lessons learnt

- We need to retain Fund Account Managers for long
- We need competent staff to achieve realistic goals
- Train both CDFC and staff as well as enlighten the general public
- Some challenges require National Intervention and County Government
- All projects should be implemented by PMC which already has a working framework

Sign



CHAIRMAN NGCDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAMU EAST CONSTITUENCY**

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

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

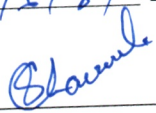
The Accounting Officer in charge of the NGCDF-Lamu East Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018.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

The Accounting Officer in charge of the NGCDF-Lamu East 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 NGCDF - Lamu East Constituency's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Lamu East Constituency further confirms the completeness of the accounting records maintained for the NGCDF - Lamu East Constituency, 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-Lamu East 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-Lamu Constituency financial statements were approved and signed by the Accounting Officer on 15/8/ 2018.



Fund Account Manager
Name: Stephen Charo



Sub-County Accountant
Name: Geoffrey Kimani
ICPAK Member Number:22173

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAMU EAST 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 – Lamu East Constituency set out on pages 8 to 31, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Lamu East 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. Cash and Cash Equivalents

The cash and cash equivalents balance reflects Kshs.8,121,872 as at 30 June 2018. However, a review of the bank statements and the cash books revealed that two (2) cheques were incorrectly reversed resulting in a misstatement of the bank balance by Kshs.96,714. In the circumstances, it has not been possible to confirm that the cash and cash equivalent balance of Kshs.8,121,872 as at 30 June 2018 is fairly stated.

2. Other Grants and Other Payments

Included in the other grants and other payments balance of Kshs.41,549,172 as disclosed under note 7 to the financial statements are bursaries amounting to Kshs.21,744,000. The bursaries aimed at benefitting the needy students were paid to various secondary schools

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

and tertiary institutions at Kshs.14,123,000 and Kshs.7,621,000 respectively. However, a review of the expenditure revealed that an amount of Kshs.15,927,400 disbursed to various institutions had not been acknowledged through official receipts or acknowledgement letters from the beneficiary institutions.

Consequently, the probity of the expenditure of Kshs.15,927,400 as at 30 June 2018 on bursaries could not be confirmed.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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 resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Budgetary Control and Performance

During the year under review, the Fund had an approved budget of Kshs.98,369,854 comprising of Kshs.86,810,345 for financial year 2017/2018 and Kshs.11,559,509 being funds brought forward from financial year 2016/2017. The actual expenditure by the Fund in the year under review was Kshs.78,868,670 representing an absorption rate of 80%% of the total approved budget. Analysis of budget performance by component is as shown below:

Expenditure Analysis	Budget Kshs.	Actual Kshs.	Variance Kshs.	Absorption %
Compensation of employee	2,880,541	1,633,573	1,246,968	57
Use of goods and services	9,513,765	7,667,575	1,846,190	81

Expenditure Analysis	Budget Kshs.	Actual Kshs.	Variance Kshs.	Absorption %
Transfer to other Government unit	32,464,356	26,095,390	6,368,966	80
Other grants and transfers	46,424,998	41,549,172	4,875,826	89
Acquisition of assets	2,409,167	1,922,960	486,207	80
Other payments	4,677,027	0	4,677,027	0
Total	98,369,854	78,868,670	19,501,183	80

The above analysis reflects a budget of Kshs.98,369,854 and actual expenditure of Kshs.78,868,670 resulting to an under expenditure of Kshs.19,501,183.

In the circumstances, failure to utilize the budget fully may have hampered service delivery to the constituents of Lamu East.

2. Project Implementation

The project implementation status report made available for audit indicated that a total of Kshs.89,352,588 was allocated to twenty four (24) projects, out of which twelve (12) projects amounting to Kshs.57,028,947 were complete, 10 (ten) project with a cost of Kshs.26,119,214 were ongoing while 2 (two) projects amounting to Kshs.6,204,427 had not commenced as analyzed below:-

