

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT**

DATE: 17 SEP 2019 TUESDAY

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MAJORITY LEADER

**OF**

A handwritten signature in blue ink, enclosed in a circular scribble.

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR  
ENDED 30 JUNE 2018**

+Revised Template 30<sup>th</sup> June 2018



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MOGOTIO  
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018

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



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



NG-NGCDF

National Government Constituencies Development Fund  
Mogotio Constituency  
P.O Box 75-20105  
Mogotio  
Cell: +254 715 988 808  
Email: [mogotioNGCDF2015@gmail.com](mailto:mogotioNGCDF2015@gmail.com) |  
Website:.....

25 March, 2019

Our ref: MNGCDF /HDBRD/2017-2019/001

The Chief Executive Officer,  
NGCDF Board,  
P.O.Box.46682-00100  
Nairobi.

Dear Sir,

RE: REVIEWED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2017/2018 FOR  
MOGOTIO NGCDF

The above subject refers.

Enclosed find the reviewed Financial Statements for Mogotio NGCDF for the year ending 30<sup>th</sup> June 2018 for your action.

God bless you.

Yours faithfully,

George Kamau  
Fund Account Manager  
Mogotio NGCDF

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MOGOTIO 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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MOGOTIO CONSTITUENCY  
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**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 MOGOTIO 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	George Kamau
3.	Sub-County Accountant	Kennedy Alubi
4.	Chairman NGCDFC	Samuel Kiprop
5.	Member NGCDFC	Pauline Koech

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF MOGOTIO Constituency Headquarters**

P.O. Box 75-20105  
Mogotio Subcounty Headquarters  
Kipsogon Road  
Mogotio, KENYA

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

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**(f) NGCDF MOGOTIO Constituency Contacts**

Telephone: +254715988808  
E-mail: mogotiocdf2015@gmail.com  
Website: www.ngcdf.go.ke

**(g) NGCDF MOGOTIO Constituency Bankers**

1. Equity Bank Limited  
Eldama Ravine Branch  
P.O. Box 75104  
Eldama Ravine  
Account: 1310262100064

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

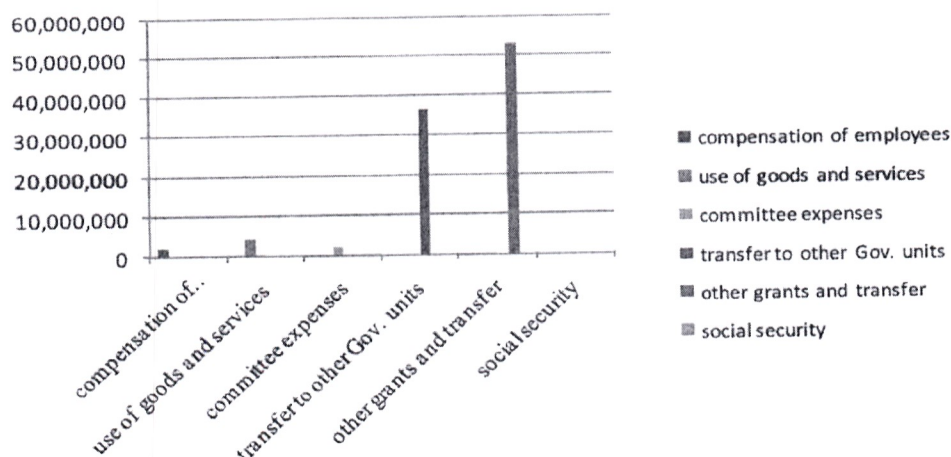
**II. FOREWORD BY THE CHAIRMAN-MOGOTIO NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE.**

**INTRODUCTION**

Mogotio Constituency is one of the six Constituencies in Baringo County. The other five Constituencies are Eldama Ravine, Baringo North, Baringo south, Baringo Central and Tiaty. The Constituency has 3 wards namely: Mogotio, Kisanana and Emining. Administratively the Constituency has 23 locations and 50 sub-locations. The Constituency is delineated IEBC 161. In the financial year 2017/2018, Mogotio Constituency was allocated Kshs.98,189,655. The allocation was budgeted as follows:

Budgeted Activity	Amount
Compensation of employees	2,673,060
Use of goods and services	4,722,653
Committee expenses	3,197,104
Transfer to other government entities	31,137,111
Other grants and transfers	57,896,854
Social security benefits	50,000
<b>TOTAL</b>	<b>99,676,782</b>

The graph below shows allocation against budgeted activity.



