

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY PAPERS LAID	
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TABLED	REPORT
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OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
MUMIAS WEST CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2018





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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
MUMIAS WEST 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)**

**MUMIAS WEST 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)  
MUMIAS WEST CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

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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 MUMIAS WEST 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:

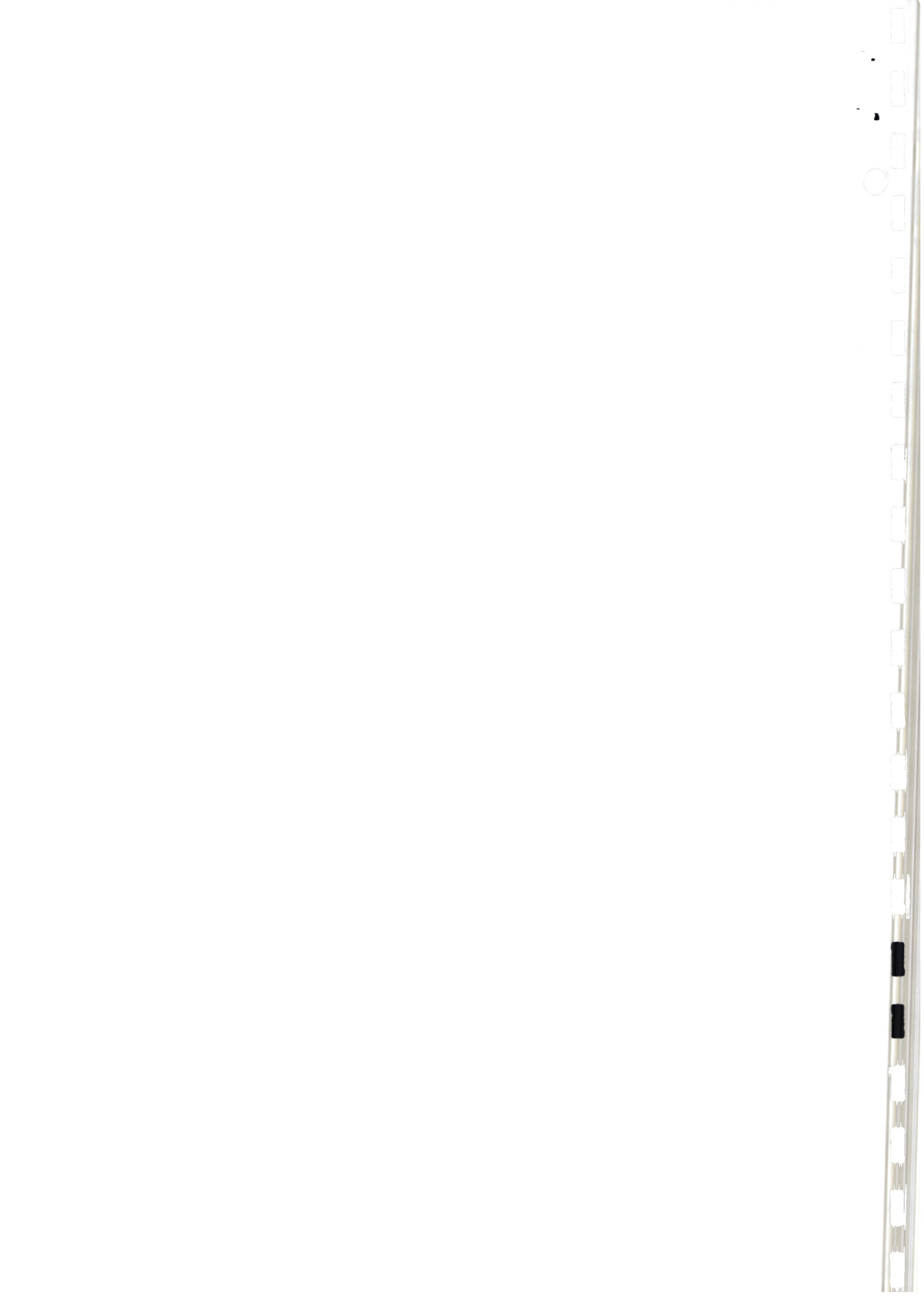
No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Winston Lihanda
3.	Sub-County Accountant	Caroline Njeru
4.	Chairperson NGCDFC	Iddi Abbas
5.	Member NGCDFC	HawaMumia

**(d) Fiduciary Oversight Arrangements**

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

Mumias West NGCDF Office Building  
P. O. Box 1087 - 50102  
Mumias - Bungoma Road  
Kakamega, Kenya



**(f) NGCDF MUMIAS WEST Constituency Contacts**

Telephone: (254) 0 787 883 580  
E-mail: [cdfmumiaswest@ngcdf.go.ke](mailto:cdfmumiaswest@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF MUMIAS WEST Constituency Bankers**

Cooperative Bank of Kenya  
01141498664400  
Mumias Branch  
P. O. Box 905 - 50102  
Mumias, Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



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

### **Budget Performance**

The budget performance against the actual amounts achieved an average of 74.2 % utilization for the economic classification and programmes. This was as a result of receipt of funding close to the financial year end that made it difficult to achieve 100% utilization. Furthermore, there was delay in release of funding by the exchequer.

### **Key achievements of the fund**

- It has led to the initiation of development projects at the local level thereby availing financial resources at the grassroots level, thus, empowering communities economically.
- It has led to the expansion of education infrastructure through construction of new schools.
- Bursary awards have increased enrolment and retention rates education institutions.
- It has led to reduced insecurity through establishment of administration police camps and local administration offices

### **Emerging issues**

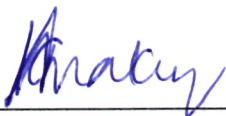
- Piece meal funding of projects leading to its delayed benefit.
- Legal issues.