S/N	Name of the Project	Activity	Project Cost Kshs.	Status
1	Emergency	Unforeseen occurrences	5,137,931	Complete
2	Sports	Sports Activities	1,736,206	Complete
3	Shanga Primary School	Construction of School fence	3,500,000	Complete
4	Kiwayuu Primary School	Completion two classrooms	2,300,000	Complete
5	Kiangwe Primary School	Renovation of four classrooms	4,000,000	Complete
6	Pate Secondary School	Construction top slab of a four classrooms and finishing	5,295,390	Complete
7	Kiunga Secondary School Furniture	Supply of 150 metal frames lockers with chairs	1,527,400	Complete
8	Faza Secondary School Furniture	Supply of 100 metal frames lockers with chairs	1,148,400	Complete
9	Bursary - Secondary Schools	Payment of bursary to needy students	16,883,620	Complete
10	Bursary - Tertiary Schools	Payment of bursary to needy students	13,500,000	Complete
11	Mtangawanda AP Post	Completion of AP Post	1,000,000	Complete
12	Mbwajumwali AP Post	Completion of AP Post	1,000,000	Complete

S/N	Name of the Project	Activity	Project Cost Kshs.	Status
13	Mkokonoi AP Station	Construction of an Administration block with holding cells to completion	3,500,000	Ongoing
14	Siyu Primary School	Construction of two new blocks of teachers modern flushable toilets	1,500,000	Ongoing
15	Mtangawanda Primary School	Construction of 2New Classrooms with electrical wiring and fittings to completion	3,000,000	Ongoing
16	Environment	Purchase and Planting of 4000 tree seedlings	1,736,206	Ongoing
17	Siyu Secondary School	Supply of 100 metal frames lockers with chairs	1,148,400	Ongoing
18	Mbwajumwali Secondary School	Construction to completion of four classrooms with electrical conduiting and four door toilets; 2for boys and 2 for girls	5,800,000	Ongoing
19	Pate Secondary School Furniture	Supply of 100 metal frames lockers with chairs at Kshs.7,580/- and 8 teachers chair at Kshs.3,800/- and 8 modern lockable teachers table at Kshs45000	1,148,400	Ongoing
20	Tchundwa AP Post	Construction of AP Post fence with a galvanized chain-link wire with precast concrete posts of 4 acres of land	2,500,000	Ongoing
21	Strategic Plan	Preparation of a Strategic Plan for 2017-2022	3,500,000	Ongoing
22	NG-CDFC Office improvement	Construction of two blocks of Toilets for male and female	2,286,208	Ongoing
23	Constituency Innovation Hubs	Installation of satelite antenna, Router, Digital access kit, Digital ruggedized Tablet, WI-FI with outdoor wireless device complete with 12U cabinet with installation accessories by Telkom Kenya Ltd at Kizingitini, Siyu, Faza Secondary Schools and Mkokoni Primary School at Kshs.1,169,256.80 each	4,677,027	Not started

S/N	Name of the Project	Activity	Project Cost Kshs.	Status
24	Kizingitini Secondary School	Supply of 150 metal frames lockers with chairs at Kshs.7580/- and 8 teachers chair at Kshs.3800/- and 8 modern lockable teachers table at Kshs.45000	1,527,400	No started
Grand Total			89,352,588	

In view of the foregoing, the constituents did not get the expected services from a total of twelve (12) projects worth Kshs.32,323,641 which were either incomplete or not started as at 30 June 2018.

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

Basis for Conclusion

1. Constituency Oversight Committee

The Fund did not have a constituency oversight committee in place, contrary to Section 54(1) of the National Government Constituencies Development Fund Act, 2015 which requires that constituency oversight committees to be appointed for every National Government Constituency Development Fund.

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

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 statement 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 the 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 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 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 continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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


29 May 2019

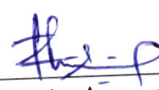
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	86,810,344	81,896,602
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		86,810,344	81,896,602
PAYMENTS			
Compensation of employees	4	1,633,573	2,112,602
Use of goods and services	5	7,667,575	5,534,302
Transfers to Other Government Units	6	26,095,390	53,355,000
Other grants and transfers	7	41,549,172	38,906,800
Acquisition of Assets	8	1,922,960	-
Other Payments	9	-	-
TOTAL PAYMENTS		78,868,670	99,908,704
SURPLUS/DEFICIT		7,941,674	(18,012,102)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Lamu East Constituency financial statements were approved on 16/9/ 2018 and signed by:


 Fund Account Manager
 Name: Stephen Charo

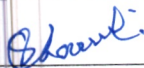

 Sub-County Accountant
 Name: Geoffrey Njenga Kimani
 ICPAK Member Number: 22173

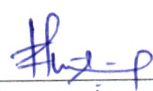
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	8,121,872	180,199
Cash Balances (cash at hand)	10B	-	-
Cash and Cash Equivalents		8,121,872	
Current receivables -Outstanding Imprests	11	-	
TOTAL FINANCIAL ASSETS		8,121,872	180,199
FINANCIAL LIABILITIES			
Accounts payables - Retention	12		
NET FINANCIAL ASSETS		8,121,872	180,199
REPRESENTED BY			
Fund balance b/fwd 1st July 2017	13	180,199	18,192,301
Surplus/Deficit for the year		7,941,674	(18,012,102)
Prior year adjustments	14	-	-
NET LIABILITIES		8,121,872	180,199