Average budget absorption rate stood at 41% which is average. The absorption rate was affected by delays in disbursement of funds by NGCDF Board and low capacity amongst NGCDF Committees and PMCs to absorb the fund. Proper sensitization needs to be done on the need for faster utilization of funds. The key areas of focus were as follows:



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

**Reports and Financial Statements**

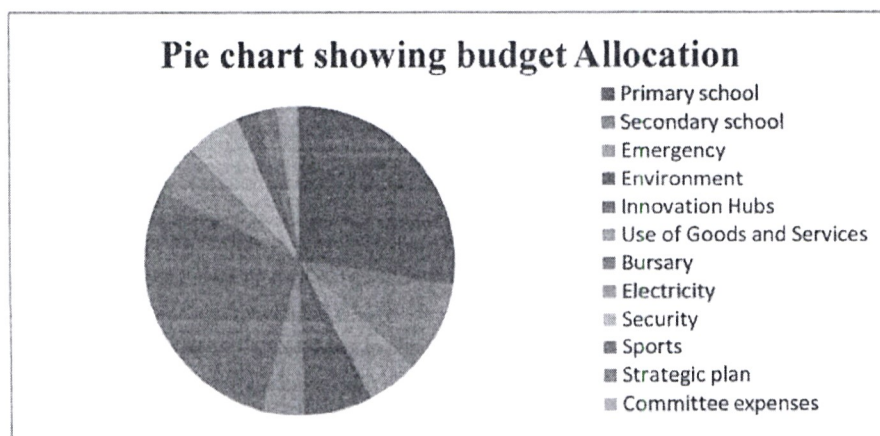
**For the year ended June 30, 2018**

Sector specific allocations were as follows:

Primary school	Kshs .25,776,421	Bursary	Kshs.26,747,414
Secondary schools	Kshs.9,220,000	Security	Kshs.5,400,000
Emergencies	Kshs.5,137,931	Electricity	Kshs.5,000,000
Environment	kshs.1,963,793	Sports	Kshs.1,963,793
Innovation Hubs	Kshs.4,677,027	Strategic plan	Kshs.2,000,000
Use of goods and services	Kshs.4,222,653	committee expenses	Kshs.2,206,759

The table below shows budget allocation

Sector	Allocation
Primary school	25,776,421
Secondary school	9,220,000
Emergency	5,137,931
Environment	1,963,793
Innovation Hubs	4,677,027
Use of Goods and Services	4,222,653
Bursary	26,747,414
Electricity	5,000,000
Security	5,400,000
Sports	1,963,793
Strategic plan	2,000,000
Committee expenses	2,206,759



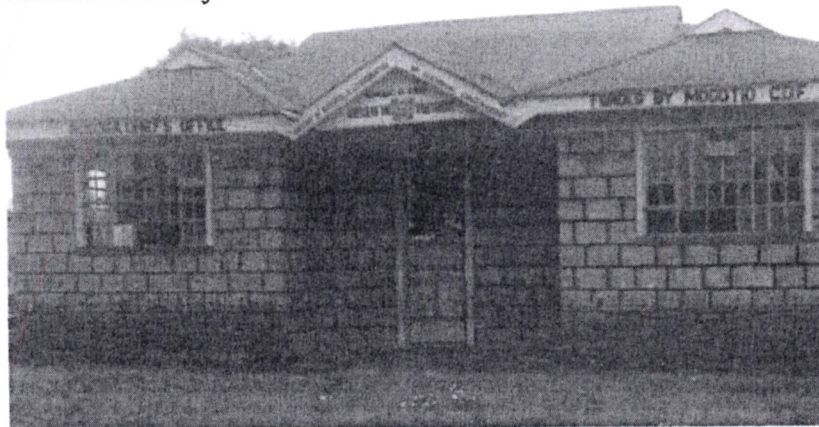
The allocation includes balances brought forward from the previous year of Kshs.349,196 From this analysis, it is clear that education sector took the largest percentage at 60%.This is in line with the mandate of NGCDF to focus on National Government functions. The Mogotio NGCDF will continue to support infrastructure development in the education sector and security being the major functions of National Government.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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Fig 1.1 Sirwa Secondary school bus funded by Mogotio NGCDF in the financial year 2016/2017. This is intended to enhance academic performance and boost student morale.