### **Challenges**

- Increased population and poverty
- Delay in release of funds by the exchequer

### **Way forward**

- Sensitization and awareness creation on opportunities available for socio - economic growth
- The NG CDF Board to hire registered Structural Engineers, Quality Surveyors and other staff on full-time basis.



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Iddi Keya  
Chairperson - NGCDFC



**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

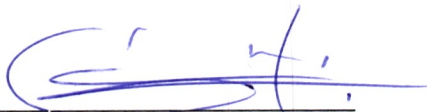
The Accounting Officer in charge of the NGCDF-MUMIAS WEST Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-MUMIAS WEST Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MUMIAS WEST 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-MUMIAS WEST Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

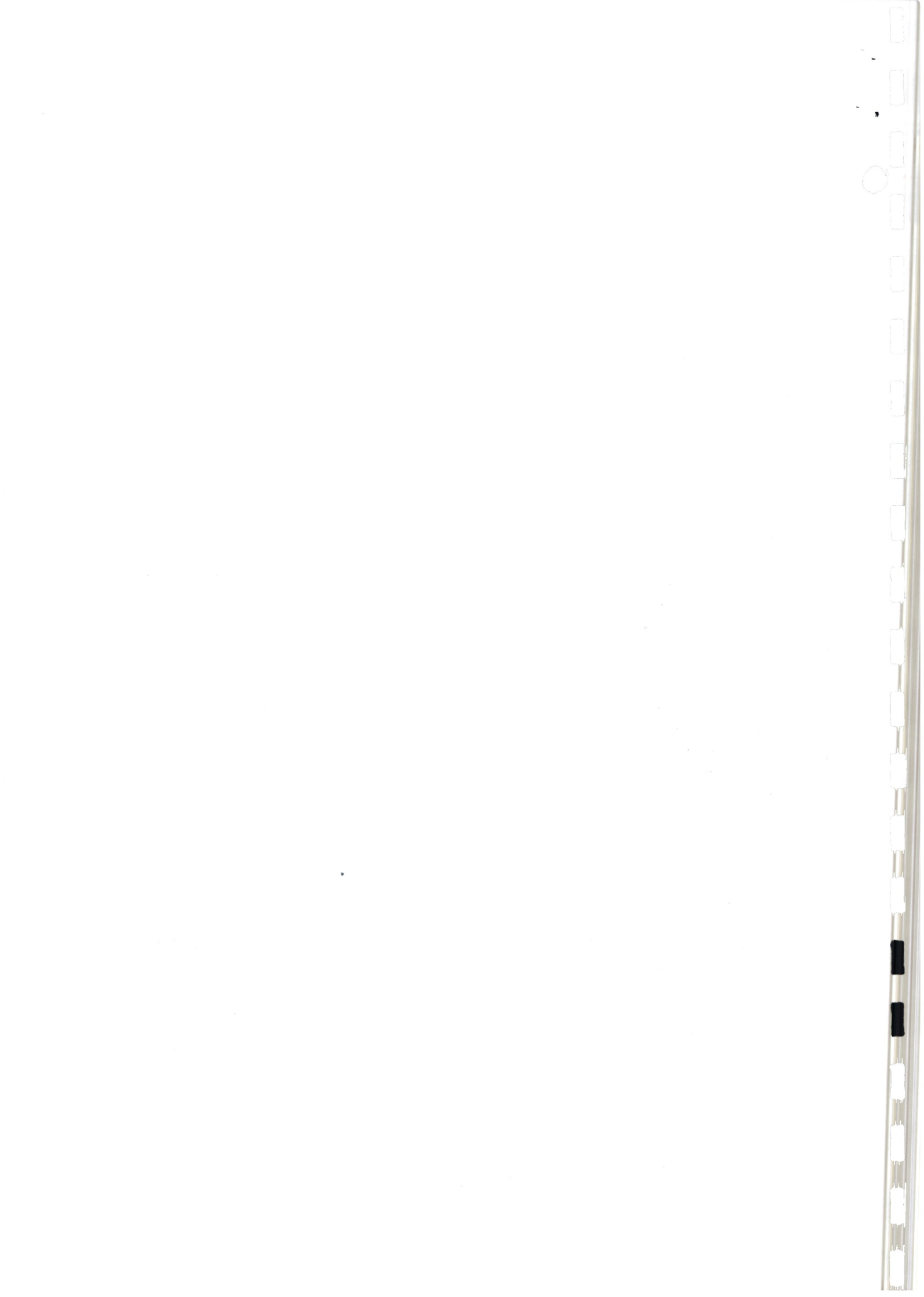
The NGCDF-MUMIAS WEST Constituency financial statements were approved and signed by the Accounting Officer on **25<sup>th</sup> February, 2019**



**Fund Account Manager  
Lihanda Winston**



**Sub-County Accountant  
Caroline Njeru  
ICPAK M/No: 17824**





# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

##### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mumias West Constituency set out on pages 7 to 23, 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 comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Mumias West Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

##### **Basis for Qualified Opinion**

##### **Cash and Cash Equivalents**

The Cash and Cash equivalents balance reflects Kshs.13,018,149 as at 30 June 2018 with the account being maintained at the Cooperative Bank of Kenya, Mumias. However, a review of bank reconciliation statement for the month of June 2018 revealed unrepresented cheques totalling Kshs.7,109,573, out of which cheques totalling Kshs.234,110 were for the period January 2016 to June 2017 and were therefore stale. However, no explanation was provided as to why these could not be written back to cash book thus leading to distortion of the cash balance as at 30 June 2018. In addition, the

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

bank reconciliation statement reflected bank charges totalling Kshs.56,120 which should have been recorded in the cashbook.

Consequently, the accuracy and validity of the Cash and Cash equivalents balance of Kshs.13,018,149 as at 30 June 2018 could not be confirmed.

