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TABLED BY: OF	LEADER OF MAJORITY
CLASSIFIED BY:	LEAH MWAJIRA

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
- KANDUYI CONSTITUENCY**

**FOR THE YEAR
ENDED 30 JUNE 2018**



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KANDUYI CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KANDUYI CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KANDUYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDFA) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government Development Agenda at the constituency level.

(b) Key Management

The KANDUYI Constituency's day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NGCDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Paul Byegon
3.	Accountant	Isaac Atoni

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of KANDUYI Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) KANDUYI NGCDF Headquarters

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kanduyi Constituency set out on pages 5 to 26, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Kanduyi 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Adverse Opinion

1. Inaccuracies in Financial Statements

1.1 Compensation of Employees

The statement of receipts and payments reflects compensation of employees figure of Kshs.4,074,115 for the year ended 30 June 2018 while the supporting schedules reflected a figure of Kshs.2,993,310 resulting to a variance of Kshs.1,080,805 which has not been reconciled or explained.

1.2 Use of Goods and Services

The statement of receipts and payments reflects use of goods and services figure of Kshs.10,026,616 for the year ended 30 June 2018 whereas the supporting schedules reflects a total of Kshs.8,417,721, resulting in a variance of Kshs.1,608,895 which has not been explained or reconciled.

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

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June 2018 could not be confirmed.

2. Presentation of Financial Statements

2.1 Reporting Framework

The financial statements submitted for audit have not been prepared in accordance with the reporting framework recommended by the Public Sector Accounting Standards Board (PSASB). The statement of cash flows, summary statement of appropriation: recurrent and development and Project Management Committee (PMC) bank account balances schedule at annexure 2 to the financial statements do not disclose the reporting currency.

Further, although the financial statements indicate in the statement of compliance and basis of preparation under significant accounting policies that all values reported have been rounded off to the nearest shilling, notes 1.0, 2.0 and annexure 2.0 to the financial statements have not been rounded off. In addition, the numbers have not been properly aligned making their readability difficult. Further, the report on progress on follow up of auditor recommendations indicated as note 10.0 starting from page 18 of the financial statements includes budget performance comparison on pages 22 to 24 thus making the report unclear to the users.

2.2 Notes to the Financial Statements

The notes to the financial statements as indicated in the statement of receipts and payments, statement of assets and liabilities and the statement of cash flows are not in agreement with the supporting notes as disclosed in the financial statements as detailed below:

Financial Statement Items	Note No. in financial Statements	Actual Note No.
Compensation of Employees	4	2.0
Use of Goods and Services	5	3.0
Transfers to Other Government Units	6	4.0
Other grants and Transfers	7	5.0
Bank Balance	10A	6.0
Fund Balance brought forward 1 st July	13	7.0

In addition, the notes listed in the statement of receipts and payments and the statement of assets and liabilities, notes 2,3,8,9 and 10B,11,12 and 14 respectively, do not support any figure for the year under review or previous year and therefore do not serve any purpose.

Consequently, the financial statements did not comply with IPSAS (Cash Basis) and the reporting framework recommended by Public Sector Accounting Standards Board.

3. Cash and Cash Equivalents

The cash and cash equivalents balance as at 30 June 2018 reflects Kshs.490,648 being cash held in Cooperative Bank Account, Bungoma branch while the bank reconciliation for the month of June 2018 shows a balance of Kshs.50,753 resulting in an unexplained and unreconciled variance of Kshs.439,895.

Further, audit review on the bank reconciliation statement for the month of June 2018 revealed payments in bank not recorded in cashbook totalling Kshs.35,999 in respect of bank charges which should not had been reconciled and included as expenditure item during the year under review.

Consequently, it has not been possible to confirm that the cash and cash equivalents balance of Kshs.490,648 as at 30 June 2018 is fairly stated.

4. Summary Statement of Appropriation

The summary statement of appropriation: recurrent and development combined reflects final budget of Kshs.91,312,998 for the year under review, comprising original budget of Kshs.86,810,345 and budget adjustment of Kshs.4,502,653 whereas records availed for audit review indicates a final budgets figure of Kshs104,692,308, resulting in an unexplained and unreconciled variance of Kshs.13,379,310. Consequently, the accuracy of the summary statement of appropriation: recurrent and development combined for the year ended 30 June 2018 cannot be confirmed.

5. Receivables from the NGCDF-Board

The financial statements submitted for audit do not disclose in the notes to the financial statements the balance of funds figure of Kshs.17,603,063 not received from the National Government Constituencies Development Fund Board out of the allocation to the Fund for the year under review. In addition, the financial statements do not disclose the projects to which the amount of Kshs.17,603,063 is payable as required by the reporting framework recommended by the Public Sector Accounting Standards Board (PSASB).