Fig 1.2: Rosoga Chiefs Office. Fully funded by Mogotio NGCDF in the financial year 2015/2016 to completion this is an effort towards bringing administration services closer to the people and enhance security.




As we continue implementing NGCDF projects there are a number of emerging issues challenges. Key among them are:

- a) The case of ongoing projects in the sectors that have been devolved
  - ECDs – The ongoing construction of ECDs are no longer funded by NG-CDF since taken over by the county government
  - Dispensaries- After it been devolved many ongoing projects which were under stopped.
  - Cattle dips-
- b) Uncertainty brought about by unending court cases
- c) The relationship between the two levels of government
- d) Insufficient funds and politics

**Way forward**

There is need to increase the NGCDF funding to address more needs and by implementing agencies. The NGCDF will continue to engage all stakeholders in the of projects

Sign:  Date: 25-03-2019

Chairman, Mogotio NGCDF

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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**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-MOGOTIO Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation of a 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-MOGOTIO Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Accounting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-MOGOTIO 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-MOGOTIO Constituency confirms that the entity complied fully with applicable Government Regulations and the terms of external financing (where applicable), and that the entity's funds received during the year under audit were used for 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.

Financial statements

The Constituency reviewed financial statements were approved and signed by the Accounting Officer on 25<sup>th</sup> March 2019.

  
\_\_\_\_\_  
Sub-County Accountant  
Name:  
ICPAK Member Number: 14430

# REPUBLIC OF KENYA

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Fax: +254-20-311482  
E-Mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Mogotio Constituency set out on pages 8 to 27, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation : recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Mogotio 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 National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1.0 Inaccuracies in the Financial Statements

The following misstatements were noted in the financial statements for the year ended 30 June 2018 as detailed below: -

Account Description	Amount - Statements of Receipts & Payments (Kshs)	Amount – Statement of Appropriation (Kshs)	Difference (Kshs)
Total Receipts	44,543,103	44,892,299	349,196

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

In the circumstances, the accuracy of the statement of receipts and payments could not be confirmed.

### **1.1 Difference Between Cash Book balance and Board of Survey Report**

The cash book reflected closing cash at bank balance of Kshs.3,844,728 as at 30 June 2018 which differed with the board of survey report balance of Kshs.3,927,528.20 by unexplained variance of Kshs.82,800.20. Although it has been explained the cashbook was updated to reflect the correct balances, the adjusted cashbook was not provided for verification.

In the circumstances, it has not been possible to confirm the actual cash book balance.

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

### **Key Audit Matters**

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

### **Other matter**

#### **1.0 Budget Utilization and Performance**

The summary statement of appropriation (Recurrent and Development combined) reflects final receipts budget of Kshs.99,676,782. However, only Kshs.44,533,103 was received from the CDF Board and thus leaving a budgetary deficit of Kshs.54,784,483. The underfunding of Kshs.54,784,483 has not been explained despite the board having approved the final budget. Consequently, the Constituents of Mogotio Constituency were denied the much-needed development activities.

In view of the above, it was not clear why the Board approved a budget it could not finance.

#### **1.1 Unbudgeted for Projects**

The statement of receipts and payment reflects other grants and other transfers of Kshs.26,125,000 as detailed in note 7 to the financial statements. Out of this amount, Kshs.600,000 was incurred on environment projects. However, examination of expenditure records produced for audit disclosed the amount was spent on construction of Boda boda sheds instead of environmental activities as provided for in the approved budget.

No explanation satisfactory explanation has been provided for reallocation of funds without approval of the board as required by the law.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter(s) 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**

#### **1.0 Non-acknowledgement of Bursary**

During the year under review, an expenditure of Kshs.21,258,000 was incurred on disbursements of bursary to secondary schools and tertiary institutions. However, only acknowledgement letters for Kshs.9,242,000 were presented for audit verifications leaving a balance of Kshs.12,016,000 unacknowledged.

