

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

THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Tinderet Constituency set out on pages 5 to 20 which comprise the statement of assets as 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.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1.0 Transfer to Other Government Entities

1.1 Unsupported Expenditure

The statement of receipts and payments reflects transfers to other government entities balance of Kshs.86,700,000 relating to funds disbursed to various project management committees. However, actual expenditure returns and acknowledgement letters from institutions that received funds were not availed for audit. In addition, a record of minutes, accounting documents such as cashbooks and other related records in relation to projects which were being implemented showing how much had been spent and outstanding balances were also not availed for audit review contrary to Section 15(1) (d) of the National Constituency Development Fund Regulations, 2016.

Under the circumstances, it was not possible to confirm whether the funds totaling Kshs.86,700,000 was actually received and utilized for the budgeted projects in the year under review.

1.2 Transfer to Tertiary Institutions

Included in the transfer to other government entities figure of Kshs.86,700,000 is a disbursement of Kshs.10,000,000 in respect of transfer to tertiary institutions. Available

information revealed that the amount of Kshs.10,000,000 was the Constituency Development Fund contribution towards the construction of a twin workshop, classrooms and a two storey office block for Tinderet Technical Training Institute which was co-funded by the Ministry of Education, Science and Technology through Kaiboi Technical Training Institute. Records availed for audit review indicate that the tender for the construction of the buildings was awarded to an Investments Company at a contract sum of Kshs.52,008,412.

However, no memorandum of understanding with the collaborating partner was availed for audit review contrary to Section 11(1)(h) of the National Government Constituencies Development Fund (NG-CDF) Regulations,2016 which requires that the Constituency Committee shall, subject to the provisions of the Act and these regulations, enter into a memorandum of understanding with collaborating partners, detailing all aspects of funding and implementation, before respective constituencies approve such a project for joint funding.

Further, expenditure returns from the project and ownership document for land on which the buildings stand, such as title deed or lease were not availed for audit verification.

Under the circumstances, it was not possible to confirm whether or not the funds totaling Kshs.10,000,000 were used for the intended purpose and therefore the regularity of this expenditure could not be confirmed.

2.0 Other Grants and Transfers

2.1 Construction of Tinderet High Altitude Camp

Included in other grants and transfers balance of Kshs.28,643,857 is an amount of Kshs.1,352,110 in respect of construction of a high altitude training camp in Tinderet. However, tender minutes, expenditure returns and ownership documents such as title deed, allotment letter or lease were not availed for audit review.

Further, an audit Inspection of the project during the month of May 2018 revealed that the project had not started although funds had been disbursed to the project.

Under the circumstances, the propriety of the expenditure of Kshs.1,352,110 could not be confirmed.

2.2 Purchase of Land for Tinderet National Government –Constituency Development Fund Office

Included in other grants and transfers balance of Kshs.28,643,857 is an amount of Kshs.500,000 in respect for purchase of land for National Government – Constituency Development Fund Office. However, the document of title, such as title deed, allotment letter or lease and tender minutes, official search from lands office and valuation report for the purchased parcel of land were not availed for audit review.

Consequently, it was not possible to confirm ownership of the parcel of land and propriety of Kshs.500,000 could not be confirmed.

3.0 Other Grants and Payments

3.1 Bursary

The statement of receipts and payments reflects other grants and transfers figure of Kshs.28,643,857 which includes bursary disbursements of Kshs.16,723,119 comprising of bursaries to secondary schools of Kshs.9,911,165 and Kshs. 6,811,954 bursaries to tertiary institutions. However, the criteria on how the needy cases were identified and how bursaries awarded were determined was not availed for audit review. Further, there was no report that the Constituency Development Fund Committee ratified the list of beneficiaries forwarded by the Bursary Committee as required by Constituencies Development Fund circular reference no. VOL1/111 dated 13 September 2010. In addition, the list of bursary sub-committee members including two co-opted members' one of who must be the area Education Officer seconded from the Ministry was not availed.

Consequently, the propriety and validity of bursaries figure of Kshs.16,723,119 could not be confirmed.

3.2 Other Projects

Included in the other grants and transfers figure of Kshs.28,643,857 are disbursements of Kshs.7,666,628 for other projects. However, the list of projects and actual expenditure returns from project management committees indicating how much had been spent and closing balances were not provided for audit review.

Consequently, the propriety and validity of Kshs.7,666,628 could not be confirmed.

4.0 Project Management Committee Accounts Balances

Note 15.4 to the financial statements indicates that project management committee account balances of Kshs.19,488,197 relating to disbursed funds to the projects by the end of the year which had not been utilized. No explanation has been provided for failure to spend funds disbursed for various projects. Further, accounting records such as cash books, bank confirmation certificates and bank reconciliation statements in support of the project management committee balance were not availed for audit. Under the circumstances, the objectives of these projects which were funded and whose funds remained unutilized were not achieved and the citizen of Tinderet Constituency did not obtain value for money on these disbursements. In addition, the accuracy, validity and completeness of the project management committee account balances of Kshs.19,488,197 could not be confirmed.