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

### Key Audit Matters

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

### Other Matter

#### 1. Budgetary Control and Performance

##### 1.1 Budget Performance

The Fund had an approved budget of Kshs.98,253,875 for the financial year 2017/2018. During the same period, the Fund recorded expenditure of Kshs.72,856,416 representing 74% of the approved budget resulting into an under expenditure of Kshs.25,397,459 which is 26% of the budget as detailed below:

Item	Approved Budget 2017/2018 Kshs	Actual Expenditure Kshs	Under Absorption Kshs	Under Absorption %
Compensation of Employees	3,722,000	3,576,535	145,465	4
Use of Goods of Goods and Services	5,179,288	4,746,046	433,242	8
Transfer to Other Government Units	48,576,421	41,076,421	7,500,000	15
Other Grants and Transfers	37,276,166	19,957,414	17,318,752	46
Other Payments	3,500,000	3,500,000	0	-
<b>Total</b>	<b>98,253,875</b>	<b>72,856,416</b>	<b>25,397,459</b>	<b>26</b>

Non-utilization of funds is an indication that 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 Mumias West Constituency.

## 1.2 Project Implementation Status Analysis

According to the projects implementation status report availed for audit review, the Fund had approved plan to implement four hundred and forty-two (442) projects between the financial year 2013/14 and 2017/18. Out of the four hundred and forty-two (442) projects, four hundred and twenty-six (426) projects had been completed, four (4) had been abandoned /stalled, eleven (11) were ongoing and one (1) project (Constituency Innovation Hub) had not started as at the time of audit in February 2019. There were also four (4) projects related to health, a devolved function that had remained stalled since 2013/2014. No explanation was provided for the delay in completion of the projects that have remained incomplete for over 3 years. The details of status of these projects are as below:

Sector/Status	Abandoned/ Stalled		Not Started		Ongoing		Completed	
	No	Value Kshs	No	Value Kshs	No	Value Kshs	No	Value Kshs
Administration	0	-	1	4,677,027	1	3,500,000	44	52,504,998.00
Education	0	-	0	-	6	11,700,000	283	293,130,509
Environment	0	-	0	-	0	-	5	8,540,855
Emergency	0	-	0	-			5	23,396,165
Health	4	6,682,759	0	-	0	-	13	3,750,000
Roads	0	-	0	-			1	2,500,000
Security	0	-	0	-	4	7,800,000	10	5,962,696
Sports	0	-	0	-	0	-	5	8,540,855
Markets/Trade	0	-	0	-			44	35,000,000
Water	0	-	0	-			16	3,800,000
<b>Total</b>	<b>4</b>	<b>6,682,759</b>	<b>1</b>	<b>4,677,027</b>	<b>11</b>	<b>23,000,000</b>	<b>426</b>	<b>437,126,078</b>

Delay in implementation and completion of planned projects has effect of denying the people of Mumias West constituency the benefits that would be derived from the projects.

## 1.3 Stalled Health Projects

The following four health projects which were funded for Kshs.6,682,756 have remained incomplete since 2013/14 financial year although the health is among the devolved functions.

No.	Project	Amount paid Kshs	Current Status/Remarks
1.	Bukaya Health Centre	1,820,689	Painting, glazing and electrical works not done
2.	Eshikulu Health Centre	1,620,689	Painting, glazing and electrical works not done
3.	Bungasi Health Centre	1,620,689	Cracks on the floors and walls Roof finishes not done (no ceiling board, no fascia board) Painting and glazing not done Electrical works not done
4.	Mumias Model Health Centre	1,620,689	Painting, glazing and general finishes not yet done
	<b>Total</b>	<b>6,682,756</b>	

If arrangements are not made to hand over to the county government for completion and putting these projects to use, then the Kshs.6,682,756 spent may have gone to waste and therefore denying the residents of Mumias West Constituency the vital health services.

## 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 Qualified Opinion 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 Opinion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me to

believe that effectiveness of internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of

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

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

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

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

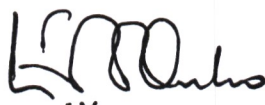
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**23 August 2019**

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

**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017 - 2018	2016 - 2017
		Kes	Kes
<b>RECEIPTS</b>			
Transfers from NG CDF board-AIE's Received	1	85,810,345	82,396,552
<b>TOTAL RECEIPTS</b>		<b>85,810,345</b>	<b>82,396,552</b>
<b>PAYMENTS</b>			
Compensation of employees	2	3,576,535	2,141,771
Use of goods and services	3	4,746,046	13,277,125
Transfers to Other Government Units	4	41,076,421	43,500,000
Other grants and transfers	5	19,957,414	31,011,232
Other Payments	6	3,500,000	-
<b>TOTAL PAYMENTS</b>		<b>72,856,415</b>	<b>89,930,128</b>
<b>SURPLUS/DEFICIT</b>		<b>12,953,929</b>	<b>(7,533,577)</b>