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Lamu East Constituency financial statements were approved on 16/9/ 2018 and signed by:


 Fund Account Manager
 Name: Stephen Charo

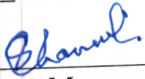

 Sub-County Accountant
 Name: Geoffrey Kimani
 ICPAK Member Number:22173

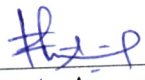
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

VI. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from NG-CDF Board	1	86,810,344	81,896,602
Other Receipts	3	-	-
		86,810,344	81,896,602
Payments for operating expenses			
Compensation of Employees	4	1,633,573	2,112,602
Use of goods and services	5	7,667,575	5,534,302
Transfers to Other Government Units	6	26,095,390	53,355,000
Other grants and transfers	7	41,549,172	38,906,800
Acquisition of Assets	8	1,922,960	-
Other Payments	9	-	-
		78,868,670	99,908,704
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		7,941,674	(18,012,102)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
		-	-
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		7,941,674	(18,012,102)
Cash and cash equivalent at BEGINNING of the year	13	180,199	18,192,302
Cash and cash equivalent at END of the year		8,121,872	180,199

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Lamu East Constituency financial statements were approved on 16/8/ 2018 and signed by:


Fund Account Manager
Name: Stephen Charo


Sub-County Accountant
Name: Geoffrey Kimani
ICPAK Member Number:22173

1000
900
800
700
600
500
400
300
200
100
0

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,344	11,559,509	98,369,854	86,990,544	11,379,310	88%
Proceeds from Sale of Assets			-	-	-	
Other Receipts		-	-	-	-	
TOTAL	86,810,345	11,559,509	98,369,854	86,990,544	11,379,310	88%
PAYMENTS						
Compensation of Employees	2,017,584	862,957	2,880,541	1,633,573	1,246,968	57%
Use of goods and services	9,172,386	341,379	9,513,765	7,667,575	1,846,190	81%
Transfers to Other Government Units	26,095,390	6,368,966	32,464,356	26,095,390	6,368,966	80%
Other grants and transfers	42,924,998	3,500,000	46,424,998	41,549,172	4,875,826	89%
Acquisition of Assets	1,922,960	486,207	2,409,167	1,922,960	486,207	80%
Other Payments	4,677,027	-	4,677,027	-	4,677,027	0%
TOTAL	86,810,344	11,559,509	98,369,854	78,868,670	19,501,183	80%

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

- (a) Our overall performance was affected by late disbursement of funds which came in the second half of the financial year and the supplementary budget which was made in May 2018 and included in the budget
- (b) Compensation of employees was affected by two employees who ceased to be employees of NG-CDFC Lamu East
- (c) Constituency ICT hubs is a National Government project whose implementation framework came after year end
- (d) Comparative analysis of the above Summary Statement of a appropriation balance of Kshs 19,501,184.00 against

i. Cashbook balance

Appropriation	19,501,183
Cashbook	8,121,872
Truncated bal	11,379,311
Supplementary	11,379,310

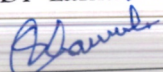
ii. Statements of Receipts and payments

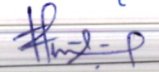
Appropriation	19,501,183
Receipts & Payments	7,941,675
Adjustments	11,559,508

iii. Opening balance

Appropriation	19,501,183
Supplementary	(11,379,310)
Receipts & Payments	(7,941,674)
Bal bfwd	180,199

The NGCDF-Lamu East Constituency financial statements were approved on 16/8/ 2018 and signed by:


Fund Account Manager
Name: Stephen Charo


Sub-County Accountant
Name: Geoffrey Kimani
ICPAK Member Number: 22173

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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



SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 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.

