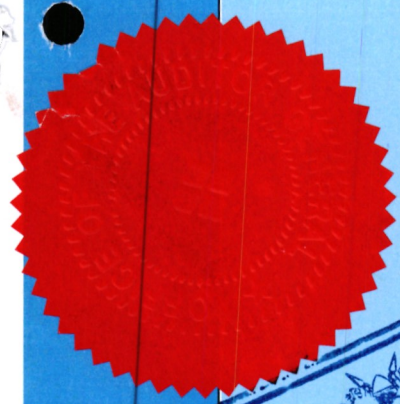


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 AUG 2019 DAY: *Thursday*

TABLED BY: *Majority Whip*

CLERK-AT THE-TABLE: *Getrude Chebet*

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KWANZA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KWANZA
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 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)
KWANZA CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2018**

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

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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-CDFs are 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:

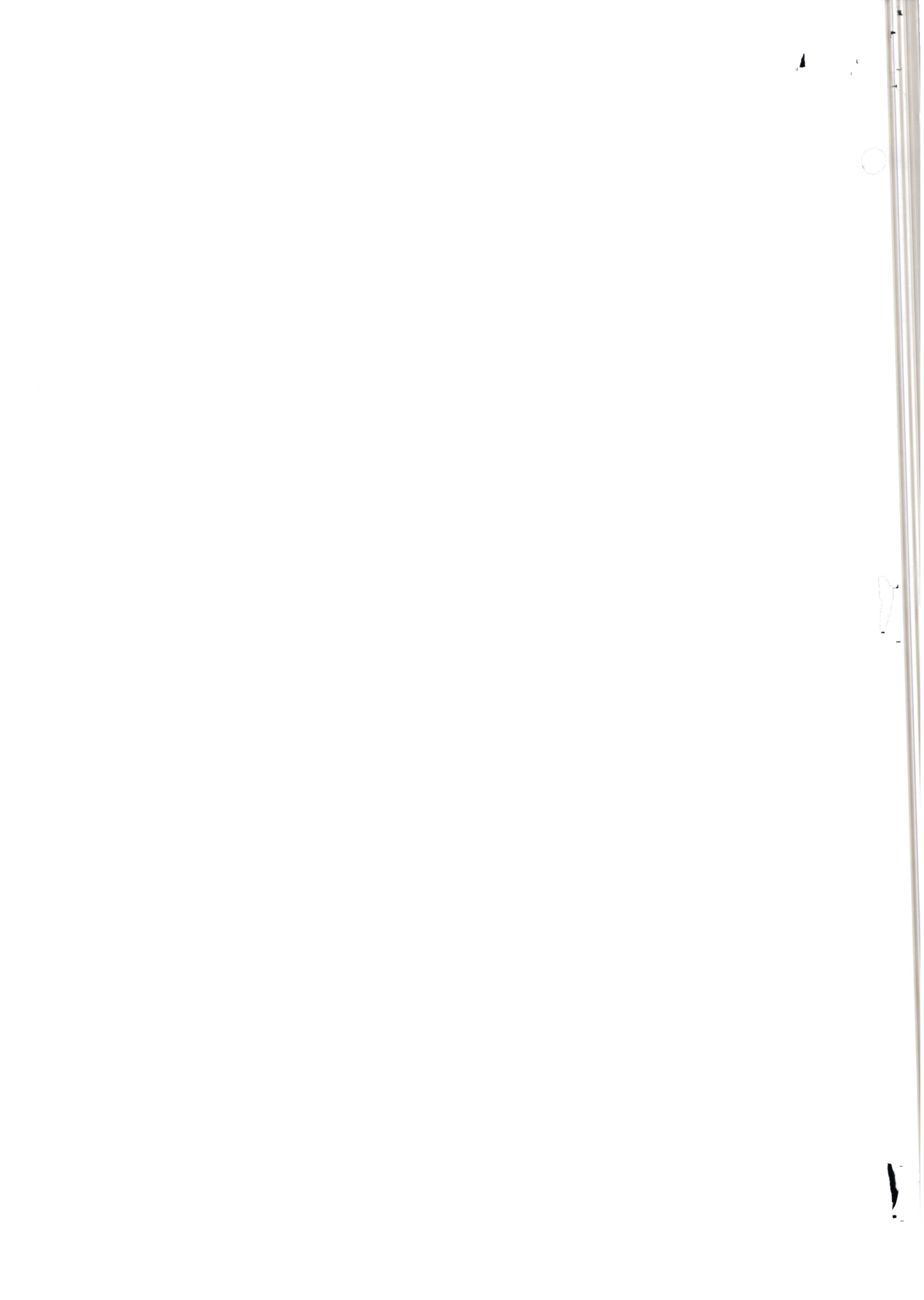
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide 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)
KWANZA CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 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 NG-CDF KWANZA day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

(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:

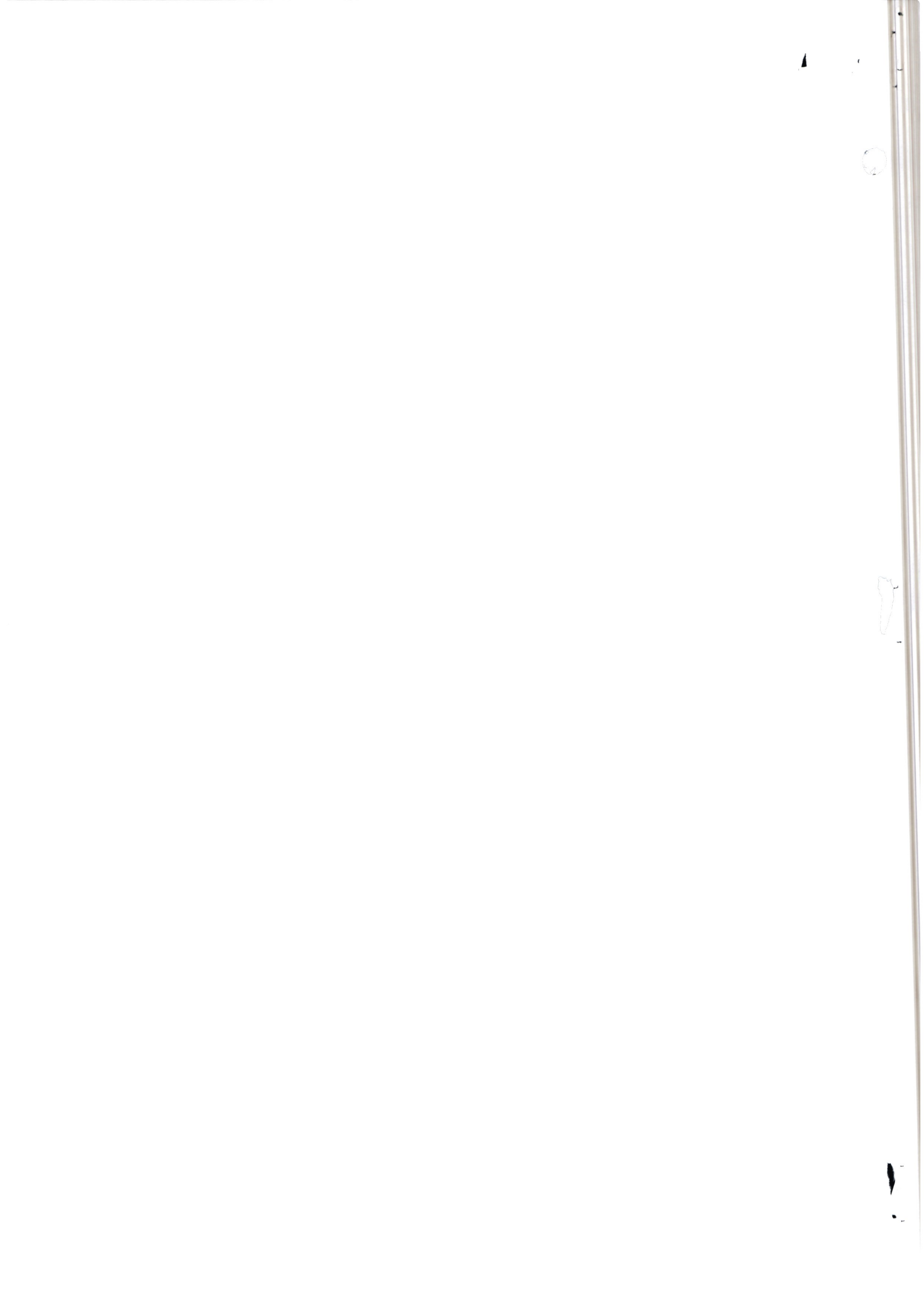
No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Mathew .K. Tanui
3.	Sub-County Accountant	David .O. Omweno
4.	Chairman NG-CDFC	Nancy .K. Imali
5.	Member NG-CDFC	Josephat Masaba

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of NG-CDF -KWANZA Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF 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 KWANZA Constituency Headquarters

P.O. Box 2015
KWANZA NG-CDF Building/House/Plaza
Kwanza Centre
Kitale, Kenya



(f) NG-CDF KWANZA Constituency Contacts

Telephone: (254) 725 732 332
E-mail: kwanza@cdf.go.ke
Website: www.kwanza.cdf.go.ke

(g) NG-CDF KWANZA Constituency Bankers

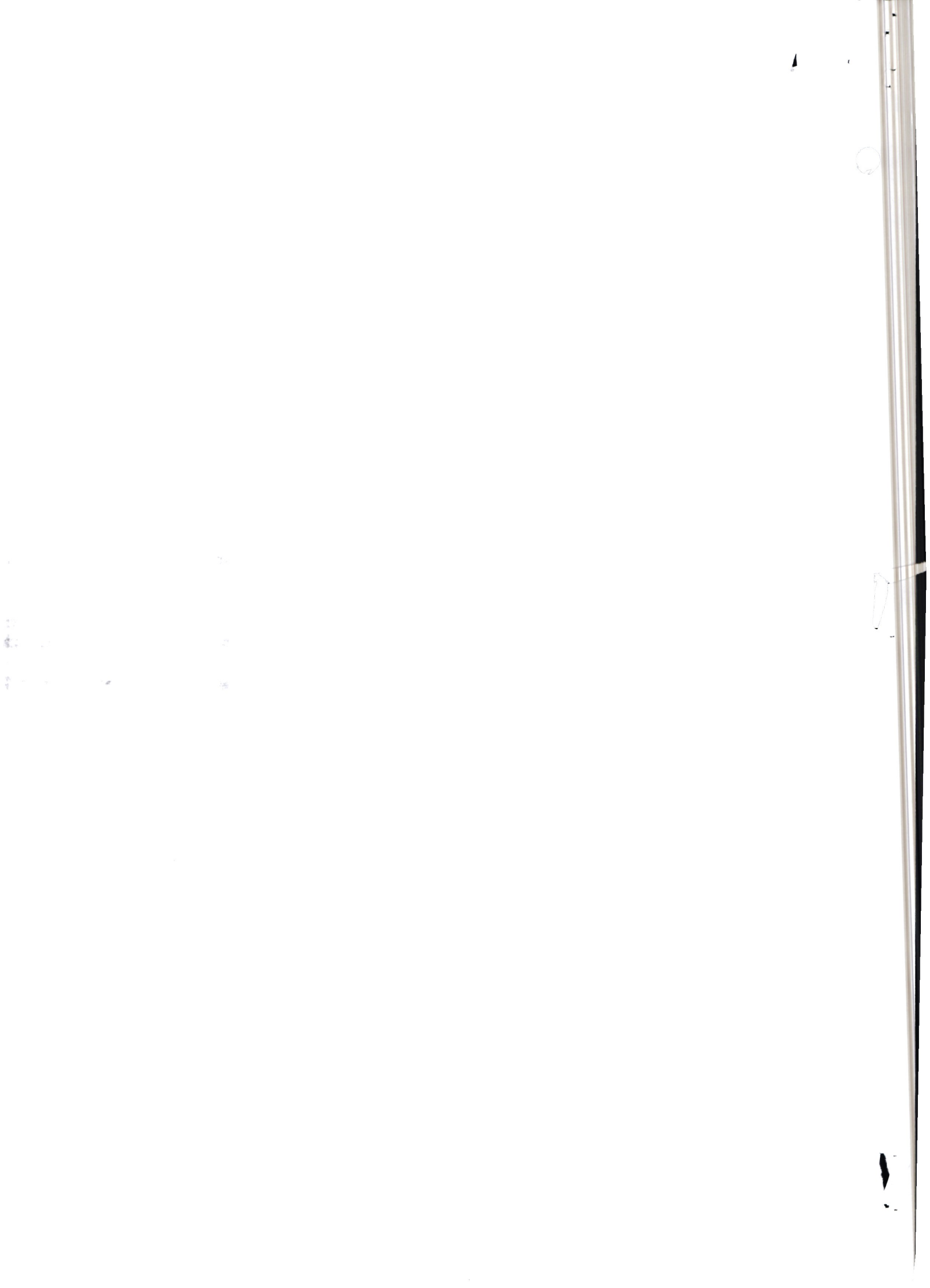
1. Cooperative Bank of Kenya
P.O BOX 1050 - 30200
KITALE, Kenya

(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)
KWANZA CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2018**

II.FORDWARD BY THE CHAIRMAN –CDF - COMMITTEE

The Kwanza National Government Constituency Development Fund in the financial year 2017/2018 was allocated Kshs. 98,189,655 (Ninety eight million one hundred and eighty nine thousand six hundred and fifty five shillings only)

During the financial year 44% of the allocation was disbursed to the constituency. Therefore the constituency received a total amount of Kshs.43, 405,172 (Forty Three Million Four Hundred and Five Thousand One Hundred and Seventy Two Shillings Only)

The NG-CDFC was able to timely transfer the disbursed funds to project management committees. The NG-CDFC has also been able to carry out monitoring and evaluation to over 70% of the funded projects.

Kwanza NG-CDF key Achievements

The following are key achievements for Kwanza Constituency

1. Access of education by poor and needy students through bursary
2. Improvement of learning Facilities
3. Increased enrolment in Schools and improved performance through creation of conducive learning environment
4. Community Empowerment through community employment in full and labour based contracts.