Consequently, the accuracy and completeness of the statement of receipts and payments for the year ended 30 June 2018 cannot 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 - Kanduyi 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 adverse 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 Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budgetary Performance and Analysis

1.1 Budget Performance

According to the summary statement of appropriation: recurrent and development, the Fund had an approved budget of Kshs.91,312,998 on various projects. During the same period,

the Fund incurred expenditure amounting to Kshs.87,086,145 representing 95% of the budget to result to under expenditure of Kshs.4,226,853 representing 5% of the approved budget as below:

Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under/(Over) Expenditure (Kshs)	Budget Utilisation %
Compensation of Employees	4,074,115	4,074,115	-	100%
Use of goods and services	8,241,469	10,026,616	(1,785,147)	122%
Transfers to Other Government Units	39,200,000	39,600,000	(400,000)	101%
Other grants and transfers	39,797,414	33,385,414	6,412,000	84%
Total	91,312,998	87,086,145	4,226,853	95%

However, the approved budget was understated by Kshs.13,379,210 which would have otherwise resulted in an under expenditure of Kshs.17,606,063. Non-utilization of all funds is an indication that all services and approved programs were not delivered, and therefore the budget did not meet the intended objectives of improving service delivery to the residents of Kanduyi Constituency.

1.2 Projects Implementation Status

According to the project implementation status report availed for audit review, the Fund had planned to implement five hundred and ninety-four (594) projects since 2013/2014 valued at Kshs.391,440,093 and which had been funded to a total of Kshs.370,215,671 and were at various levels of completion as summarised below: -

Period	Status	Complete and in Use (Kshs)	Ongoing Projects (Kshs)	Total (Kshs)
2016/17 & Earlier Years	Number of Projects	No. 543	No. 34	No. 577
	Estimated cost	306,835,721	30,407,345	337,243,065
	Allocated amount	289,132,961	24,697,345	313,830,306
	Disbursed amount	307,796,311	13,522,333	321,318,644
2017/18 Financial Year	Number of Projects	No. 51	No. 6	No. 57
	Estimated cost	46,120,000	8,077,027	54,197,027
	Allocated amount	40,820,000	8,077,027	48,897,027
	Disbursed amount	40,820,000	8,077,027	48,897,027
Total	Number of Projects	No. 594	No. 40	No. 634
	Estimated cost	352,955,721	38,484,372	391,440,093
	Allocated amount	329,952,961	32,774,372	362,727,333
	Disbursed amount	348,616,311	21,599,360	370,215,671

Forty (40) projects with disbursements of Kshs.38,484,372 were classified as ongoing of which thirty-four (34) of them related to 2016/17 and earlier years with disbursements of Kshs.30,407,345 and which should have been completed by 30 June 2017.

Failure to complete these projects as planned denies the constituents of Kanduyi the opportunity to enjoy services envisioned by the budget.

2. Prior Year Audit Matters

In the previous year report, reference was made to an amount of Kshs,11,800,000 incurred on acquisition of twenty three (23) pieces of land for thirteen institutions. However, the title deeds registered in the names of the respective benefiting institutions were not availed for audit verification as ownership was still under the previous owners. No evidence has been availed by the Fund on the efforts made to secure ownership of the properties for development of the Fund projects.

Consequently, the parcels of land are not secured to be developed by public resources.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Projects Verification

Included in transfers to other government units and other grants and transfers were payments amounting to Kshs.13,100,000 made to 14 projects which were however not implemented properly as summarised below;

Payee	Amount (Kshs)	Remarks
1. Ranje Primary School (Emergency)	700,000	The school had been advanced Kshs.8,700,000 in 10 tranches since 2013/14 to implement 5 projects namely construction of dormitories, administration block, teachers' houses, replacement of toilets and a septic tank. Save for the toilets funded under emergency none of the other projects was complete and it was not clear why the Fund had initiated multiple projects with residual allocations which have now lasted over 6 years and are still ongoing. The works done were certified complete and payments effected but there was no evidence inform of a detailed certificate that the actual measurements were done to warrant release of the funds.
2. Bukembe Administration Police Lines	1,200,000	The Construction of Administration Police Line had been advanced Kshs.2.4 million with the half of it been released during the period under review. Though the AP line is complete, it was noted that it has taken the CDFC about 5 years to deliver the project contrary to the requirements of the NGCDF Act, 2015. Further, the works done were certified complete and payments effected but there was no

