

REPUBLIC OF KENYA



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REPORT

THE NATIONAL ASSEMBLY  
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THURSDAY

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Moses Lemire

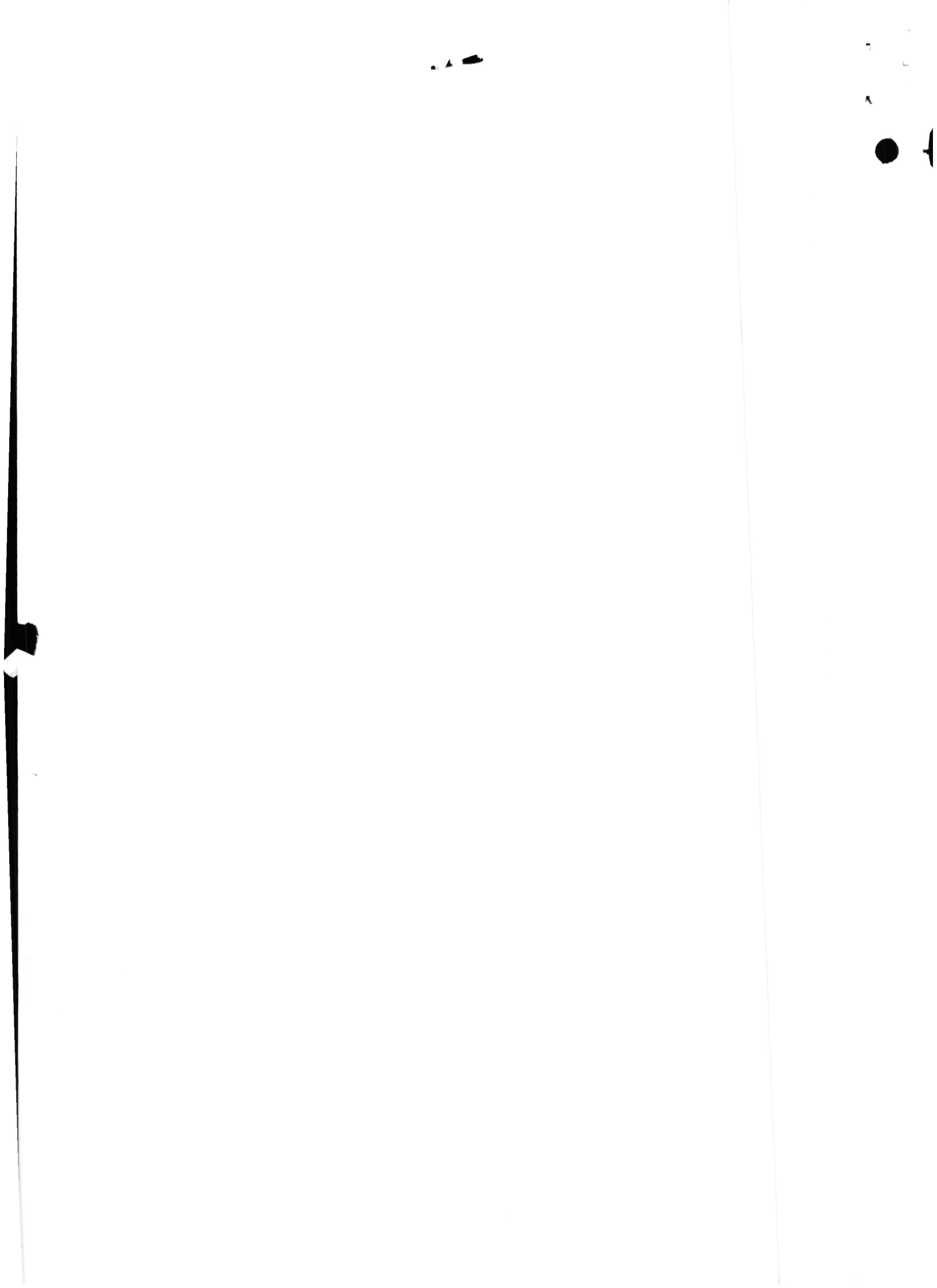
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND -  
LUGARI CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2018





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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LUGARI  
CONSTITUENCY

AMENDED 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 (IPSAS)



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

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

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Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	i
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE.....	iv
III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES .....	xv
IV. REPORT OF THE AUDITOR GENERAL .....	xvi
V. STATEMENT OF RECEIPTS AND PAYMENTS.....	1
VI. STATEMENT OF ASSETS.....	2
VII. STATEMENT OF CASHFLOW.....	3
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....	4
IX. SIGNIFICANT ACCOUNTING POLICIES.....	5
X. NOTES TO THE FINANCIAL STATEMENTS.....	9

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

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**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 GILGIL 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	ALEX M. LWAMBA
3.	Sub-County Accountant	PETER SIFUNA MAKANYANGA
4.	Chairman NGCDFC	AGGREY JEREMIAH WEKESA
5.	Member NGCDFC	

**(d) Fiduciary Oversight Arrangements**

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

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

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

**(e) NGCDF LUGARI Constituency Headquarters**

NGCDF Office Building.  
P.O Box 700  
30106  
TARBO.

**(f) NGCDF LUGARI Constituency Contacts**

Telephone: (254) 0720 320 263  
E-mail:lugari@NGCDF.go.ke

**(g) NGCDF LUGARI Constituency Bankers**

1. Cooperative Bank of Kenya  
P.O Box 2948-  
Webuye A/C 01120086153600

**(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)  
LUGARI CONSTITUENCY**

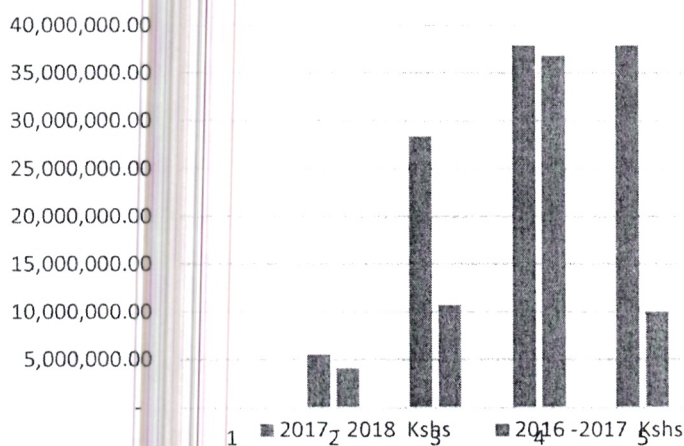
**Reports and Financial Statements for the year ended June 30, 2018**

**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

It is my pleasure to present to you LUGARI NGCDF’s annual report and financial statements for the financial year 2017/2018. In the year under review, we are pleased with our overall performance which aligns very well with our vision and also our proven track record of consistent delivery and value for money.

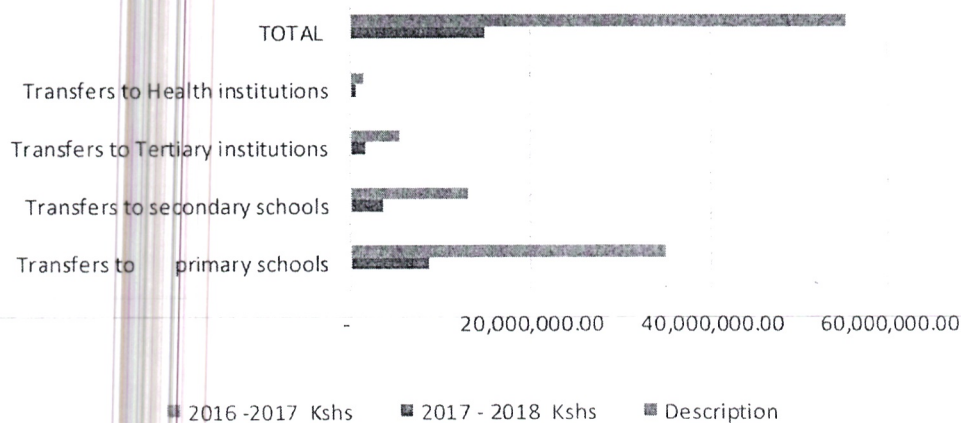
The actual amounts utilised by the constituency in its various expense items were more than 79% of its budget performance, however the target should be 100% if funds are availed in time during the financial year.

**Comparison of transfer from the CDF Board**



From this chart, it’s noted that there has been an improvement in the disbursement of funds from the board in the financial year 2017/2018 than 2016/2017. We appreciate the Board for the improvement but the target should be 100% disbursement as at 30<sup>th</sup> June.

