

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KEIYO SOUTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Keiyo South Development Fund set out on pages 5 to 24, which comprise the statement of financial assets at 30 June 2017, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund-Keiyo South Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with Public Finance Management Act, 2012.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1.0 Cash and bank balance

The statement of financial assets reflects bank balance of Kshs.10,841,055. An audit examination of the bank reconciliation statement for the month of June 2017 showed unrepresented cheques amounting to Kshs.1,675,001 out of which Kshs.363,629 had not been cleared. Further, excluded in the balance of Kshs.10,841,055 are receipts in the bank statement not recorded in the cash book totalling Kshs.148,408. No explanation has been provided for this anomaly.

In the circumstance, the accuracy and completeness of the bank balance of Kshs.10,841,055 as at 30 June 2017 could not be confirmed.

2.0 Transfers to Other Government Entities

2.1 Unsupported Expenditure

The statement of receipts and payments reflect transfers to other government entities figure of Kshs.57,635,708 disbursed to various project management committees for various projects which comprises transfers to primary schools of Kshs.39,485,708 transfers to Secondary Schools figure of Kshs.17,350,000 and transfers to tertiary institutions balance of Kshs.800,000. However, actual expenditure returns from the project management committees were not availed for audit verification.

In the circumstances, the regularity of the transfers to other government entities figure of Kshs.57,635,708 for the year ended 30 June 2017 could not be confirmed.

2.2 Purchase of Land

Included in transfers to primary schools figure of Kshs.39,485,708 as disclosed in note 6 to the financial statements is a disbursement of Kshs.1,600,000 to Kiptenden Primary School for purchase of land. The School had earlier in 2014-2015 and 2015-2016 been funded with Kshs.1,000,000 and Kshs.500,000 for acquisition of land and construction of a classroom respectively raising the total funding to Kshs.3,100,100 as detailed below;

Date	Payment voucher No.	Cheque No.	Details	Amount (Kshs)
22 February 2017	402295	8216	Purchase of land	1,600,000
2015-2016			Construction of classroom	500,000
2014-2015			Purchase of land	1,000,000
Total (Kshs)				3,100,000

However, available information and an inspection of the project revealed that no land had been a purchased and no construction of classrooms had taken place. It was explained that this was a result of land succession issues. Bank statements availed for audit review confirmed that the funds were still being held in the project management account 01008030012225 at Sidian bank Eldoret. No explanation was provided for continuously funding a project with succession issues.

In the circumstances, the objectives of the project has not been achieved hence no value for money has been obtained on the total disbursement of Kshs.3,100,000 in respect of the project.

2.3 Kipyator Secondary School

Included in transfers to secondary schools figure of Kshs.17,350,000 is a disbursement of Kshs.850,000 to Kipyator Secondary School for construction of a classroom. The School had earlier in 2014-2015 and 2015-2016 been funded with Kshs.300,000 and Kshs.500,000 for construction of a science laboratory and a classroom respectively raising the total funding to Kshs.1,650,000 as detailed below;

Date	Payment voucher No.	Cheque No.	Details	Amount (Kshs)
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12-08-2014	401264	5155	Construction of science laboratory	300,000
22-06-2016	402200	7875	Construction of class room	500,000
09-02-2017	402301	8145	Construction of class room	850,000
Total				1,650,000

Available information and an inspection of the project revealed that no construction of classrooms had taken place. It was explained that the area faced a topographical challenge making it difficult to implement the projects. However, the project's bank statement made available revealed that confirmed that a balance of Kshs.1,486,619 was available in the account. However, expenditure returns or supporting documents for Kshs.163,381 utilized on the project were not availed for audit. Thus, the objectives of the project has not been achieved hence no value for money has been obtained on the total disbursement of Kshs.1,650,000 in respect of the project.

In the circumstances, the propriety of the expenditure of Kshs.163,381 for the year ended 30 June 2017 could not be confirmed.