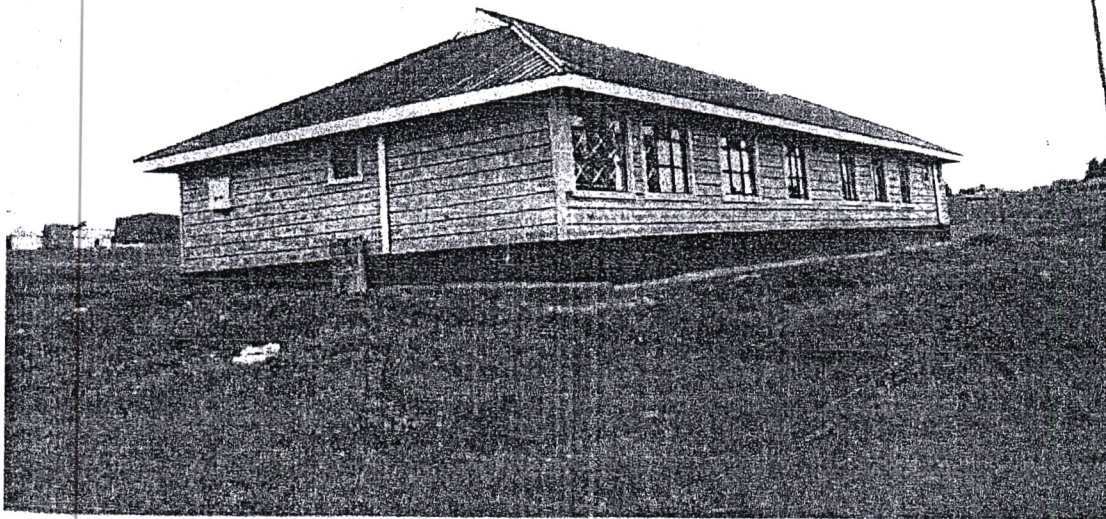
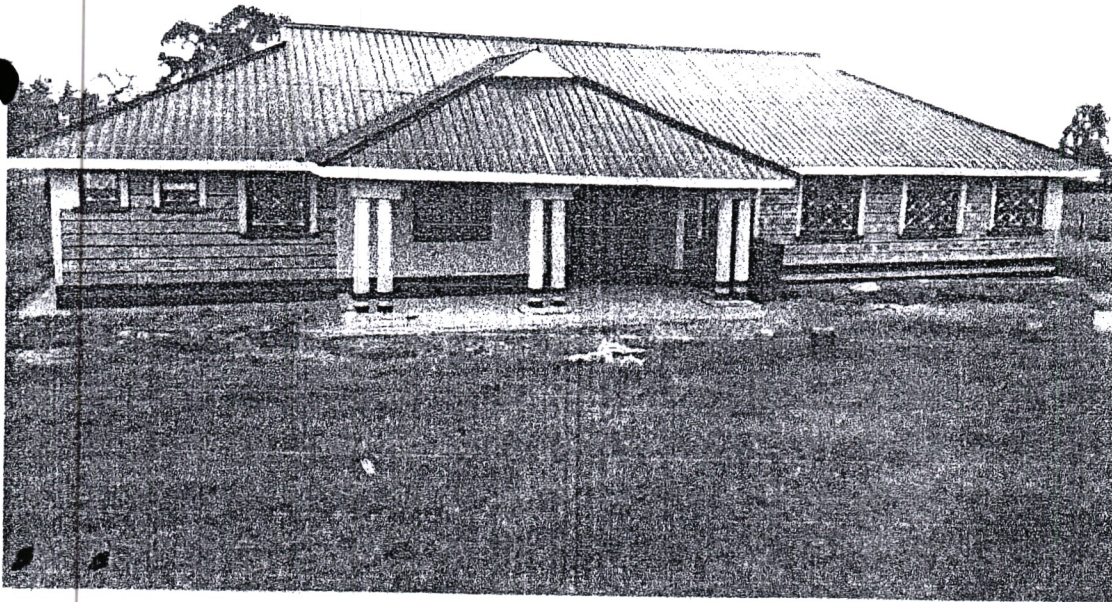
Implementation challenges and way forward

1. Insufficient funds to cater for the community demands.NG-CDF funds should be increased.
2. Inadequacy of qualified NG-CDFC staff .The NG-CDF Board should employ and deploy more staff to the constituency to assist the fund account manager in project implementation and reports preparation.
3. Inadequate NG-CDFC facilitation. Sitting allowances for committees to be revised to improve motivation.

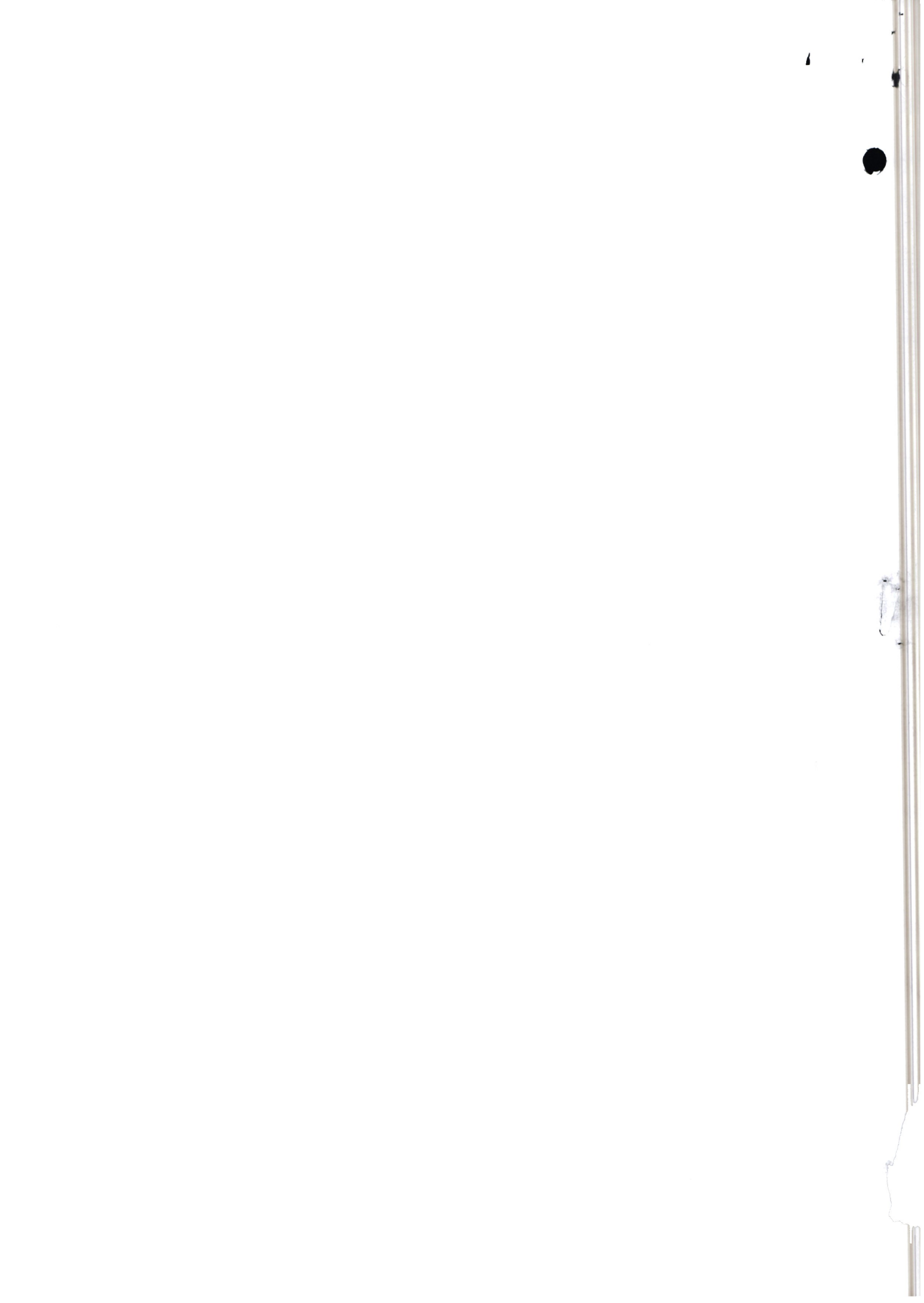
Sign 

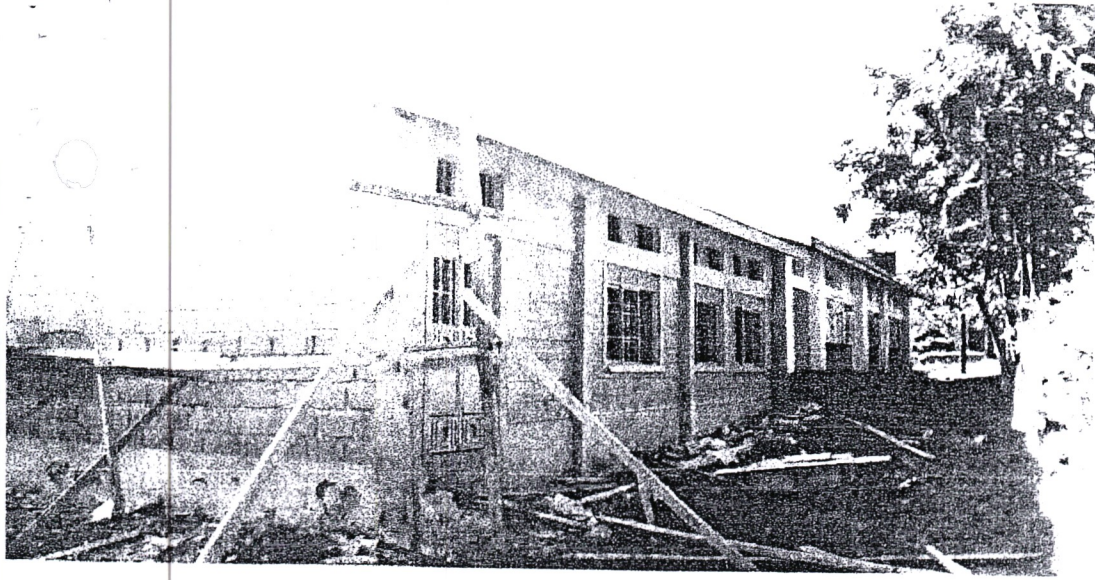
CHAIRMAN NG –CDF- COMMITTEE





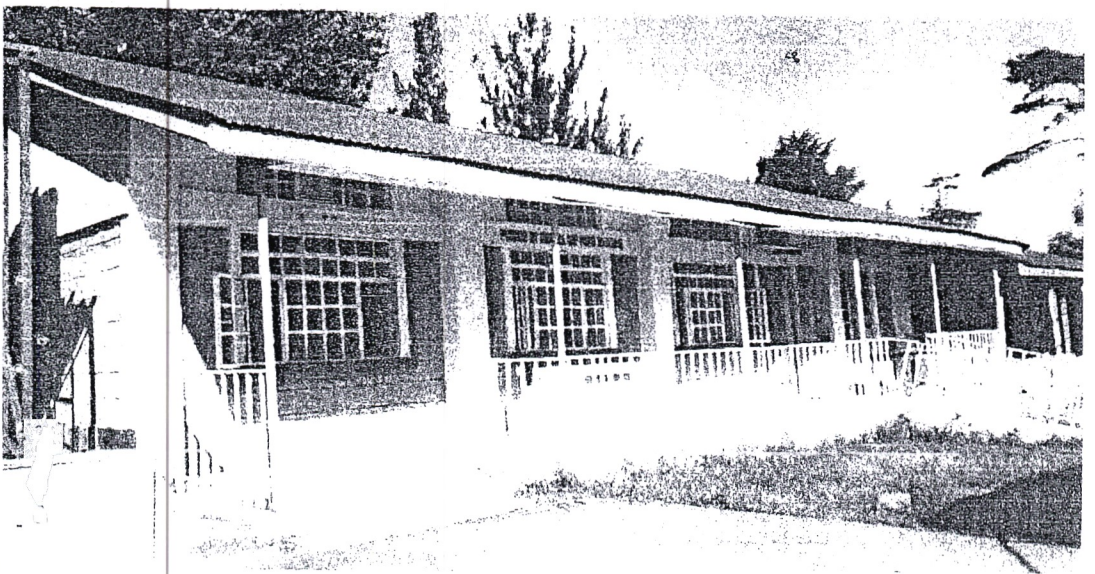
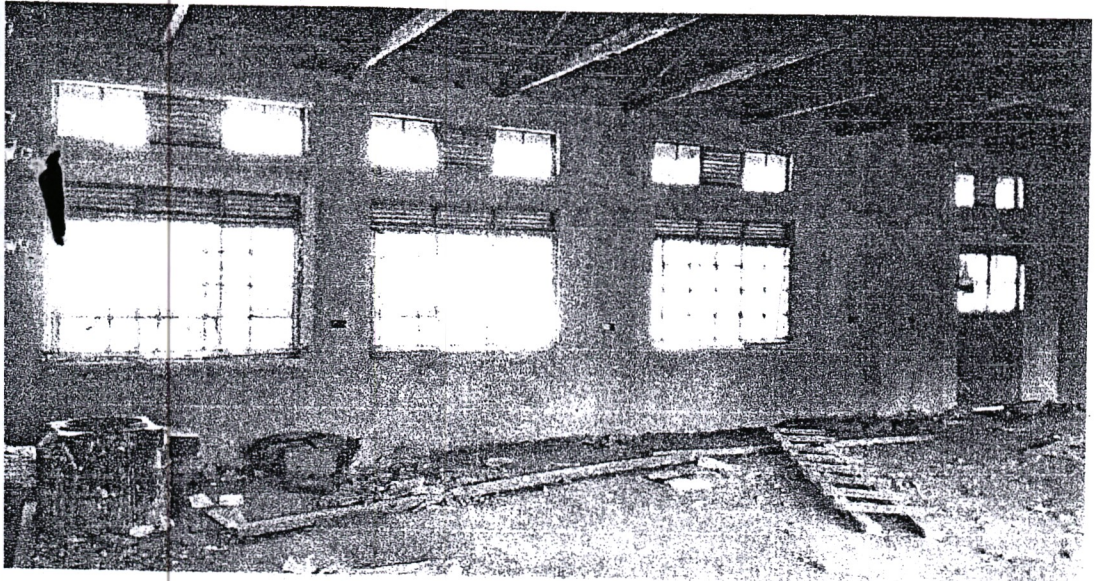
KWANZA POLICE STATION OCPD'S OFFICE