**Comparison in performance in transfer to other Government entities**



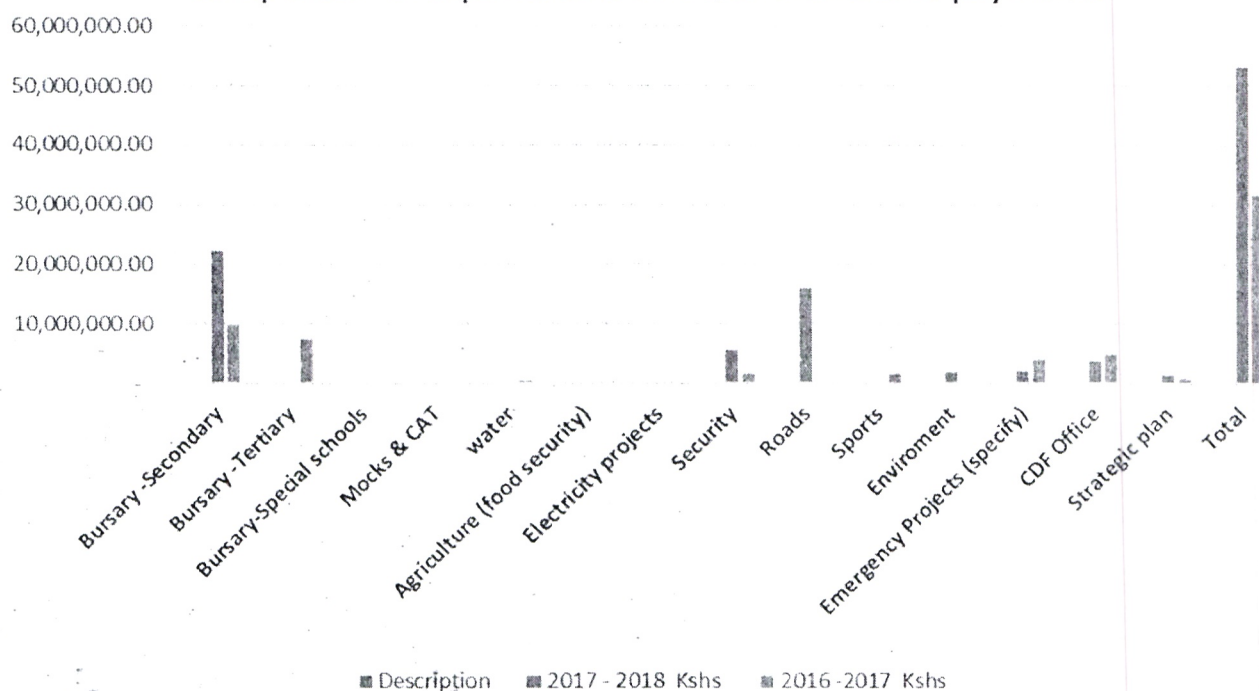
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LUGARI CONSTITUENCY**

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

From the chart above, it is noted that the general transfer to other government entities was higher this financial year 2017/2018 as compared to last financial year. This was due to faster disbursements of funds this year as compared to last financial year. This lead to faster absorption.

Transfer to primary schools topped on the list of institution who received funds from Lugari NGCDF followed by secondary schools. Education sector benefited more this financial year from our allocations.

**Comparison of expenditure on other Grants and payments**

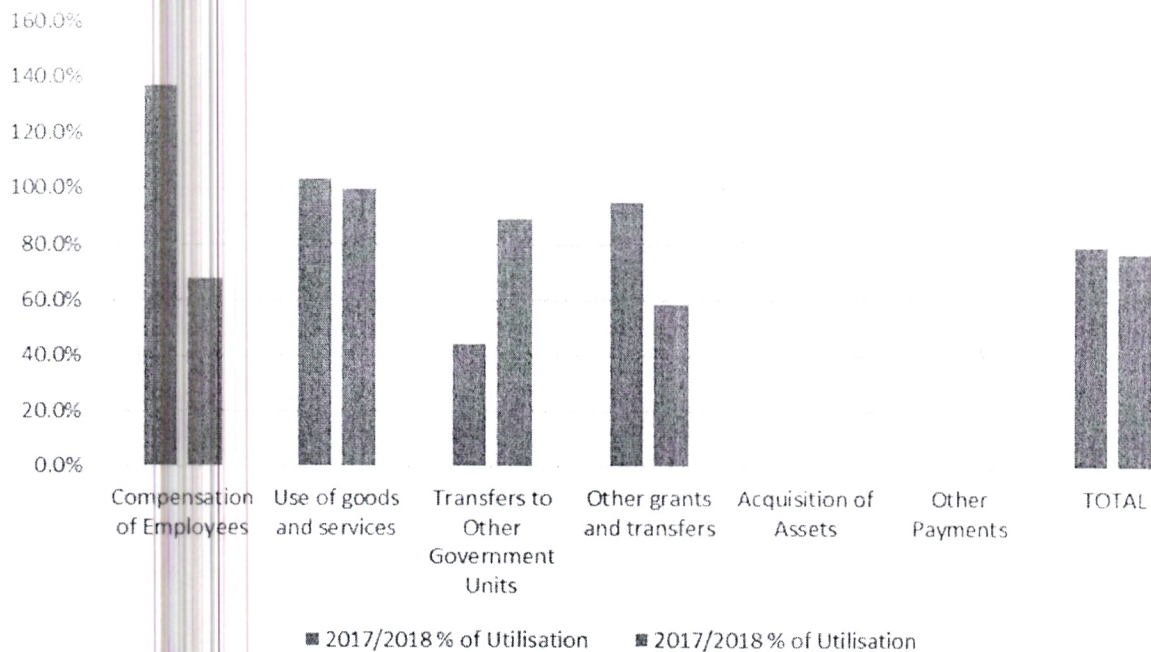


On expenditure on other grants and payments, bursary vote received more funds, followed by roads and security sector taking the third position. It's of importance to note that this year my committee prepared a strategic plan as a tool to guide implementation of projects.

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

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

**Comparison of percentage utilization of funds**



I therefore report an improvement of fund utilization this year due to timely disbursement of funds from NG CDF BOARD. This is bound to improve when the CDF BOARD improves on timely disbursement to the constituency the coming years.

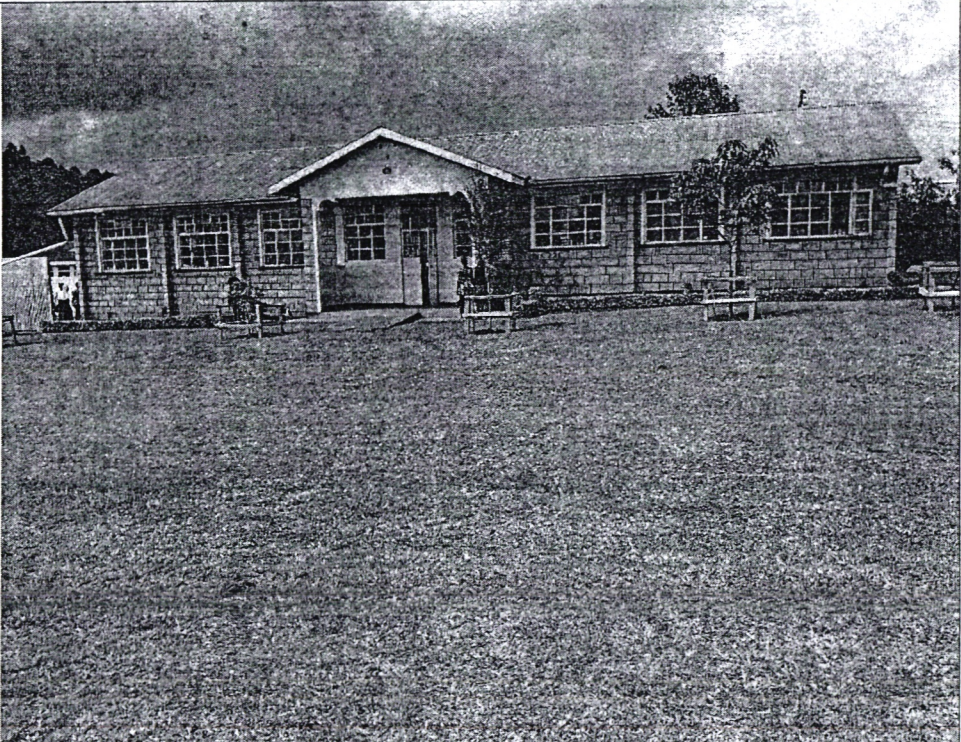
Below are some of the key projects done well in our constituency as achievements