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

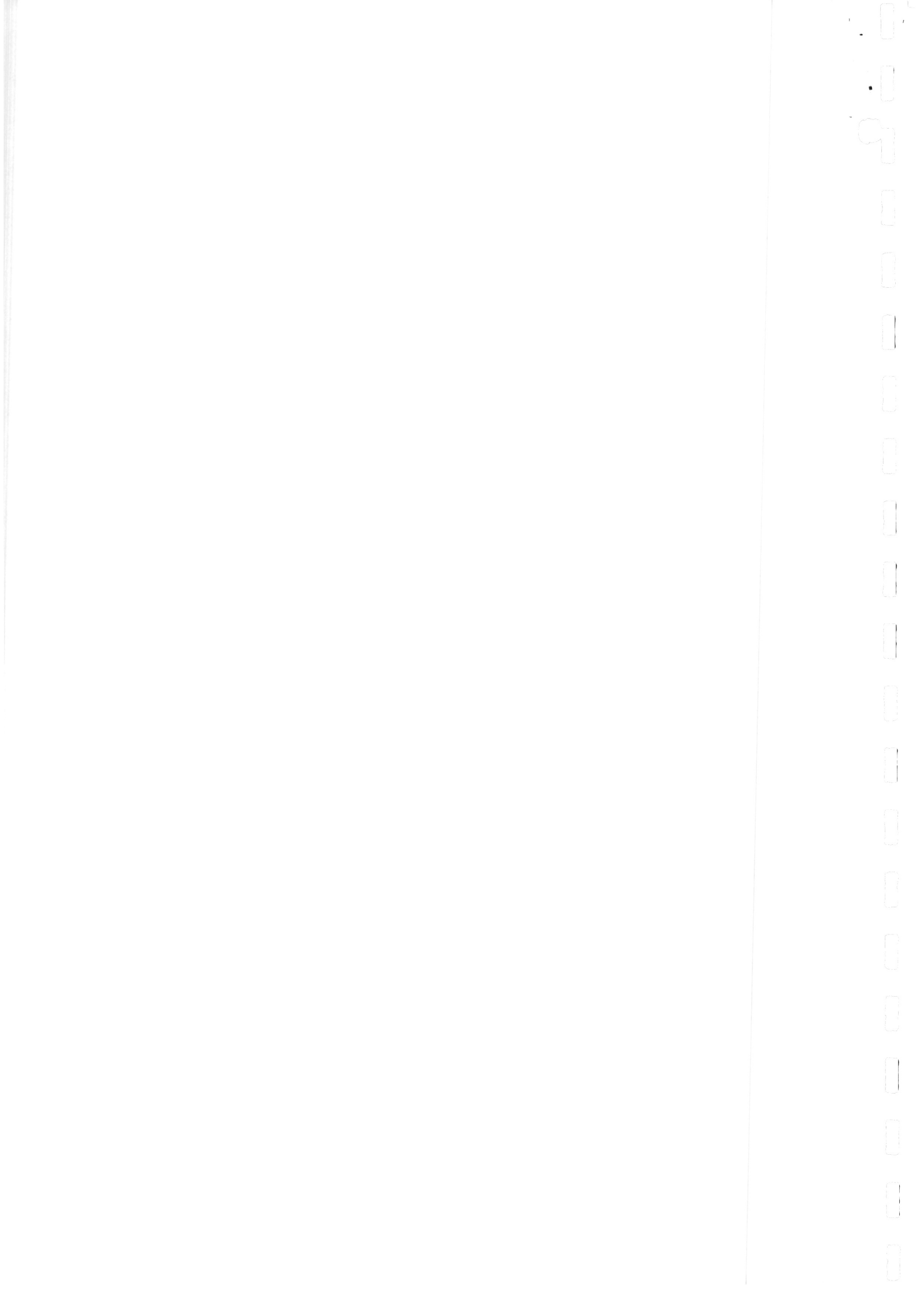
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations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



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) – LAMU
EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	AIE NO	2017-2018	2016-2017
		Kshs	Kshs
NG-CDF BOARD	A829640		4,094,828
	A839623		36,853,499
	A855539		27,128,666
	A839710		13,819,609
	A855898	5,500,000	
	A892777	37,905,172	
	A896806	21,000,000	
	A896912	22,405,172	
TOTAL		86,810,344	81,896,602

2. PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received		
Rents		
Receipts from Sale of tender documents		
Other Receipts Not Classified Elsewhere		
Total		

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,031,518	1,444,531
	541,000	60,000
Basic wages of casual labour	-	
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Gratuity		608,071
Other personnel payments		
Employer contribution to NSSF	61,055	25,287
Total	1,633,573	2,112,602