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

  
Fund Account Manager  
Lihanda Winston

  
Sub-County Accountant  
Caroline Njeru  
ICPAK M/No: 17824


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

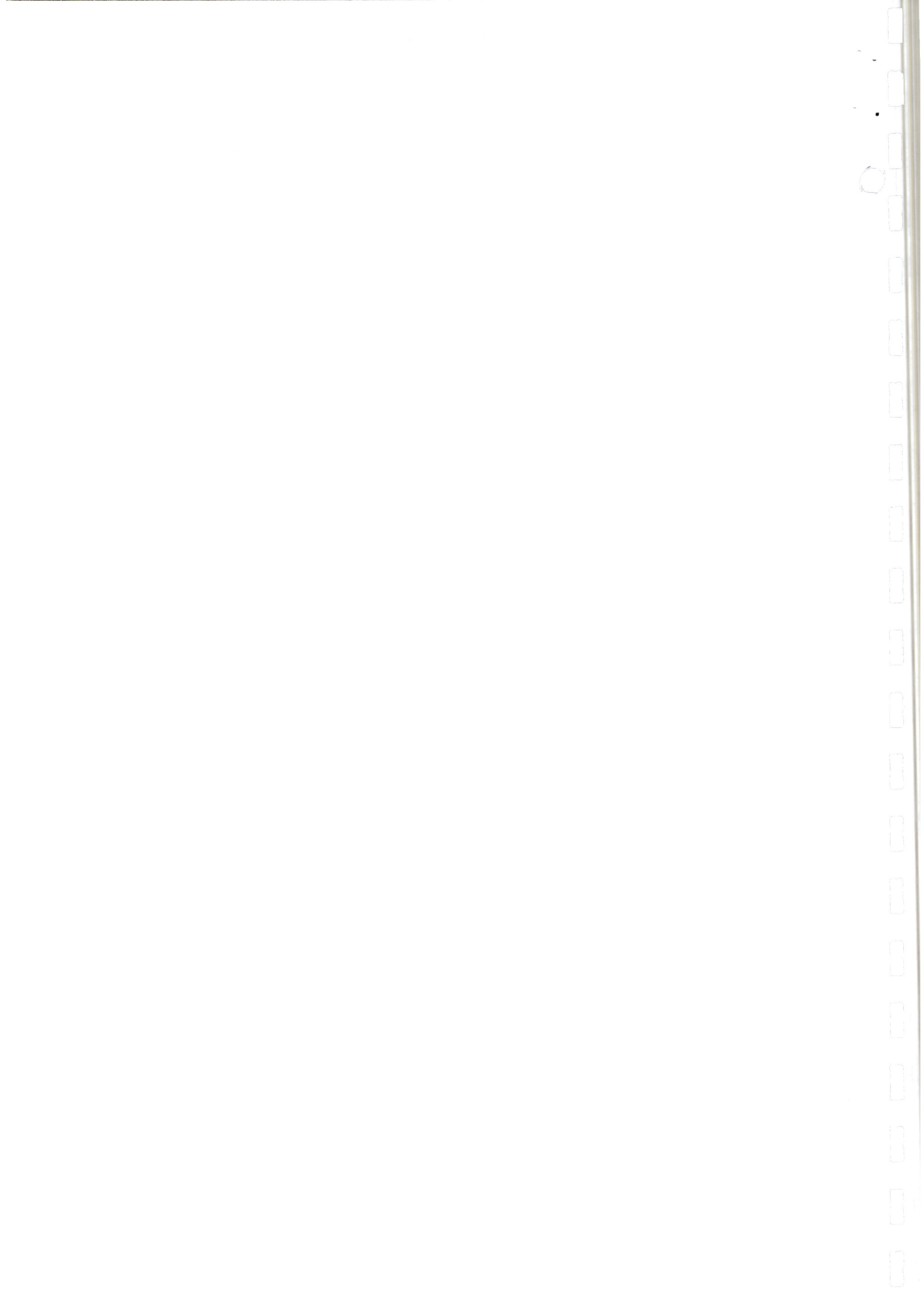
**VI. STATEMENT OF ASSETS& LIABILITIES**

	Note	2017 - 2018	2016 - 2017
		Kes	Kes
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	7	13,018,149	64,219
<b>Total</b>		<b>13,018,149</b>	<b>64,219</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,018,149</b>	<b>64,219</b>
<b>NET FINANCIAL ASSETS</b>		<b>13,018,149</b>	<b>64,219</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July, 2017	8	64,219	7,597,796
Surplus/Deficit for the year		12,953,929	(7,533,577)
<b>NET FINANCIAL POSITION</b>		<b>13,018,149</b>	<b>64,219</b>

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

  
Fund Account Manager  
Lihanda Winston

  
Sub-County Accountant  
Caroline Njeru  
ICPAK M/No: 17824



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

**MUMIAS WEST CONSTITUENCY**

**Reports and Financial Statements**


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

**VII. STATEMENT OF CASHFLOW**

Receipts for operating income		2017 – 2018	2016 - 2017
		Kes	Kes
Transfers from NG CDF Board	1	85,810,345	82,396,552
		<b>85,810,345</b>	<b>82,396,552</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	3,576,535	2,141,771
Use of goods and services	3	4,746,046	13,277,125
Transfers to Other Government Units	4	41,076,421	43,500,000
Other grants and transfers	5	19,957,414	31,011,232
Other Payments	6	3,500,000	-
		<b>72,856,415</b>	<b>89,930,128</b>
<b>Adjusted for:</b>			
<b>Net cash flow from operating activities</b>		<b>12,953,929</b>	<b>(7,533,577)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
<b>Net cash flows from Investing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>12,953,929</b>	<b>(7,533,577)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	8	<b>64,219</b>	<b>7,597,796</b>
<b>Cash and cash equivalent at END of the year</b>		<b>13,018,149</b>	<b>64,219</b>

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

  
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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
MUMIAS WEST CONSTITUENCY**

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

**VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kes	Kes	Kes	Kes	Kes	Kes
<b>RECEIPTS</b>						
Transfers from NG CDF Board	86,810,345	11,443,530	98,253,875	85,874,564	12,379,311	87.4%
<b>TOTAL</b>	<b>86,810,345</b>	<b>11,443,530</b>	<b>98,253,875</b>	<b>85,874,564</b>	<b>12,379,311</b>	<b>87.4%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,722,000	-	3,722,000	3,576,535	145,465	96.1%
Use of goods and services	4,090,931	1,088,357	5,179,288	4,746,046	433,242	91.6%
Transfers to Other Government Units	41,076,421	7,500,000	48,576,421	41,076,421	7,500,000	84.6%
Other grants and transfers	34,420,992	2,855,174	37,276,166	19,957,414	17,318,752	53.5%
Other Payments	3,500,000	-	3,500,000	3,500,000	-	-
<b>TOTAL</b>	<b>86,810,345</b>	<b>11,443,530</b>	<b>98,253,875</b>	<b>72,856,415</b>	<b>25,397,460</b>	<b>74.2%</b>