5.0 Budget Control and Performance

5.1 Budgetary Performance

During the year under review, Tinderet, Constituency Fund had an approved budget of Kshs.135,278,099 but incurred expenditure totaling to Kshs.125,939,174 resulting to under expenditure of Kshs.9,338,925 or 7% of the approved budget as summarized below.

No	Item	Approved expenditure budget	Actual expenditure	Under Absorption	Under Absorption
		Kshs	Kshs	Kshs	(%)
1	Compensation of employees	2,502,790	987,265	1,515,525	61
2	Use of goods and services	7,580,440	6,690,855	889,585	12
3	Transfers to Other Government Units	88,200,000	86,700,000	1,500,000	2
4	Other grants and transfers	35,913,835	30,561,854	5,351,981	15
5	Acquisition of Assets	1,081,035	999,200	81,835	8
	Total	135,278,099	125,939,174	9,338,925	7

Non-utilization of funds is an indication that services and approved programmes were not delivered, and therefore, the budget did not meet the intended objectives of improving service delivery to the constituents.

5.2 Projects Implementation

During the financial year 2016/2017, Kshs.54,051,724 was allocated to 103 projects and out of which Kshs.51,819,938 was disbursed to projects resulting to non-disbursement of Kshs.2,231,786 as detailed below.

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
	Completed Projects		Kshs	Kshs	
1	Kimaran Primary School	Plastering and painting of 2 classrooms	500,000	500,000	complete
2	Sokosik Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
3	Matema Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
4	Samutet Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
5	Matambach Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
6	Environment	Planting trees and installation by purchase of, 3,000 litres plastic tanks to store watering the trees.	1,637,931	1,302,000	complete
7	Ng-Cdf Office/ Furniture And Equipment	Provision of furniture to the office	1,081,035	999,200	complete
8	Kipwareng Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
9	Tachasis Primary School	Refurbishment by walling, roofing, plastering and painting of 10 classroom.	500,000	500,000	complete
10	Kiplelgut Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
11	Seiyot Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
12	Setek Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
13	Kapsasur Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
14	Chepkuchuru Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
15	Kapkeri Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
16	Morobi Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
17	Daystar Tamoo Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
18	Kapsoito Primary School	Plastering and painting of 2 classrooms	200,000	200,000	complete
19	Chebarus Primary School	Refurbishment by Plastering and painting of 6 classrooms	200,000	200,000	complete
20	AIC Lelgotet Primary School	Plastering and painting of 2 classrooms	300,000	300,000	complete
21	Chemamul Primary School	Repair of office plastering and painting	200,000	200,000	complete
22	Sarwat Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
23	Koimoi Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
24	SDA Meteitei Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
25	Kabutiei Primary	Plastering and painting of 2 classrooms	200,000	200,000	complete
26	Ngatipkong Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	complete
27	Tambul Primary School	Refurbishment by plastering and painting of 4 classrooms	400,000	400,000	complete
28	Kiptegaa Primary School	plastering and painting 5 classrooms	400,000	400,000	complete
29	Kapnderem Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	complete
30	Kapteldon Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	complete
31	Kiroro Primary	comploetion by plastering and painting of 3 classrooms	300,000	300,000	complete
32	Meteitei Primary	Refurbishment by plastering and painting of 5 classrooms	400,000	400,000	complete
33	Chematich Primary	plastering and painting of 2 classrooms	200,000	200,000	complete
34	Chepkoiyo Primary	purchase of 1 acre of land	500,000	500,000	complete

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
35	Kabirer Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 2 classrooms.	500,000	500,000	complete
36	Barasendu Secondary	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 2 classrooms.	700,000	700,000	complete
37	Fr. Boyle Secondary School	roofing, plastering and painting of laboratory	500,000	500,000	complete
38	St. Michael Kamelilo Secondary School	plastering and painting of laboratory	500,000	500,000	complete
39	Kapruret Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
40	Kibugat Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
41	Mbogovale Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete
42	Kamelil Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete d
43	Koiyet Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	complete d
		Sub Total	18,818,966	18,401,200	
	Ongoing Projects				
44	Kipsiele Primary School	plastering, ceiling and painting of 2 classrooms Foundation, walling, roofing, plastering and painting of 1 classrooms.	700,000	700,000	Ongoing
45	Uswet Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
46	Uson Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
47	Chepswerta Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
48	Kikusgong Primary School	Foundation, walling, roofing, plastering and painting of 6 classrooms	300,000	300,000	Ongoing
49	Soba River Primary School	Refurbishment by walling, roofing, plastering and painting of 5 classroom.	400,000	400,000	Ongoing
50	Chepsangor Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
51	Cherondo Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
52	Kipsisin Primary School	Plastering and painting of 6 classrooms to completion.	400,000	400,000	Ongoing
53	Kaplolon Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
54	Lutter King Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	Ongoing
55	Chepkitilei Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 5 classrooms.	500,000	500,000	Ongoing
56	Koibeyo Primary School	Foundation, walling, roofing, plastering and painting of 5 classrooms	3,000,000	1,500,000	Ongoing
57	Kalyet Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 2 classrooms.	500,000	500,000	Ongoing
58	Senetwo Primary School	Refurbishment by plastering and painting of 8 classrooms	600,000	600,000	Ongoing
59	Kibongwa Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	Ongoing