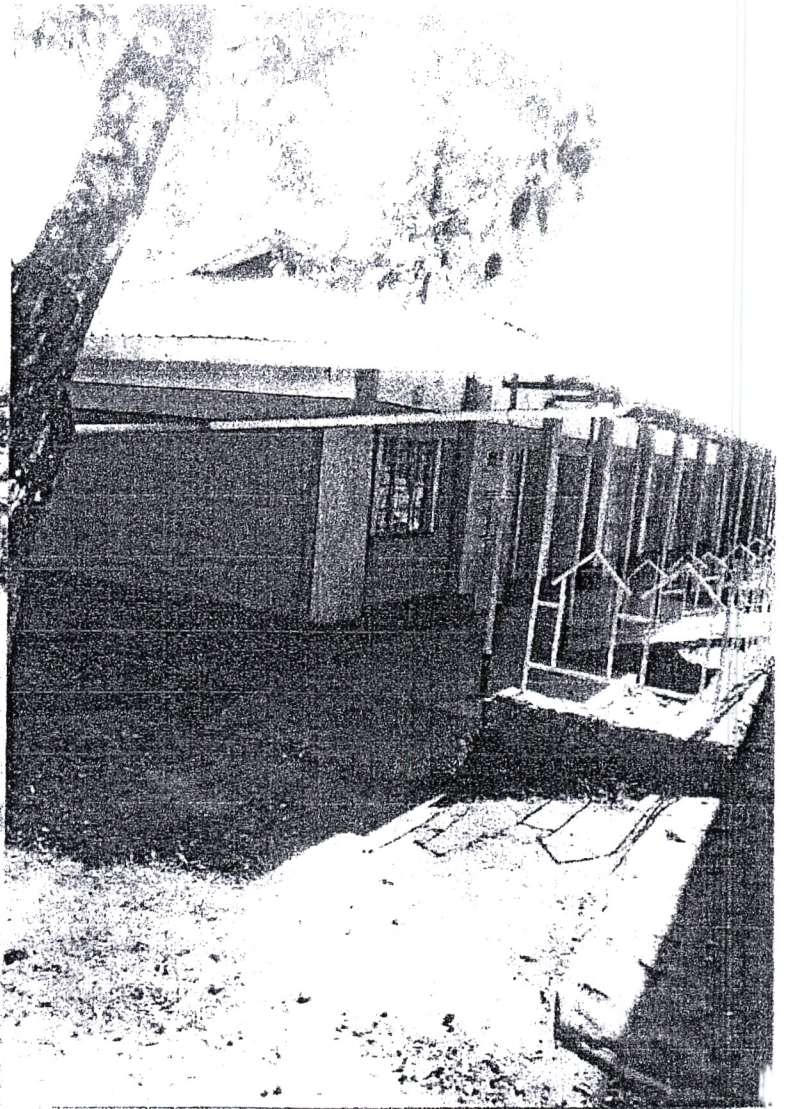
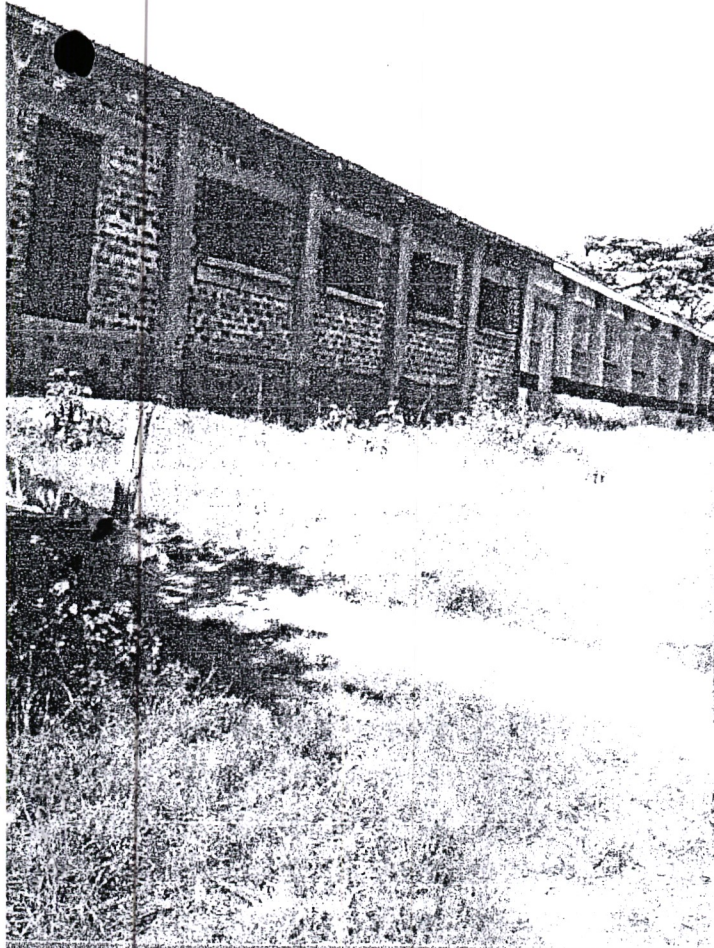


ST MONICA GIRLS
HIGH SCHOOL

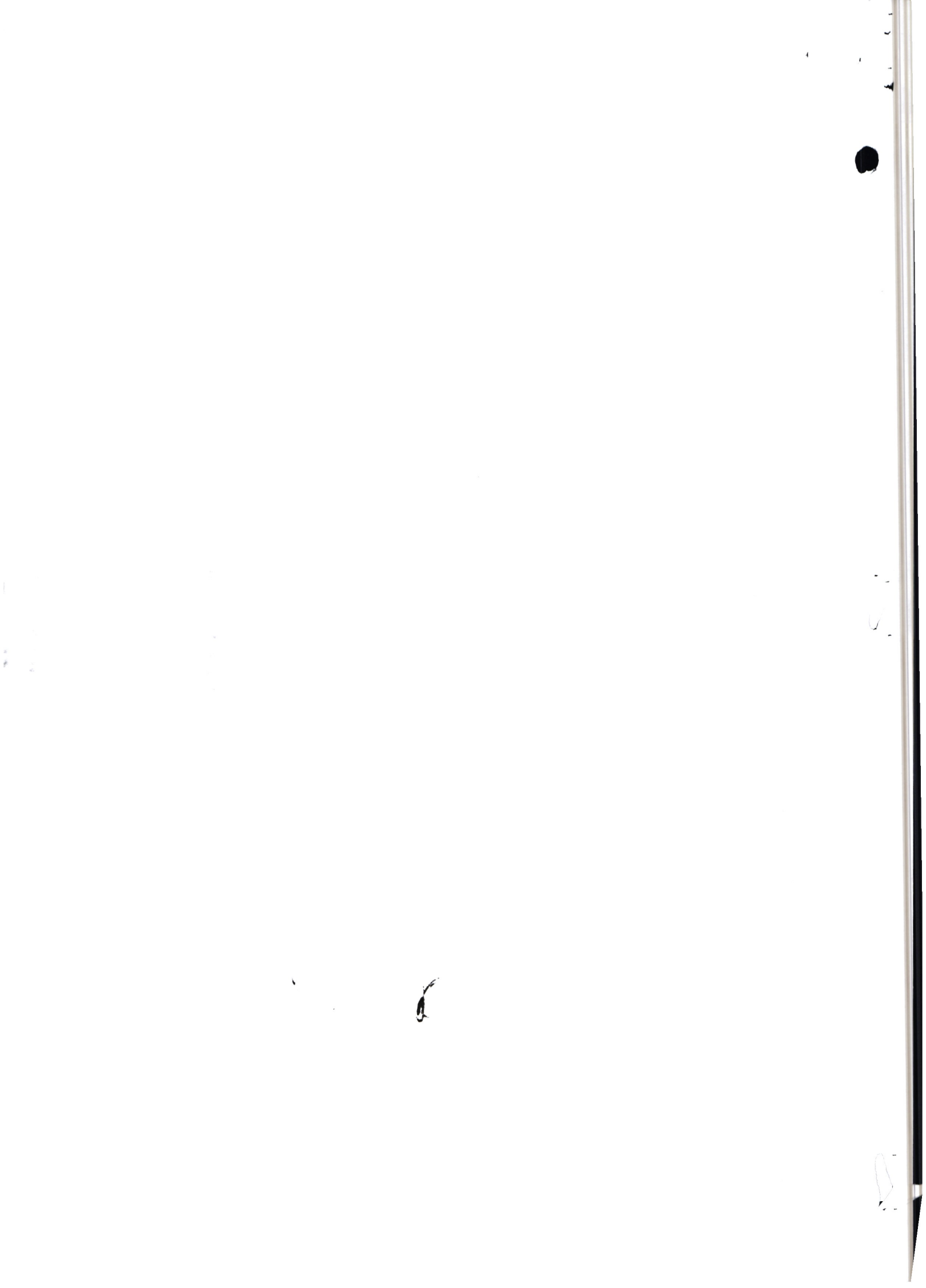
TWIN
LABORATORY







BIKETI SECONDARY SCHOOL
TWIN LABORATORY



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KWANZA CONSTITUENCY

Reports and Financial Statements

For the year ended 30 June 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.

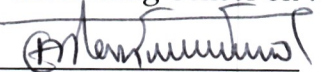
The Accounting Officer in charge of the NG-CDF-KWANZA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on 30 June 2018. 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.

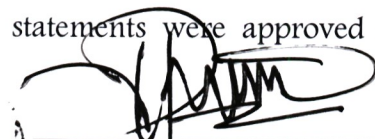
The Accounting Officer in charge of the NG-CDF-KWANZA Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions is during the financial year ended 30 June 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NG-CDF-KWANZA Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

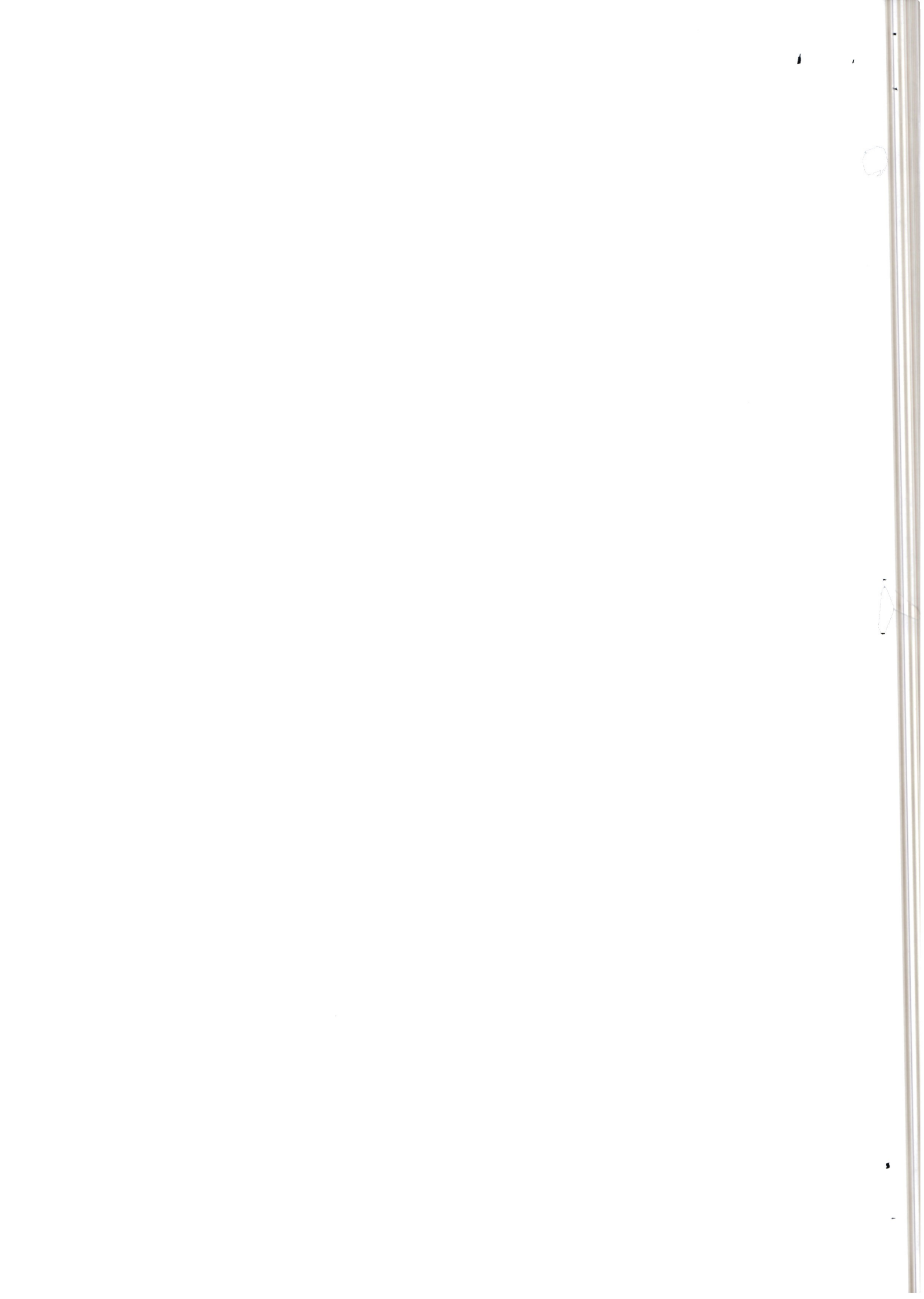
The Accounting Officer in charge of the NG-CDF-KWANZA Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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 NG-CDF-KWANZA Constituency financial statements were approved and signed by the Accounting Officer on 1.8.19.2018...