No explanation has been given for non-acknowledgement of the bursary despite the NGCDFC having bursary and monitoring and evaluation committees in place. In the absence of acknowledgements, it was not possible to confirm the bursaries reached the intended beneficiaries.

#### **2.0 Irregular Expenditure-Emergency Projects**

An expenditure of Kshs.2,650,000.00 was incurred during the year under review in respect of emergency projects. However, it was observed that the projects funded were not of emergency in nature as required by section 8(3) of the NGCDF Act ,2015. The expenditure was incurred in respect of construction of 4 door pit latrines, purchase of water tank, construction of new classrooms and construction of laboratory in various schools. It was therefore not clear why NG-CDFC funded the projects contrary to law. Further, no completion certificates were produced for audit verification to confirm the project had been completed.

In the circumstances, the expenditure could not be confirmed as a proper charge to public funds.

#### **3.0 Incomplete Project- Sirwa Primary School**

Sirwa Primary School was allocated Kshs.300,000 for completion of one classroom and the works included flooring, ceiling, fixing door, windows and painting. However, physical verification of the project on 14 March 2019 revealed that no painting had been done on the walls, the walls had visible cracks, the floor was not done, a poorly made wooden door was fixed instead of the metallic one provided in the bills of quantities and no ceiling had been fixed. In addition, no expenditure returns had been filed and it was therefore not possible to confirm the actual amount spent out of the allocated amount.

So far, no explanation has been given for failure to complete the project.

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 comply, 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, GOVERNANCE AND RISK MANAGEMENT SYSTEM

### **Conclusion**

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

### **Basis for conclusion**

#### **Lack of Risk Management Policy**

During the year under review, Mogotio NG-CDF did not have a risk management policy in place as required by National Treasury Circular No 3/2009 of 23 February, 2009 and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks.

No explanation has been given for failure to have a risk management policy in place.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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**

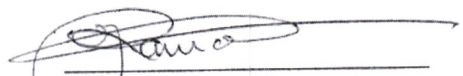
**09 August 2019**

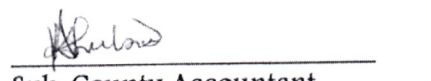
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
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**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF Board-AIEs' Received	1	44,543,103	82,158,620
Other Receipts	2	-	153,000
<b>TOTAL RECEIPTS</b>		<b>44,543,103</b>	<b>82,311,620</b>
<b>PAYMENTS</b>			
Compensation of employees	3	1,512,703	1,957,232
Use of goods and services	4	3,378,248	8,142,213
Committee Expenses	5	1,418,000	2,347,000
Transfers to Other Government Entities	6	8,576,421	78,393,103
Other grants and other transfers	7	26,125,000	47,691,004
Social Security Benefits	8	37,200	49,600
<b>TOTAL PAYMENTS</b>		<b>41,047,571</b>	<b>138,580,152</b>
<b>SURPLUS/DEFICIT</b>		<b>3,495,532</b>	<b>(56,268,532)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MOGOTIO Constituency reviewed financial statements were approved on 25<sup>th</sup> March 2019 and signed by:

  
 Fund Account Manager  
 Name: George Kamau (CPA (K))

  
 Sub-County Accountant  
 Name: Kennedy Alubi  
 ICPAK Member Number: 14430

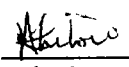
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
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V. STATEMENT OF ASSETS

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	9	3,844,728	349,196
<b>Total cash and cash equivalents</b>		3,844,728	349,196
<b>TOTAL FINANCIAL ASSETS</b>		3,844,728	349,196
<b>FINANCIAL LIABILITIES</b>			
<b>NET FINANCIAL ASSETS</b>		3,844,728	349,196
<b>REPRESENTED BY:</b>			
Fund balance b/fwd 1st June 2017	10	349,196	56,617,728
Surplus/Deficit for the year		3,495,532	(56,268,532)
<b>NET FINANCIAL POSITION</b>		3,844,728	349,196

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MOGOTIO Constituency financial statements were approved on 25<sup>th</sup> March 2019 and signed by:

  
Fund Account Manager  
Name: George Kamau (CPA(K))

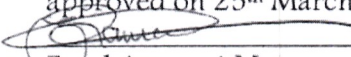
  
Sub-County Accountant  
Name: Kennedy Alubi  
ICPAK Member Number: 14430

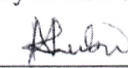
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
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**VI. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2017-2018</b>	<b>2016-2017</b>
		Kshs	
Transfers from CDF Board	1	44,543,103	82,158,620
Other Receipts	2	-	153,000
<b>total</b>		<b>44,543,103</b>	<b>82,311,620</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	1,512,703	1,957,232
Use of goods and services	4	3,378,247	8,142,213
Committee Expenses	5	1,418,000	2,347,000
Transfers to Other Government Entities	6	8,576,421	78,393,103
Other grants and other transfers	7	26,125,000	47,691,004
Social Security Benefits	8	37,200	49,600
<b>Adjusted for:</b>			
Adjustments during the year		-	-
<b>Net cash flow from operating activities</b>		<b>3,495,532</b>	<b>(56,268,532)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	-	-	-
Acquisition of Assets	-	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>3,495,532</b>	<b>(56,268,532)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>10</b>	<b>349,196</b>	<b>56,617,728</b>
<b>Cash and cash equivalent at END of the year</b>		<b>3,844,728</b>	<b>349,196</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MOGOTIO Constituency reviewed financial statements were approved on 25<sup>th</sup> March 2019 and signed by:

  
Fund Account Manager  
Name: George Kamau (CPA (K))

  
Sub-County Accountant  
Name: Kennedy Alubi  
ICPAK Member Number: 14430

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MOGOTIO CONSTITUENCY**  
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**I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	12,866,437	99,676,782	44,892,299	54,784,483	45
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts from year 2017-2018	-	-	-	-	-	-
<b>TOTAL</b>	86,810,345	12,866,437	99,676,782	44,892,299	54,784,483	-
<b>PAYMENTS</b>						
Compensation of Employees	2,323,864	349,196	2,673,060	1,512,703	1,160,357	57
Use of goods and services	4,222,653	500,000	4,722,653	3,378,248	1,344,406	72
Committee Expenses	2,206,759	990,345	3,197,104	1,418,000	1,779,104	44
Transfers to Other Government Entities	25,117,111	6,020,000	31,137,111	8,576,421	22,560,690	28
Other grants and other transfers	52,889,958	5,006,896	57,896,854	26,125,000	31,771,854	45
Social Security Benefits	50,000	-	50,000	37,200	12,800	74
Acquisition of Assets	-	-	-	-	-	0
Other Payments - audit	-	-	-	-	-	0
<b>TOTALS</b>	<b>86,810,345</b>	<b>12,866,437</b>	<b>99,676,782</b>	<b>41,047,571</b>	<b>58,629,211</b>	<b>41</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MOGOTIO CONSTITUENCY**  
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- (a) *[For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]*  
*Mogotio NGCDF collected no AIA during the year*
- (b) *[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]*

**EXPLANATORY NOTES ON SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

- (i) *The total receipt from the NGCDF Board stood at 45%. There were delays in the disbursement of funds by the Board. There was also a supplementary budget of kshs. 11,379,310 whose proposals were submitted towards the end of the Financial year*
- (ii) *Compensation of employees stood at 57%. The contract of employment for employees ended in December 2017. The Fund engaged new employees in April 2018 thus affecting absorption of funds*
- (iii) *Use of goods and services at 72%, this was affected by the end year adjustments as a result of supplementary budget whose proposals were approved at the end of the financial year*
- (iv) *Committee expenses stood at 44% as a result of delays in disbursements by the Board and additional funding to the Constituency through supplementary budget that was effected at the end of the Financial Year*
- (v) *Transfer to other Government Units stood at 28% as a result of delays by the Board to disburse funds to the Constituency*
- (vi) *Other grants and transfers stood at 45%. This was affected by the delays in fund disbursements by the Board*
- (vii) *Social security benefits stood at 74%. This was affected by the expiry of the employees' contract in December 2017. It took 3 months to engage new employees*