The NGCDF-MUMIAS WEST Constituency financial statements were approved on **25<sup>th</sup> February, 2019** and signed by:

  
**Fund Account Manager  
Lihanda Winston**

  
**Sub-County Accountant  
Caroline Njeru  
ICPAK M/No: 17824**

**IX. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**2. Reporting Entity**

The financial statements are for the NGCDF-MUMIAS WEST 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 (Kes), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

## SIGNIFICANT ACCOUNTING POLICIES

### External Assistance

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

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

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

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

### Other receipts

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

## b) Recognition of payments

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

### Compensation of Employees

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

### Use of Goods and Services

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

### Acquisition of Fixed Assets

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

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





**SIGNIFICANT ACCOUNTING POLICIES**

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

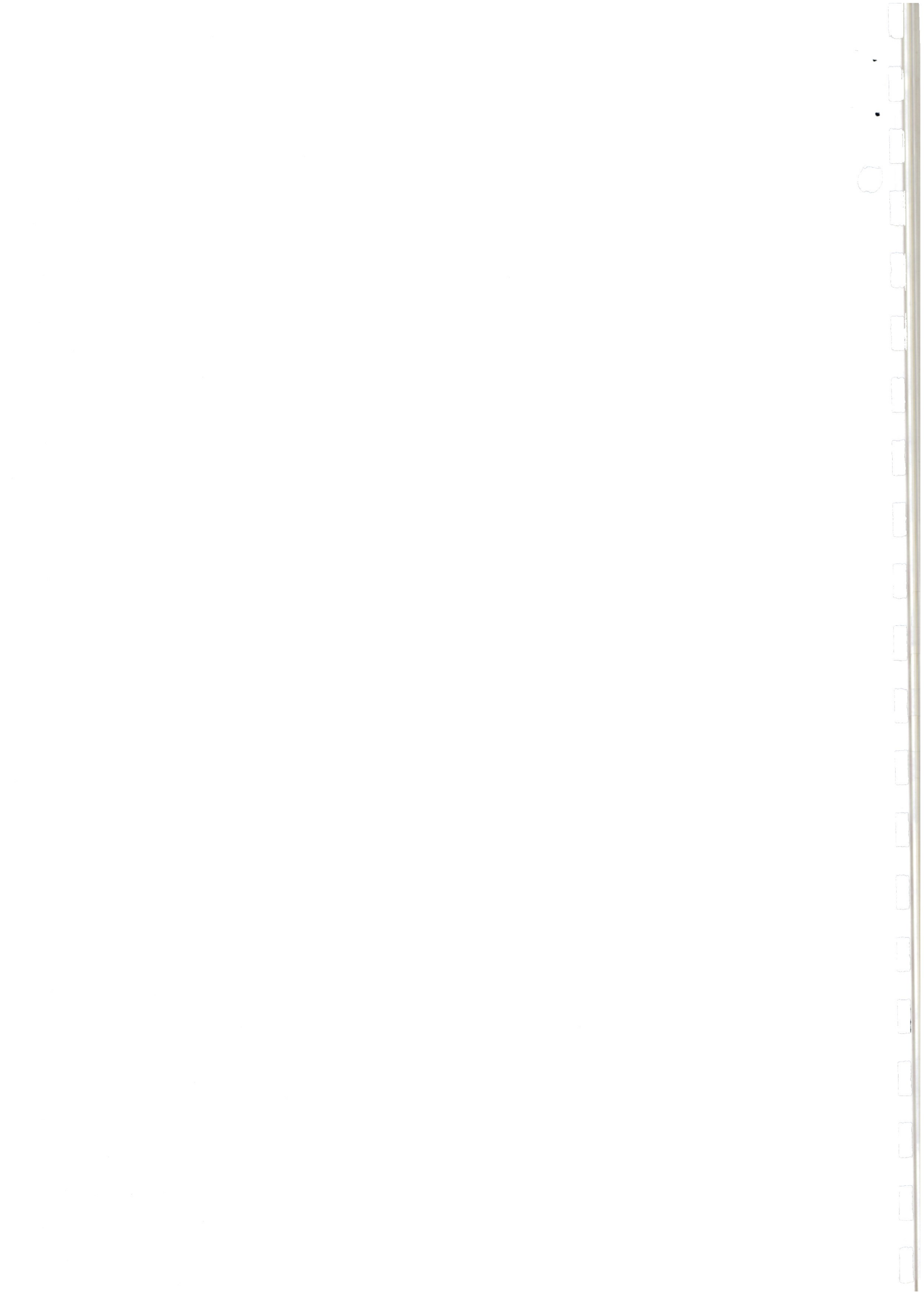
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations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

**9. Pending Bills**

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

**10. Unutilized Funds**

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



**SIGNIFICANT ACCOUNTING POLICIES**

**11. Budget**

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

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

**12. Comparative Figures**

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

**13. Subsequent Events**

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

**14. Errors**

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

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

**15. Related Party Transactions**

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

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

**1) Transfers from other government entities**

Description		2017 - 2018	2016 - 2017
NG CDF Board	AIE NO.	Kes	Kes
	A829942		4,094,828
	A855066		36,853,449
	A855224		40,948,275
	A855533		500,000
	A829942		4,094,828
	A855948	5,500,000	
	A892631	37,905,172	
	A896844	21,000,000	
	A896915	21,405,173	
<b>Total</b>		<b>85,810,345</b>	<b>86,491,379</b>