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

**LUGARI CONSTITUENCY**

**Reports and Financial Statements**

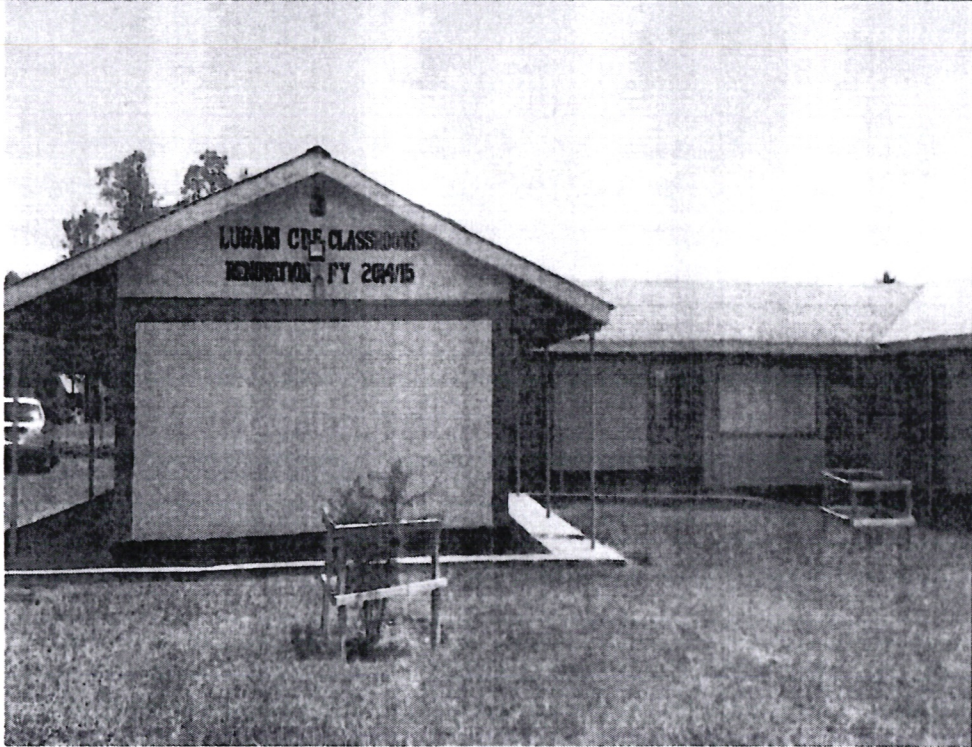
**For the year ended June 30, 2018**

NO.	Project name	Image of the project	Financial Year	Impact of the project
<b>1.</b>		<b>TARTIARY PROJECTS</b>		
	Lugari Technical Training college dormitory in Lumakanda Ward		2014/15	Students from Lugari TTC can now sleep in a conducive learning environment and now has recorded high enrollment and good performance


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

**LUGARI CONSTITUENCY**

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

B	Lugari Technical Training college Construction of 4 classrooms in Lumakanda Ward		2014/15 - 2015/16	Lugari Constituency has now a National Teachers Training College with modern classrooms for conducive learning
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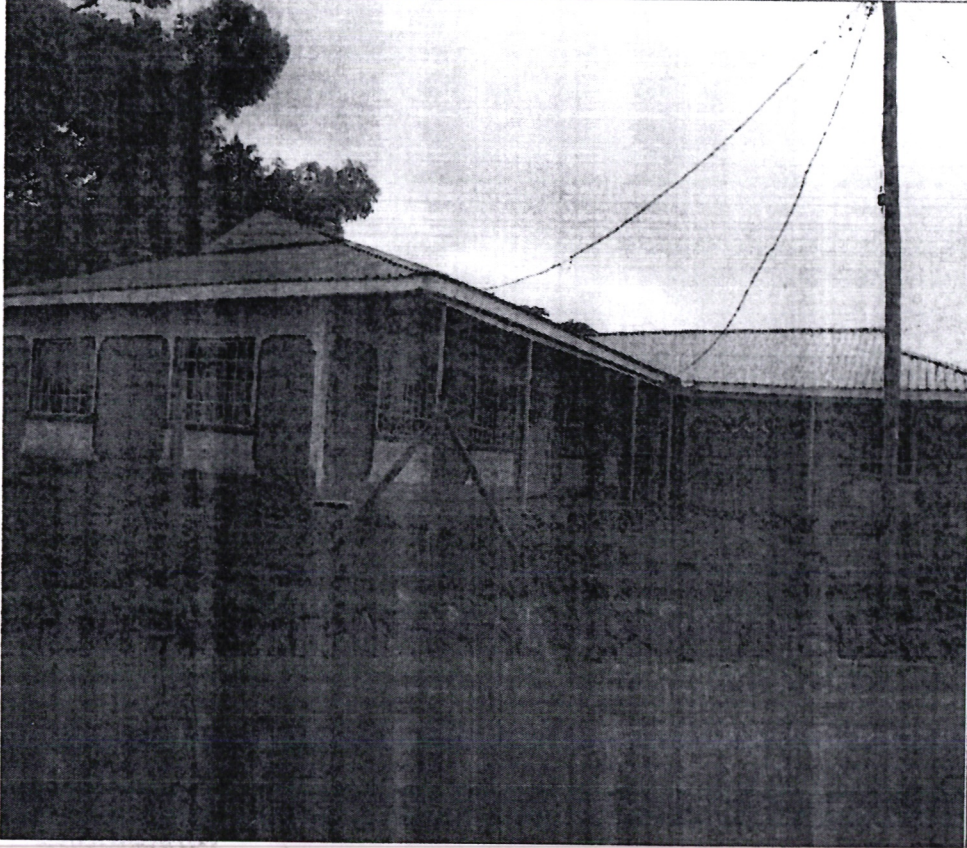
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**LUGARI CONSTITUENCY**  
**Reports and Financial Statements for the year ended June 30, 2018**

2.	EDUCATION PROJECTS		
A	Mbajo Primary school in Chekalini Ward construction of two classrooms		2016/17 The school had high enrollment of students and the two classrooms has lessened the burden of congestion in classrooms and conducive learning

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


**LUGARI CONSTITUENCY**

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

3.		<b>CDF OFFICE</b>		
	Lugari NG CDF office at Lumakanda Market		20 16/17- 2017/18	We have been operating in rental offices and now working in our office and CDF services improved. Our documents are safe and cost of operation is reduced.

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

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

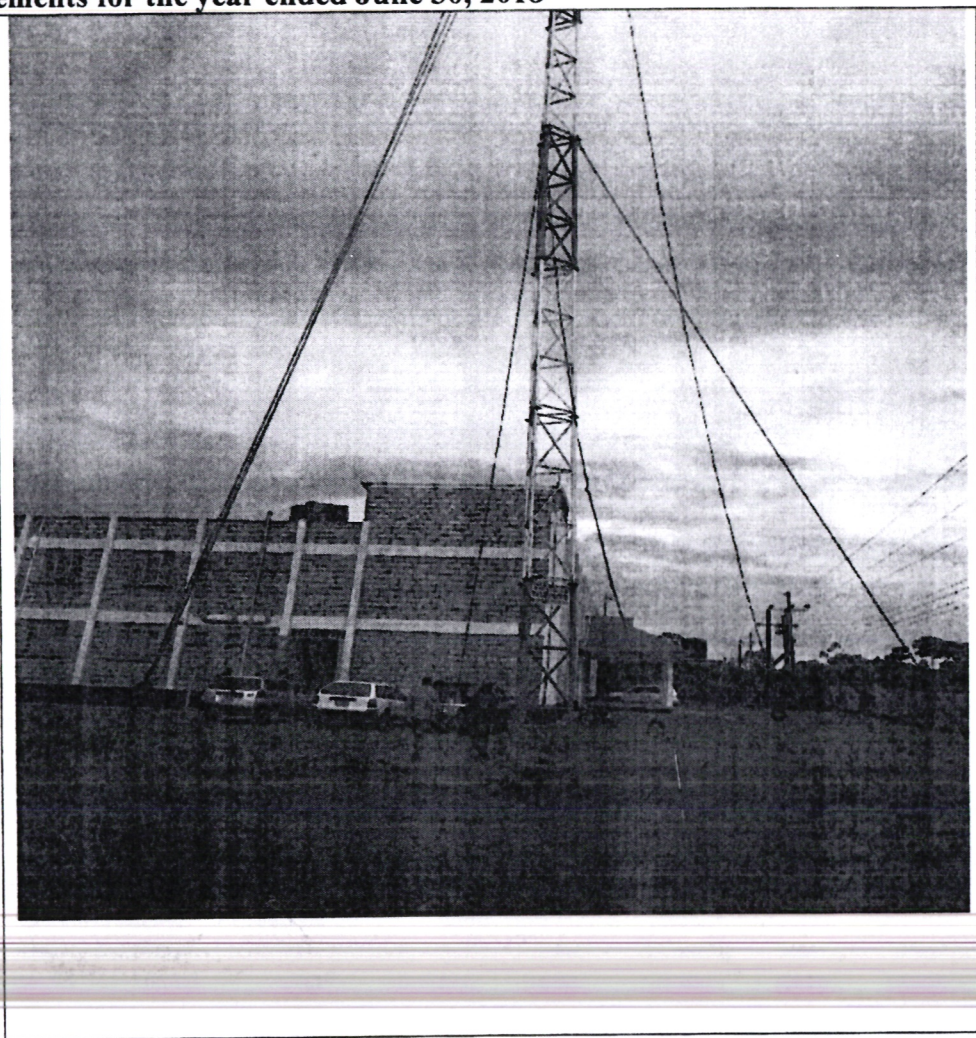
4.		<b>SECURITY PROJECTS</b>		
A	Lugari Sub county perimeter fence and Gate		2017/18	The sub-county has been operating nakedly with no specific entry point thus insecurity was high. Now the security has been beefed up and has one entry point because of the chain-link perimeter fence.