Payee	Amount (Kshs)	Remarks
		evidence inform of a detailed certificate that the actual measurements were done to warrant release of the funds
3. Kimukungi Coffee Factory	1,000,000	This project had been advanced Kshs.8,500,000 for various stages with the last 1.0m meant for fencing and purchase of a submersible water pump which have since been done and put into use. It was however noted that this is a devolved function and it was not clear why it has not been handed over to the county government and further funding halted.
4. Mabuusi Primary School (Emergency)	800,000	The school had received Kshs.1.2m being 2013/14 disbursement of Kshs.0.4m for construction of 24, 2 door pit latrines and Kshs.0.8m during 2017/18 under emergency for renovation of 4 classrooms. The toilets were noted to be complete and the renovations undertaken for 5 classrooms. The classes were complete and handed over though the quality of timber used in re-roofing and general workmanship was poor. The payment final certificates did not have detailed measurement of works certified and therefore verification could not be completed.
5. Mukholi Primary School	1,000,000	The school had previously received cumulatively Kshs.4,700,000 of which Kshs.1,000,000 related to the year under review. The school was to purchase land; construct toilets and 8 classrooms. The land had been procured and two classrooms completed while 6 more were half complete and require at least a further Kshs.2,000,000. The works done were certified complete and payment effected but there was no evidence in form of a detailed certificate that the works were actually done as per the measurements to warrant release of the funds.
6. St. Veronica Ranje Girls Secondary School	700,000	The school had received Kshs.1,900,000 for the completion of the laboratory and dining hall and construction of 1 new classroom which was allocated Kshs.700,000. The projects payments were not supported by works measurements. Hence it was not possible to establish the extent of performance of the works.
7. Siaka Mixed Secondary School	700,000	A total of Kshs.2,700,000 had been disbursed to the school in three tranches from 2015/16 to purchase 1 acre piece of land and construct 3 classrooms one being for Kshs.700,000 during the 2017/18. The school had instead managed to put up 4 classes but their ramp was wearing off, the floors were having glaring cracks, while no black board was built instead part of the wall had been painted black to represent a black board. The final certificates did not have any measurement of works certified and therefore verification could not be completed.

Payee	Amount (Kshs)	Remarks
8. St. Martins Mwibale Secondary School	1,000,000	The Fund irregularly paid the school a total of Kshs.4,000,000 in 3 tranches backdating to 2014/15 for the purchase of an Isuzu Semi Luxury FRR33L School Bus KCE 354D at an initial cost of Kshs 6,334,000 under co-funding arrangement with the School PTA. National Government Constituencies Development Fund - Kanduyi Constituency was to contribute Kshs.2,000,000 towards the purchase of the bus. The amount was disbursed to the school during the financial year 2014/2015 and the project considered completed then. However, a further Kshs.2,000,000 (Kshs.1,000,000 each in 2015/2016 and 2017/2018) was disbursed to the school for the same bus project which ought to have been fully funded by a bank loan of Kshs.4,334,000 that the school secured from Cooperative Bank. No reason was provided why the Fund disbursed a further Kshs.2,000,000 for the same project besides the school being unable to provide records to show how the loan was funded through the PTA.
9. Khakula Secondary School	700,000	The school has been advanced Kshs.3,700,000 in six tranches dating backing to 2013/14 to purchase 3 acres piece of land at Kshs.1m; construct 3 classes at Kshs.2m in 2014-16 and a balance of Kshs.700,000 during 2017/18 for completion of the classrooms which had stalled. The school was noted to still owe the land seller Kshs.600,000 and had not processed any title deeds. The classes were complete and handed over. However, it was not explained how the school still owed for the land after full disbursement of the purchase price by the National Government Constituencies Development Fund – Kanduyi Constituency, and the steps taken to secure the installations on the land for which ownership had not been conferred to the school.
10. Mufule Primary School	700,000	The school had received Kshs.700,000 in 2014/15 to purchase a 1 acre piece of land and another similar amount in 2017/18 to construct a classroom. The school had not processed any title deed though was in physical possession of the land. The classes were complete and handed over but the payment final certificates did not have any measurement of works certified and therefore verification could not be completed..
11. St. Mary Magdalene Namamuka Secondary School	1,300,000	The school was advanced Kshs.700,000 for construction of a classroom during 2016/17 and a further Kshs.1,300,000 in 2017/18. A visit to the school revealed that no classroom was constructed and instead the total amount of Kshs.2 m was spent towards procurement of land without involvement of the Fund resulting to an irregular re-allocation.