**2) Compensation of Employees**

Description	2017 - 2018	2016 - 2017
	Kes	Kes
Basic wages of contractual employees	1,427,777	2,124,052
Gratuity	2,148,758	
<b>Total</b>	<b>3,576,535</b>	<b>2,124,052</b>

**3) Use of goods and services**

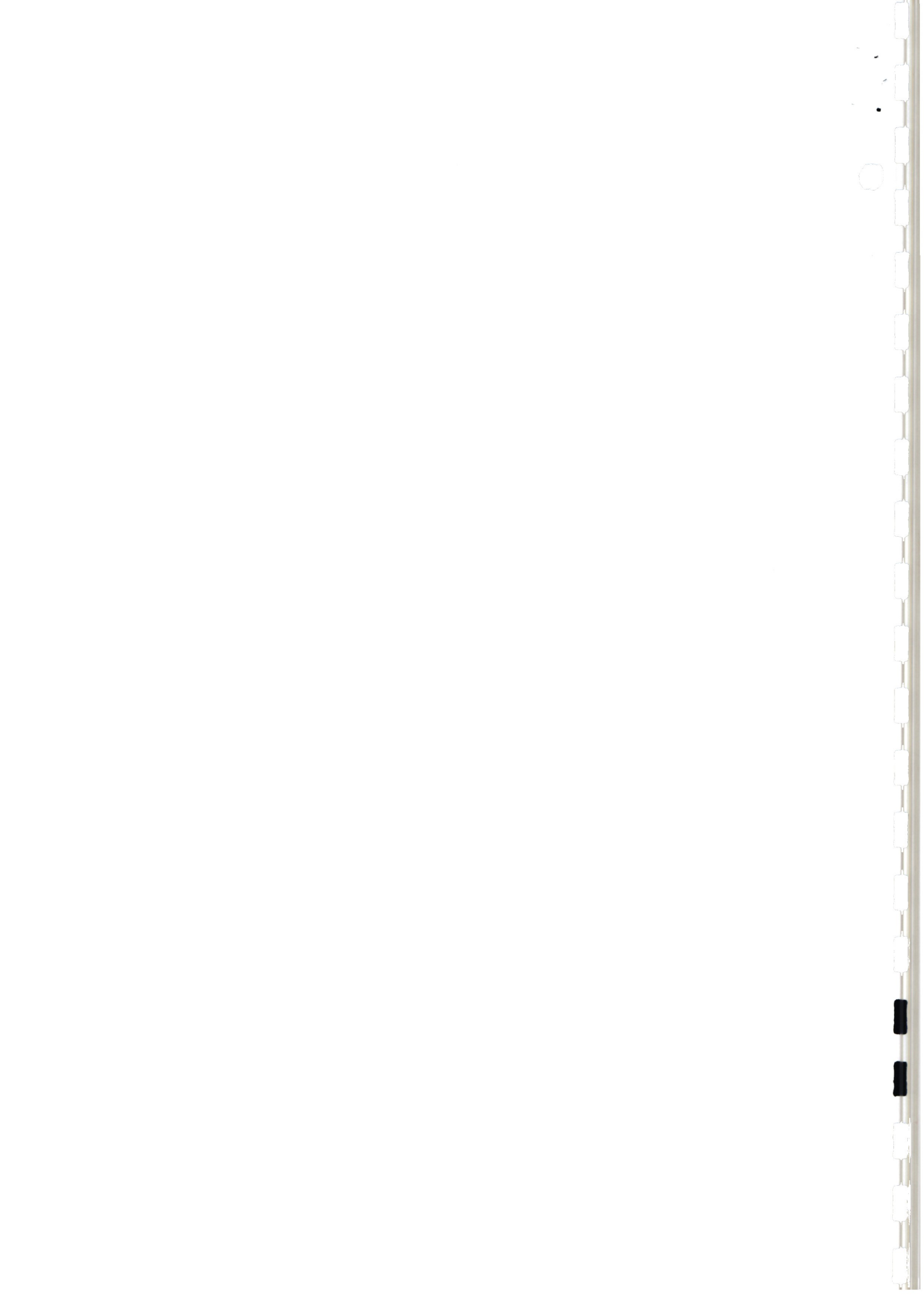
Description	2017 - 2018	2016 - 2017
	Kes	Kes
Committee Expenses	1,750,000	2,202,800
Utilities, supplies and services	584,076	451,586
Communication, supplies and services	47,700	383,400
Domestic travel and subsistence	29,000	143,300
Printing, advertising and information supplies & services	1,119	1,589,466
Training Expenses	175,000	-

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

<b>Description</b>	<b>2017 – 2018</b>	<b>2016 – 2017</b>
	<b>Kes</b>	<b>Kes</b>
Hospitality supplies and services	1,017,481	4,520,490
Specialized materials and services	40,000	252,880
Office and general supplies and services	708,970	1,572,360
Fuel ,oil & lubricants	350,000	604,000
Routine maintenance - vehicles and other transport equipment	42,700	398,194
<b>Total</b>	<b><u>4,746,046</u></b>	<b><u>13,277,125</u></b>

**4) Transfers to Other Government Units**

<b>Description</b>	<b>2017 – 2018</b>	<b>2016 – 2017</b>
	<b>Kes</b>	<b>Kes</b>
Transfers to primary schools (see attached list)	32,576,421	38,500,000
Transfers to secondary schools (see attached list)	6,500,000	3,000,000
Transfers to tertiary institutions (see attached list)	2,000,000	2,000,000
<b>Total</b>	<b><u>41,076,421</u></b>	<b><u>43,500,000</u></b>