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

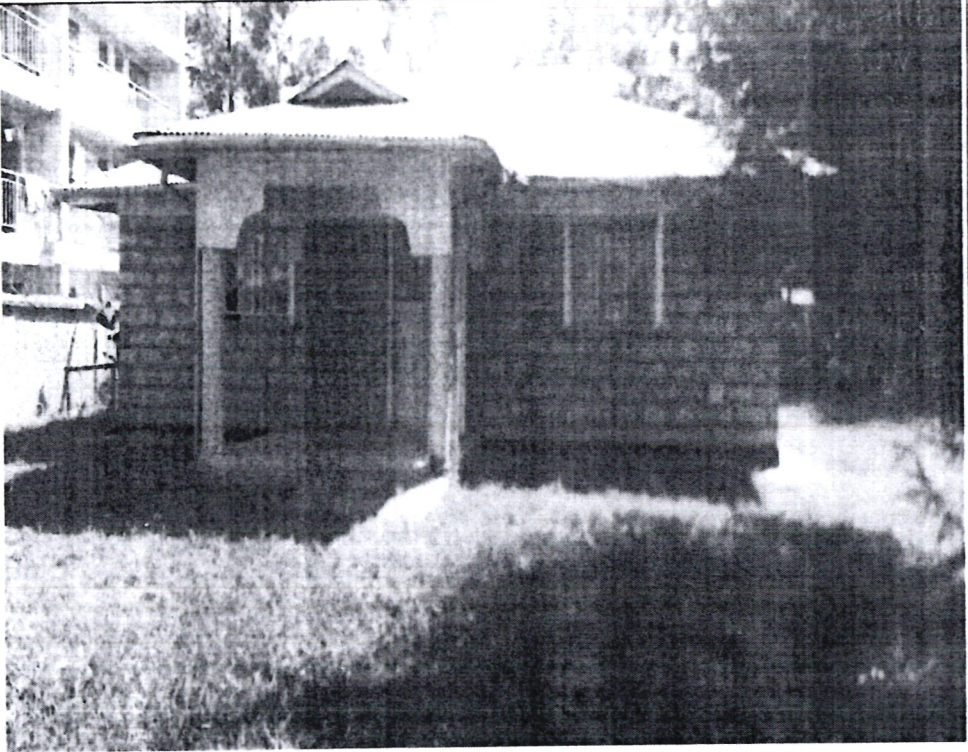
**LUGARI CONSTITUENCY**

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

B	Mwamba Lightening Arrestors at Lugari Ward and Lumakanda ward		2016/17	About 10 school children have lost lives through lightening which has been a setback in the area. The erected Lightning arrestors has eradicated death through lightening's.
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
 UGARI CONSTITUENCY**

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

5.	<b>HEALTH PROJECTS</b>				
A	Matete Health center construction of a nurse house		2014/15 - 2015/16	Emergency Health services can now be offered during the night since the nurse in charge stays in the compound and can now attend to sick cases even at night hours	

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

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- By providing funds directly to each constituency for fighting poverty, CDF assists in ironing out regional imbalances due to patronage.
- CDF has been able to open rural access roads (feeder roads) thus contributing to economic growth.
- In the education sector, CDF funding of schools has assisted in increasing student enrolment, the CDF bursary has helped retain in schools students from low income families.
- The security sector has boosted the security in the constituency through construction of police posts in all the wards and lightening arrestors.

**Emerging issues related to the CDF**

Entrenching CDF Act in the new constitutional dispensation, since it is facing a lot of legal challenges, hence Members of Parliament should enact legislations which do not contravene the constitution in order to protect the CDF.

**Implementation challenges and recommended way forward**

- Late disbursement of funds, lead to rise in project costs due to factors like inflation due to time value for money and also the public do not get the value of the funds in time, a good case is in late bursary awards, to remedy this, funds should be released by CDF Board in time.
- The completion of projects initially funded by CDF but now under County Government is still a major challenge since County government wants they be completed by CDF before hand over

*Sign*



**CHAIRMAN NGCDF COMMITTEE  
AGGREY JEREMIAH WEKESA**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LUGARI 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.

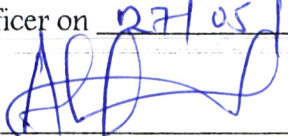
The Accounting Officer in charge of the NGCDF-LUGARI Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. 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-LUGARI 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 *LUGARI's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- LUGARI Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

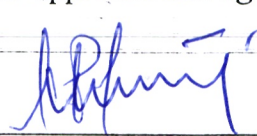
The Accounting Officer in charge of the NGCDF- LUGARI Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The NGCDF- LUGARI Constituency financial statements were approved and signed by the Accounting Officer on 27/05 2018.

  
Fund Account Manager  
Name: ALEX M LWAMBA



  
Sub-County Accountant  
Name: PETER S. MAKANYANGA  
ICPAK Member Number:

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LUGARI 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 - Lugari Constituency set out on pages 1 to 22, which comprise the statement of assets and liabilities as at 30 June 2018 and the statement of receipts and payments, statement of cash flows and 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 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 - Lugari 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. Summary Statement of Appropriation

The summary statement of appropriation: recurrent and development combined reflects final budget of Kshs.107,507,491 for the year under review whereas the available records shows a final budget of Kshs.129,265,917, resulting to an undisbursed balance of Kshs.21,758,425 brought forward from previous years. No explanation was provided for failure to incorporate the brought forward balance in the current budget.

In addition, the summary statement of appropriation: recurrent and development combined reflects budget utilization difference of Kshs.31,795,533 while the correct computed figure should be Kshs.29,375,267 resulting to a variance of Kshs.2,420,266 which was not explained or reconciled.

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

Consequently, the accuracy of the summary statement of appropriation: recurrent and development combined annexed to the financial statements under review could not be ascertained.

## 2. Notes and Disclosures

Note 10.2 to the financial statements discloses Project Management Committee (PMC) comparative account balance as at 30 June 2017 of Kshs.2,754,682 while the supporting annex 2 to the financial statements do not disclose the individual PMC account balances.

Consequently, the completeness of the supporting annex 2 to the financial statements for the year ended 30 June 2018 could not be confirmed.

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

### Key Audit Matters

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

### Other Matter

#### 1. Budgetary Control and Performance

##### 1.1 Budget Performance

The Fund had an approved budget of Kshs.107,507,491 for the year ended 30 June 2018. The Fund recorded actual expenditure of Kshs.78,132,224 representing 73% of the approved budget resulting to an under expenditure of Kshs.29,375,267 representing 27% of the approved budget as shown below:

Item	Approved Budget Kshs.	Actual Expenditure Kshs.	Under Absorption Kshs.	Under Absorption %age
Compensation of Employees	2,138,662	2,138,662	-	-
Use of Goods and Services	13,247,407	7,622,783	5,624,624	42
Transfers to Other Government Units	36,519,419	15,086,280	21,433,139	59
Other Grants and Transfers	51,761,935	49,444,431	2,317,504	4
Acquisition of Assets	3,840,068	3,840,068	-	-
<b>Total</b>	<b>107,507,491</b>	<b>78,132,224</b>	<b>29,375,267</b>	<b>27</b>

Failure to utilise funds is an indication that services and approved programs were not delivered as planned and therefore the budget did not meet the intended objectives of improving delivery of services and programmes to the constituents of Lugari Constituency.

## 1.2 Project Implementation Status

According to the project implementation status (PIS) report provided for audit, the Fund had since 2013/2014 disbursed a total of Kshs.555,342,946 towards implementation of six hundred and forty-one (641) projects which were at various levels as at 30 June 2018 as shown below:

Status	Period	2016-17 & Earlier	2017-18	Total
Completed	No of Projects	503	31	534
		Kshs.	Kshs.	Kshs.
	Estimated Cost (Kshs)	461,159,323	63,417,943	524,577,266
	Allocated Amount (Kshs)	441,032,479	53,417,943	494,450,422
	Disbursed Amount (Kshs)	404,827,005	53,417,943	458,244,947
Ongoing	No of Projects	59	48	107
	Estimated Cost (Kshs)	111,572,467	70,905,713	182,478,180
	Allocated Amount (Kshs)	99,222,467	44,771,713	143,994,180
	Disbursed Amount (Kshs)	52,326,286	44,771,713	97,097,999
<b>Total</b>	<b>No of Projects</b>	<b>562</b>	<b>79</b>	<b>641</b>
	<b>Estimated Cost (Kshs)</b>	<b>572,731,790</b>	<b>134,323,655</b>	<b>707,055,445</b>
	<b>Allocated Amount (Kshs)</b>	<b>540,254,946</b>	<b>98,189,655</b>	<b>638,444,601</b>
	<b>Disbursed Amount (Kshs)</b>	<b>457,153,291</b>	<b>98,189,655</b>	<b>555,342,946</b>

It was noted that fifty-nine (59) projects with disbursements totalling Kshs.52,326,286 relating to 2016/17 and earlier years were still ongoing while forty-eight (48) projects with disbursements of Kshs.44,771,713 and which started in 2017/2018 were also still ongoing. Delay in implementation of projects denies the residents of Lugari Constituency the benefits that would have accrued from the completed projects.