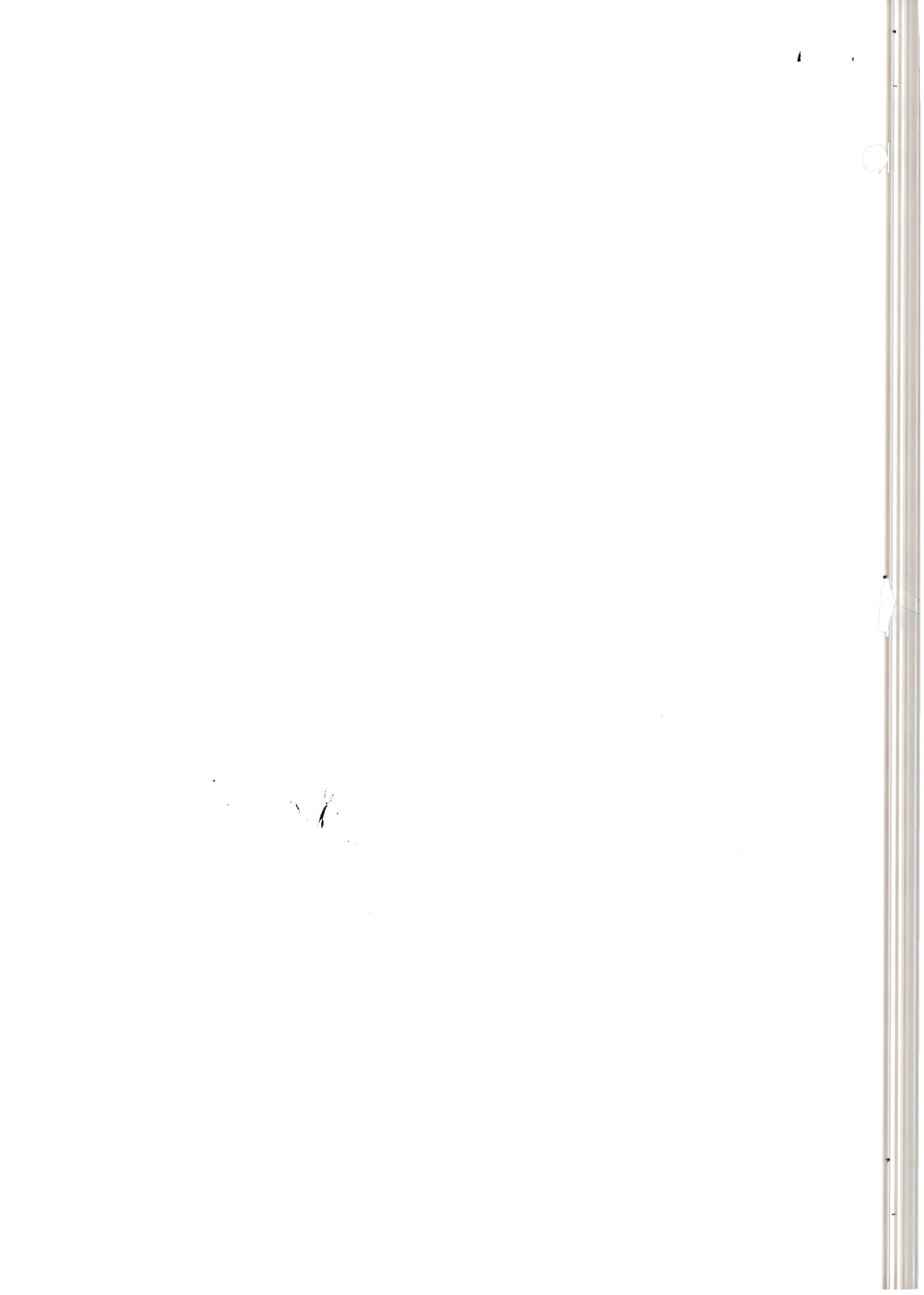

Fund Account Manager
MATHEW .K. TANUI


Sub-County Accountant
DAVID .O. OMWENO
ICPKAK Member Number.17363



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

**IV.REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND-KWANZA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018**



The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- Kwanza 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 matter described in the Basis for Qualified Opinion, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVE IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Report on Lawfulness and Effective 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

1. Budget Control and Performance

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 %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts						
Transfers from NGCDF Board	86,810,345	19,566,692	106,377,037	43,405,172	62,971,865	41%
Proceeds from Sale of Assets						
Other Receipts						
	86,810,345	19,566,692	106,377,037	43,405,172	62,971,865	41%
Payments						
Compensation of Employees	2,490,000	132,720	2,622,720	2,513,692	109,000	96%
Use of goods and services	7,822,930	2,012,241	9,835,171	5,337,318	4,497,853	54%
Transfers to Other Government Units	40,500,000	12,960,000	53,460,000	17,350,000	36,110,000	32%
Other grants and transfers	31,320,388	4,428,336	35,748,724	26,383,000	9,365,724	74%
Acquisition of Assets	0	33,395	33,395	0	33,395	0%
Other Payments	4,677,027	0	4,677,027	0	4,677,027	0%
Totals	86,810,345	19,566,692	106,377,037	51,584,010	54,792,999	48%

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
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 – KWANZA 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 – Kwanza Constituency set out on pages 1 to 26, which comprise the statement of financial assets as at 30 June 2018, and the statements of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the constitution of Kenya and Section 35 of the Public Audit Act 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter 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 Constituency Development Fund – Kwanza 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

Cash and Cash Equivalents

Note 11 to the financial statements reflects project management committee bank account balance of Kshs.9,977,752 as at 30 June 2018 as disclosed under Annex 4. However, cash books, bank reconciliation statements and bank confirmation certificates in support of the balance of Kshs.9,977,752 were not availed for review. In addition, the amount is not in agreement with Kshs.8,544 reflected in the statement of assets. In the circumstances, it has not been possible to confirm that the cash and cash equivalents balance of Kshs.8,544 as at 30 June 2018 is fairly stated.

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

1.1 Budget Performance

During the year under review, the Fund had an approved budget of Kshs.106,377,037 and received Kshs.43,405,172 from NGCDF Board, resulting into an underfunding of Kshs.62,971,865. No satisfactory explanation was given for such underfunding. Further, it was noted that out of the amount received of Kshs.43,405,172, the Fund only spent Kshs.51,584,010, resulting in overall budget under-absorption of Kshs.54,792,999 as detailed below;

The underutilization of the available funds imply that approved programs were not implemented, and thus the budget did not fully meet the objectives of improving service delivery to Kwanza Constituents.

1.2 Delays in Projects' Implementation

Scrutiny of the Projects Implementation Status of Fund reveals that the management of the fund had an approved plan to implement eight hundred (800) projects between financial year 2013/2014 to 2017/2018, valued at Kshs.435,906,589. However, ninety-five (95) or 11.88% of total projects valued at Kshs.4 Million had not started, one hundred and seventy-nine (179) or 22.38% valued at Kshs.177,587,931 were still ongoing and five hundred and twenty-six (526) or 65.75% valued at Kshs.254,318,658 were completed as summarized in the table below;

Sector/Status	Not yet started		Ongoing		Completed	
	No	Value (Kshs)	No	Value (Kshs)	No	Value (Kshs)
Administration	6	500,000	15	35,855,172	37	69,413,364
Agriculture	0	0	0	0	7	2,900,000
Education	30	2,300,000	123	113,950,000	189	132,825,416
Emergency	1	200,000	13	2,650,000	56	11,809,878
Environment	50	500,000.	0	0	181	4,770,000
Health	0	0	13	12,632,759	19	6,100,000
Roads/Bridges	0	0	3	4,000,000	16	14,150,000
Security	8	500,000	12	8,500,000	18	10,850,000
Sports	0	0	0	0	3	1,500,000
Total	95	4,000,000	179	177,587,931	526	254,318,658
Grand Total		800 Projects		435,906,589		

In the circumstances, the Kwanza Constituents may not have accessed the planned development facilities and services due from the incomplete projects.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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 Report on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis of Conclusion

IT Internal controls

The Fund did not have the Information Technology Strategic policy nor strategic plan, active IT steering committee either at the constituency level or at the Board level, formally approved IT Security policy to ensure data confidentiality, formally documented and approved process to manage upgrades, environmental controls such as fire suppression systems, fire extinguishers and air conditioning systems. However, the Fund manager is trained on IT in the Constituency and such training has not been extended to other staff members.

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 Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's 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

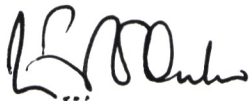
uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such 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 cease to sustain its services.

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

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

12 July 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KWANZA CONSTITUENCY

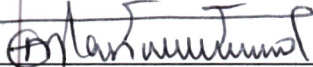
Reports and Financial Statements


For the year ended 30 June 2018

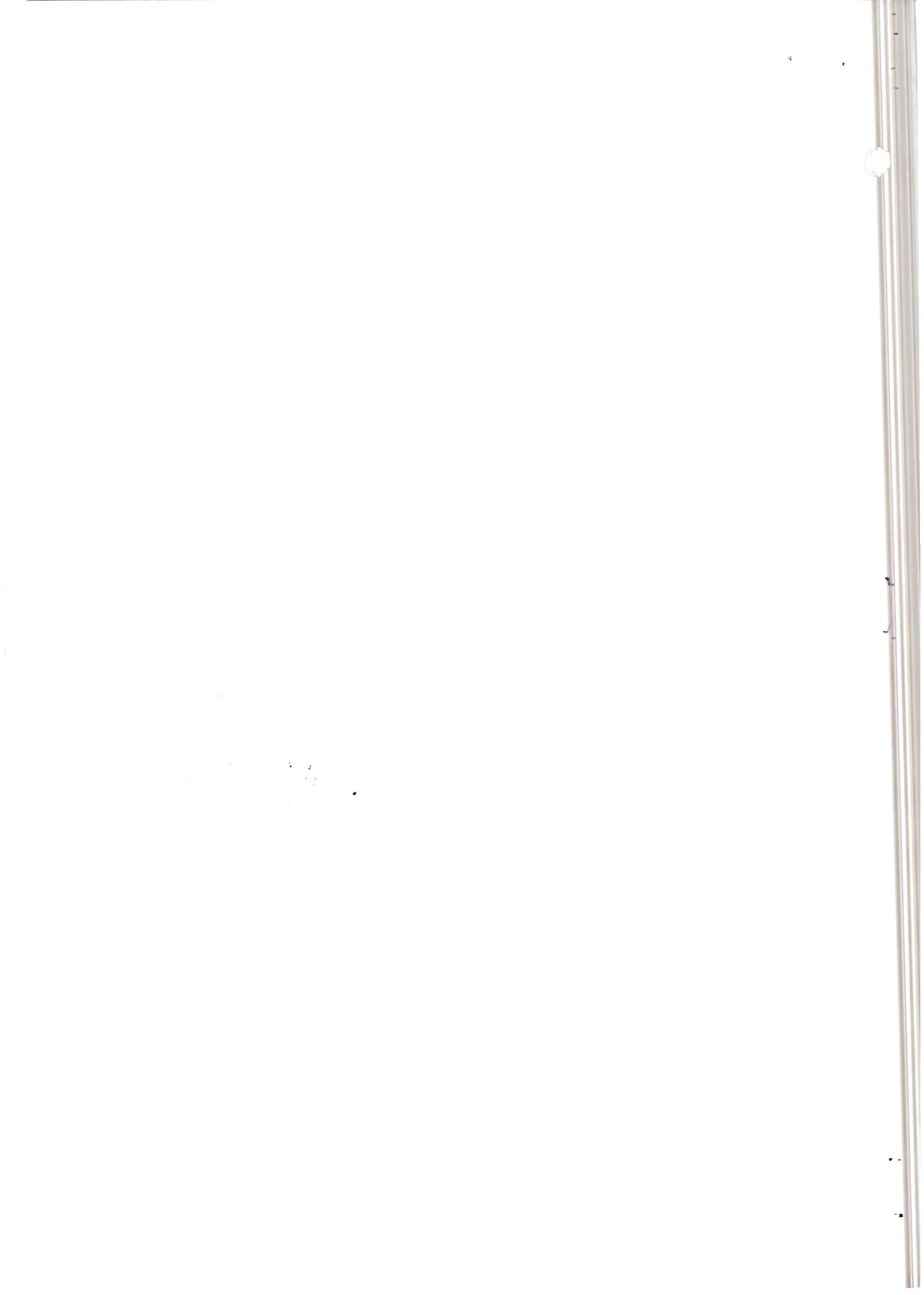
V. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 June 2018

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NG-CDF board	1	43,405,172	143,600,889
TOTAL RECEIPTS		43,405,172	143,600,889
PAYMENTS			
Compensation of employees	2	2,513,692	2,781,820
Use of goods and services	3	5,337,318	9,039,300
Transfers to Other Government Units	4	17,350,000	76,700,000
Other grants and transfers	5	26,383,000	54,013,919
Acquisition of Assets	6	-	266,605
TOTAL PAYMENTS		51,584,011	142,801,644
SURPLUS/(DEFICIT)		<u>8,178,838</u>	<u>799,245</u>

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


Fund Account Manager
MATHEW .K. TANUI


Sub-County Accountant
DAVID .O. OMWENO
ICPAK Member Number:17363

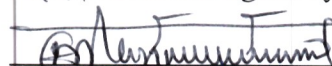


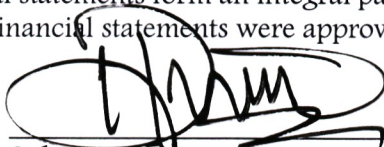
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
 KWANZA CONSTITUENCY
 Reports and Financial Statements
 For the year ended 30 June 2018**

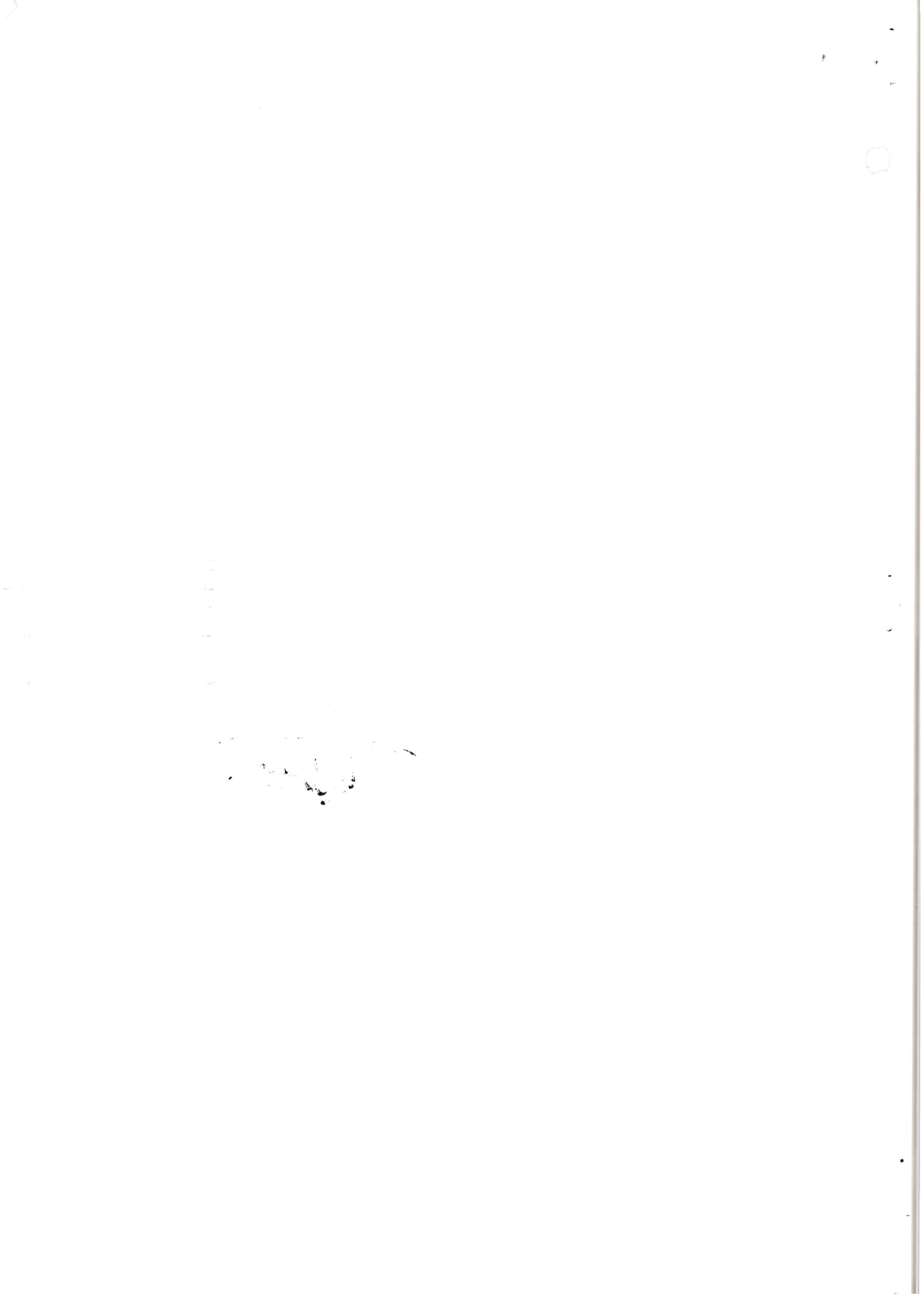
VI. STATEMENT OF ASSETS AS AT 30 June 2018