The NGCDF-MOGOTIO Constituency reviewed financial statements were approved on 25<sup>th</sup> March 2019 and signed by:

  
Fund Account Manager  
Name: George Kamau (CPA (K))

  
Sub-County Accountant  
Name: Kennedy Alubi  
ICPAK Member Number: 14430

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of Compliance and Basis of Preparation**

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

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

**2. Reporting Entity**

The financial statements are for the NGCDF-MOGOTIO 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) –  
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**SIGNIFICANT ACCOUNTING POLICIES**

**External Assistance**

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

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

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

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

**Other receipts**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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



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**SIGNIFICANT ACCOUNTING POLICIES**

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**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) –  
MOGOTIO CONSTITUENCY***

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

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**SIGNIFICANT ACCOUNTING POLICIES**

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

**12. Comparative Figures**

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

**13. Subsequent Events**

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

**14. Errors**

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

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

**15. Related Party Transactions**

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

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

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
AIE NO.A855938	5,500,000	36,853,44
AIE NO.A896770	37,905,172	39,810,344
AIE NO.A892739	1,137,931	200,000
		1,200,000
		4,094,827
<b>TOTAL</b>	<b>44,543,103</b>	<b>82,158,620</b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**2. OTHER RECEIPTS**

	2017-2018	2016-2017
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts from NGCDF tractor services	-	153,000
<b>Total</b>	<b>-</b>	<b>153,000</b>

**3. COMPENSATION OF EMPLOYEES**

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,512,703	1,957,232
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
<b>Total</b>	<b>1,512,703</b>	<b>1,957,232</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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*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>
Utilities, supplies and services	70,500	120,000
Communication, supplies and services	-	470,000
Domestic travel and subsistence	62,600	90,900
Printing, advertising and information supplies & services	59,290	907,626
Rentals of produced assets	-	-
Training expenses	1,875,000	775,000
Hospitality supplies and services	300,000	240,000
Fuel, oil & lubricants	400,000	800,000
Specialized materials and services	-	-
Office and general supplies and services	260,443	1,609,820
Other operating expenses	116,175	2,143,685
Routine maintenance – vehicles and other transport equipment	219,859	905,376
Routine maintenance – other assets	-	-
Computer accessories	14,380	79,806
<b>Total</b>	<b>3,378,248</b>	<b>8,142,213</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. Committee Expenses**

	Description				2017-2018	2016-2017
					Kshs	Kshs
2210802	Committee expenses				1,418,000	2,347,000
	<b>TOTAL</b>				<b>1,418,000</b>	<b>2,347,000</b>

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	6,976,421	55,093,103
Transfers to secondary schools (see attached list)	1,600,000	22,500,000
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	800,000
<b>TOTAL</b>	<b>8,576,421</b>	<b>34,900,000</b>

**7. OTHER GRANTS AND OTHER TRANSFERS**

	2017-2018 Kshs	2016-2017 Kshs
Bursary – secondary schools (see attached list)	15,091,000	19,632,827
Bursary – tertiary institutions (see attached list)	6,167,000	10,286,677
Bursary – special schools (see attached list)	117,000	54,500
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	-	350,000
Agriculture projects (see attached list)	-	250,000
Electricity projects (see attached list)	-	-
Security projects (see attached list)	1,500,000	5,550,000
Roads projects (see attached list)	-	800,000
Sports projects (see attached list)	-	-
Environment projects (see attached list)	600,000	900,000
Emergency projects (see attached list)	2,650,000	9,867,000
Other grants		
<b>Total</b>	<b>26,125,000</b>	<b>47,691,004</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. Social Security Benefits**

	Description				2017-2018	2016-2017
					Kshs	Kshs
2120101	Employer contribution to NSSF				37,200	49,600
	<b>TOTAL</b>				37,200	49,600

**9. Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2017-2018	2016 -2017
	Kshs	Kshs
<i>Equity Bank limited, Account No.1310262100064</i>	3,844,728	349,196
<i>Name of Bank, Account No.</i>	-	-
<b>Total</b>	<b>3,844,728</b>	<b>349,196</b>