2.4 Kipsaos Secondary School

Included in transfers to secondary schools figure of Kshs.17,350,000 is Kshs.500,000 disbursed to Kipsaos Secondary School for completion of abolition block having been funded with Kshs.500,000 in 2015/2016. A physical verification on 24 May 2018 revealed that the abolition block had not been started. On enquiry it was explained that the project management committee was in the process of identifying a contractor which has taken too long. However, bank statements and bank confirmation certificates were not availed for audit review.

In the circumstances, no value for money has been realized on the total disbursement of Kshs.1,000,000 to the project and the existence of the money disbursed to the project could not be confirmed.

3.0 Other Grants and Transfers

3.1 Security Projects

Included in other grants and transfers figure of Kshs.63,224,479 is disbursements to security projects balance of Kshs.6,270,000. Although, the list of projects which were to be funded was availed, actual expenditure returns from project management committees to show how the funds were utilized were not availed for audit verification. Thus, it was not possible to confirm whether the money was used for the budgeted projects.

Under the circumstances, the regularity of the expenditure of Kshs.6,270,000 for the year could be confirmed.

3.2 Emergency Projects

Included also in other grants and transfers figure of Kshs.63,224,479 is disbursements to emergency projects balance of Kshs.7,400,000. Although, the list of projects which were to be funded was availed, actual expenditure returns from those project management committees to show how the funds were utilized were not availed for audit verification. Thus, it was not possible to confirm whether the money was used for the budgeted projects.

Under the circumstances, the regularity of the expenditure of Kshs.7,400,000 for the year could be confirmed.

3.3 Sports Projects

Other grants and transfers figure of Kshs.63,224,479 further included disbursements to Sports projects balance of Kshs.2,724,000 as disclosed in Note 7 to the financial statements. However, actual expenditure returns from those project management committees indicating how the funds were utilized were not availed for audit verification. Thus, it was not possible to confirm whether the money was used for the budgeted projects.

Under the circumstances, the regularity of the expenditure of Kshs.2,724,000 for the year could be confirmed

3.4 Other Capital Grants and Transfer

Other grants and transfers figure of Kshs.63,224,479 further included disbursements to emergency projects balance of Kshs.3,187,334 as disclosed in note 7 to the financial statements. Although, the list of projects which were to be funded was availed, actual expenditure returns from those project management committees to show how the funds were utilized were not availed for audit verification. Thus, it was not possible to confirm whether the money was used for the budgeted projects.

Under the circumstances, the regularity of the expenditure of Kshs. 3,187,334 for the year could be confirmed

4.0 Project Management Committee Bank Balances

Note 15.4 to the financial statements shows that project management committee had a bank balance of Kshs.51,471,455 as at 30 June 2017. However, the list, name and account numbers in support of the project management committee balance, cash books, bank confirmation and bank reconciliation statements were not availed for audit review.

Under the Circumstances, the accuracy, completeness and existence of the project management committee bank balance of Kshs.51,471,455 as at 30 June 2017 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budget Control and Performance

During the year under review, the Fund had an annual budget of Kshs.144,461,865 while the actual expenditure amounted to Kshs.133,620,809 or 92% resulting to under expenditure of Kshs.10,841,056 or 8% as summarized below:

Item	Budget 2016-2017	Actual 2016-2017	Under expenditure	% Under expenditure
Payments	Kshs	Kshs	Kshs	
Compensation of Employees	4,426,354	3,657,801	768,553	17
Use of goods and services	13,548,141	8,655,711	4,892,430	36
Transfers to Other Government Units	57,881,208	57,635,708	245,500	0
Other grants and transfers	67,626,162	63,224,479	4,401,683	7
Acquisition of Assets	480,000	447,110	32,890	7
Other Payments	500,000	0	500,000	100
Total	144,461,865	133,620,809	10,841,056	8

Failure to utilize funds may lead to poor service delivery for the citizens of Keiyo South Constituency or may be an indication of in appropriate budget making process .

Consequently, the citizens of Keiyo South Constituency were denied the benefits that would have accrued from the projects that were to be implemented.

