
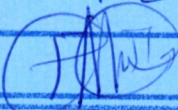


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

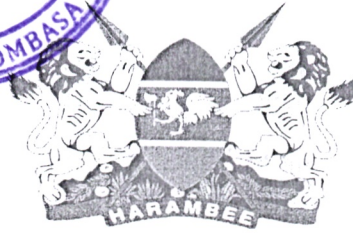
**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
MATUGA CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2018**









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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MATUGA  
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**MATUGA 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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) (c) 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)  
MATUGA 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 MATUGA day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Andrew Lumunge
3.	Sub-County Accountant	Justus M. Kamari
4.	Chairman NGCDFC	Mwanamkasi Zani.
5.	Member NGCDFC	Omar Mwangaga.

**(d) Fiduciary Oversight Arrangements**

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

NG-CDF Office Building.  
P.O. Box 65-80403  
Kwale,  
Kenya.



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

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

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(f) NGCDF MATUGA Constituency Contacts

Telephone: (254) 0729548867

E-mail: [cdmatuga@cdf.go.ke](mailto:cdmatuga@cdf.go.ke)

Website: [www@cdf.go.ke](http://www@cdf.go.ke)

(g) NGCDF MATUGA Constituency Bankers

1. Equity Bank (K) Limited, Kwale Branch:  
A/C No. 0440262171080

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Matuga Constituency.

However, there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approvals of proposals and reallocations.

The NGCDFCs wish that the issues of having the projects on going for long be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

The c



*Sign*

CHAIRMAN NGCDF COMMITTEE



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MATUGA 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-MATUGA 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-MATUGA 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 *NG-CDF'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 NG-CDF financial position as at that date. The Accounting Officer in charge of the NGCDF-MATUGA Constituency further confirms the completeness of the accounting records maintained for the *NG-CDF's*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-MATUGA Constituency confirms that the *NG-CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NG-CDF* 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 *NG-CDF'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-MATUGA Constituency financial statements were approved and signed by the Accounting Officer on 29/9/2018 2018.

  
Fund Account Manager  
Name: ANDREW LUMUNGE

  
Sub-County Accountant  
Name: JIM KAMAU  
ICPAK Member Number: 19820



# REPUBLIC OF KENYA

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Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Matuga Constituency set out on pages 6 to 29, 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 a summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Matuga 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**

##### **1.0 Use of Goods and Services**

##### **1.1 Committee allowances**

Note 5 to the financial statements for the year ended 30 June 2018 reflects use of goods and services amounting to Kshs.13,368,428. This amount includes Kshs.4,129,183 incurred on committee expenses. Records availed for audit indicated that the committee held 51 meetings against the maximum 24 meetings provided for by Section 43(11) of the National Government Constituency Development Fund Act 2015 which requires that a constituency committee shall meet at least six times in a year but the committee shall not hold more than twenty-four meetings in the same financial year. This resulted to an irregular expenditure of Kshs.745,000.

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



Further the Fund Accounts Manager, District Accountant, Deputy District accountant, Chief, Deputy county commissioner, Procurement Officer and Works Officer were paid allowances totaling to Kshs.507,000. The Management failed to explain how ex officio and officers not employed by the board were paid allowances.

Consequently, it has not been possible to confirm the regularity and validity of Kshs.4,129,183 incurred on committee allowances for the year ended 30 June 2018.

## **2.0 Cash and Cash Equivalent**

The statement of assets as at 30 June 2018 reflect a bank balance of Kshs.3,231,768. The bank reconciliation statement presented for audit revealed that there were payments in the cashbook not in bank statement amounting to Kshs.3,406,346 out of which cheques amounting to Kshs.93,170 were stale and not reversed in the cash book as at the time of audit.

Further, the bank reconciliation reflected an amount of Kshs.22,029.55 being payments made in the bank statement not recorded in the cash book. No explanation was given as to why the amounts were not accounted for in these financial statements.

Consequently, the accuracy and completeness of bank balance of Kshs.3,231,768 as at 30 June 2018 could not be confirmed.