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

**5) Other grants and other payments**

Description	2017 - 2018	2016 - 2017
	Kes	Kes
Bursary - secondary schools (see attached list)	7,075,000	8,791,000
Bursary - tertiary institutions (see attached list)	4,710,000	13,425,000
Bursary - special schools (see attached list)	-	120,000
Mock & CAT (see attached list)	-	699,370
Water (see attached list)	-	-
Security projects (see attached list)	-	3,000,000
Sports projects (see attached list)	1,736,207	1,637,931
Environment projects (see attached list)	1,736,207	1,637,931
Emergency projects (see attached list)	4,700,000	1,700,000
<b>Total</b>	<b>19,957,414</b>	<b>60,278,796</b>

**6) Other Payments**

Description	2017 - 2018	2016 - 2017
	Kes	Kes
Strategic Plan	3,500,000	-
<b>Total</b>	<b>3,500,000</b>	<b>-</b>

**7) Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2017 - 2018	2016 - 2017
	Kes	Kes
<i>Co-operative Bank-Mumias Branch,</i> 01141498664400, Kes	13,018,149	64,219
<b>Total</b>	<b>13,018,149</b>	<b>64,219</b>





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

**MUMIAS WEST CONSTITUENCY**

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**8) Balances brought forward**

Description	2017 - 2018	2016 - 2017
	Kes	Kes
<i>Bank accounts</i>	64,219	7,597,796
<b>Total</b>	<b><u>64,219</u></b>	<b><u>7,597,796</u></b>

**9) Other important disclosures**

**9.1) Unutilized Funds(See Annex 1)**

Description	2017 - 2018	2016 - 2017
	Kes	Kes
Compensation of employees	145,465	
Use of goods & services	433,242	64,219
Amounts due to other Government entities	7,500,000	
Amounts due to other grants and other transfers	17,318,752	
<b>Total</b>	<b><u>25,397,460</u></b>	<b><u>64,219</u></b>

**9.2) PMC account balances (See Annex 2)**

Description	2017 - 2018	2016 - 2017
	Kes	Kes
PMC account balances	5,356,691	131,926
<b>Total</b>	<b><u>5,356,691</u></b>	<b><u>131,926</u></b>



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

**MUMIAS WEST CONSTITUENCY**

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

**XI. ANNEXURES**

**Annex<sub>1</sub> – Unutilised Funds**

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	Basic wages of contractual employees	<u>145,465</u>	-	-
Use of goods & services	Committee Expenses	<u>433,242</u>	<u>64,219</u>	-
<b>Amounts due to other Government entities</b>				
	Lukoye Primary School	500,000	-	Yet to be disbursed by the NG CDF Board
	Khungwani Primary School	2,000,000	-	Yet to be disbursed by the NG CDF Board
	Nyakwaka Primary School	1,000,000	-	Yet to be disbursed by the NG CDF Board
	Lusheya Primary School	2,000,000	-	Yet to be disbursed by the NG CDF Board
	Ebuyeshera Primary School	2,000,000	-	Yet to be disbursed by the NG CDF Board
	<b>Sub-Total</b>	<u>7,500,000</u>	=	
<b>Amounts due to other grants and other transfers</b>				
	Bursary - secondary schools	4,627,586	-	-
	Bursary - tertiary institutions	5,290,000	-	-
	Emergency Projects	437,931	-	-
	CIH's	4,677,027	-	Yet to be disbursed by the NG CDF Board
	Security Projects	2,286,208	-	Yet to be disbursed by the NG CDF Board
	<b>Sub-Total</b>	<u>17,318,752</u>	=	
	<b>Grand Total</b>	<u>25,397,460</u>	<u>64,219</u>	