Payee	Amount (Kshs)	Remarks
12. Bungoma Muslim Secondary School	1,000,000	According to the records in the PIS the school had been given cumulatively Kshs.3,300,000 for construction of 5 classrooms which were said to be requiring Kshs.1m disbursed during 2017/18 purposely for plastering the foundation level. It was however noted that instead the project being initiated was for construction of a laboratory which is nearing completion with the works fairly progressing. It was not clear how this mix up had occurred or whether it was a variation.
13. Siloba Secondary School	1,000,000	The school had received Kshs.1.0 m during the year under review to bring the total advances to Kshs.3,400,000 for the completion of a school administration block as well as an ablution facility projects which have been ongoing since 2014/15.
14. Sitoma Primary School	700,000	The total funds advanced to the school amounted to Kshs.3,760,000 which had over the years since 2013/14 being used to construct and renovate 7 classes with the current disbursement of Kshs.700,000 meant for construction of one class to completion.
Total	12,500,000	

Consequently, the propriety of the expenditure of Kshs.12,500,000 on the transfers to other government entities and other grants and transfers for the year ended 30 June 2018 could not be ascertained.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and 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.

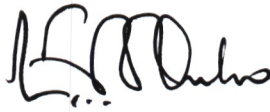
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

24 July 2019

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KANDUYI CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	87,574,140	145,302,364
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		87,574,140	145,302,364
PAYMENTS			
Compensation of employees	4	4,074,115	1,935,450
Use of goods and services	5	10,026,616	11,024,330
Transfers to Other Government Units	6	39,600,000	78,150,000
Other grants and transfers	7	33,385,414	66,950,349
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		87,086,145	158,060,129
SURPLUS/DEFICIT		487,995	(12,757,765)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KANDUYI NGCDF financial statements were approved on 31/7/2018 2018 and signed by:


Chairman - NGCDFC


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KANDUYI CONSTITUENCY**

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

V. STATEMENT OF ASSETS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	490,648	2,653
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		490,648	2,653
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	2,653	12,760,418
Surplus/Deficit for the year		487,995	(12,757,765)
Prior year adjustments	14	-	-
NET LIABILITIES		490,648	2,653

*The re-stated balance is due to reversal of prior years' stale cheques in the bank balance

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KANDUYI NGCDF financial statements were approved on 31/7/18 2018 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
KANDUYI CONSTITUENCY**

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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from CDF Board	1	87,574,140	145,302,364
Other Receipts	3	-	-
		87,574,140	145,302,364
 Payments for operating expenses			
Compensation of Employees	4	4,074,115	1,935,450
Use of goods and services	5	10,026,616	11,024,330
Transfers to Other Government Units	6	39,600,000	78,150,000
Other grants and transfers	7	33,385,414	66,950,349
Other Payments	9	-	-
		87,086,145	158,060,129
Net cash flow from operating activities		487,995	(12,757,765)
 NET INCREASE IN CASH AND CASH EQUIVALENT			
		487,995	(12,760,418)
Cash and cash equivalent at BEGINNING of the year	13	2,653	12,760,418
Cash and cash equivalent at END of the year		490,648	2,653

*The re-stated balance is due to reversal of prior years' stale cheques in the bank balance

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KANDUYI NGCDF financial statements were approved on 8/17/18 2018 and signed by:



Chairman - NGCDFC



Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NGCDF.

2. Recognition of revenue and expenses

The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

3. In-kind contributions

In-kind contributions are donations that are made to the NGCDF 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 NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –KANDUYI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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 NGCDF 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.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. 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 June 30, 2017.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –KANDUYI
CONSTITUENCY**

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

IX. NOTES TO THE FINANCIAL STATEMENTS

**1.0 TRANSFERS FROM OTHER
GOVERNMENT AGENCIES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Normal Allocation	5,500,000.00	64,405,812.00
	1,000,000.00	4,094,827.60
	3,500,000.00	36,853,449.00
	37,905,172.00	39,948,275.00
	39,668,968.00	
TOTAL	87,574,140	145,302,364

2.0 COMPENSATION OF EMPLOYEES

Description	2017 – 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	2,011,709.00	1,840,473.00
Employer contribution to NSSF	102,546	94,977
gratuity	1,959,860	
Total	4,074,115	1,935,450

3.0. USE OF GOODS AND SERVICES

Description	2017 – 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	168,280	168,280
Communication, supplies and services	375,900	375,900
Domestic travel and subsistence	250,000	576,000
Printing, advertising and information supplies & services	1,248,687	1,760,000
Training expenses	1,650,000	1,650,000
Hospitality supplies and services	745,000	765,000
Other committee expenses	980,000	980,000
Committee allowance	1,902,500	863,900
Insurance costs	463,100	390,000
Office and general supplies and services	875,202	1,350,000
Fuel ,oil & lubricants	489,700	1,300,000
Other operating expenses		
Routine maintenance – vehicles and other transport equipment	878,247	767,250
Routine maintenance – other assets		78,000
Total	10,026,616	11,024,330