## **3.0 Outstanding Imprest**

The statement of assets as at 30 June 2018 reflect outstanding imprest of Kshs.150,000. Records availed for audit indicate that the imprest was advanced to a government employee in March 2018 who has since been transferred. Although the Fund Manager has written to the principal secretary Ministry of Interior and Coordination of National Government, the amount had not been surrendered as at March 2019. It was not clear how an officer who is not an employee of the board was directly advanced Imprest.

Consequently, the recoverability of outstanding imprest of Kshs.150,000 as at 30 June 2018 is doubtful.

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



## Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

## Other Matter

### 1.0 Budgetary Control and Performance

#### 1.1 Revenue Budget Analysis

During the year under review, National Government Constituencies Development Fund – Matuga Constituency had a revenue budget of Kshs.99,144,654 against actual receipts of Kshs.43,905,172 or 44%, resulting to an under disbursement of budget of Kshs.55,239,482 or 56% from the Constituency Development Fund Board. The management explained the delay was caused by the CDF Board's failure to release funds in time.

Failure by the Board to disburse funds as per the budget, may adversely affect delivery of goods and services to the residents of Matuga Constituency contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

#### 1.2 Expenditure Budget Analysis

During the year under review, National Government Constituencies Development Fund – Matuga Constituency had a final expenditure budget of Kshs.99,144,655 and actual expenditure of Kshs.41,578,403, resulting to net under expenditure of Kshs.57,566,252 being 58% as summarized below:

Expenditure	Budgeted Kshs	Actual Expenditure Kshs	Utilization Kshs	% Under Utilization
Compensation of Employees	2,517,200	2,468,759	48,441	2%
Use of goods and services	14,016,657	13,368,428	648,229	4%
Transfers to Other Government Units	45,092,630	6,128,630	38,964,000	86%
Other grants and transfers	32,314,869	19,492,586	12,822,283	40%
Acquisition of Assets	526,272	120,000	406,272	14%
Other Payments	4,677,027	-	4,677,027	100%
<b>Totals</b>	<b>99,144,655</b>	<b>41,478,403</b>	<b>57,666,252</b>	<b>58%</b>



From the above analysis, Kshs.57,666,252 was unspent funds as at 30 June 2018. The under expenditure of Kshs.57,666,252,396 or 58% may have curtailed delivery of goods and services to the residents of Matuga Constituency. This may affect delivery of goods and services to the residents of Matuga Constituency contrary to values and principles of public service as provided for under Article 232 (1– c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services. There is need therefore for the management to relook at its budget making process with a view to focusing on the priority projects which will be implemented during the year for effective and efficient service delivery to the residents of Matuga Constituency.

### **1.3 Project implementation Status**

The project status report availed for audit review indicated that a total of Kshs.50,989,657 was approved for 32 projects by the national Government constituency Development Fund board for project implementation.

A review of the project status report indicated that:

- i) 7 projects with an allocation of Kshs.15,648,630 were initiated and completed during the year under review.
- ii) 25 project allocated Kshs.35,341,027 had not been started due to non release of funds from the board.

Slow implementation of projects due to late disbursements or no disbursements greatly affects the delivery of services to the residents of Matuga Constituency.

### **1.4 Projects Inspection**

#### **1.4.1 Matuga Girls' Secondary School**

As reported previously the statement of receipts and payments for the year ended 30 June 2017 reflects an amount of Kshs.73,021,858 in respect of transfers to other government units out of which Kshs.29,664,412 was transfers to secondary schools. Out of this amount Kshs10,400,809.55 was indicated to have been transferred to Matuga Girls project management committee account for the completion of a modern administration block. The project bank statements availed for audit review, however, revealed that only Kshs.6,626,633.60 was received, as per the approved budget, to the project account leaving the balance of Kshs.3,774,175.95 paid vide voucher number 290258 and cheque no.2028 dated 6 April 2017 not accounted for.

Further, in the year 2015/2016, Kshs.18,626,633 had been disbursed towards the project bringing the total funding to date to Kshs.29,027,442.50 whereas the revised contract sum was indicated to be Kshs.18,626,634 again resulting to disbursement of excess of Kshs.10,400,808.50 above the contract sum.