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018 Kshs	2016-2017 Kshs
Committee Expenses	1,080,000	2,671,400
Utilities, supplies and services	205,575	174,500
Communication, supplies and services	60,000	26,960
Domestic travel and subsistence	420,000	577,000
Printing, advertising and information supplies & services	300,000	297,500
Rentals of produced assets-Office Rent	420,000	210,000
Training expenses	632,000	
Hospitality supplies and services	9,400	300,000
Insurance costs		
Specialized materials and services-Strategic Plan	3,500,000	
Office and general supplies and services	468,600	508,200
Other operating expenses - Fuel, Oil & Lubricants	572,000	768,742
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
Total	7,667,575	5,534,302

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	14,300,000	28,195,000
Transfers to secondary schools (see attached list)	11,795,390	15,160,000
Transfers to tertiary institutions (see attached list)		10,000,000
Transfers to health institutions (see attached list)		
TOTAL	26,095,390	53,355,000

7. **OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	14,123,000	18,070,300
Bursary – tertiary institutions (see attached list)	7,621,000	5,095,500
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)	4,000,000	3,000,000
Security projects (see attached list)	8,000,000	6,000,000
Sports projects (see attached list)	1,605,172	1,241,000
Environment projects (see attached list)	1,700,000	3,000,000
Emergency projects (see attached list)	4,500,000	2,500,000
Total	41,549,172	38,906,800

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings	1,800,000	
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment		
Purchase of ICT Equipment, Software and Other ICT Assets	122,960	
Purchase of Specialised Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
Total	1922,960	

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
ICT Hub		
TIVET		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU
EAST CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Equity Bank, Lamu 1590261644233</i>	8,121,872	180,199
Total	8,121,872	180,199
10B: CASH IN HAND		
Location 1		
Location 2		
Location 3		
Other Locations (<i>specify</i>)		
Total		
<i>[Provide cash count certificates for each]</i>		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU
EAST CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
Total				

12 RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1		
Supplier 2		
Supplier 3		
Total		

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts		180,199
Cash in hand		
Imprest		
Total		180,199

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU
EAST CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts		
Cash in hand		
Imprest		
Total		

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

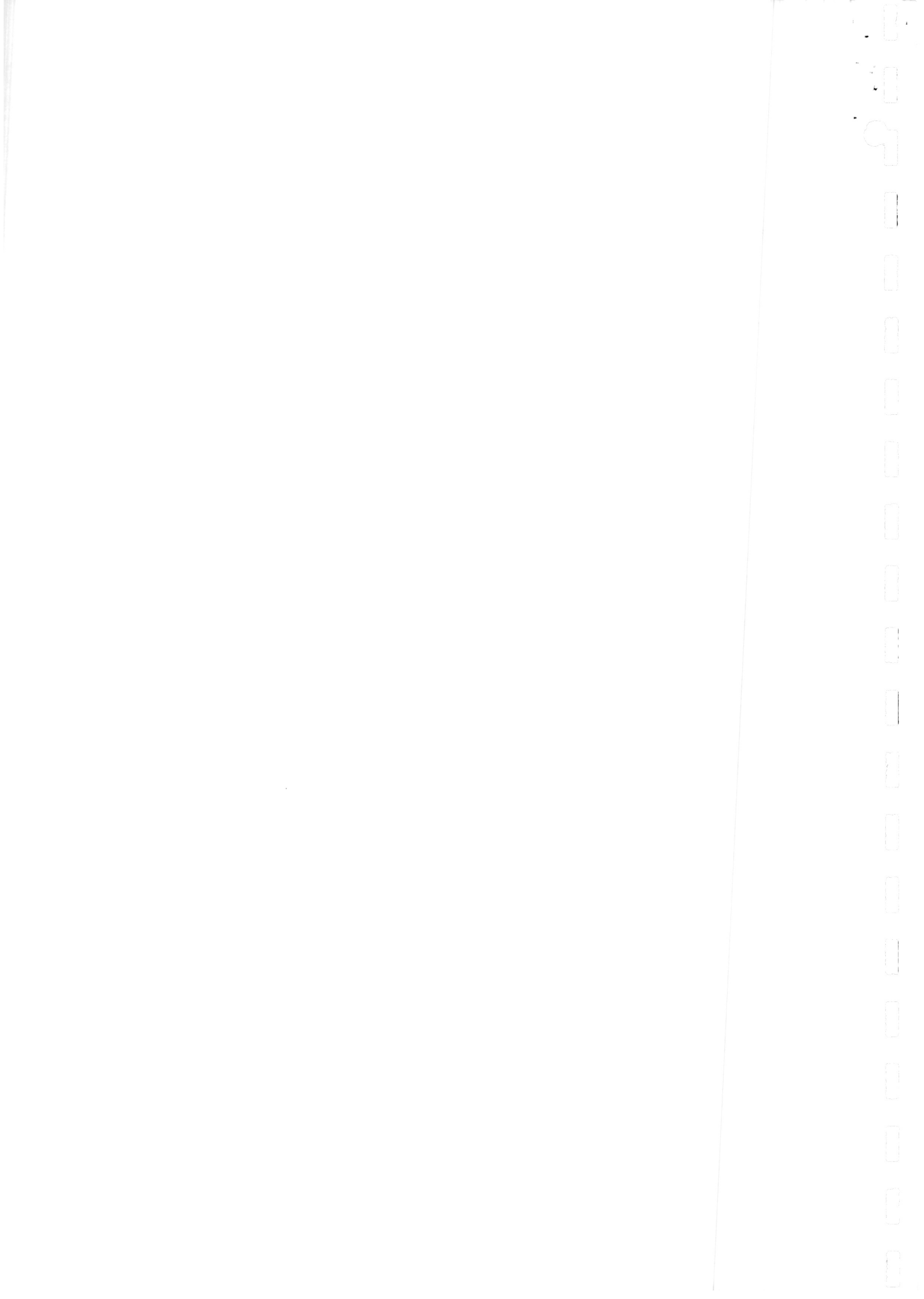
	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management		
Middle management		
Unionisable employees		
Others		