**4.0. TRANSFER TO OTHER GOVERNMENT
ENTITIES**

Description	2017 - 2018	2016 - 2017
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –KANDUYI
CONSTITUENCY**

**Reports and Financial Statements
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	Kshs	Kshs
Transfers to primary schools	18,400,000	39,950,000
Transfers to secondary schools	21,200,000	38,200,000
TOTAL	39,600,000	78,150,000

**5.0. OTHER GRANTS AND OTHER
PAYMENTS**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	7,051,000	8,762,000
Bursary -Tertiary	15,342,000	38,634,000
Security	4,020,000	600,000
Roads	-	5,972,255
Sports	1,736,207	3,016,047
Environment projects	1,736,207	4,416,047
Other projects (cdf office renovation)	-	2,000,000
Emergency Projects (specify)	3,500,000	3,550,000
Total	33,385,414	66,950,349

**6.0. Bank Balances (cash book bank
balance)**

Name of Bank, Account No. & currency	2017 - 2018	2016 - 2017
	Kshs (30/6/2016)	Kshs (30/6/2017)
<i>Cooperative bank, Bungoma Branch</i>	490,648	2,653
<i>Account Number: 1120050482500</i>	-	-
Total	490,648	2,653

7.0. BALANCES BROUGHT FORWARD


	2017 - 2018	2016 - 2017
	Kshs (1/7/2016)	Kshs (1/7/2016)
Bank accounts	2,653	9,727,148
Total	2,653	9,727,148

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANDUYI CONSTITUENCY
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8. OTHER IMPORTANT DISCLOSURES

ANNEX 1.0. SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2017/18	Historical Cost (Kshs) 2016/17
Land	N/A	N/A
Buildings and structures	17,900,000	17,900,000
Transport equipment	4,504,865	4,504,865
Office equipment, furniture and fittings	4,161,211	4,161,211
ICT Equipment, Software and Other ICT Assets	221,150	221,150
Other Machinery and Equipment	108,000	108,000
Total	26,895,226	26,895,226



 Chairperson - NGCDFC



 Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –KANDUYI CONSTITUENCY
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ANNEX 2.0 –PMC BANK BALANCES AS AT 30TH JUNE 2018

Pmc	Bank	Account Number	Bank Balance 2017/18	Bank Balance 2016/17
St. Sarah Namisi Sec. School	Co-Operative Bank	1141669036900	503	220,903
Friends Sec. Sch. Bukananachi	Co-Operative Bank	1141668364700	298	298
Ndakaru Primary	Kcb	1206486309	3,220	1.330 Dr
Mukholi Primar	Equity	0480263816202	1035	1035
Luyekhe Primary	Cooperative	01141049270100	7.98	4742.50
St.Veronica Ranje Sec	Cooperative	01141011614600	32862.50	32862.50
St.Martins Kitinda Sec	Equity	048029906005	388.00	5.95 Dr
Lumasa Primary	Cooperative	011415365543600	78862.50	2157.25
Kimkungi Coff Factory	Cooperative	01120535463300	3502.92 Dr	4495.58
Nakayonjo Primary	Cooperative	01141536904400	5297.50	46297.50
Buema Primary	National	01060206122400	375	1250
Maocho Primary	Cooperative	01141669585000		290135
Butieli Sec	Cooperative	01141425351800	706825.50	6725.50
Bukembe Ap Line	Cooperative	01141425367400	74715.50	
Siloba Sec	National	01025134350300	960,815.00	7750.50
Bungoma Muslim Sec	Cooperative	01139050281002	56736.50	1111.50
Kisulini Sec	Cooperative	01141536430100	2403	2403.50
Kongoli Primary	Cooperative	01139011592400	6806	4136
Mupeli Primary	Cooperative	01141049408901	1325.50	00
Nabichakha Primary	National	01024097766200	2468.61	00
Watwanga Primary	Cooperative	01141049861600	1699.96	32.50
Moi Primary	Equity	0480298526085	9,513	450.42
Nalutiri Sec School	Cooperative	01141669180700	225,013	502,325
			46	