A project site inspection on 27 February 2019 of Matuga Girls Secondary school revealed that the contractor was not on site and no works were ongoing despite the project being incomplete. The completion stage was observed not to have changed since the last audit site visit on the month of April 2017 of which it was observed that plastering and electrical works were on going indicating the works had since stalled.

Bank statement availed for audit indicated that the project had a bank balance of Kshs.2,360,356. However, the project was excluded from annex 4 PMC Bank balances. Consequently, the value for money for this project and propriety of Kshs.10,400,809.55 transferred to Matuga Girls Secondary School for the year 30 June 2017 could not be confirmed.

#### 1.4.2 Other Projects Verification

During the audit seven (7) projects with a total disbursement of Kshs.10,078,63 were inspected in the month of march 2019 and the following issues were noted;

	<b>Project Name</b>	<b>Details of Project</b>	<b>Cost of Project Kshs.</b>	<b>Audit Verification</b>
1	Rose Mwakwere Girls' secondary school	Construction of 3 No. classrooms to completion	4,050,000	Project was found to have been completed and in use.
2	Mkongani secondary school	Renovation of 2 No. classrooms; Re-roofing, floor screeding, plastering & painting	728,630	Classes were done and completed and in use. No proper PMC file maintained.
3	Kubo Police station	Renovation of a Police station; Re-roofing, floor screeding, fixing of ceilings & paintings	2,500,000	Project was completed and handed over and in use.
4	Mwaluphamba secondary school	Completion of Administration block; Roofing, plastering,	2,000,000	Project on going but still need more funds. The bill of quantities does not have soak pit yet the block has flash toilets. It was



	<b>Project Name</b>	<b>Details of Project</b>	<b>Cost of Project Kshs.</b>	<b>Audit Verification</b>
		painting, fixing doors & windows		observed that the roof timber was not treated and ceilings were being fitted. The contractor should treat timber before installing the ceilings
5	Vuga Primary School	Construction pit latrines	500,000	Done and completed. In use
6	Madibwani Primary School	Construction of two door pit latrine.	200,000	Toilets done but were not plastered, no doors and the workmanship was poor.
7	Golini Secondary School	Construction of pit latrines after ones in use sank.	100,000	Project not branded
		<b>Total</b>	<b>10,078,630</b>	

There is still need for proper planning and follow up to ensure that all projects are properly executed as per Bills of quantities and within the timelines to avoid unnecessary delays.

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

### 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 Qualified Opinion/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 resources have not been applied lawfully and in an effective way.

### Basis for Conclusion

#### Project Management Committee Accounts

Annex 5 to the financial statements for the year ended 30 June 2018 reflects 6 Project Management Committee (PMC) bank accounts holding total bank balance of Kshs.3,130,018 as at 30 June 2018. The comparative column for the year 2016/2017 reflects six projects with a total of Kshs.280,373 while certified accounts the year 2016/2017 indicated 44 projects with a balance of Kshs.8,441,261 resulting to a unreconciled or explained variance of Kshs.8,160,888. Further, the management failed

to provide evidence that the project had been closed and handed over in line with Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which requires that unutilized funds of the Project Management Committee shall be returned to the constituency account.

Consequently, the accuracy and completeness of the six (6) project management committee bank balance of Kshs.3,130,018 as at 30 June 2018 and the compliance with the law could not be confirmed.

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

### **Conclusion**

As required by Section 7(1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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 National Government Constituency development Fund – Matuga constituency ability to sustain services, disclosing, as applicable, matters related to sustainability of services



and using the applicable basis of accounting unless the management either intends to liquidate the National Government Constituency development Fund – Matuga constituency or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the National Government Constituency development Fund – Matuga constituency 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

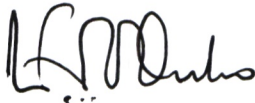
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

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

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



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

**Nairobi**

**16 April 2019**

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MATUGA CONSTITUENCY


Reports and Financial Statements


For the year ended June 30, 2018

III) STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	43,905,172	81,896,552
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	=	=
<b>TOTAL RECEIPTS</b>		<b>43,905,172</b>	<b>81,896,552</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,468,759	2,581,164
Use of goods and services	5	13,368,428	8,282,710
Transfers to Other Government Units	6	6,128,630	73,021,858
Other grants and transfers	7	19,492,586	62,663,544
Acquisition of Assets	8	120,000	490,520
Other Payments	9	0	=
<b>TOTAL PAYMENTS</b>		<b>41,578,403</b>	<b>147,039,796</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>2,326,769</u></b>	<b><u>(65,143,244)</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATUGA Constituency financial statements were approved on 20/9/18 2018 and signed by:

  
 Fund Account Manager  
 Name: ANDREW LUMVULE

  
 Sub-County Accountant  
 Name: JIM KAMAU  
 ICPAK Member Number: 19820



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

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IV. STATEMENT OF ASSETS AND LIABILITIES.

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	3,231,768	954,999
Cash Balances (cash at hand)	10B	0	0
Total Cash and Cash Equivalents		3,231,768	954,999
Current receivables-Outstanding Imprests	11	150,000	0
<b>TOTAL FINANCIAL ASSETS</b>		<u>3,381,768</u>	<u>954,999</u>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable- Retention	12	0	0
<b>NET FINANCIAL ASSETS</b>		3,381,768	954,999
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	954,999	66,098,243
Surplus/Deficit for the year		2,326,769	(65,143,244)
Prior year adjustments	14	0	0
<b>NET FINANCIAL POSITION</b>		<u>3,281,768</u>	<u>954,999</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATUGA Constituency financial statements were approved on 29/9/2018 and signed by:

HA  
 Fund Account Manager  
 Name: ANDREW LUMUNGE

JPK  
 Sub-County Accountant  
 Name: J.M. KAMAU  
 ICPAK Member Number: 19820

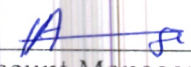
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MATUGA CONSTITUENCY


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

V. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from NGCDF Board	1	43,905,172	81,896,552
Other Receipts	3	0	0
		43,905,172	81,896,552
Payments for operating expenses			
Compensation of Employees	4	2,468,759	2,581,164
Use of goods and services	5	13,368,428	8,282,710
Transfers to Other Government Units	6	6,128,630	73,021,856
Other grants and transfers	7	19,492,586	62,663,544
Other Payments	9	0	0
		(41,458,403)	(146,549,276)
Adjusted for:			
Adjustments during the year	14	0	0
Net cash flow from operating activities		2,446,769	64,652,724
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	120,000	490,520
Net cash flows from Investing Activities		120,000	490,520
NET INCREASE IN CASH AND CASH EQUIVALENT		2,326,769	(65,143,271)
Cash and cash equivalent at BEGINNING of the year	13	954,999	66,098,243
Cash and cash equivalent at END of the year		<u>3,281,768</u>	<u>954,999</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATUGA Constituency financial statements were approved on 20/9/18 2018 and signed by:

  
Fund Account Manager  
Name: ANDREW LUMUNGE

  
Sub-County Accountant  
Name: JIM KAMALU  
ICPAK Member Number: 19820



VI. 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 %
<b>RECEIPTS</b>						
	86,810,345	12,334,309	99,144,654	43,905,172	55,239,482	44%
Transfers from NGCDF Board						
Proceeds from Sale of Assets						
Other Receipts						
	86,810,345	12,334,309	99,144,654	43,905,172	55,239,482	44%
<b>PAYMENTS</b>						
Compensation of Employees	2,467,200	50,000	2,517,200	2,468,759	48,441	98%
Use of goods and services	12,339,458	1,677,199	14,016,657	13,368,428	648,229	95%
Transfers to Other Government Units	35,092,630	10,000,000	45,092,630	6,128,630	38,964,000	14%
Other grants and transfers	31,707,758	607,111	32,314,869	19,492,586	12,822,283	60%
Acquisition of Assets	526,272	0	526,272	120,000	406,272	22%
Other Payments	4,677,027	0	4,677,027	-	4,677,027	0%
<b>TOTALS</b>	<b>86,810,345</b>	<b>12,334,310</b>	<b>99,144,655</b>	<b>41,578,403</b>	<b>57,566,252</b>	<b>42%</b>

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

IN B GIVE EXPLANATION ON ALL ITEMS BELOW 90% UTILIZATION.