2.0 Project Implementation Status Report

The statement of receipts and payments reflect Kshs.136,413,268 transfers from the Constituency Development Fund board, out of which Kshs.63,159,867 was disbursed to one hundred and eight (108) projects. Out of these ninety (93) projects with an allocation Kshs.51,233,659 were complete and in use, thirteen (13) projects costing

Kshs.9,476,208 were partially complete while two (2) projects with a budget of Kshs.2,450,000 had not been initiated as indicated in table below:

2.1 Projects implementation status report

	Project Name	Project activity	Amount Allocated & disbursed	Actual expenditure	Implementation Status	Remarks
			Kshs	Kshs		
Completed projects						
1	Kipsaos Primary School	Completion of dining hall	100,000	100,000	Completed	In use
2	Kabalwat primary	Construction of Toilet	300,000	300,000	Completed	In use
3	Kipsaos Primary School	Completion of Administration block	500,000	500,000	Completed	In use
4	Kibonge Primary School	Completion of classroom	500,000	500,000	Completed	In use
5	Tulwobei Primary School	Construction of Admin block	300,000	300,000	Completed	In use
6	Tulwobei Primary School	Roofing of classroom	200,000	200,000	Completed	In use
7	Kasar Primary School	Flooring of one classroom	95,000	95,000	Completed	In use
8	Kulwane bridge	Construction of bridge	200,000	200,000	Completed	In use
9	Environment	Tree seedlings for 36 schools	3,154,659	3,154,659	Trees planted	Trees planted
10	Sports	Sports equipment for schools	2,724,000	2,724,000	Completed	Distributed to nine Zone and one set for Sub County.
11	Kapcheptek Primary School	Completion of two classrooms (plastering, painting, wiring & labelling)	600,000	600,000	Completed	In use
12	Kapalwat primary school	Completion of 5 classrooms (fixing of window glasses and painting)	600,000	600,000	Completed	In use
13	Koimur primary school	Completion of dormitory (painting & branding)	500,000	500,000	Completed	In use
14	Chop primary School	Completion of administration block (painting & branding)	550,000	550,000	Completed	In use
15	Enego Pry School	Completion of one classroom (fixing of doors & windows, plastering, wiring, painting & branding)	200,000	200,000	Completed	In use

16	Kabechei primary School	Completion of one classroom (plastering ,wiring, painting & branding)	150,000	150,000	Completed	In use
17	Kasar Pry School	Completion three classrooms (walling, roofing works, (fixing of doors & windows ,plastering ,wiring, painting & branding)	1,500,000	1,500,000	Completed	Classrooms in use
18	Kowochi Primary School	Completion of two classrooms walling, plastering & painting	500,000	500,000	Completed	In use
19	Kapsoo Primary School	Completion of administration block	600,000	600,000	Completed	In use
20	Kapsiekwa Pry School	construction of one classroom to completion	850,000	850,000	Completed	In use
21	Emsea Pry School	Construction of two classrooms to completion	1,440,000	1,440,000	Completed	In use
22	Kabirirsus Pry school	Completion of two classrooms	400,000	400,000	Completed	In use
23	Kipchorwa Pry School	Completion of administration block	500,000	500,000	On-going	In use
24	Kibomet primary school	Completion of two classrooms (plastering, fixing of windows & doors ,wiring ,painting and branding)	600,000	600,000	Completed	In use
25	Kipsaos primary school	Completion of dining hall	800,000	800,000	Completed	In use
26	Kapsergon primary school	Construction of one classroom	700,000	700,000	Completed	In use
27	Kaptagat DEB primary school	Completion of dining hall (fixing of doors ,windows, plastering, painting and general finishes	1,500,000	1,500,000	Completed	In use
28	Chebior primary school	Completion of 16 door toilets (plastering, doors and painting.)	300,000	300,000	Completed	In use
29	Toroplongon primary school	Completion of 8 door toilets (plastering, doors and painting.)	200,000	200,000	Completed	In use
30	Kapkut primary school	Completion of two classrooms (painting & branding)	200,000	200,000	Completed	In use
31	Kapchebutuk primary school	Completion of two classrooms	200,000	200,000	Completed	In use
32	Kogibor primary	Completion of one classroom	200,000	200,000	Completed	In use