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Mwikhupo Baptist Sec. Sch	Co-Operative Bank	1141536741800	2,293	325
Bukembe Ap. Line	Co-Operative Bank	1141425367400	-	1,553
Kombo Primary School	Co-Operative Bank	1139290670600	1,113	1,665
Kanduyi Deb Primary Sch	Co-Operative Bank	1141290096800	-	3,022
Chemululuchi R.C Pri. School	Co-Operative Bank	1141290180100	4,323	823
Samoya R.C. Primary Sch.	Co-Operative Bank	1141290066600	8,363	463
Kimkung'i Fcs Ltd	Co-Operative Bank	1120535463300	30,563	4,496
			477	
Siritanyi Police Post	Co-Operative Bank	1141668350600	7,041	2,669
Friends Se-c. Sch Kimugui Girls	Co-Operative Bank	1141427394300	118	2,866
Musikoma Chiefs Office	Co-Operative Bank	1141427066000	720	1,028
St. Marys Kamba Sec. School	Co-Operative Bank	1141536381100	925	2,863
Friends Sec. School. Kitale	Co-Operative Bank	1141049928	1,168	600,463
Ndengelwa Secondary School	Co-Operative Bank	1139049915102	1,655	500,520
Lutungu R.C. Pri. School	Co-Operative Bank	1141425169600	1,798	1,463
Buumba Cca Primary School	Co-Operative Bank	1141290080600	2,783	3,470
Bukusu R.C. Primary School	Co-Operative Bank	1141011604800	314	1,143
Mungeti Rc. Primary School	Co-Operative Bank	1141049901401	932	4,393
Maliki Primary School	Co-Operative Bank	1141669952800	500	664,325
Matumbufu Baptist Pri. Scho.	Co-Operative Bank	1141427665200	7,124	280,760
Mufule Fym Primary School	Co-Operative Bank	1141049273700	6,999	5,203
Ranje Deb Pri. School	Co-Operative Bank	1141049651500	170	104,948
Starlight Sec. Sch. Nabukhisa	Co-Operative Bank	1141668896700	468	1,463
Nabukhisa Primary School	Co-Operative Bank	1141536540100	1,460	4,828
Bungoma Deb Primary Sch.	Co-Operative Bank	1141049581000	1,840	12,983
Siaka Mixed Day Sec. School	Co-Operative Bank	1141668229700	2,294	714,423
Mwikhupo Baptist Pri. Sch	Co-Operative Bank	1141049674800	3,199	163
Bukembe Ersf Pri. School	Co-Operative Bank	1141049280100	528	510
Sango Fym Primary School	Co-Operative Bank	1141049277400	8,968	73

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Nalutiri Sa Girls Sec. School	Co-Operative Bank	1141669180700	540.37	2,325
Friends Sec. Sch. Misanga	Co-Operative Bank	1141011613900	304,005	53,213
Mechimeru Chiefs Office	Co-Operative Bank	1141669297300		5,013
Bukananachi Friends Pri. Sch	Co-Operative Bank	1141049617800	-	46
Kisuluni Sa. Sec. School	Co-Operative Bank	1141536430100	1,553	19,404
Maocho Primary School	Co-Operative Bank	1141669585000	-	290,135
Khaoya Primary School	Co-Operative Bank	1141049135200	3,138	301,113
Kamba R. C. Primary School	Co-Operative Bank	1141535073500	823	2,852
Muyayi R. C. Primary School	Co-Operative Bank	1141049072000	463	1,712
Mwibale Chief's Office	Co-Operative Bank	1141669233400	49,604	124,463
Nabutola F.Y.M Primary Sch.	Co-Operative Bank	1141050154500		388
Kikwechi Police Post	Co-Operative Bank	1141668344800	34,877	2,993
Khakula R.C.E.A. Sec. School	Co-Operative Bank	114142601800	3,551	472,263
Kibabii Mixed Primary School	Co-Operative Bank	1141011605400	1,028	9,405
Nakayonjo D.E.B Primary Sch.	Co-Operative Bank	1141536904400	43,693	5,298
Bukembe S.A. Sec. School	Co-Operative Bank	1141668233200	463	843
Ekitale A.F. Post	Co-Operative Bank	1141668837600	-	1,583
Sang'alo Primary School	Co-Operative Bank	1141669189700	1,463	4,538
Lwanda Fym Primary School	Co-Operative Bank	1141669001800	3,470	1,463
S.A. Chengw'ali Sec. School	Co-Operative Bank	1141535146500	1,143	4,395
Lumasa New Primary School	Co-Operative Bank	1141536543600	-	2,157
Kitinda Primary School	Co-Operative Bank	1141050154400	-	280,673
Kisuluni S.A. Primary School	Co-Operative Bank	1141049264000	660	2,574
Musikoma Police Post	Co-Operative Bank	1141291186900	5,323	843
Walala R.C. Primary School	Co-Operative Bank	1141290222600	2,723	3,250
Mabuusi Rcea Primary Sch.	Co-Operative Bank	1141049500700	134,463	2,003
Kimugui Friends Sec. School	Co-Operative Bank	1139049923802	4,828	2,700
Butieli Secondary School	Co-Operative Bank	1141425351800	3,933	6,766
Samoya Secondary School	Co-Operative Bank	1141049742900	14,423	1,246