**ON RECEIPT SIDE**

The total amount received and utilized from the board is 44%. This is because of late disbursement of funds from the board amounting to ksh 44,784,483 which was received after 30<sup>th</sup> June, 2018.

**ADJUSTMENTS- ksh. 12,334,345**

Reports and Financial Statements

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This comprises of: 1) ksh. 11,379,310 which is supplementary budget of the year and was received after 30<sup>th</sup> June, 2018.  
2) ksh. 945,999 which is the balance at the beginning of the financial year.


ON PAYMENT SIDE

The total percentage of the utilization is at 42%, this was as a result of the following.

1. Transfers to Other Government Units: 14%. This low rate of utilization was as a result of the board disbursing funds after 30<sup>th</sup> June, 2018.
2. Other grants and transfers-60%. This low rate of utilization was as a result of the board disbursing funds after 30<sup>th</sup> June, 2018.
3. Acquisition of Assets-86%. The funds from the board came late therefore Matuga NG-CFDC could not purchase office furniture.
4. Other Payments-0%. There was no clear direction on how to spend on ICT project which was allocated ksh. 4,677,027

The NGCDF-MATUGA Constituency financial statements were approved on 20/9/ 2018 and signed by:

  
\_\_\_\_\_  
Fund Account Manager  
Name: ANDREW LUMUNGE

  
\_\_\_\_\_  
Sub-County Accountant  
Name: JIM KAMALU  
ICPAK Member Number: 19820



## VII. 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-MATUGA 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 30<sup>th</sup> June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

##### Other receipts

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

#### b) Recognition of payments

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

##### Compensation of Employees

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

##### Use of Goods and Services

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

##### Acquisition of Fixed Assets

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MATUGA CONSTITUENCY**

**Reports and Financial Statements**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**9. Pending Bills**

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

**10. Unutilized Funds**

Unutilized funds consist of bank balances in the constituency account and 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 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2018.

**14. Errors**

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

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

**15. Related Party Transactions**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A855930	5,500,000	4,094,828
AIE NO	A892673	500,000	36,853,449
AIE NO	A892629	37,905,172	40,948,275
<b>TOTAL</b>		<b>43,905,172</b>	<b>81,896,552</b>

2. PROCEEDS FROM SALE OF ASSETS

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	0	0
Other Receipts Not Classified Elsewhere	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	2,026,403	1,322,774
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	442,356	1,258,390
Other personnel payments	0	0
<b>Total</b>	<b>2,468,759</b>	<b>2,581,164</b>



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

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	4,129,183	3,573,000
Utilities, supplies and services	108,964	330,001
Communication, supplies and services	173,600	0
Domestic travel and subsistence	88,800	1,071,800
Printing, advertising and information supplies & services	80,000	128,255
Rentals of produced assets	0	0
Training expenses	250,000	603,000
Hospitality supplies and services	0	xxx
Insurance costs	0	0
Specialized materials and services	0	548,000
Office and general supplies and services	1,865,256	1,560,728
Other operating expenses	2,790,620	15,466
Routine maintenance – vehicles and other transport equipment	888,277	452,460
Routine maintenance – office building	2,993,728	0
<b>Total</b>	<b>13,368,428</b>	<b>8,282,710</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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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	0	0
Transfers to primary schools (see attached list)	1,350,000	43,357,446
Transfers to secondary schools (see attached list)	4,778,630	29,664,412
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	0	0
<b>TOTAL</b>	<b>6,128,630</b>	<b>73,021,858</b>

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,590,000	27,209,759
Bursary – tertiary institutions (see attached list)	3,602,586	21,772,412
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	2,500,000	3,500,000
Sports projects (see attached list)	0	1,875,000
Environment projects (see attached list)	0	4,211,545
Emergency projects (see attached list)	800,000	4,094,828
<b>Total</b>	<b>19,492,586</b>	<b>62,663,544</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	152,000
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	338,520
Purchase of ICT Equipment, Software and Other ICT Assets	120,000	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
<b>Total</b>	<b>120,000</b>	<b>490,520</b>