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	8,544	8,187,382
Total Cash and Cash Equivalents		8,544	8,187,382
TOTAL FINANCIAL ASSETS		8,544	8,187,382
NET FINANCIAL ASSETS		8,544	8,187,382
REPRESENTED BY			
Fund balance b/fwd 1st July 2018	8	8,187,382	7,388,137
Surplus/Deficit for the year		(8,178,838)	799,245
NET FINANCIAL POSITION		8,544	8,187,382

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-KWANZA Constituency financial statements were approved on 18.7.2018. and signed by:


 Fund Account Manager
MATHEW .K. TANUI


 Sub-County Accountant
DAVID .O. OMWENO
 ICPAK Member Number:17363



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)

KWANZA CONSTITUENCY

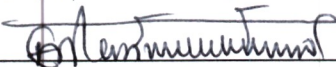
Reports and Financial Statements

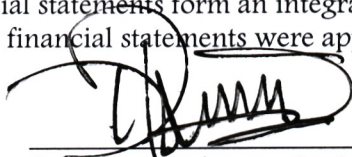
For the year ended 30 June 2018

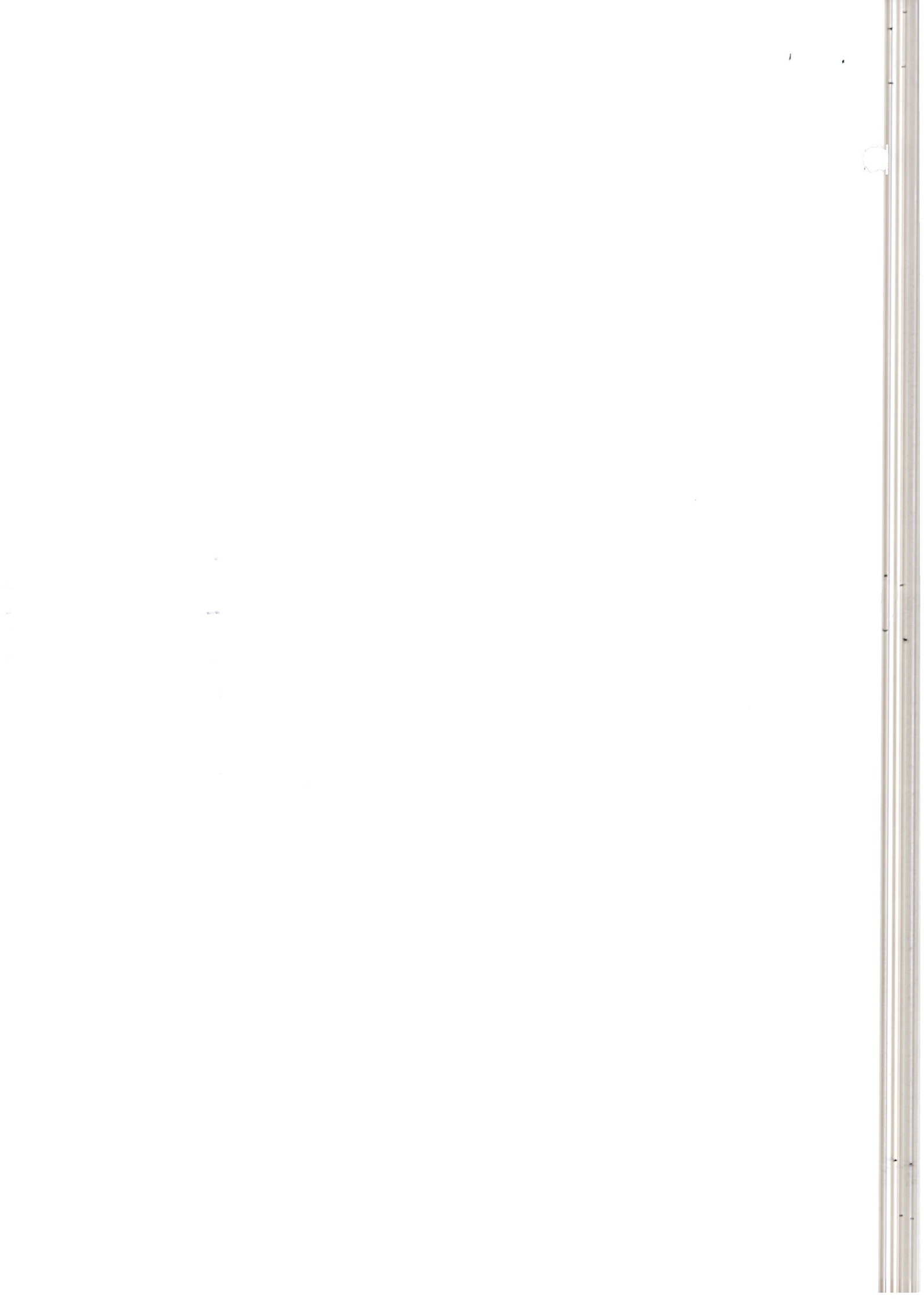
VII. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 June 2018

		2017 – 2018	2016 - 2017
Receipts for operating income			
Transfers from NGCDF Board	1	43,405,172	143,600,889
		43,405,172	143,600,889
Payments for operating expenses			
Compensation of Employees	2	2,513,692	2,781,820
Use of goods and services	3	5,337,318	9,039,300
Transfers to Other Government Units	4	17,250,000	76,700,000
Other grants and transfers	5	26,383,000	54,013,919
		(51,484,010)	(142,535,039)
Net cash flow from operating activities		(8,178,838)	1,065,850
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	(266,605)
Net cash flows from Investing Activities		-	
NET INCREASE IN CASH AND CASH EQUIVALENT		(8,178,838)	799,245
Cash and cash equivalent at BEGINNING of the year	8	8,187,382	7,388,137
Cash and cash equivalent at END of the year		<u>8,544</u>	<u>8,187,382</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-KWANZA Constituency financial statements were approved on 15.11.2018 and signed by:


Fund Account Manager
MATHEW .K. TANUI


Sub-County Accountant
DAVID .O. OMWENO
ICPAK Member Number: 17363



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KWANZA CONSTITUENCY

Reports and Financial Statements
For the year ended 30 June 2018

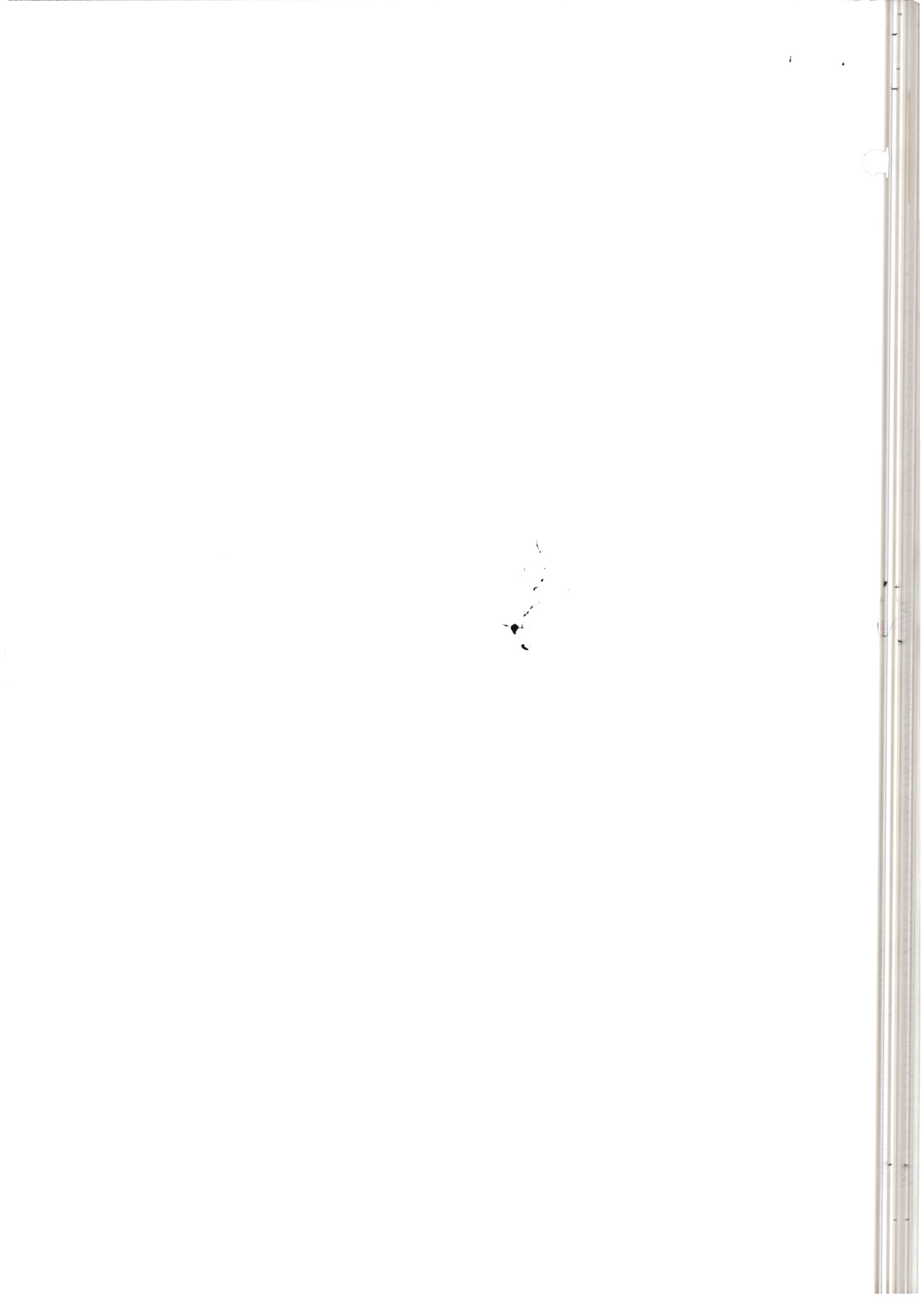
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30 June 2018

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	19,566,692	106,377,037	43,405,172	62,971,865	41%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
PAYMENTS						
Compensation of Employees	2,490,000	132,720	2,622,720	2,513,692	109,000	96%
Use of goods and services	7,822,930	2,012,241	9,835,171	5,337,318	4,497,853	54%
Transfers to Other Government Units	40,500,000	12,960,000	53,460,000	17,350,000	36,110,000	32%
Other grants and transfers	31,320,388	4,428,336	35,748,724	26,383,000	9,365,724	74%
Acquisition of Assets	-	33,395	33,395	-	33,395	0%
Other Payments	4,677,027	-	4,677,027	-	4,677,027	0%
TOTALS	86,810,345	19,566,692	106,377,037	51,584,010	54,792,999	48%

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

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

- i. There was no AIA during the financial year
- ii. There was under utilization on use of goods and services because of non-disbursements of funds by NG-CDF Board. Half of the funds had not been disbursed at the close of the financial year.
- iii. There was underutilization on transfer to other Government units, because of non-disbursement of all funds by NG-CDF Board at the close of the financial year.
- iv. There was underutilization on other grants and transfers because of non-disbursement of all funds by NG-CDF Board at the close of the financial year.



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

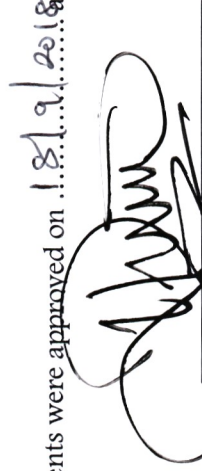
- v. *There was no utilisation of other payments because of non-disbursement of all funds by the NG-CDF Board at the close of the financial year.*
- vi. *The changes between the original and final budget is as a result of opening balances at the start of the financial year and the supplementary budget (additional code list of Ksh.11,379,310.34)*

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-KWANZA Constituency financial statements were approved on 18.1.2018 and signed by:



Fund Account Manager
MATHEW .K. TANUI



Sub-County Accountant
DAVID .O. OMWENO
ICPAK Member Number:17363

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with 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-KWANZA 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 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.

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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 s

uch 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

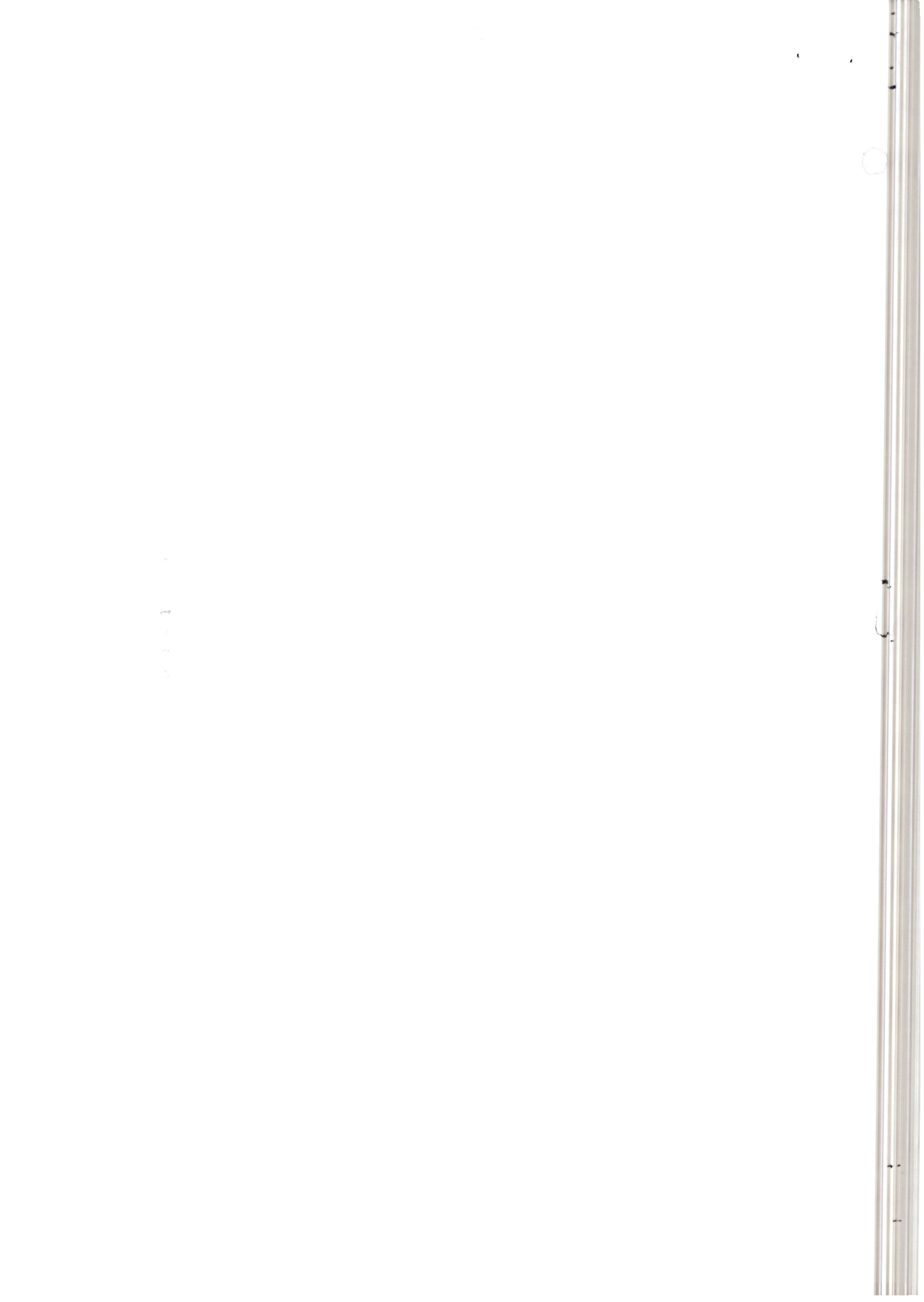
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations 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 end 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 July 2017 to 30 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 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.