**10. BALANCES BROUGHT FORWARD**

	2017-2018	2016-2017
	Kshs	Kshs
1. <i>Equity Bank limited, Account No.1310262100064</i>	349,196	56,617,728
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>349,196</b>	<b>56,617,728</b>

*[Provide short appropriate explanations as necessary]*

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

**11. OTHER IMPORTANT DISCLOSURES**

**11.1: PENDING STAFF PAYABLES (See Annex 1)**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Staff salaries (As at 30-06-2018)	-	-
Gratuity(As at 30-06-2018)	948,150	-
	-	-
	-	-
	<b>948,150</b>	<b>-</b>

**11.2: UNUTILIZED FUNDS (See Annex 2)**

	<b>Kshs</b>	<b>Kshs</b>
Compensation of employees	1,160,357	1,957,232
Use of goods and services	1,344,406	8,142,213
committee expenses	1,779,104	2,347,000
Amounts due to other Government entities (see attached list)	22,560,690	81,763,103
Amounts due to other grants and other transfers (see attached list)	31,771,854	44,321,004
social security benefits	12,800	49,600
Acquisition of assets		
Others ( <i>specify</i> )		
	<b>58,629,211</b>	<b>138,580,152</b>

**11.3: PMC account balances (See Annex 3)**

	<b>2017- 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	7,746,425	11,631,874
	<b>7,746,425</b>	<b>11,631,874</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**11.4: Fixed asset register**

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	<b>6,300,000</b>	-	-	<b>6,300,000</b>
Transport equipment	<b>14,450,646</b>	-	-	<b>14,450,646</b>
Office equipment, furniture and fittings	<b>988,760</b>	-	-	<b>988,760</b>
ICT Equipment, Software and Other ICT Assets	<b>162,799</b>	-	-	<b>162,799</b>
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>21,902,205</b>			<b>21,902,205</b>

**ANNEX 1 – PENDING STAFF PAYABLES**

No.	Name	Designation	Total Basic Pay	GRAND TOTAL
1	JULIUS KIPSANG	Clerk of Work	1,050,000.00	157,500.00
2	ERASTUS RUTTO	Account Assistant	840,000.00	126,000.00
3	ANDREW CHELELGO	Records Officer	714,000.00	107,100.00
4	CAROLINE TOROMO	Clerical Officer	714,000.00	107,100.00
5	JACOB TOROITICH	Information Officer	714,000.00	107,100.00
6	MUSA CHERONO	Driver	630,000.00	94,500.00
7	SAMUEL KEGEI	Information Officer II	441,000.00	66,150.00
8	PURITY SOLIT	Office Assistant I	441,000.00	66,150.00
9	EZEKIEL KIBON	Security Officer I	441,000.00	66,150.00
10	REHEMA AHMED	Office Assistant II	336,000.00	50,400.00
	<b>Total</b>			<b>948,150.00</b>



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**ANNEX 2 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	see details attached	1,160,357	1,957,232	to be utilized in the next Financial year
Use of goods & services	see details attached	1,344,406	8,142,213	to be utilized in the next Financial year
Amounts due to other Government entities	see details attached	22,560,690	81,763,103	to be utilized in the next Financial year
<b>Sub-Total</b>		<b>25,560,690</b>	<b>91,862,548</b>	
Amounts due to other grants and other transfers	see details attached	31,771,854	44,321,004	to be utilized in the next Financial year
<b>Sub-Total</b>		<b>31,771,854</b>	<b>44,321,004</b>	
Acquisition of assets	see details attached	0	0	NA
Others-committee expenses	see details attached	1,779,104	2,347,000	to be utilized in the next Financial year
-Social security benefits	see details attached	12,800	49,600	to be utilized in the next Financial year
<b>Sub-Total</b>		<b>1,791,904</b>	<b>2,396,600</b>	
<b>Grand Total</b>		<b>58,629,211</b>	<b>138,580,152</b>	

**ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
see attached	see attached	see attached	7,746,425	11,631,874
<b>Total</b>			<b>7,746,425</b>	<b>11,631,874</b>