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
TIVET	0	0
	0	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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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, A/C No. 0440262171080 &amp; kshs.</i>	3,231,768	954,999
<b>Total</b>	<b>3,231,768</b>	<b>954,999</b>
<b>10B: CASH IN HAND</b>		
Location 1		
Location 2		
Location 3		
Other Locations ( <i>specify</i> )		
<b>Total</b>		
<i>[Provide cash count certificates for each]</i>		



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Benson M. Malsori (DCO)	27/03/18	150,000	0	150,000
<i>Total</i>				<u>150,000</u>

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

12 RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1	XX	XX
Supplier 2	XX	XX
Supplier 3	XX	XX
<i>Total</i>	<u>XX</u>	<u>XX</u>

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	954,999	66,098,243
Cash in hand	0.	0
Imprest	150,000	0
<i>Total</i>	<u>1,104,999</u>	<u>66,098,243</u>

[Provide short appropriate explanations as necessary]

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	48,411	0
Use of goods and services	648,229	0
Amounts due to other Government entities (see attached list)	38,964,000	0
Amounts due to other grants and other transfers (see attached list)	12,822,283	0
Acquisition of assets	506,272	0
Others ( <i>ICT Project</i> )	4,677,027	0
	<b>57,666,252</b>	<b>0</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

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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)	3,130,018	280,373
	3,130,018	280,373

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MATUGA CONSTITUENCY.

Reports and Financial Statements

For the year ended June 30, 2018

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 CONSTITUENCY DEVELOPMENT FUND – MATUGA CONSTITUENCY**

**Reports and Financial Statements**

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

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND MATUGA CONSTITUENCY.

Reports and Financial Statements

For the year ended June 30, 2018

ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		48,411	-	
Use of goods & services		648,229	-	
Amounts due to other Government entities				
	Transfer to primary schools	17,414,000	-	
	Transfer to secondary schools	11,550,000	-	
	Transfer to tertiary institution (TTI)	10,000,000	-	
	Sub-Total	38,964,000	-	
Amounts due to other grants and other transfers				
	Sports projects	1,774,352	-	
	Emergency projects	4,337,931	-	
	Environment projects	1,200,000	-	
	Bursary secondary schools	5,510,000	-	
	Sub-Total	12,822,283	-	
Acquisition of assets				
	Purchase of office Furniture	506,272	-	
	Sub-Total	506,272	-	
Others (specify)				
	ICT Project	4,677,027	-	
	Sub-Total	4,677,027	-	
	Grand Total	57,666,252	-	



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND MATUGA CONSTITUENCY.

Reports and Financial Statements

For the year ended June 30, 2018

ANNEX A- 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	0			
Buildings and structures	7,385,910	2,893,728	0	10,279,638
Transport equipment	3,114,125	0	0	3,114,125
Office equipment, furniture and fittings	2,941,380	0	0	2,941,380
ICT Equipment, Software and Other ICT Assets	241,760	120,000	0	361,760
Other Machinery and Equipment	0	0	0	
Heritage and cultural assets	0	0	0	
Intangible assets	0	0	0	
Total	13,683,175	3,013,728	0	16,696,903

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND MATUGA  
CONSTITUENCY.

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

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Mikongani Mixed Secondary school	Equity	1580276524938	2,261	0
Noloni Primary school.	Equity	1580271301348	61,966	91,182
Rose Makwere girls H. School.	K.C.B	1136297227	3,050,000	0
Madibwani Primary school.	Equity	0440270775105	340	0
Vuga Primary school.	Equity	1580272116599	14,132	13,762
Golini secondary school	Equity	1580266614680	1,319	175,429
Total			3,130,018	280,373



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND MATUGA CONSTITUENCY.**

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

**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)
ADL/4 8/15/16 / (6) of 11th July 2017	-Inaccuracies in the F.S for the Financial Year ended June, 2016	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda- F.A.M	Resolved	
	-Matuga Girls' high school administration block behind schedule	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda- F.A.M	Resolved	
	-Expenditure of Emergency funds of 2014/15 F.Y amounting to Kshs. 5,400,259.00	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda- F.A.M	Resolved	
	-Bank charges amounting to Kshs. 2,594.00 of 2015/16 F.Y	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda- F.A.M	Resolved	