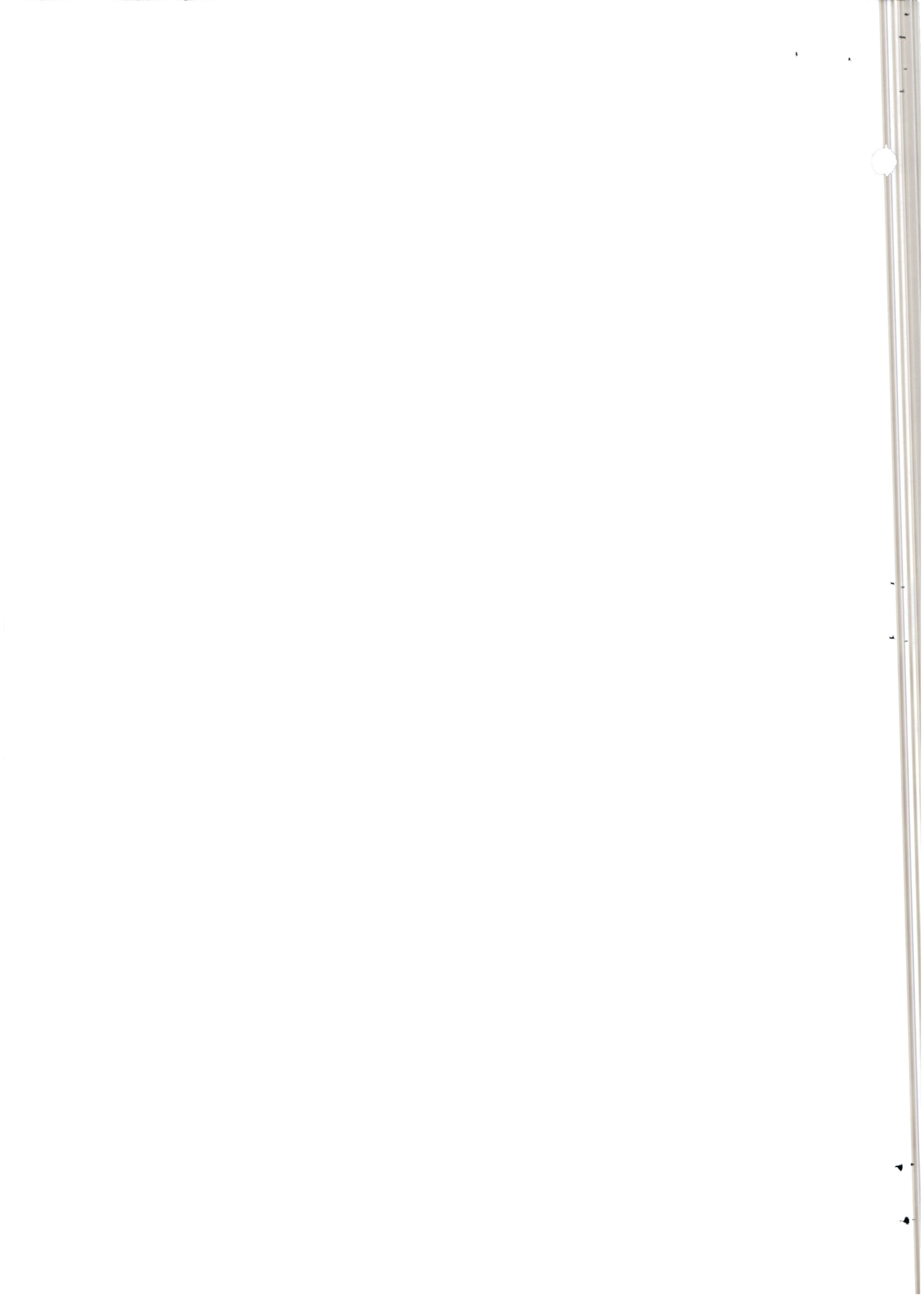


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 KWANZA CONSTITUENCY
 Reports and Financial Statements
 For the year ended 30 June 2018**

X NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO.A825871	1		61,704,337
AIE NO.A829633	2		4,094,828
AIE NO.A855723	3		36,853,449
AIE NO.A855770	4		40,948,275
AIE NO.A855891	1	5,500,00	
AIE NO.A896760	2	20,000,000	
AIE NO.A892958	3	17,905,172	
TOTAL		43,405,172	143,600,889



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

2. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,894,590	2,548,230
Personal allowances paid as part of salary		
Gratuity	619,102	233,590
Other personnel payments	-	-
Total	2,513,692	2,781,820

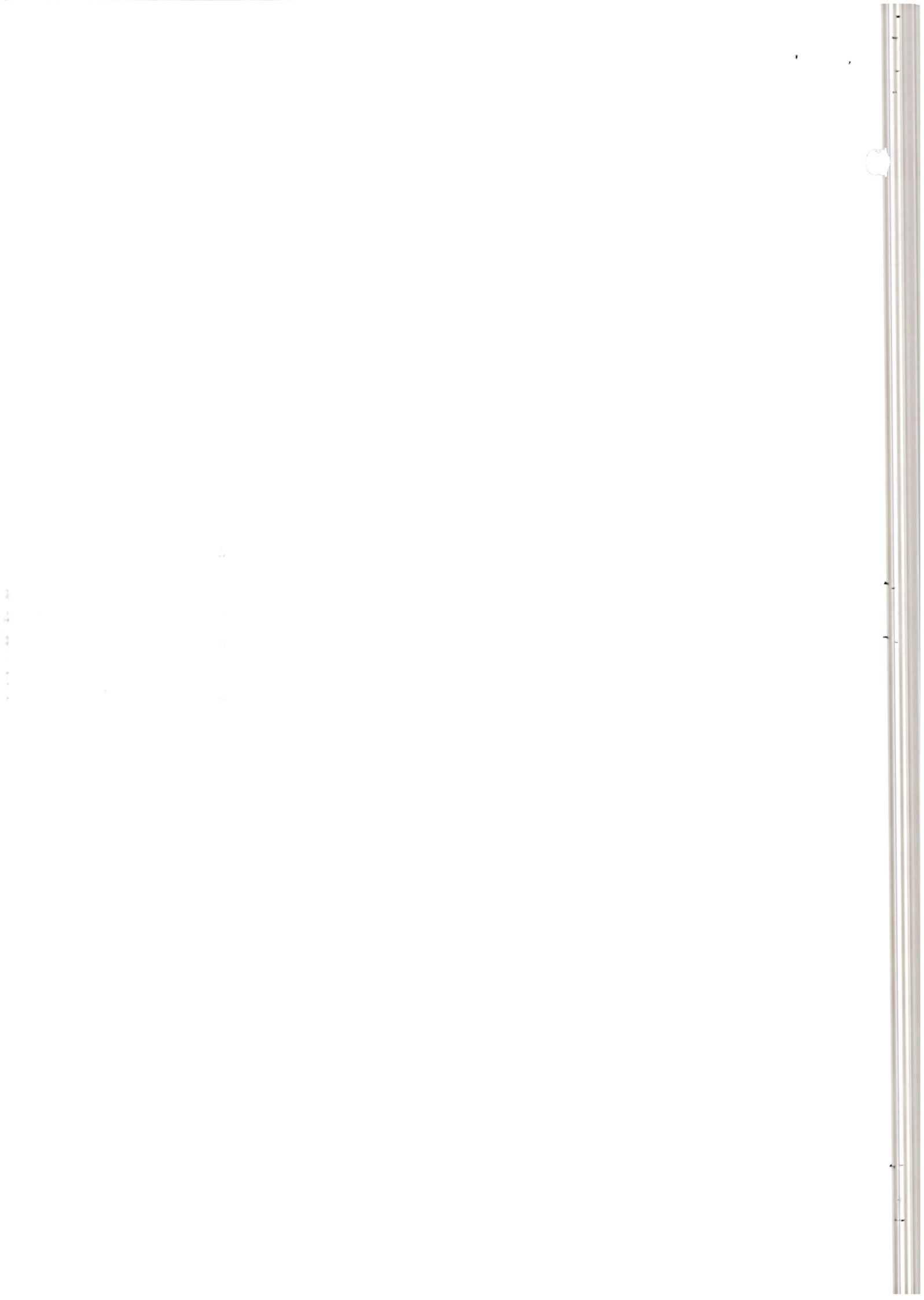


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 KWANZA CONSTITUENCY
 Reports and Financial Statements
 For the year ended 30 June 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	3,729,300	4,282,283
Utilities, supplies and services	20,000	23,849
Communication, supplies and services	-	10,627
Domestic travel and subsistence	109,798	867,200
Training expenses	436,800	1,542,000
Office and general supplies and services	893,000	559,670
Other operating expenses		
Fuel ,oil and lubricants	100,000	1,189,935
Routine maintenance – vehicles and other transport equipment	28,420	563,736
Routine maintenance – other assets	20,000	-
Total	5,337,318	9,039,300



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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to primary schools (see attached list)	5,400,000	35,900,000
Transfers to secondary schools (see attached list)	11,950,000	39,200,000
Transfers to health institutions (see attached list)	-	1,600,000
TOTAL	17,350,000	76,700,000

5 .OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,380,000	13,991,625
Bursary – tertiary institutions (see attached list)	8,003,000	10,212,525
Mock & CAT (see attached list)	-	770,050
Security projects (see attached list)	3,300,000	10,300,000
Roads projects		8,137,179
Sports projects (see attached list)	-	1,032,200
Environment projects (see attached list)	-	1,820,000
Emergency projects (see attached list)	2,700,000	7,750,340
Total	26,383,000	54,013,919



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

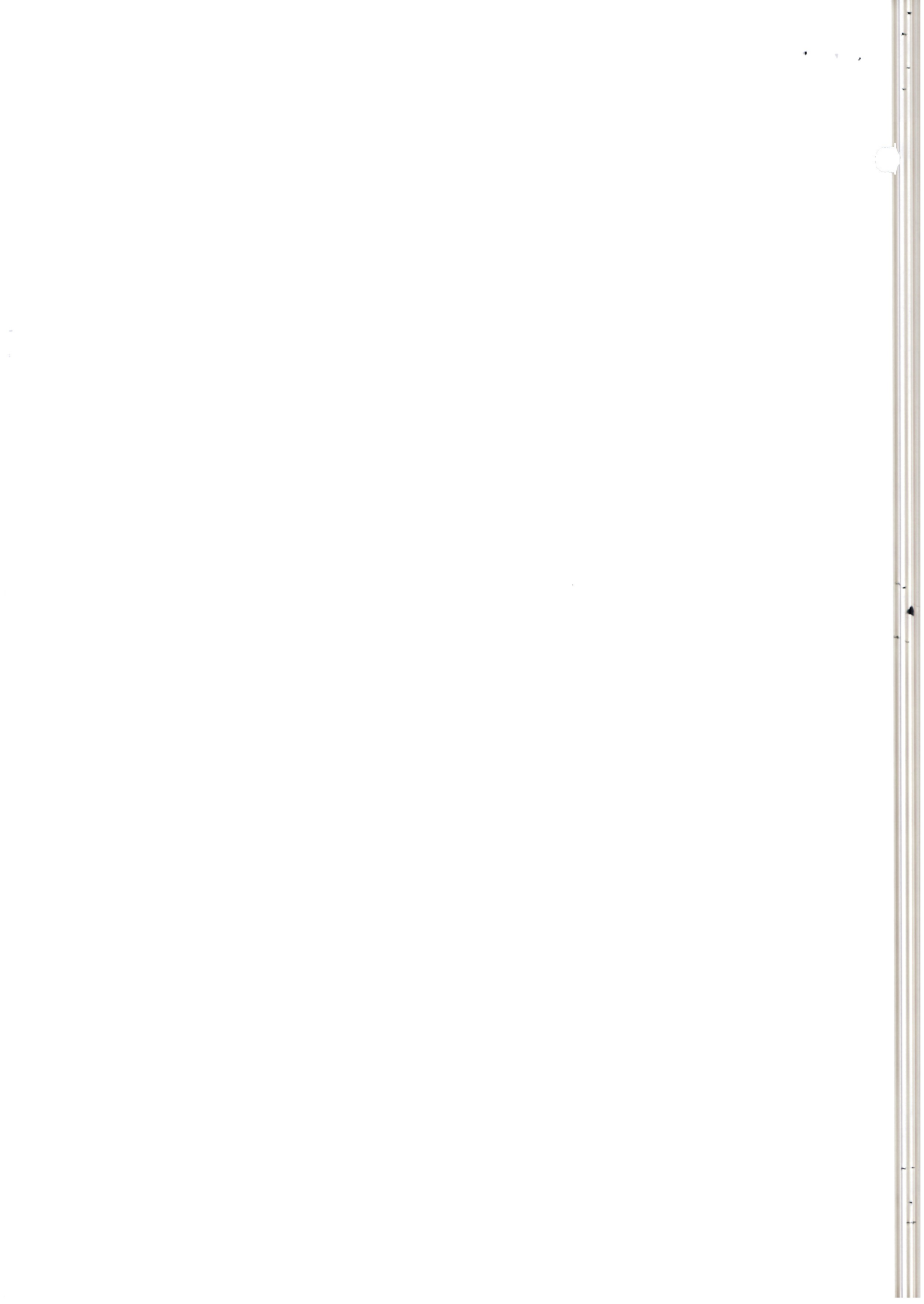
**Reports and Financial Statements
For the year ended 30 June 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Vehicles and Other Transport Equipment	-	235,125
Purchase of Office Furniture and General Equipment	-	31,480
Total	-	266,605