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Mungeti Secondary School	Co-Operative Bank	1141536224600	163	36,243
Siloba Secondary School	Co-Operative Bank	1139290267802	510	1,650
Namirembe Friends Pri. Sch.	Co-Operative Bank	1141290672500	73	2,813
Samoya Asst. Chief's Office	Co-Operative Bank	1141668209000	3,053	875
Hututu S.A. Primary School	Co-Operative Bank	1139049373000	4,323	2,033
Bulondo Secondary School	Co-Operative Bank	1139049927802	8,363	433
Kanduyi Ap. Camp	Co-Operative Bank	1141668619800	9,987	13
Sikalame S.A. Primary School	Co-Operative Bank	1141011629900	2,048	3,463
Matumbufu Baptisit Girls Sec.	Co-Operative Bank	1141049917600	3,260	16,138
Namikelo R.C.Primary School	Co-Operative Bank	1141049791000	4,388	702,003
Wekeleka Primar School	Co-Operative Bank	1141049273800	8,923	15.2.5
St. Longinus Sec. Sch. Kongoli	Co-Operative Bank	1139049926202	40,385	21,535
Mabuusi Secondary School	Co-Operative Bank	1141425025200	457	3,410
Luyekhe R. C. Primary School	Co-Operative Bank	1141049270100	3,855	4,743
Friends Sec School Nabichakha	Co-Operative Bank	1141425094300	6,788	1,933
Kongoli Pry. School	Co-Operative Bank	1139011592400	1,211	4,136
Do's Office East Bukusu	Co-Operative Bank	1141669149200	341	1,463
Siangwe Secondary School	Co-Operative Bank	1139291147900	3,323	49,426
Kimukung'i R.C. Primary Sch.	Co-Operative Bank	1141049271900	4,618	290,373
Khakula R.C.E.A Primary Sch.	Co-Operative Bank	1141425361300	13,462	233
Nalutiri Sa Primary School	Co-Operative Bank	1141049265600	56,963	1,000
Misanga F.Y.M. Primary Sch.	Co-Operative Bank	1141049280700	440	353
Ndengelwa R.C. Pry. School	Co-Operative Bank	1141049898200	1,348	3,177
St. Pauls Wacheka Ack Sec.Sc.	Co-Operative Bank	1141668370900	2,600	1,463
Chemche Secondary School	Co-Operative Bank	1141535779200	3,400	22,433
Tuuti A.P. Post	Co-Operative Bank	1141668372900	4,625	463
Khaweli Rc. Primary School	Co-Operative Bank	1141668887200	15,573	1,463
Friends Sango Girls Sec. Sch.	Co-Operative Bank	1139050129400	69,353	12,260

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Watwang'a Cog. Primary Sch	Co-Operative Bank	1141049861600	3,855	33
Namwacha Police Post	Co-Operative Bank	1141153662740	6,983	3,393
Tulienge Primary School	Co-Operative Bank	1141291193500	411	1,395
Bulondo Sec. School	Co-Operative Bank	1139049927802	5,521	433
Mukhaweli Mink Township Pri.	Co-Operative Bank	1141011664600	2,378	2,033
Tungelele C.O.G. Pri School	Co-Operative Bank	1141290170900	5,423	14,013
Namwacha Ersf Sec, School	Co-Operative Bank	1139049928803	2,043	3,821
Chemche Ack Primary School	Co-Operative Bank	1141049281100	2,100	8
Wamalwa Kijana High School	Co-Operative Bank	1141011627100	3,260	216,785
Sikalame S.A. Sec. School	Co-Operative Bank	1139049923402	957,633	2,250
Sang'alo Police Post	Co-Operative Bank	1141535304800	8,437	1,463
Musikoma R.C. Pry School	Co-Operative Bank	1141011510900	2,783	4,866
Marakaru Ack Primary Sch	Co-Operative Bank	1141049675000	3,463	109,648
Total			4,163,643.42	7,203,341