## 1.3 Project Verification

A sample of thirteen (13) projects undertaken by the Fund at a cost of Kshs.41,450,000 were verified during the audit in April 2019 and the observations noted are summarized below;

	Project	Amount (Kshs)	Remarks
1	Cheraywa TTI	2,700,000	Purchase of additional 2 acres of land Block Kabras/Kiliboti/1413 at Kshs.1,000,000, fencing off the now consolidated 10 acre land at Kshs.500,000 and construction of 2 class rooms at Kshs.1,200,000. A further 8 acres had been acquired earlier. The land is fenced but one classroom was under construction during the site visit with poor workmanship going on in respect to roofing. The title deed for this land was not availed for audit verification.

	<b>Project</b>	<b>Amount (Kshs)</b>	<b>Remarks</b>
2	Mautuma MTC	1,000,000	Purchase of 1-acre additional land bringing the total land to 2.5 acres since 1.5 acres Block Mautuma/2373 had been purchased in 2016/17 to construct hostels. The transaction is finalized and the land fenced off but the title deed was not be availed for audit review.
3	Kipkaren Rural Primary School	3,000,000	The school was to purchase two parcels of land each 0.4 Ha and a sale agreement was signed between the School BoM and the seller of the pieces Blocks Lumakanda/7373 & 4 at a cost of Kshs.3.0m. The school had taken over but the title deed to the land had not been secured.
4	Mbajo Primary School	3,200,000	Construction of 2 classrooms at Kshs.1,400,000 and Purchase of 2 acres of land at Kshs.1,800,000. A site visit revealed that the costs may have been exaggerated in that the classroom was an extension from an existing one meaning one wall and associated costs were not incurred while the costing was for standalone class. As a result, the Fund lost the funds paid for the already existing wall. Further, no measurements were availed for the certified works. In addition, the windows and doors were slightly smaller thereby increasing the value for money not achieved. The floor had cracks already before completion. The title deed for the land was not available for audit verification.
5	St Paul Lugari Boys Laboratory	1,550,000	Completion of a twin laboratory was ongoing with roofing, plastering, floor screed, doors, windows and glazing, cabinets & electricity wiring already done. However, no detailed certificates of measured works were availed to enable verification of the works paid for. Further the project management committee was not involved in the project implementation and did not have the bills of quantities casting doubt on the effectiveness of the monitoring process.
6	St Louis Saisi Primary School Girls Dormitory	900,000	The amount was disbursed for the construction of one (1) girls' dormitory estimated to cost Kshs.3 million. This amount was noted to represent less than a third of the project cost which would ultimately delay the completion period thus denying the users value for the project as it drags and costs escalate.
7	Ivona Mixed Secondary School	1,300,000	Construction of one (1) classroom at Kshs.900,000 and purchase of 1 acres of land at Kshs.400,000. The school had started another project without completion of an old one involving construction of a classroom now abandoned. Of the new classes, one was complete but the windows design and positioning was not providing enough light for students.
8	St Joseph Majengo Secondary School	900,000	The funds were meant for construction of one (1) classroom and the contractor was paid Kshs.339,310 being Cert No 1 with works expected to be completed by 31 October 2019 but no measurements were availed for the certified works.
9	Construction of Lugari CDF office. Phase one-laying the	7,000,000	Work in progress balance allocated in 2016/17 and 2017/18



	Project	Amount (Kshs)	Remarks
	foundation and walling and roofing		
10	Completion of Grading, and muramming of Makutano-Sipande Road of 27km.	6,000,000	13km done, 14km to be completed
11	Completion of Grading, and muramming of Laini Moja-Musembe-Mapengo Dispensary road. 14km	3,100,000	7km completed, 7km to be done
12	Completion of Grading, and muramming of Mufutu-Frank-Manyonyi Milimani road. 25kms	5,800,000	14km completed, 11kms to be done
13	Completion of Grading, and muramming of Nambilima-Vuyika L6209 road 23Kms.	5,000,000	14km completed, 9kms to be complete
	<b>Total</b>	<b>41,450,000</b>	

It was noted that most of the parcels of land purchased did not have title deeds and no explanation was provided for the slow pace in implementation or failure to implement all the projects as budgeted.

Consequently, the residents of Lugari Constituency may not have benefited from the incomplete projects.

## 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 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

#### 1. Maintenance of Roads

The other grants and transfers figure of Kshs.49,444,431 include roads expenditure of Kshs.16,110,400 for the year ended 30 June 2018 as disclosed in note 6 to the financial statements. The expenditure was in respect of pending bills due to road contractors incurred during the financial years 2015/2016 and 2016/2017. The roads had been constructed when the road function was still under the National Government. Although the NGCDF Board in April 2017 approved a supplementary budget and provided the funds to pay for road works, the same had not been disclosed in the financial statements for the previous year as pending payables. However, no explanation was provided for the failure to disclose the bills in the financial statements under review.

Consequently, the propriety of Kshs.16,110,400 incurred on pending bills during the year under review could not be confirmed.

## 2. Lugari CDF's Office Construction Works

The acquisition of assets amount of Kshs.3,840,068 comprises of two payments made to contactors of Kshs.3,000,000 and Kshs.840,000 respectively in respect to the Fund's office construction works. However, it was noted that the bills of quantities appeared to have been exaggerated. For instance, a sample taken for various works in respect of bills of quantities valued at Kshs.1,093,675 were upon verification found to total Kshs.733,732 resulting to an overcharge of Kshs.359,943 as detailed below:

	Element Item	Details		BQ (Units)	Actual (Units)	BQ Value Kshs.	Actual Certified Kshs.	Loss Kshs.
1	Doors	Mahogany	M <sup>2</sup>	31.50	16.22	210,000	108,138	101,862
2	Doors	Steel Doors	M <sup>2</sup>	7.50	5.80	40,000	30,912	9,088
3	Windows	1800	1500	16.2	12.075	48,000	35,7787	12,222
4	Windows	1500	900	2.7	1.098	13,000	5,287	7,713
5	Windows	1500	1200	18	11.232	70,000	43,6802	26,320
6	Windows	600	400	1.68	1.05	24,675	15,422	9,253
7	Chipboards			320	282.8	384,000	339,360	44,640
8	Painting			320	282.8	64,000	56,560	7,440
9	Kitchen Base Cabinets			1	0	30,000	0	30,000
10	Painting			1050	492.98	210,000	98,595	111,405
	<b>Total</b>					<b>1,093,675</b>	<b>733,732</b>	<b>359,943</b>

Arising from the above verification sample, the value of the works may have been overestimated by approximately 33%. In addition, the management did not provide details of the certificates used to support the payments to the two contractors. Consequently, value for money on the expenditure of Kshs.3,840,000 for the year ended 30 June 2018 could not be confirmed.

## 3. Marakusi Community Project

According to the project implementation status report provided for audit review, the Fund had during the previous years leased 10 acres of land for construction of a maize preservation plant at a cost of Kshs.2,550,000. The cost of Kshs.2,550,000 included lease of the ten (10) acres for a period of ten (10) years and fencing of the same. However, during the audit verification in April 2019, it was found that no activity was going on at the site despite payment having been made in 2014/15 and management did not explain what it intends to do with the leased land. Consequently, the expenditure of Kshs.2,550,000 amounts to nugatory payment and has not benefited the residents of Lugari Constituency.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

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

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



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

**Nairobi**

**26 August 2019**

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

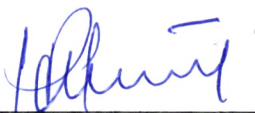
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LUGARI CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

V. STATEMENT OF RECEIPTS AND PAYMENTS			
	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	109,659,770	61,649,277
Other Receipts	2	<u>49,000</u>	<u>100,800</u>
<b>TOTAL RECEIPTS</b>		<b>109,708,770</b>	<b>61,750,077</b>
<b>PAYMENTS</b>			
Compensation of employees	3	2,138,662	1,021,700
Use of goods and services	4	7,622,783	16,779,230
Transfers to Other Government Units	5	15,086,280	55,148,096
Other grants and transfers	6	49,444,431	31,655,394
Acquisition of Assets	7	3,840,068	
<b>TOTAL PAYMENTS</b>		<b>78,132,224</b>	<b>104,604,420</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>31,576,546</u></b>	<b><u>42,854,344</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- LUGARI Constituency financial statements were approved on 27/05/2018 and signed by:

  
\_\_\_\_\_  
Fund Account Manager  
Name: ALEX M. LWAMBA



  
\_\_\_\_\_  
Sub-County Accountant  
Name: Peter S. Makanyanga  
ICPAK Member Number:

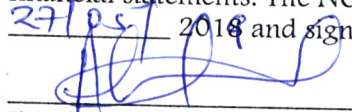
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LUGARI CONSTITUENCY**

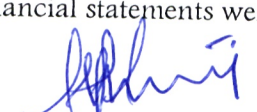
**Reports and Financial Statements for the year ended June 30, 2018**