33	Tulwobei primary school	Fixing of shelves and purchase of reading tables and chairs	700,000	700,000	Completed	In use
34	Kimwogo primary school	Construction 5 door toilet	500,000	500,000	Completed	In use
35	Kiptewenger primary	Completion of one classroom(plastering, ceiling fixing of windows & doors ,wiring ,painting and branding)	350,000	350,000	Completed	In use
36	Atnas kandie secondary school	Completion of laboratory	1,500,000	1,500,000	Completed	In use
37	Koptega secondary school	Completion of dining hall	1,200,000	1,200,000	Completed	In use
38	St.Josephs kipsaina secondary School	Completion of library	1,500,000	1,500,000	Completed	In use
39	Kaptilol mixed day secondary school	Completion of laboratory	1,300,000	1,300,000	Completed	In use
40	Biwot mixed day secondary school.	Completion of library	1,000,000	1,000,000	Completed	In use
41	Chepsamo Mixed Day secondary school	Construction of two classrooms	1,700,000	1,700,000	Completed	In use
42	Biwott secondary school	Completion of dormitory	1,800,000	1,800,000	Completed	In use
43	Ketigoi secondary school	Completion of laboratory	1,500,000	1,500,000	Completed	In use
44	Chepkorio polytechnic	Completion of the dining hall	800,000	800,000	Completed	In use
45	Samich community hall	Completion of the community Centre	400,000	400,000	Completed	In use
46	Chemoibon chief's office	Construction of chief's office.	1,300,000	1,300,000	Completed	Complete awaiting commissioning
47	Metkei community hall	Completion of community Centre	500,000	500,000	Completed	In use
48	Kapkitony chief's office	Completion of chief's office	700,000	700,000	Completed	In use
49	Kabiemit ward resource centre	Purchase of office furniture	500,000	500,000	Completed	In use
50	Kaptarakwa ward resource centre	Completion of ward resource Centre	1,000,000	1,000,000	Completed	In use
51	Kapsogom chief's office	Completion of chief's office	520,000	520,000	Completed	In use
52	Matungen Pry School	Completion of 8.doors toilets	200,000	200,000	Completed	In use

53	Yatiane Pry School	Construction of 4.doors toilets	200,000	200,000	Completed	complete
54	Kaptubei Pry School	Replacements of glazing in all rear elevation of tuition block	200,000	200,000	Completed	In use
55	Kabechei Pry School	Flooring of 5 classrooms.	250,000	250,000	Completed	In use
56	Samabul Pry School	Completion of two classrooms	300,000	300,000	Completed	In use
57	Tinone Pry School	Construction of 4.doors toilets	200,000	200,000	Completed	In use
58	Kapsiekwa Pry School	Flooring of 5 classrooms.	500,000	500,000	Completed	In use
59	Kimoloi Pry School	Construction of 4.doors toilets	250,000	250,000	Completed	In use
60	St.Thomas Kapchorwa Sec School	construction of 4.doors toilets	200,000	200,000	Completed	In use
61	Keiyo Sub county Headquarters	Construction of 6 door toilet.	400,000	400,000	Completed	Painting ongoing
62	Chemurgui Pry School	Construction of 2 door pit latrine.	100,000	100,000	Completed	In use
63	Molol Pry School	Renovation of old roofing works.	200,000	200,000	Completed	In use
64	Sabor Pry School	Construction of 4.doors toilets	200,000	200,000	Completed	In use
65	Kapngetik Pry school	Construction of 4.doors toilets	200,000	200,000	Completed	In use
66	Sitotwo Pry School	Renovation of classrooms	200,000	200,000	Completed	In use
67	Kipchiloi Pry School	Flooring of classrooms and administration block.	300,000	300,000	Completed	In use
68	Epke Chiefs Office	AP Staff house	200,000	200,000	Completed	In use
69	Kiptabach Pry School	Dilapidated classrooms	1,000,000	1,000,000	Completed	In use
70	Matungen Pry School	12 door pit latrine	400,000	400,000	Completed	In use
71	Kapletingi pry school	6 door toilet	200,000	200,000	Completed	In use
72	Kamelil pry school	6 door toilet	200,000	200,000	Completed	In use
73	Kapkosom Pry School	6 door toilet	200,000	200,000	Completed	In use
74	Simit pry school	Classroom reinforcement	400,000	400,000	Completed	In use
75	Kabawa Pry School	6 door toilet	200,000	200,000	Completed	In use
76	Turesia Pry Sch		500,000	500,000	Completed	In use
77	Matungen Pry School	4 door pit latrine	200,000	200,000	Completed	In use