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

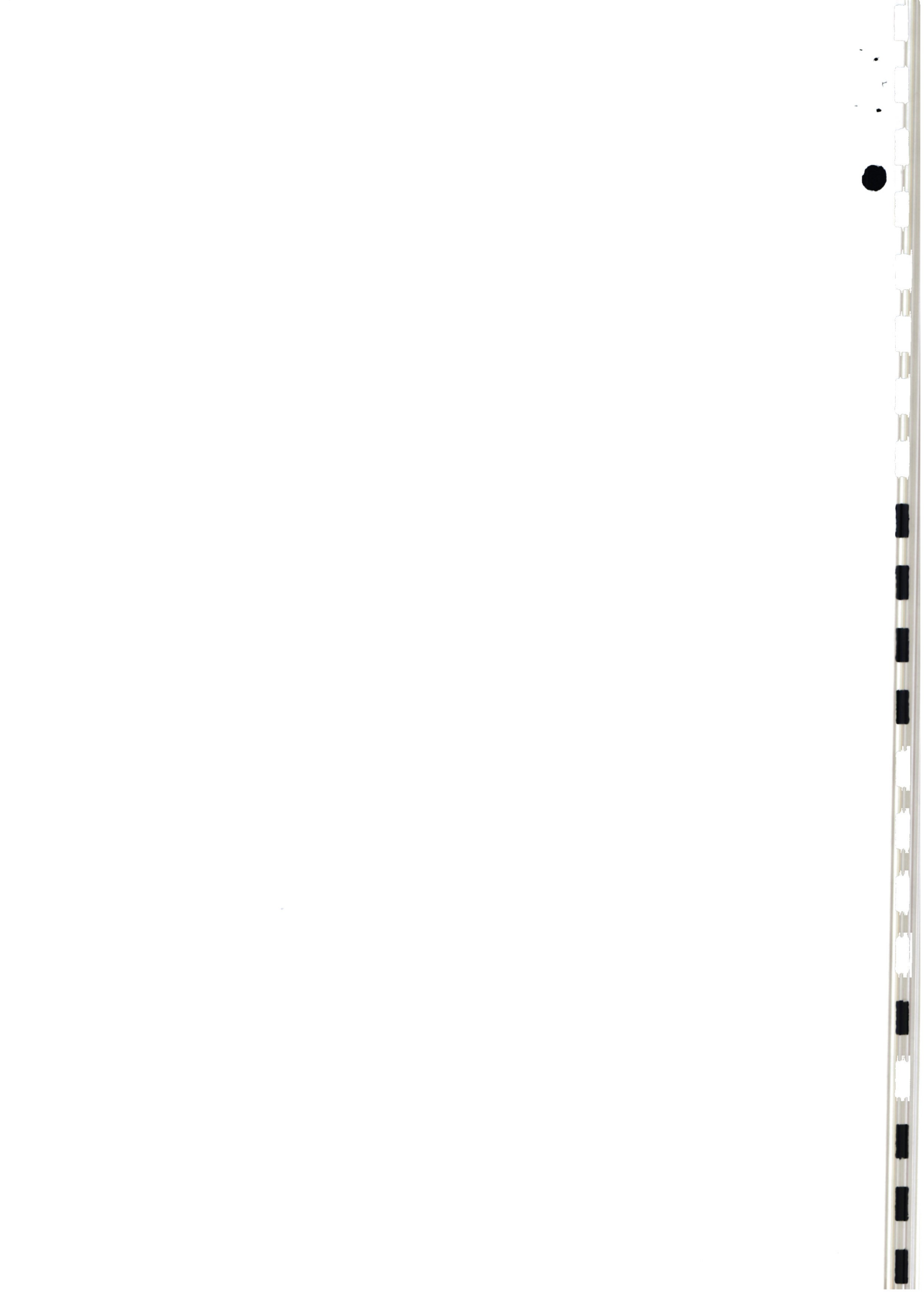
**MUMIAS WEST CONSTITUENCY**

**Reports and Financial Statements**

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

**Annex 2 - PMC account balances**

PMC	Bank	Account number	Bank Balance 2017-18 (Kes)	Bank Balance 2016 -17 (Kes)
Ahong'injo Primary School	Cooperative Bank - Mumias.	01141067542500	2,000,954	50,548
Emaungu Primary School	Cooperative Bank - Mumias.	01141067544000	-	5,851
Emukhuwa Primary School	Cooperative Bank - Mumias.	01141067546400	-	5,851
Emulaka Primary. School	Cooperative Bank - Mumias.	01141498955500	748,370	1,527
Lukongo Primary School	Equity Bank - Mumias.	0680295254833	-	1,464
Lukoye Community ECD School	Cooperative Bank - Mumias.	01141498097300	63,122	1,464
Mumias Central Primary School	Cooperative Bank - Mumias.	01141234298100	-	1,350
Mumias West Technical Training Institute	Cooperative Bank - Mumias.	01141499091500	2,000,399	15,399
Shibale ACK Secondary School	Cooperative Bank - Mumias.	01141498667900	-	32,279
St. Andrew's Eshikalame Secondary School	Cooperative Bank - Mumias.	01141068419600	1,601	1,601
St. Cyrilla Emulembwa Primary School	Cooperative Bank - Mumias.	01141499495700	528,687	871
St. Peter's Boy's Primary School	Equity Bank - Mumias.	0680295062334	-	164
St.Romano's Matawa Secondary School	Cooperative Bank - Mumias.	01141234424300	13,558	13,558
<b>Total</b>			<b><u>5,356,691</u></b>	<b><u>131,926</u></b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
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**Annex 3 - Summary of fixed asset register**

<b>Asset class</b>	<b>Historical Cost b/f (Kes) 2016 – 17</b>	<b>Additions during the year (Kes)</b>	<b>Disposals during the year (Kes)</b>	<b>Historical Cost (Kes) 2017 – 18</b>
Land	2,000,000	-	-	2,000,000
Buildings and structures	14,651,515	-	-	14,651,515
Transport equipment	6,330,760	-	-	6,330,760
Office equipment, furniture and fittings	2,000,000	-	-	2,000,000
ICT Equipment, Software and Other ICT Assets	1,000,000	-	-	1,000,000
Other Machinery and Equipment	167,995	-	-	167,995
Intangible assets	494,000	-	-	494,000
<b>Total</b>	<b><u>26,644,270</u></b>	<b>-</b>	<b>-</b>	<b><u>26,644,270</u></b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**MUMIAS WEST CONSTITUENCY**  
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**Annex 4 - Trial Balance as at 30<sup>th</sup> June, 2018**

		<b>DR</b>	<b>CR</b>
		<b>Kes</b>	<b>Kes</b>
<b>Cash and Cash equivalents</b>			
	Bank Balances	13,018,149	
	Cash Balances	-	
	Outstanding Imprest	-	
<b>Payments</b>			
	Compensation of Employees	3,576,535	
	Use of goods and services	4,746,046	
	Transfers to Other Government Units	41,076,421	
	Other grants and transfers	19,957,414	
	Acquisition of Assets	-	
	Other Payments	3,500,000	
<b>Receipts</b>			
	Transfers from the Board		85,810,345
	Proceeds from sale of assets		-
	Others receipts		-
	Prior Year Adjustment		-
	<b>Fund Balance b/f</b>		<b>64,219</b>
			-
	<b>TOTAL</b>	<b>85,874,564</b>	<b>85,874,564</b>





## MUMIAS WEST CONSTITUENCY

### Reports and Financial Statements

For the year ended June 30, 2018

#### XII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Delay in Implementation of Projects	-The projects have since been implemented and are different stages of completion.	Winston Lihanda- FAM	Resolved	Immediately
2.0	Over-Expenditure on Use of Goods & Services	-Expenditure approved by NG CDFC comprised of Prior year closing balances	Winston Lihanda- FAM	Resolved	Immediately
3.0	Ineffective Use of Transfers to Other Government Entities	-The anomalies have since been corrected.	Winston Lihanda- FAM	Resolved	Immediately