**VI. STATEMENT OF ASSETS**

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8	31,795,533	127,987
<b>Total cash and Cash Equivalents</b>		<b>31,795,533</b>	<b>127,987</b>
<b>Current Receivables</b>			
Outstanding Imprests	9	-	91,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>31,795,533</b>	<b>218,987</b>
<b>FINANCIAL LIABILITIES</b>			
Account Payable		-	-
<b>NET FINANCIAL ASSETS</b>		<b>31,795,533</b>	<b>218,987</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	10	218,987	43,073,331
Surplus/Deficit for the year		31,576,546	(42,854,344)
<b>NET LIABILITIES</b>		<b>31,795,533</b>	<b>218,987</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- LUGARI Constituency financial statements were approved on 27/05/2018 and signed by:

  
Fund Account Manager  
Name ALEX M. LWAMBA

  
Sub-County Accountant  
Name: Peter S. Makanyanga  
ICPAK Member Number:

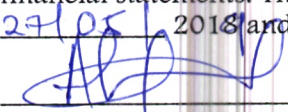
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LUGARI CONSTITUENCY**

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

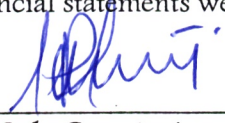
**VII. STATEMENT OF CASHFLOW**

		2017 – 2018	2016 – 2017
		Kshs.	Kshs.
Receipts for operating income			
Transfers from NGCDF Board	1	109,659,770	61,649,277
Other Receipts	2	49,000	100,800.00
		<b>109,708,770</b>	<b>61,750,077</b>
Payments for operating expenses			
Compensation of Employees	3	2,138,662	1,021,700
Use of goods and services	4	7,622,783	16,779,230
Transfers to Other Government Units	5	15,086,280	55,148,096
Other grants and transfers	6	49,444,431	31,655,394
		<b>74,292,156</b>	<b>104,604,420</b>
<b>Net cash flow from operating activities</b>		<b>35,416,614</b>	<b>(42,854,344)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	(3,840,068)	-
<b>Net cash flows from Investing Activities</b>		<b>(3,840,068)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>31,576,546</b>	<b>(42,854,344)</b>
Cash and cash equivalent at BEGINNING of the year		218,987	43,073,331
Cash and cash equivalent at END of the year		<b>31,795,533</b>	<b>218,987</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- LUGARI Constituency financial statements were approved on 27/05/2018 and signed by:

  
Fund Account Manager  
Name ALEX M. LWAMBA



  
Sub-County Accountant  
Name: Peter S. Makanyanga  
ICPAK Member Number:



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

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
RECEIPTS	a	b	c=a+b	d	e=c-d	f=d/c %
Transfers from NGCDF Board	86,810,344	20,697,147	107,507,491	109,878,756.70	(2,371,266)	102%
Other Receipts				49,000	(49,000)	
<b>TOTAL</b>	<b>86,810,344</b>	<b>20,697,147</b>	<b>107,507,491</b>	<b>109,927,757</b>	<b>(2,420,266)</b>	<b>102%</b>
PAYMENTS						
Compensation of Employees	2,138,662	0	2,138,662	2,138,662	0	100%
Use of goods and services	5,723,269	7,524,138	13,247,407	7,622,783	5,624,624	58%
Transfers to Other Government Units	29,701,582	6,817,837	36,519,419	15,086,280	21,433,139	41%
Other grants and transfers	45,406,763	6,355,172	51,761,935	49,444,431	2,317,504	96%
Acquisition of Assets	3,840,068	-	3,840,068	3,840,068	-	100%
<b>TOTALS</b>	<b>86,810,344</b>	<b>20,697,147</b>	<b>107,507,491</b>	<b>78,132,224</b>	<b>31,795,533</b>	<b>73%</b>

(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. *Transfer from NG CDF BOARD/Receipts was over utilized because last financial year had a balance of unspent which was released this financial year Kshs 28,349,425.10*
- ii. *Use of goods and services was also underutilised with 57.5% due to late disbursement of funds.*
- iii. *Transfer to other government Units was underutilized due to late disbursement of funds i.e. funds for projects disbursed end of June 2018*
- iv. *Late disbursement caused total utilization of funds to 72.6% which is lower to expected 90%.*

*(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- LUGARI Constituency financial statements were approved on 27/05/2018 and signed by:

Fund Account Manager  
 Name ALEX M. LWAMBA



Sub-County Accountant  
 Name: Peter S. Makanyanga  
 ICPAK Member Number:

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

**Reports and Financial Statements**

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

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

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

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

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

*SIGNIFICANT ACCOUNTING POLICIES Continued*

**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) – LUGARI CONSTITUENCY**

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

*SIGNIFICANT ACCOUNTING POLICIES Continued*

**5. In-kind contributions**

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

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**9. Pending Bills**

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

**10. Unutilized Funds**

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

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

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

*SIGNIFICANT ACCOUNTING POLICIES Continued*

**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) – LUGARI CONSTITUENCY**

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

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018 Kshs	2016-2017 Kshs
NGCDF Board			
AIE NO	A855907	5,500,000	4,095,827
AIE NO	A892615	28,349,425	10,700,000
AIE NO	A896765	37,905,172	36,853,449
AIE NO	A896943	37,905,173	10,000,000
<b>TOTAL</b>		<b>109,659,769</b>	<b>61,649,276</b>

**2. OTHER RECEIPTS**

	2017- 2018 Kshs	2016-2017 Kshs
Receipts from Sale of tender documents	49,000	100,800
<b>Total</b>	<b>49,000</b>	<b>100,800</b>

**3. COMPENSATION OF EMPLOYEES**

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,258,386	1,021,700
Gratuity	880,276	
<b>Total</b>	<b>2,138,662</b>	<b>1,021,700</b>

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. USE OF GOODS AND SERVICES**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee Expenses	602,000	1,886,750
Communication, supplies and services	99,000	189,400
Domestic travel and subsistence	408,010	1,981,755
Other committee expenses	910,100	00
Training expenses	00	2,296,250
Insurance costs	00	180,850
Office and general supplies and services	768,476	3,505,100
Other operating expenses	3,335,197	4,721,003
Fuel and Oil lubricants	1,500,000	1,538,000
Routine maintenance – other assets	00	480,122
<b>Total</b>	<b>7,622,783</b>	<b>16,779,230</b>

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	8,857,770	35,023,112
Transfers to secondary schools (see attached list)	3,788,510	13,156,120
Transfers to tertiary institutions (see attached list)	1,690,000	5,488,864
Transfers to health institutions (see attached list)	750,000	1,480,000
<b>TOTAL</b>	<b>15,086,280</b>	<b>55,148,096</b>

**6. OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018 Kshs	2016- 2017 Kshs
Bursary -Secondary	11,956,595	9,848,189
Bursary -Tertiary	10,140,235	7,536,095
Bursary-Special schools	158,554	205,310
water		350,000
Agriculture (food security)		300,000
Security	5,636,206	1,760,000
Roads	16,110,400	
Sports		1,600,000
Environment	1,892,441	
Emergency Projects (specify)	2,125,000	4,142,400
CDF Office		4,983,400
Strategic plan	1,425,000	930,000
<b>Total</b>	<b>49,444,431</b>	<b>31,655,394</b>

**7. ACQUISITION OF ASSETS**

Non-Financial Assets	2017-2018 Kshs	2016-2017 Kshs
Construction of Buildings	3,840,068	-
<b>Total</b>	<b>3,840,068</b>	<b>-</b>



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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2017-2018 Kshs	2016-2017 Kshs
<i>Coop Bank Webuye branch 01120086153600</i>	31,795,533	127,987
<b>Total</b>	<b>31,795,533</b>	<b>127,987</b>

**9. BALANCES BROUGHT FORWARD**

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	218,987	42,959,602
Cash in hand	-	22,729
Imprest	-	91,000
<b>Total</b>	<b>218,986.8</b>	<b>43,073,331</b>

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10. OTHER IMPORTANT DISCLOSURES**

**10.1 UNUTILIZED FUNDS (See Annex 1)**

	2017/2018 Kshs.	2016/2017 Kshs.
Use of goods & services	5,624,624	183,926
Amounts due to other Government entities	21,433,139	10,863,353
Amounts due to other grants and other transfers	2,317,504	19,900,000
Unbudgeted	2,420,266	-
	<b>31,795,533</b>	<b>30,947,279</b>

**10.2 PMC ACCOUNT BALANCES (SEE ANNEX 2)**

	2017- 2018 Kshs	2016-2017 Kshs
PMC account Balances (see attached list)	4,798,929	2,754,682
<b>TOTAL</b>	<b>4,798,929</b>	<b>2,754,682</b>

**10.3 SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs) 2017/2018	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	3,024,000	0	0	3,024,000
Buildings and structures	4,983,400	3,840,068	0	8,823,468
Transport equipment	3,700,000	0	0	3,700,000
Office equipment, furniture and fittings	1,295,000	0	0	1,295,000
Other Machinery and Equipment	4,565,749	0	0	4,565,749
<b>Total</b>	<b>17,568,149</b>	<b>3,840,068</b>	<b>0</b>	<b>21,408,217</b>

**NB:** The figure of Kshs.4,983,400 for acquisition of assets was erroneously reported under other grants and transfers in 2016/17 when it related to the construction of the CDF office. It has now been appropriately classified.