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

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)
4.0	Financial statements not prepared in accordance with the template by the Public Sector Accounting Standards Board (IPSAB) and not prepare Trial balance	Attached find the amended Financial statements duly prepared in accordance with the template by the Public Sector Accounting Standards Board	George Kamau-Fund Account Manager	Resolved	5days
5.0	Inaccuracies in the financial statement whereby there was a surplus of kshs.31,289,372 and undercast of ksh.800,000 in Transfer to other Government units	There was a replacement of cheque number 2074 of kshs 800,000 with cheque number 2323 of the same amount and to the same Payee. This was an error of commission. The two cheques were entered together in the schedules to the financial statements which affected the totals for the item Transfer to other Governments units. Attached find the amended schedules and relevant pages of the cashbook	George Kamau-Fund Account Manager	Resolved	5days
6.0	Inaccurate reporting of the statement of receipts and payments, Transfer to other Government units	The error noted in the Transfer to other Government Entities was compensatory in nature. The sub-item transfer to secondary schools was overstated by kshs 800,000 while the totals for Transfer to other Government entities was understated by	George Kamau-Fund Account Manager	Resolved	5days

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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)
		Kshs.800000.the accuracy of the statement of assets and liabilities was therefore not affected. Attached find the amended Financial statements			
7.0	Overstatement of net cashflows from operating activities by kshs.800,000	Attached is the amended Financial statements	George Kamau-Fund Account Manager	Resolved	5 days
8.0	Cash and cash equivalents-stale cheques amounting to kshs1,041,021 and delays in implementation of projects as a result of undisbursed funds of kshs.56,617,728	The stale cheques were bursary cheques whose beneficiary institutions delayed in encashing. Attached is the minute of Mogotio NGCDF in which a resolution was made to cancel stale chques and write them back to the cash book(Annexure: MOGOTIO CDF/006)	George Kamau-Fund Account Manager	Resolved	5days
9.0	Unsupported committee expenses-the management to provide the schedules in support of committee expenses	attached find the schedules for committee expenses amounting to kshs.3,284,096(Annexure:MOGOTIO CDF/007)	George Kamau-Fund Account Manager	Resolved	5days
1.0	Low absorption of funds	Mogotio CDF absorption rate for funds affected by delays in the disbursement of funds by the Board Secretariat in Nairobi	George Kamau-Fund Account Manager	Resolved	5 days
2.0	Stalled projects-management to explain why projects remain incomplete for a long period and why ongoing projects were not funded adequately to completion	Mogotio CDF Committee has been sensitized on the need to fund and complete all ongoing projects.This has been done through training and capacity building	George Kamau-Fund Account Manager	Resolved	5 Days
3.0	Unaccounted for expenditure for sports-kshs 1,876,000	attached is the expenditure return for sports for	George Kamau-Fund	Resolved	5days

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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)
		kshs.1,876,000	Account Manager		
3.0	Incomplete projects-failure to submit expenditure return by the project committees	attached find expenditure return for the following projects: 1.Kimose primary school 2.Sossion primary school 3.Matebei primary school 4.Chebarer primary school 5.Kipsogon primary school	George Kamau-Fund Account Manager	Resolved	5days
4.0	Failure to submit project expenditure return-Sirwa Secondary school	Mogotio CDF has written to the school to submit the expenditure return to the CDF Office Attached find letter referenced MCDF/SIRWA SEC SCH/2016/001	George Kamau-Fund Account Manager	Not Resolved	5days
5.0	Stalled project-Sagasagik secondary school-construction of a laboratory which has stalled	The project is awaiting further funding to complete the project.The CDF Committee has been sensitized to complete ongoing projects first before funding new projects	George Kamau-Fund Account Manager	Resolved	5days
6.0	Failure to file projects expenditure returns	Mogotio CDF has undertaken the following measures to ensure all project committees file their expenditure return in time: -Training the project committees -Correspondences with project committees to file returns -Visiting the project committees and collecting the files	George Kamau-Fund Account Manager	Resolved	
7.0	Failure by bursary beneficiary institutions to acknowledge	Mogotio CDF has written letters to beneficiary	George Kamau-Fund	Resolved	5days

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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)
	receipt-kshs.10,233,892	institutions to acknowledge in writing receipt of bursary. the office has also sensitized parents and guardians to ensure that they collect the acknowledgement letters and receipts as they deliver the cheques to schools	Account Manager		