10.0 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)
Paragraph I	Budgetary Control Performance The Fund had an approved budget of Kshs	The budgetary targets have since been met.	Paul K. Byegon-Fund Account	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>208,513,022 and spent Kshs 128,878,063 resulting in under expenditure of Kshs 79,634,959 which translates into 38% of budget underutilization. Further all budgetary expenditure items registered absorption rating of below 90%. This includes Compensation of employees, Use of goods and services, other grants and transfers and Transfers to Other Government Units with absorption level at 61%, 73%, 57% and 63% respectively. Consequently, the budget target was not met and various projects budgeted for were not done within the financial year. It is not clear how the CDF intended to clear this backlog of projects as they will affect next year's programme implementation.</p>		<p>Manager</p>		
<p>Paragraph 2</p>	<p>Project Implementation Status The Fund was to implement a total of 117 projects/programmes by various sectors during</p>	<p>All the projects have been implemented.</p>	<p>Paul K. Byegon-Fund Account Manager</p>	<p>Resolved</p>	<p>N/A</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the financial year. Further analysis indicated that 2 or 2% of the project had not started, 33 or 28% of the projects were still on going and 82 or 70% of the project had been completed. Therefore, the Fund did not fully meet the budget target and effective delivery of service.</p>				
Paragraph 3	<p>Undisbursed Allocation The Fund received Kshs 108,265,247 in the year against total National Allocation of Kshs.138,905,812 resulting to undisbursed allocation of Kshs 30,649,565. This will hinder effective implementation of this year's projects and subsequently have an impact on next year's delivery of targets.</p>	<p>The funds have been disbursed.</p>	<p>Paul Byegon-Fund Account Manger</p>	<p>Resolved</p>	<p>N/A</p>
Paragraph 4	<p>Lack of proof of ownership of Land Disbursements amounting to Kshs 3,800,000 as analysed in the table below were made to various institutions in respect of purchase of land parcels.</p>	<p>The PMC are in process of acquiring the title deeds</p>	<p>Project Management committee for the respective projects.</p>	<p>Not resolved</p>	<p>October 2018</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	However, the title deeds were not availed for audit verification. Consequently, the ownership of the parcels of land could not be confirmed.				
Paragraph 5	<p>Delayed Construction & Completion of Kimukung Coffee Factory Project.</p> <p>The CDF contracted M/S Kamata Engineers Ltd towards proposed construction and completion of Kimukung Coffee Factory at a contract sum of Kshs.8, 584,404. However, the project commenced on 27th September 2014 with an expected completion date of 15th April 2015 and as at the time of audit, the project remained incomplete with the value of works certified and paid amounted to Kshs.7,453,476. Therefore, in view of this, the constituents are getting delayed service delivery.</p>	The funds have since been disbursed and the Committee are doing fittings and finishes for the project	NG-CDF Board	Resolved	October 2018
1. Budgetary control and	During the year under review, the Fund spent Kshs 158,060,129 against a budgeted amount of Kshs 155,031,512 resulting to an over-	Overutilization was occasioned by balances of	Fund Account Manager	Not resolved	September 2018

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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)
performance	absorption of Kshs 3,028,617 or 2% as highlighted below.	previous financial year balances that had not been utilized but now utilized in 2016/17FY.			
Receipt	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	
Transfers from CDF Board	Kshs 155,031,512	Kshs 155,029,512	Kshs 2,000	% 100%	
Total	155,031,512	155,029,512	2,000	100%	
Payments					
Compensation of employees	2,721,432	1,935,450	785,982	71%	
Use of goods and services	10,913,793	11,487,696	-110,537	105%	
Transfers to other government units	81,955,173	78,150,000	3,805,173	95%	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANDUYI CONSTITUENCY
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For the year ended June 30, 2018

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)
Other grants and transfers	59,441,114	66,950,349	-7,509,235	112%	
Total	155,031,512	158,060,129	-3,028,617	101%	
2.Project Implementation status	Kanduyi National Government Constituency Development Fund was to implement a total of 60 projects/programmes by different sectors during the financial year as shown below. Further analysis indicated that all the projects had started,35% were still on going and 65% of the project had been completed as at June 2017.				
Project Implementation Performance- Kanduyi NGCDF					
Sector	Total Project Cost	Budgeted projects	Actual/Implemented Projects		
			Not Started	Ongoing	Completed
					% of completed projects

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Primary School Projects	43,450,000	32	-	12	20
Secondary School Projects	38,200,000	12	-	5	7
Kandy CDF Renovation	2,000,000	1	-	-	1
Security Projects	1,800,000	4	-	4	-
Roads Projects	5,972,255	2	-	-	2
Sports Activities	3,016,047	1	-	-	1
Environmental Projects	4,416,047	1	-	-	1
Emergency	4,094,818	7	-	-	7
TOTAL	102,949,167	60	-	21	39
		100%		35%	65%
	None implementation of projects as per approved timelines was		Fund account manager/NG-CDFC Chairman	Not resolved	September 2018

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		<p>occasionally by delays in disbursements of funds from the headquarters. This affected three sectors as shown in the table below. Other sectors were implemented 100% as per approved work plans and timelines.</p> <p>At the time of responding to the draft report, implementation status was as shown below;</p> <p>On the affected sectors, more funds have since been</p>			



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		allocated to complete the projects in 2017/18 FY.			