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 KWANZA CONSTITUENCY
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 For the year ended 30 June 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Cooperative Bank-Kitale Branch A/C NUMBER 01141268429300</i>	8,544	8,187,382
Total	8,544	8,187,382



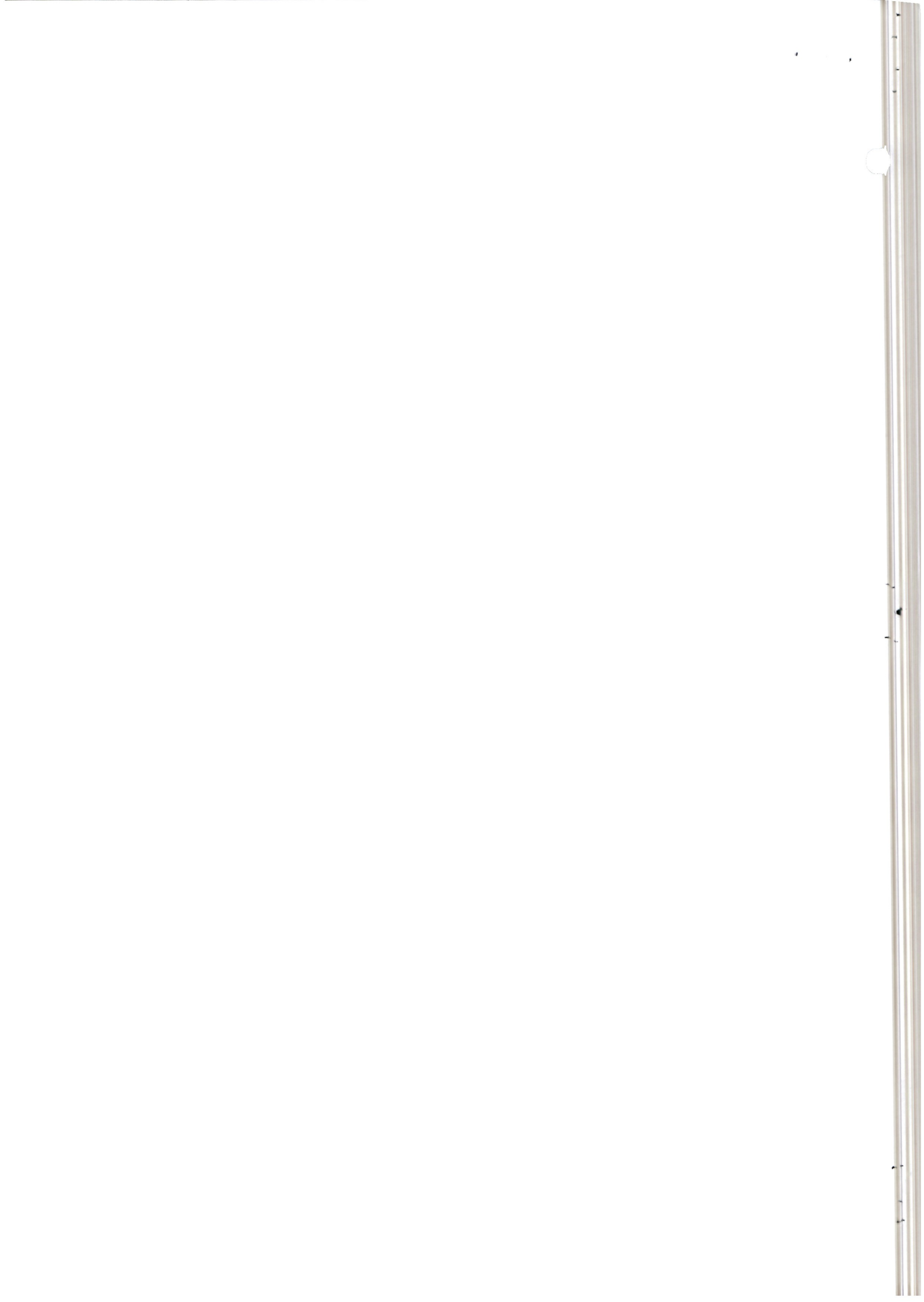
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For the year ended 30 June 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	8,187,382	7,388,137
Total	<u>8,187,382</u>	<u>7,388,137</u>

[Provide short appropriate explanations as necessary]



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 KWANZA CONSTITUENCY
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 For the year ended 30 June 2018**

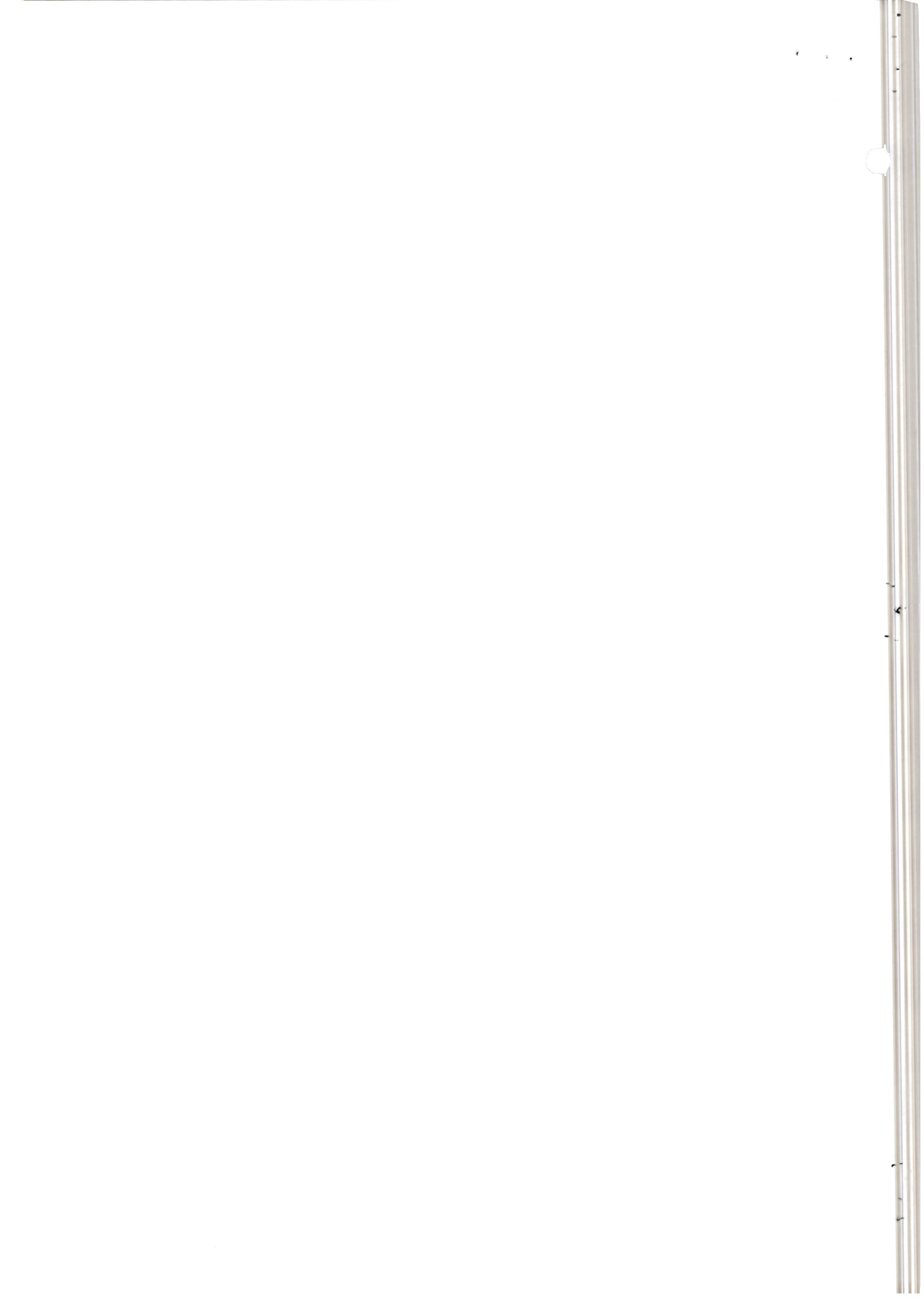
NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. PENDING STAFF PAYABLES (See Annex 1)

	Kshs	Kshs
NG-CDFC Staff Gratuity	4 10,000	-
	4 10,000	-

10 .UNUTILIZED FUNDS (See Annex 2)

	Kshs	Kshs
Compensation of employees	90,000	-
Use of goods and services	4,284,440	-
Amounts due to other Government entities (see attached list)	37,460,000	-
Amounts due to other grants and other transfers (see attached list)	8,281,560	-
Other Payments	4,677,027	-
	54,793,027	-



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 . PMC account balances (See Annex 3)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	9,977,751.75	6,987,966.98
	9,977,751.75	6,987,966.98

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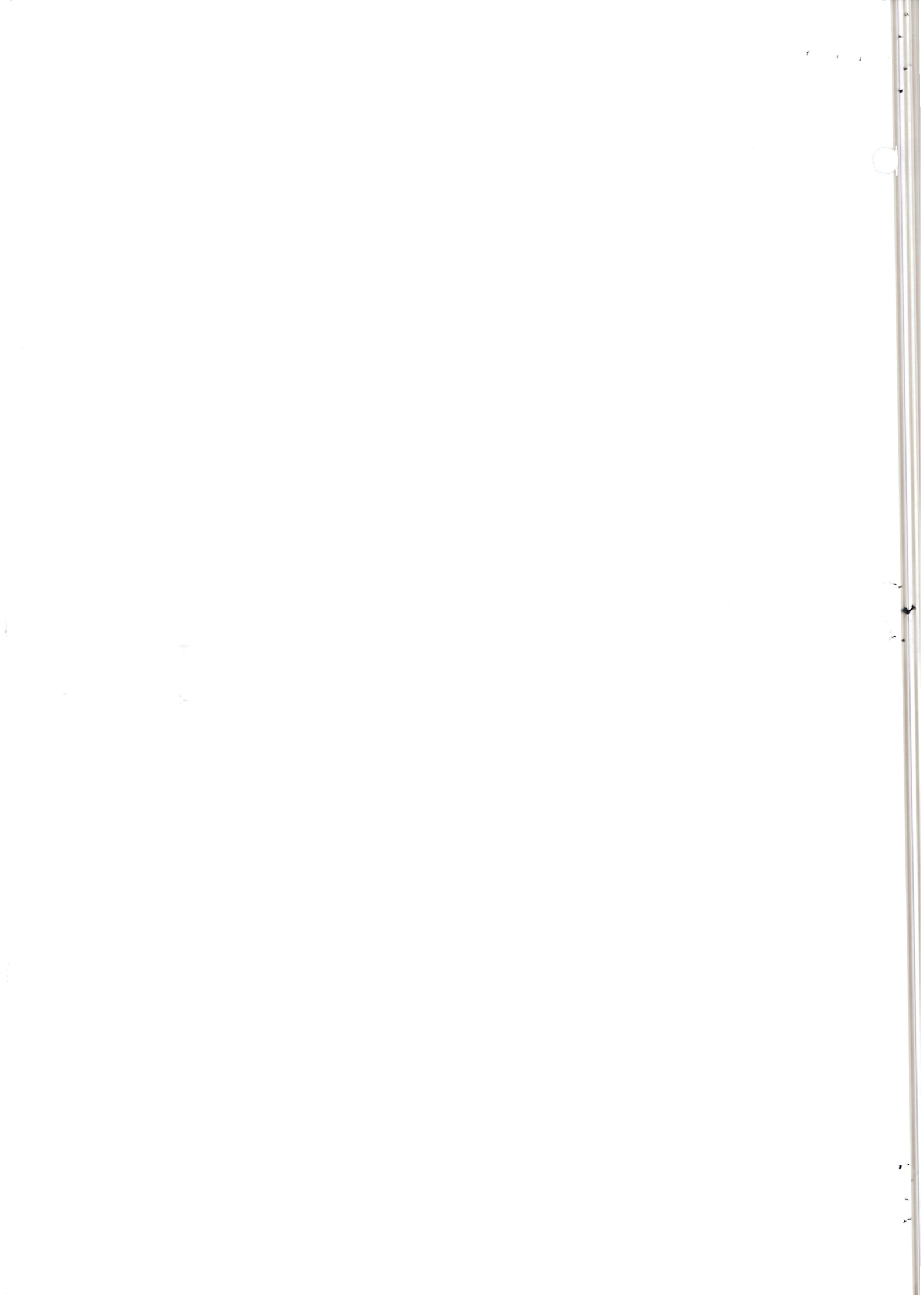
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - KWANZA

Reports and Financial Statements

For the year ended 30 June 2018

ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		A	B	C	d=a-c		
Others (NGCDFC Staff gratuity)							
1. TITUS CHESOLI	J	48,000	01-FEB-18	32,000	16,000		
2. RACHAEL WAMALWA	H	48,000	01-OCT-15	-	48,000		
3. METRINE WANJALA	G	45,600	01-APR-17	-	45,600		
4. JOSEPH JUMA	G	45,600	01-APR-17	-	45,600		
5. KENNEDY KARIUKI	E	40,800	01-JUL-17	-	40,800		
6. MICHAEL MASIBO	E	28,800	01-AUG-17	-	28,800		
7. JOHN MANG'OLI	E	28,800	01-AUG-17	-	28,800		
8. HELLEN WEKESA	E	78,200	01-JUN-15	-	78,200		
9. AGNES MAKOKHA	E	78,200	01-JUN-15	-	78,200		
Sub-Total							
Grand Total					410,000		



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ANNEX 2 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		90,000		
Use of goods & services		4,284,440		
Amounts due to other Government entities				
PRIMARY SCHOOL PROJECTS		12,460,000		
SECONDARY SCHOOL PROJECTS		25,000,000		
Sub-Total		41,834,440		
Amounts due to other grants and other transfers				
EMERGENCY		2,155,353		
SPORTS		500,000		
SECURITY		4,650,000		
BURSARY		976,207		
Sub-Total				
Sub-Total		8,281,560		
Acquisition of assets				
Other Payments				
CONSTITUENCY INNOVATION HUBS PROJECTS				
		4,677,027		
Sub-Total		4,677,027		
Grand Total		54,793,027		

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ANNEX 3 – 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	3,750,000	-	-	3,750,000
Transport equipment	8,793,870	-	-	8,793,870
Office equipment, furniture and fittings	1,335,167	-	-	1,335,167
ICT Equipment, Software and Other ICT Assets	173,989	-	-	173,989
Intangible assets	64,940	-	-	64,940
Total	14,117,966			14,117,966