78	Werep Pry School	4 door pit latrine	200,000	200,000	Completed	In use
79	Yatiane Pry School	Four door pit latrine	200,000	200,000	Completed	In use
80	Kaptubei Pry School	Replacement of glass windows	200,000	200,000	Completed	In use
81	Kabechei Pry School	Cementing classroom floor	250,000	250,000	Completed	In use
82	Samabul Pry School	Completion of 2 classrooms	300,000	300,000	Completed	In use
83	Tinone Pry School	4 door pit latrine	200,000	200,000	Completed	In use
84	Kapsiekwa Pry School	Cementing classrooms	500,000	500,000	Completed	In use
85	Kimoloi Pry School	Pit latrines	250,000	250,000	Completed	In use
86	St.Thomas Kapchorwa Sec School	Staff latrine	200,000	200,000	Completed	In use
87	Keiyo Sub county Headquarters	Toilet	400,000	400,000	Completed	In use
88	Chemurgui Pry School	2 door latrine	100,000	100,000	Completed	In use
89	Molol Pry School	Classroom repair	200,000	200,000	Completed	In use
90	Sabor Pry School	4 door toilet	200,000	200,000	Completed	In use
91	Kapngetik Pry school	4 door toilet	200,000	200,000	Completed	In use
92	Sitotwo Pry School	Reinforcement of classrooms	200,000	200,000	Completed	In use
93	Kipchiloi Pry School	Rehabilitation of six classrooms	300,000	300,000	Completed	In use
Subtotal - Completed projects			51,233,659	51,233,659		
On-going projects						
1	Kewapmwun Pry School	Completion of one classrooms and library Kshs 200,000 (fixing of window classes and painting and Equipping the library (reading table and chairs and fixing of shelves)Kshs 400,000	600,000	600,000	On-going	Procurement stage
2	Kipkanao Pry School	Construction of one classroom to completion	850,000	850,000	On-going	At roofing
3	Katumoi Primary School	Construction of abolition block to completion	850,000	850,000	On-going	Doing plumbing works

4	Kaptubei Primary school	Completion of Dinning Hall roofing works, fixing doors & windows, plastering, wiring, painting and branding)	826,208	826,208	On-going	Require more funds for painting
5	Chepsigot Primary School	Completion of administration block (, fixing doors & windows, plastering, wiring, painting and branding)	600,000	600,000	On-going	Require more funds for painting
6	Walbei primary school	Construction of administration block to completion	1,400,000	1,400,000	On-going	Doing floor tiling
7	Cheboge primary school	construction of one classroom to completion	700,000	700,000	On-going	Plastering ongoing
8	Chepkosom primary school	Construction one classroom	700,000	700,000	On-going	In use
9	Kapchorwa primary school	Completion of two classroom	350,000	350,000	On-going	Plastering ongoing
10	Kipsaos secondary school	Completion of ablution block	500,000	-	On-going	Procurement level
11	Kocholwo Sec School	Extension of dormitory(stage one-foundation slab)	1,000,000	1,000,000	On-going	Slab complete. At walling
12	Lelboinet chief's office	Construction of chief's office.	900,000	900,000	On-going	At finishing level
13	Werep Pry School	Construction of 4.doors toilets	200,000	200,000	Ongoing	Plastering ongoing
Sub-total - On-going projects			9,476,208	8,976,208		
Projects not started						
1	Kiptenden primary school	Purchase of 5 Acres of land	1,600,000	-	On-going	Processing succession
2	Kipyator simit sec school	Construction of one classroom	850,000	-	Not started	Procurement stage
Sub total - Projects not started			2,450,000	-		
110	Grand total for FY 2016-2017		63,159,867	60,209,867		

Projects which are not implemented as planned impact negatively on the delivery of services to the people of Keiyo South Constituency.