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,168,101	180,199
Use of goods and services	1,925,057	
Amounts due to other Government entities (see attached list)	6,368,966	
Amounts due to other grants and other transfers (see attached list)	4,875,826	
Acquisition of assets	486,207	
Others -ICT HUB	4,677,027	
	19,501,184	180,199



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU
EAST CONSTITUENCY**

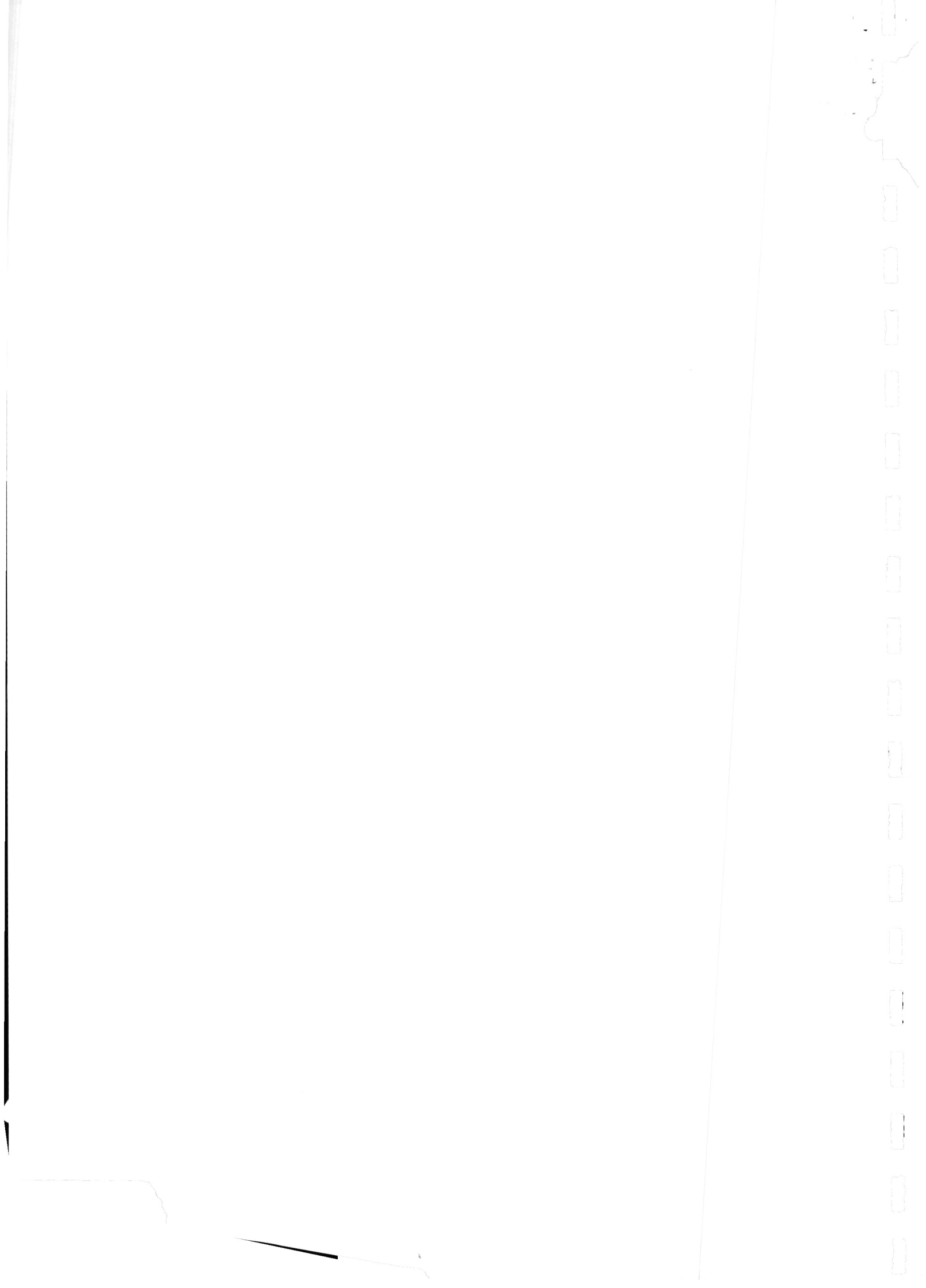
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	86,372.30	4,150,112
	86,372.30	4,150,112