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

**ANNEX 1: UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of Employees			478,300	
Use of goods & services		5,624,624	-4,190,241	
Amounts due to other Government entities				
Mapengo Dispensary	Processing of land title deed		100,000	
Maturu Secondary School	Completion of multipurpose hall (walling)		600,000	
Nzoia Girls Secondary School	Purchase of 1 acre land		700,000	
Sipande Dispensary	Construction of a dispensary		300,000	
St Paul Shitavita primary	Construction of a classroom		300,000	
St. Michael Mwilolo Primary School	Purchase of land 1 acre		534,503	
Angayu Primary School	roofing of a classroom plastering and painting		200,000	
Chekalini primary school	Renovation of 2 classrooms (re-roofing, floor screed, painting & glazing)		200,000	
Forestal primary school	Construction of 2 door toilets to completion		230,000	
Jirongo DEB Primary school	Plastering and painting of a classroom		250,000	
Koromaiti Assistant Chiefs Office	Completion of the chiefs offices roofing, plastering, shutters and painting		400,000	
Lugari Jomo kenyatta University Cumpus	Construction of a hostel to completion		600,000	
Lumani Primary School	Roofing of a classroom and PTA to complete		150,000	
Mapengo Primary School	Construction of 4 door toilets		300,000	
Muhomo Primary school	Renovation 2 classrooms, flooring, plastering and painting		300,000	
Mulwanda Primary school	Construction of 2 door toilets		100,000	
Musembe Primary School	Completion of 2 classrooms (roofing, fittings,		300,000	

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

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Musemwa Primary school	Construction of 1 classroom		500,000	
Mutua Primary school	Completion of 1 classroom (plastering painting and shutters)		300,000	
Muviki primary school	Construction of One classroom to roofing completion by PTA		456,679	
Mwamba secondary school	Completion of payment of purchase of 2 acre land		300,000	
Navalayo Primary school	Completion of 1 classroom (plaster, window fittings and verandah)		200,000	
Panpaper primary school	Construction of a 2 door toilet		100,000	
St Louis Saisi primary school	Plastering, flooring and painting of classroom		200,000	
St. Charles Lwanga Koromaiti secondary school	Completion of a laboratory (flooring and ceiling board)		300,000	
Tekoa primary school	Completion of 2 classroom, plastering and painting		450,000	
Mugumu Primary school	Purchase of land half an acre		400,000	
Chepsai Primary School	Completion of 1 classroom ((Roofing, plastering fittings & floor screed and painting)	250,000		
Muhomo Primary School	Completion of 2 classrooms ((Roofing, plastering fittings & floor screed and painting)	600,000		
St. Paul's Shitavita Primary School	Completion of 1 classroom (Roofing, fittings, floor screed, plastering and painting)	350,000		
Mukhalanya Primary School	Completion of 1 classroom (Roofing, fittings, plastering & floor screed)	300,000		
Mulwanda Primary School	Completion of 2 classrooms (Plastering, fittings, painting & wiring)	500,000		
Mwivona Primary School	Construction of 2 door toilets	300,000		

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

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Koromaiti Primary School	Completion of 4 classrooms (Verandah, painting, fittings and plastering)	500,000		
Tekoa Primary School	Additional funds for purchase of 2 acres of land	230,000		
Kipkarren Rural Primary School	Additional funds for purchase of 2 acres of land.	1,000,000		
Lumakanda DEB primary School	Purchase of 4 acres of land	3,200,000		
Marakusi Primary School	Renovation of 2 classrooms (Plastering & floor screed and painting )	300,000		
Macho Muslim Primary School	Plastering, doors and windows and painting one classroom	300,000		
Mukuyu Friends Special School	Completion of 1 classroom (Roofing, flooring, windows & door)	300,000		
St. Loius Saisi Primary School	Construction of 1 dormitory	900,000		
Lugari Sub County headquarters	Erection and completion of 6 door pit latrine and two urinal at Lugari Sub county headquarters Lumakanda door toilets at the Sub county Headquarters	975,995		
Mbajo secondary school	Erection and completion of two door pit latrines toilets	250,116		
LUGARI NG CDF MOTOR VEHICLE	Purchase of motor vehicle make: Toyota Hilux Double Cabin 3D	6,500,000		
Lugari NG CDF ICT Hub Project	Establishment of constituency information hub in partnership with the ministry of ICT through Telkom Kenya. Purchase of satellite Antenna, router, digital access kit and digital rugged tablets, Wi-Fi with wireless devices complete with 12u	4,677,027		

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

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
	cabinets with installation accessories at CDF office Lumakanda Sub county Commissioner office at Lumakanda Sub county Commissioner office at MateteMautuma Chiefs Centre			
	<b>Sub-Total</b>	<b>21,433,139</b>	<b>8,771,182</b>	
	<b>Amounts due to other grants and other transfers</b>			
MAPENGO MUKHUYUY-KOROMAIT-CHEKALINI-MUSEMBE L6201 &L6202 14kms	Grading, and muramming of the road of 14km		3,000,000	
ANGATE MFUTU ROAD L6204,L6205,L6206 & L6210 22kms	Grading, and muramming of the road of 22km		3,500,000	
MWAMBA, MAJENGO,LUMAKANDA , MUNYUKI-LUMAMA ROAD L6208& L6207 14kms	Grading, and muramming of the road of 14km		3,000,000	
SIBANDE-MAUTUMA-MAKUTANO ROAD L6209 23kms	Grading, and muramming of the road of 23km		4,400,000	
VUYIKA-MUHOMO-NAMBILIMA-LUMANI ROAD 18km	Grading, and muramming of the road of 18km		3,000,000	
MASASULI-LWANDETI-MABUHEYE-KAFUSI-OFUSI 15km	Grading, and muramming of the road of 15km		3,000,000	
Bursary	Payment of bursary to needy students		6,207,026	
BURSARY	Payment of bursary to needy students in the constituency	2,317,504		
	<b>Sub-Total</b>	<b>2,317,504</b>	<b>26,107,026</b>	
	<b>Grand Total</b>	<b>29,375,267</b>	<b>31,166,266</b>	

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

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

**ANNEX 2 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

S/NO.	NAME OF PROJECT	BANK	BRANCH	ACCOUNT NO.	BALANCE 2017/2018 Kshs.	BALANCE 2016/2017 Kshs.
1	Mbajo Primary School	Co-operative	Webuye	01139183175600	2,387	
2	Forestal Primary School	Co-operative		01139046736902	490	
3	Majengo Primary School	Co-operative		01136459359100	1,220	
4	Jirongo Deb Primary School	Co-operative		01139182714000	7,195	
5	Murram Primary School	Co-operative		01139086723100	4,151	
6	Mbaya Primary School	Co-operative		01139087076001	3,910	
7	Mukuyu Girls H. School	Co-operative		01139185305200	71,695	
8	Mautuma M.T.C.	Co-operative		01141441671800	122,562	
9	Lwanda Lugari Sec. School	Co-operative		01139440047100	2,517	
10	Lugari Grain Amaranth	Co-operative		01141610738200	325	
11	Lumakanda Township Sec. School	Co-operative		01139610306900	2,282	
12	Lumama Secondary School	Co-operative		01139411093300	10,560	
13	Panpaper Primary School	Co-operative	Eldoret	01141673053500	672	
14	Mbaya Pag Primary School	Co-operative	Webuye	01139534594700	1,415	
15	Maturu Primary School	Co-operative		01139610784000	31,872	
16	Angayu Primary School	Co-operative		01139411006200	207,163	
17	St. Augustine Mlimani Sec. Sch.	Co-operative	Eld West	01139458138100	1,966	
18	Lumakanda Deb Primary School	Co-operative	Webuye	01141610742500	1,233	
19	Mutua Prmary School	Co-operative	Webuye	01141411527600	320	
20	Makina Primary School	Co-operative	Webuye	01129411633400	0	
21	Mayoyo Sa Primary School	Co-operative	Webuye	01139610733800	2,492	
22	Ivona Pag Secondary School	Co-operative	Eldoret	01141673607900	279,471	
23	Kwambu Primary School	Co-operative	Webuye	01139610604800	1,949	
24	Muyugi Primary School	Co-operative	Eldoret	01141672879400	1,794	
25	Frank Primary School	Co-operative	Webuye	01139610550800	1,622	
26	Mulwanda Primary School	Co-operative	Webuye	01139609212200	1,172	
27	Manyonyi Primary School	Co-operative	Eldoret	01139183206000	1,600	
28	Chekalini Secondary School	Co-operative		01139435717700	500	
29	Lukhokho Primary School	Co-operative	Webuye	01139411497500	2,482	
30	Nambilima Primary School	Co-operative		01139411196800	3,022	
31	Lumani Dispensary	Co-operative	Webuye	01141411209400	8,370	
32	Friends Vuyika Sec. School	Co-operative	Webuye	01139534268500	172,666	
33	Makonge Primary School	Co-operative		01139411173100	2,853	
34	Lumani Township P. School	Co-operative		01141411172800	2,451	
35	Muhomo Secondary School	Co-operative		01139435739300	1,610	
36	Kulumbeni Secondary School	Co-operative		01139435663400	5,580	
37	Nambilima Sa Secondary School	Co-operative		01139411091600	0	
38	Lumani Ap Camp	Co-operative		01141609243300	701	
39	Maturu Dispensary	Co-operative		01134290018900	14,787	
40	Kafusi Primary School	Co-operative		01139435143600	2,278	
41	Friends School Lukhokho	Co-operative		01129411513900	0	
42	Kwambu Primary School	Co-operative		01139610604800	1,949	
43	Lumama Primary School	Co-operative		01139184848300	3,330	
44	Mufutu Primary School	Co-operative		01141411100700	3,850	