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ANNEX 4 –PMC BANK BALANCES AS AT 30 JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
MAKUNGA PRIMARY SCHOOL	COOPERATIVE BANK	01139502975100	32,046.50	8,973.50
BISHOP MUGE SEC SCHOOL	COOPERATIVE BANK	01120096535000	394.12	NIL
BIDII PRIMARY SCHOOL	COOPERATIVE BANK	01139502974400	145,245.50	511,827.5 0
MILIMA A PRIMARY SCHOOL	COOPERATIVE BANK	01139502935100	201,218.50	NIL
SOYMINING PRIMARY SCHOOL	COOPERATIVE BANK	01139599753500	23,011.50	54,091.50
MILIMANI PRIMARY SCHOOL	COOPERATIVE BANK	01139599004700	23,012.50	2,912.50
KAPKOI CENTRAL PRIMARY SCHOOL	COOPERATIVE BANK	01139694815600	50,917.50	NIL
KOLONGOLO PRIMARY SCHOOL	COOPERATIVE BANK	01139695020900	107,432.50	12,852.50
LUUYA SECONDARY SCHOOL	COOPERATIVE BANK	01139694536200	94,069.00	NIL
MILIMANI SECONDARY SCHOOL	COOPERATIVE BANK	01139599008000	142,694.35	234,569.3 5
BIKETI SECONDARY SCHOOL	COOPERATIVE BANK	01139599919200	13,247.50	447,497.5 0
KOROSIOT SECONDARY SCHOOL	COOPERATIVE BANK	01139599699100	94,540.50	NIL
ST PAULS BWAYI SEC SCHOOL	COOPERATIVE BANK	01139599044901	310,672.50	NIL
ST ANNES UMOJA GIRLS SEC SCHOOL	COOPERATIVE BANK	01139502911800	270,837.50	NIL
ST. MICHAEL LIYAVO GIRLS SEC SCHOOL	COOPERATIVE BANK	01139502806300	273,681.68	1,034.50
ST.MONICA GIRLS HIGH SCHOOL	COOPERATIVE BANK	01139096866502	603467.50	NIL
NAMANJALALA SECONDARY SCHOOL	COOPERATIVE BANK	01139599702800	6,207,776.50	63,226.50
ST CECILIA SEC SCHOOL MARINDA	COOPERATIVE BANK	01139502607101	1,725.00	NIL
MARIDADI SECONDARY SCHOOL	COOPERATIVE BANK	01139502824900	5,353.50	NIL
MAZIWA PRIMARY SCHOOL	COOPERATIVE BANK	01139502971700	61,620.10	67,616.50
UKINGONI PRIMARY SCHOOL	COOPERATIVE BANK	01139599004100	68,822.50	23,002.50

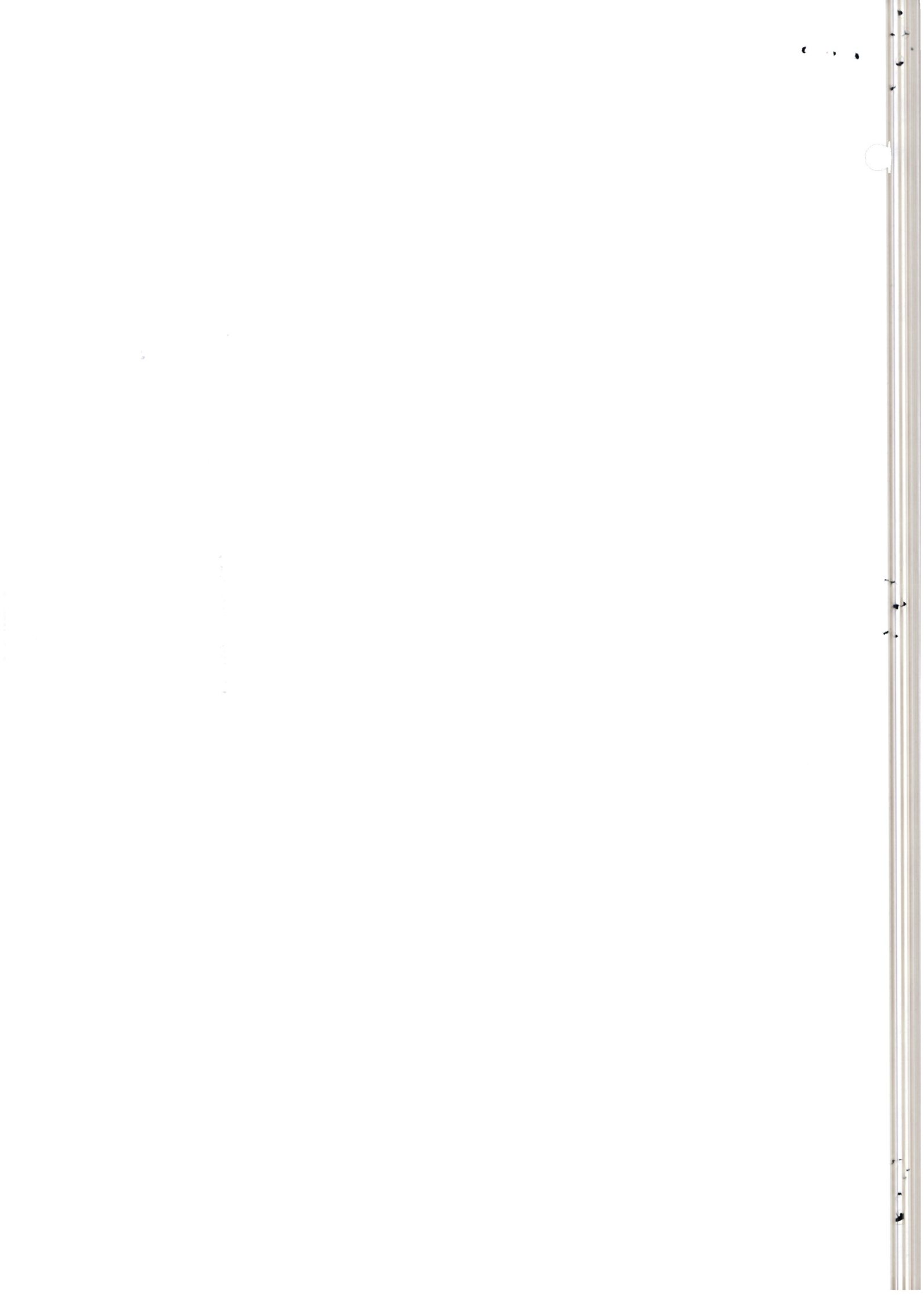


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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
KIPTUIMET PRIMARY SCHOOL	COOPERATIVE BANK	01139694952700	202,922.50	2,822.50
CHIEF MTENDE PRIMARY SCHOOL	COOPERATIVE BANK	01139599053200	2,137.50	NIL
KAPOMBOI PRIMARY SCHOOL	COOPERATIVE BANK	01139599777900	20,297.50	5,842.50
BWAYI PRIMARY SCHOOL	COOPERATIVE BANK	01139599017300	9,892.50	NIL
KWANZA COMMUNITY POLICING C.B.O	COOPERATIVE BANK	01141694202000	304,882.50	NIL
MUKUYUNI PRIMARY SCHOOL	COOPERATIVE BANK	01139599679100	3,321.50	4,861.50
METEITEI PRIMARY SCHOOL	COOPERATIVE BANK	01139599097300	1,876.00	NIL
AMUKA PRIMARY SCHOOL	COOPERATIVE BANK	01139502954300	635.00	635.00
DCC KWANZA	COOPERATIVE BANK		200,000	NIL
MISANGA ASS.CHIEF OFFICE	COOPERATIVE BANK	01141695592000	500,000	NIL
Total			9,977,751.75	1,504,991.85

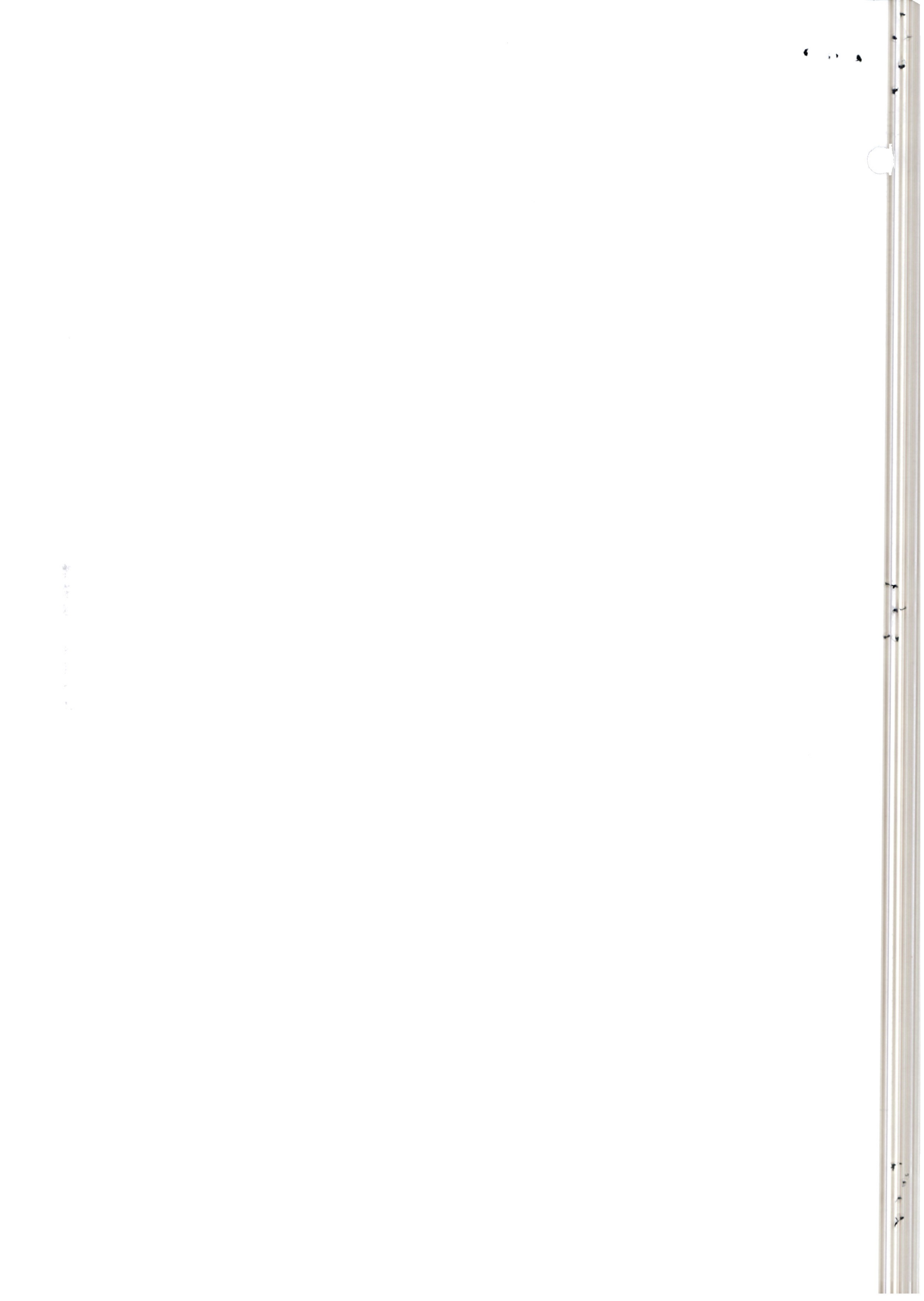


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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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.

Refer ence No. on the exter nal audit Repor t	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timefr ame: (<i>Put a date when you expect the issue to be resolv ed</i>)
1.0	TRANSFER TO PRIMARY SCHOOLS. Included in the transfer to other government entities figure of Ksh.76, 700,000 reflected in note 6 to the financial statements is transfer to primary schools of Ksh. 35,900,000 which include Kshs. 3,300,000 for construction and renovation of classrooms. However, actual expenditure returns were not provided for audit review. Under the circumstance, the validity, and propriety of transfer to primary schools of Kshs.3, 300,000 for the year ended 30 June 2017 could not be confirmed.	The management at all times ensures that all projects are carried out with the assistance of a qualified Clerk Of Works who is an employee of NG-CDFC. However the management is not limited to the services of the employed Clerk of Works and engages the assistance of other relevant Government departments. Attached is the NG-CDF Board circular on employment of Clerk of Works at constituency level. Refer to NGCDFB Circular ref no CDF board circulars/vol1.1/16 dated 24 th June 2013. Also attached is the appointment letter of the employed Clerk of works and copies of inspection reports of the funded projects.	MATHEW .K.TANUI - F.A.M KWANZA CONSTITUEN CY	RESPONDED AWAITING CLEARANCE	AWAI TING CLEAR ANCE



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.0	<p>CASH AND CASH EQUIVALENT. The statement of assests reflects bank balances figure of Kshs.8,187,382.A review of the bank reconciliation statement for the month of June 2017 revealed cheques totalling to Kshs. 68,934.40 which had become stale but had not been reversed in the cashbook. Under the circumstances ,the validity and accuracy of bank balances of Kshs. 8,187,382 as at 30 June could not be confirmed.</p>	<p>The bank reconciliation statement for the month of June 2017 revealed cheques totaling Kshs.68,934.40 as shown in appendix 111 which had become stale but had not been reversed in the cashbook. At the close of the Financial year the stated stale cheques as shown in the appendix had not been reversed in the cashbook. However, the reversal was later done in the cashbook as shown by the attached cash book page extracts. The management will ensure that all the stale cheques are written back to the cashbook before the close of the Financial year.</p>	MATHEW .K. TANUI F.A.M KWANZA CONSTITUEN CY	RESPONDED AWAITING CLEARANCE	AWAITING CLEARANCE
3.0	<p>PROJECT MANAGEMENT COMMITTEE BANK ACCOUNT BALANCES. Note 15.4 to the financial statements reflects project management committee bank account balances amounting to Kshs. 6,987,967 as at 30 June 2017 as disclosed under annex 4 in respect of unutilised fund balances. However, cashbooks ,bank reconciliation statements,</p>	<p>The management confirms that a record of all PMC records including bank statements showing account balances at the close of the financial year 2017/2018 is kept in the NG-CDF office.</p>	MATHEW .K. TANUI F.A.M KWANZA CONSTITUEN CY	RESPONDED AWAITING CLEARANCE	AWAITING CLEARANCE



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Reference NO. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
	<p>bank confirmation certificates, and bank statements in support of the balance of Ksh.6,987,967 were not availed for audit review. Consequently, the accuracy, validity and existence of the disclosed project management committee balance of Ksh.6,987,967 could not be confirmed.</p>	<p>The management confirms that a separate file containing P.M.C bank statements was availed for audit review. Copies were thereafter attached in the audit response.</p>			