NATIONAL GOVERNMENT ENTITY - LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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



NATIONAL GOVERNMENT ENTITY - LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
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						



NATIONAL GOVERNMENT ENTITY - LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
		1,168,101		
Compensation of employees		1,925,057		
Use of goods & services		6,368,966		
Amounts due to other Government entities				
	Sub-Total	9,462,124		
Amounts due to other grants and other transfers		4,875,826		
	Sub-Total	4,875,826		
	Sub-Total			
Acquisition of assets		486,207		
Others -ICT HUB		4,677,027		
	Sub-Total	5,163,234		
	Grand Total	19,501,184		



NATIONAL GOVERNMENT ENTITY - LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

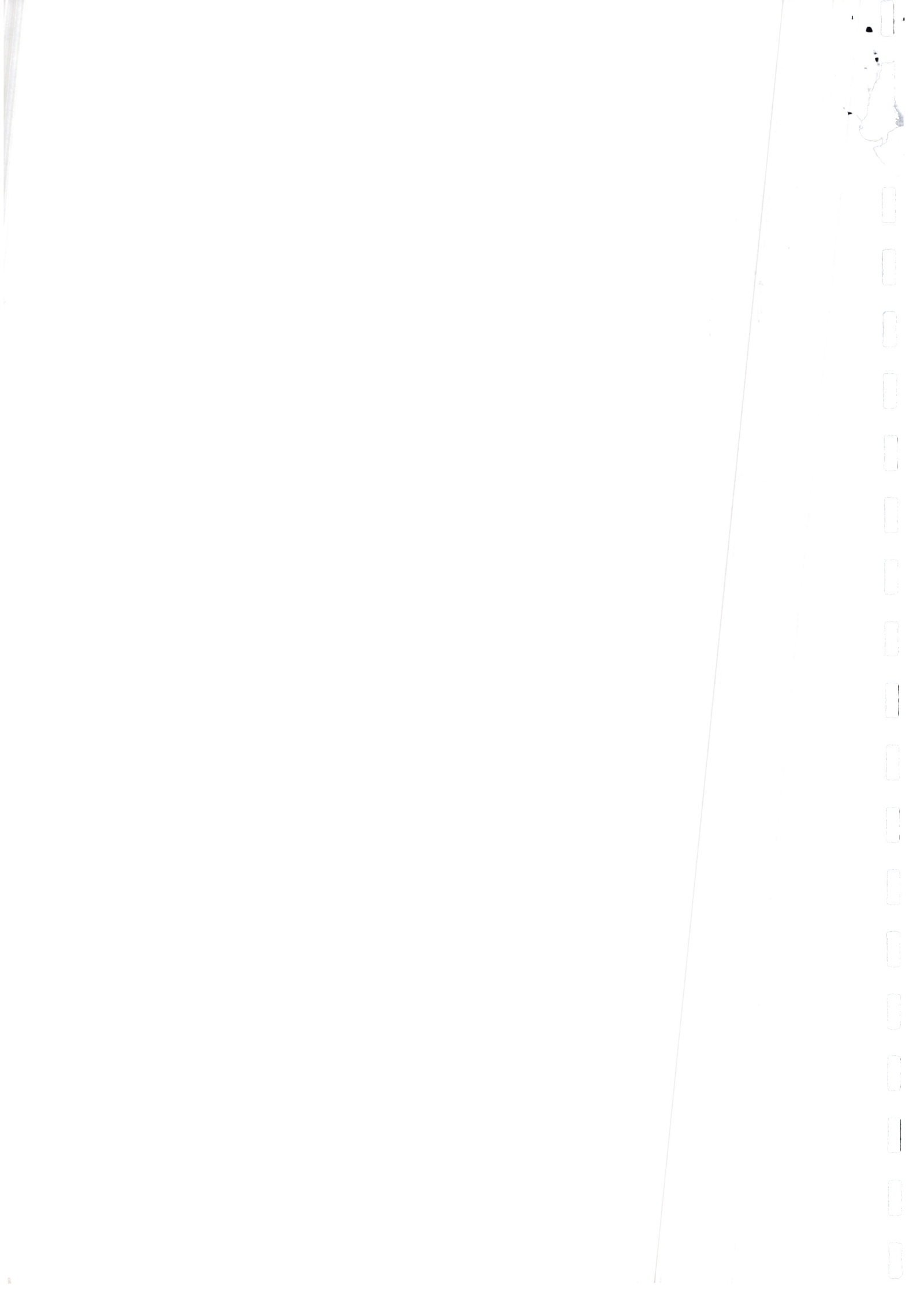
Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	5,000,000.00	1,800,000.00	-	6,800,000.00
Transport equipment	3,809,430.00	-	-	3,809,430.00
Office equipment, furniture and fittings	656,279.00	-	-	656,279.00
ICT Equipment, Software and Other ICT Assets	188,200.00	122,960.00	-	311,160.00
Other Machinery and Equipment	62,686.00	-	-	62,686.00
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	9,716,595	1,922,960		11,639,555