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

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

45	Savala Primary School	Co-operative		01139046330400	10,140
46	Marakusi Ass. Chief's Office	Co-operative		01141610123700	772
47	Panpaper Ap Camp	Co-operative		01141442212300	1,557
48	Sirende Primary School	Co-operative		01139435279200	3,360
49	Marakusi Dispensary	Co-operative		01141441655700	692
50	Manyonyi Secondary School	Co-operative		01129457678000	0
51	Lugari Teachers T. College	Co-operative	Webuye	01139534341200	13,899
52	Lugari Youth Empowerment Centre	Co-operative	Webuye	01141610158400	62
53	Lugari Divisional Police H/Quarters	Co-operative	Eldoret	01141598223000	1,443
54	Aic Sipande Secondary School	Co-operative	Eldoret	01141598294300	84,582
55	Mugunga Primary School	Co-operative	Webuye	01139435590300	202,120
56	Friends School Mugunga	Co-operative	Eldoret	01141182699600	1,659
57	Mugumu Primary School	Co-operative	Eldoret	01139045026800	401,577
58	Munyuki Mixed Secondary School	Co-operative	Eldoret	01139086833602	1,745
59	Mbaya Pag Secondary School	Co-operative	Webuye	01139534594700	1,415
60	Lugari Forest Dispensary	Co-operative	Eldoret	01141184563600	975
61	Rusinga Water Project	Co-operative	Webuye	01141610619100	562
62	Kabras Youth Polytechnic	Co-operative		01139058790001	1,223
63	Mukonge Secondary School	Co-operative	Webuye	01129457233000	0
64	Mautuma Secondary School	Co-operative	Eldoret	01139182710600	37,827
65	Kaburengu Fresh Produce Market	Co-operative	Webuye	01141610772300	2,922
66	Mahiga Primary School	Co-operative	Webuye		2,155
67	Muviki Primary School	Co-operative	Webuye		987
68	Ivona East Primary School	Co-operative	Eldoret	01139457952900	254,500
69	Mbagara Primary School	Co-operative	Eldoret		1,620
70	Mautuma Deb Primary School	Co-operative	Eldoret	01139046412800	0
71	Mukonge Primary School	Co-operative	Eldoret	01139087012001	2,230
72	Mukuyu Primary School	Co-operative	Eldoret	01139184893400	1,888
73	St. Kizito Primary School	Co-operative	Eldoret	01139185305800	3,020
74	Mukhalanya Primary School	Co-operative	Webuye		2,103
75	Koromaiti Assistant Chief's Office	Co-operative	Webuye	01141744048800	1,555
76	Mbaya Secondary School	Co-operative	Webuye	01139534594700	1,415
77	Tekoa Primary School	Co-operative	Webuye	01139610485700	8,086
78	Mukuyu Friends Special School	Co-operative	Eldoret	01141673503900	91
79	Lake Basin Primary School	Co-operative	Webuye	01139744582000	1,572
80	Lugari District Hospital	Co-operative		01141411498200	1,998
81	Nabemo Primary School	Co-operative	Eldoret	01139046387600	1,756
82	Mayoyo Mhm Primary School	Co-operative	Webuye		455
83	Masasuli Primary School	Co-operative	Webuye	01139435780500	895
84	Lwandeti Deb Primary School	Co-operative	Webuye		1,472
85	Chamavele Primary School	Co-operative	Webuye		1,600



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

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

86	Chekalini Primary School	Co-operative	Webuye		2,100
87	Chepsai Primary School	Co-operative	Webuye		1,230
88	Itumbu Primary School	Co-operative	Eldoret		1,855
89	Kilulu Primary School	Co-operative	Webuye	01139744034400	1,702
90	Kivaywa Primary School	Co-operative	Webuye		988
91	Lwanda Lugari Primary School	Co-operative	Eldoret		966
92	Lukova Primary School	Co-operative	Webuye		1,786
93	Makhwabuye Secondary School	Co-operative	Webuye		1,256
94	Makhwabuye Primary School	Co-operative	Webuye	01139411476000	59
95	Marula Primary School	Co-operative	Eldoret		1,240
96	Mukabane Sa Primary School	Co-operative	Webuye		1,380
97	Muhomo Primary School	Co-operative	Webuye		995
98	Musembe Primary School	Co-operative	Webuye	01139411045800	303,854
99	Holy Family Marukusi Sec. School	Co-operative	Webuye	01139744147700	2,672
100	Friends Muhomo Primary School	Co-operative	Webuye	01139610750200	7,072
101	Friends School Makhukhuni	Co-operative	Webuye	01139610495200	698
102	Friends Secondary School Maturu	Co-operative	Bungoma	01139058786300	1,003
103	Friends Mabuye Secondary School	Co-operative	Webuye	01139744233400	3,132
104	Savala Primary School	Co-operative		01139046330400	10,140
105	St. Cecilia G. Secondary School	Co-operative	Eldoret	01139457952400	401,672
106	St. Mukasa B. Secondary School	Co-operative	Webuye		1,325
107	Chevaywa T.T.I.	Co-operative	Webuye		1,966
108	Lwanda Lugari Dispensary	Co-operative			3,229
109	Mapengo Dispensary	Co-operative	Eldoret		1,200
110	Lumani Dispensary	Co-operative	Webuye	011414112094400	1,445
111	Sipande Dispensary	Co-operative			244,300
112	Munyuki Dispensary	Co-operative			16,500
113	Manyonyi Dispensary	Co-operative			1,114
114	Munduma Water Project	Co-operative			1,350
115	Lugari Assistant Chief's Office	Co-operative			1,988
116	Lugari Police Headquarters	Co-operative			2,228
117	Lugari Police Post	Co-operative			1,558
118	Musembe Special School	Co-operative			985
119	Mautuma Mtc	Co-operative	Eldoret	01141441671800	122,562
120	Mutonyi Primary School	Co-operative			0
121	St. Loius Saisi Primary School	Co-operative			1,765
122	St. Mary's Boarding Primary School	Co-operative	Eldoret	01139046432300	1,810

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

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

123	Sango Primary School	Co-operative			250,255
124	St. Paul's Shitavita Primary School	Co-operative			295,235
125	Vuyika Secondary School	Co-operative			755
126	St. Bonface Mbagara Sec. School	Co-operative			1,540
127	Friends Angayu Sec. School	Co-operative			2,030
128	Handow Secondary School	Co-operative			1,450
129	Mahanga 'K' Secondary School	Co-operative			5,565
130	Maturu Secondary School	Co-operative			562
131	St. Paul's Lugari B. Secondary School	Co-operative			1,455
132	Nzoia Girls Secondary School	Co-operative			702,025
133	Savala Secondary School	Co-operative			305,210
134	Panpaper Water Project	Co-operative			1,251
135	St. Francis Majengo Sec. School	Co-operative			1,150
136	Mbajo Secondary School				950
137	Macho Muslim Secondary School				1,120
138	Masinde Muliro University Lugari				10,520
139	Chekalini Police Post				1,500
140	Musemwa Primary School				985
141	Mwivona Primary School				8,485
142	Bahati Primary School	Co-operative	Eldoret	01139185432602	0
143	Chekalini Health Centre				54
144	Kiwanja Ndege Primary School	Co-operative	Webuye	01139182987000	6,800
<b>TOTAL</b>					<b>4,798,929</b>

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

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

**ANNEX 3: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Failure to disburse the whole amount by the Board as per approved budget means some projects will not be undertaken during the year under review	Recommendation forwarded to the Board for action	CEO CDF BOARD	IN PROGRESS	EVERY END OF FINANCIAL YEAR
3,2	Purchase of land without title deeds	Title deed process ongoing	Fund account manager	Some resolved others still in process	June 30 <sup>th</sup> 2018
4.2	Non absorption of all budgeted funds at the end of the financial year	This is due to low rate of disbursement from the CDF BOARD	CEO CDF BOARD	Not resolved	EVERY END OF FINANCIAL YEAR