3.0 Project Verification

During the audit, eighteen (18) projects with total disbursements amounting to Kshs.22,590,000 were verified in the month of May 2018 and following observations were made as summarized in table below:

3.1 Projects physically verified

	Project Name	Project activity	Disbursed Amount	Implementation Status	Completion Date	Remarks
1	St.Josephs Kipsaina Sec School	Completion of library (roofing works, plastering ,fixing of windows & doors ,painting and branding)	1,500,000	Completed	Dec-17	Ready for use but not equipped
2	Lelboinet chief's office	Construction of chief's office to completion.	900,000	On-going	ongoing	At finishing level. Ceiling, paints & facial board
3	Koptega secondary school	Completion of dining hall (windows doors, plastering, wiring painting and labelling)	1,200,000	Completed	Sept 2017	Dining hall in use
4	Atnas kandie secondary school	Completion of laboratory (roofing works ,doors &windows, plastering, painting and labelling)	1,500,000	Completed	Aug-17	Laboratory in use
5	Kaptagat DEB primary school	Completion of dining hall(fixing of doors ,windows, plastering, painting and general finishes	1,500,000	Completed	Jun-17	Dining hall in use
6	Kaptilol mixed day secondary school	Completion of phase two of the laboratory (lab fittings and gas system)	1,300,000	Completed	Jun-17	Laboratory in use
7	Kaptarakwa ward resource centre	Completion of ward resource Centre (fixing of ceiling ,window glasses, purchase and fixing of tile in the offices ,Painting and general outside finishes	1,000,000	Completed	Jun-17	Complete & in use. The ceiling leaking
8	Biwot mixed day secondary school.	Completion of library (roofing ,fixing of doors ,windows, plastering, painting and general finishes	1,000,000	Completed	Oct-17	Complete. Used as a class instead of library. Not branded
9	Biwott secondary school	Completion of dormitory (plastering ,windows & doors, plastering painting labeling of the project)	1,800,000	Completed	Sept 2017	Dormitory in use

10	Kiptenden primary school	Purchase of 5 Acres of land	1,600,000	On-going	Ongoing	Land not procured. Succession issues
11	Kipsaos secondary school	Completion of ablution block (plastering, fixing of doors ,wiring , plumping painting and branding)	500,000	On-going	Ongoing	Funds not utilised. Procurement level
12	Kiptabach Primary School	Refurbishment of classrooms - emergency	1,000,000	Completed		Completed and in use
13	Kocholwo Sec School	extension of dormitory(stage one- foundation slab)	1,000,000	Completed	Ongoing	Slab complete. At walling
14	Kasar Pry School	Completion three classrooms (walling, roofing works, (fixing of doors & windows ,plastering ,wiring, painting & branding)	1,500,000	On-going	Jan-18	Classrooms in use
15	Katumoi Primary School	Construction of abolition block to completion	850,000	On-going	ongoing	Plumbing works ongoing
16	Chemoibon chief's office	Construction of chief's office to completion.	1,300,000	Completed	Apr-18	Complete awaiting commissioning
17	Chepsamo Mixed Day secondary school	Construction of two classrooms	1,700,000	Completed	Sep-17	Classrooms in use
18	Emsea Pry School	Construction of two classrooms to completion	1,440,000	Completed	Oct-17	Classrooms in use
	Total		22,590,000			

Projects not completed is an indication of planned objectives not met hence the citizens of Keiyo South Constituency may have failed to benefit from the resources to fund such projects. There is need therefore for the Constituency Development Fund (CDF) management to monitor the budget execution with a view to ensuring that projects are completed as scheduled for efficient and effective service delivery to the people of Keiyo South Constituency.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 such 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.

In preparing the financial statements, management is responsible for assessing the National Government Constituencies Development Fund-Keiyo South ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue offering 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 consolidated/ 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 offering 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 of the entities or business activities 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

31 July 2018