NATIONAL GOVERNMENT ENTITY - LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
SPORTS	EQUITY	1590272699813	491.00	
ENVIRONMENT	EQUITY	1590277308396	890.00	
MTANGAWANDA PRIMARY SCHOOL	EQUITY	1590277335980	890.00	727.00
SHANGA PRIMARY SCHOOL	EQUITY	1590261529441	202.50	
KIWAYUU PRIMARY SCHOOL	EQUITY	1590276052882	450.00	
KIANGWE PRIMARY SCHOOL	EQUITY	1590276053145	890.00	
LAMU EAST SEC SCHOOL FURNITURE	EQUITY	1590276053635	890.00	
TCHUNDWA AP POST	EQUITY	1590268026352	3,085.00	3,085.00
MBWAJUMWALI AP POST	EQUITY	1590272686538	1,230.00	1,560.00
STRATEGIC PLAN	EQUITY	1590277344704	890.00	
NG-CDFC OFFICE	EQUITY	1590277308313	49,560.00	
PATE SECONDARY SCHOOL	EQUITY	1590269212713	25,965.00	
SIYU PRIMARY SCHOOL	EQUITY	1590272702449	198.80	4,144,560.00
MKOKONI AP POST	EQUITY	1590272652542	740.00	180.00
			86,372.3	4,150,112.00



NATIONAL GOVERNMENT ENTITY - LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Presentation of the Financial Statements -Key issue unsigned and undated	The Financial statements were to be signed and dated by the chair who was in Mombasa BUT the statements were presented to the auditors because of timelines The statements have been signed and dated	Ali Kassim the CDFC Chairman	Resolved Draft Report	July 2018 Ref Responses to Draft Report
2.	Bank balances - Key issues Stale cheques of Kshs.284,578. 00 and bank charges of Kshs. 6,681.00 and casting error of Kshs. 20,000.00	CDFC have put the two issues as Agenda items for the Quarterly meetings. The casting error was for Kshs. 200 and not Kshs. 20,000.00 which has since been corrected	Stephen Charo -FAM	Resolved Draft Report	July, 2018
3.	Other Grants and Transfers -Key issue is Bursary minutes	Bursary committee is composed of villagers from the various islands and meet in Faza office. The minutes have since been retrieved	Stephen Charo -FAM	Resolved Draft Report	July, 2018
4.	Unremitted Taxes: Withholding taxes	Most of the local contractors are not on I-Tax. This is a matter that we are pursuing with KRA Malindi offices	Stephen Charo -FAM	Not Resolved	December, 2018