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
60	Chemutia Secondary	Plastering and painting of lab and foundation, walling, roofing, plas	500,000	500,000	Ongoing
61	Kamuny Secondary	plastering and painting of laboratory	500,000	500,000	Ongoing
62	Sarwat Secondary	plastering and painting of laboratory	500,000	500,000	Ongoing
63	Mombwo Girls Secondary	plastering and painting of 4 classrooms	500,000	500,000	Ongoing
64	Henry Kosgei Kibukwo Secondary	roofing,plastering and painting of Dinning hall	500,000	500,000	Ongoing
65	St. Andrews Senetwo Seondary	plastering and painting of laboratory	500,000	500,000	Ongoing
66	Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	4,094,828	4,066,628	Ongoing
67	Kipyaoor Primary School	plastering and painting 8 classroom	400,000	400,000	Ongoing
68	SDA Labuiywo Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	500,000	500,000	Ongoing
69	St. Victoria Kibingei Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 2 classrooms	500,000	500,000	Ongoing
70	Kosabei Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	Ongoing
71	Iboi Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 2 classrooms.	500,000	500,000	Ongoing
72	Kamuny Primary	Refurbishment by plastering and painting of 8 classrooms	400,000	400,000	Ongoing
73	Kolelach Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
74	Kapmencheiywa Primary School	Foundation, walling, roofing, plastering and painting of 1	500,000	500,000	Ongoing

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
		classrooms/plastering and painting of 2 classrooms			
75	Kabunya Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
76	Sda Revival Kapsoen	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
77	Magoi Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Ongoing
		Sub Total	21,494,828	19,966,628	
	Projects Not Started				
78	Sigoria Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
79	AIC Tinderet Primary	plastering and painting of dining Hall	500,000	500,000	Not started
80	Kaplelach Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
81	Chelambut Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
82	Chepkechir Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 1 classrooms.	500,000	500,000	Not started
83	Koissegem Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
84	Kibukwo Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
85	AIC Chepkemel Primary School	Plastering and painting of 4 classrooms	400,000	400,000	Not started
86	Kiptebes Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 4 classrooms	500,000	500,000	Not started

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
87	Cherungut Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	Not started
88	Got Ne Lel Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	Not started
89	Simatwet Primary	plastering and painting of 2 classrooms	300,000	300,000	Not started
90	Mutumon Primary	Foundation, walling, roofing, plastering and painting of 4 classrooms.	2,000,000	2,000,000	Not started
91	Kaptebengwo Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	Not started
92	Chebangu Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms.	400,000	400,000	Not started
93	Emit Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
94	Korosiot Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
95	Underit Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
96	Got Ne Lel Secondary School	Refurbishment by plastering and painting of 4 classrooms	400,000	400,000	Not started
97	Kapcheplanget Primary School	plastering and painting of 8 classroom	500,000	500,000	Not started
98	Mombwo Primary School	Plastering and painting of 4 classrooms	400,000	400,000	Not started
99	St. Barnabas Sosiot Primary	Foundation, walling, roofing, plastering and painting of 1 classrooms	400,000	400,000	Not started
100	St. Pauls Chemalal Secondary	plastering and painting of laboratory	500,000	500,000	Not started
101	Savani Secondary	plastering and painting of dormitory	500,000	500,000	Not started
102	Cheptonon Secondary	plastering and painting of Staff quarters	400,000	400,000	Not started
103	Constituency Sports Tournament	Carry out constituency sports tournament and the	1,637,931	1,352,110	Not started

No	Project Name	Project Activity	Allocated Amount in 2016/2017 /approved budget	Disbursement in 2016/2017	Status
		winning teams/Schools to be awarded with trophies, balls, and games kits/construction of high altitude camp			
		Sub Total	13,737,931	13,452,110	
		Grand Total	54,051,724	51,819,938	

According to the project status report as at 30 June 2017, forty-three (43) projects with a budget of Kshs.18,818,966 were completed, thirty-four (34) projects with a budget of Kshs.21,494,828 were on going and twenty-six (26) projects with a budget of Kshs.13,737,931 had not been implemented. No reasons were provided to explain why the twenty-six (26) projects had not been started although all funds were disbursed to project accounts for implementation.

As a result, resident of Tinderet Constituency did not benefit from the projects that were not implemented as budgeted.

5.3 Project Verification

During the year under review, four (4) projects with a budget of Kshs.1,450,000 were verified and the following observations were made.

No	Project Name	Approved project activity	Amount 'Kshs'	Observation
1	Kalyet Primary School	Foundation, walling, roofing, plastering and painting of 1 classrooms/ plastering and painting of 2 classrooms.	500,000	Plastering and painting had not been done.
2	AIC Tuiyobei Primary School	Completion of classrooms	250,000	Completion works had not been done
3	Savani Secondary School	Construction of four class rooms(One storey building) funded by CDF between 2006-2016	-	The project is complete but not in use. -The total funding received and returns were not available for review.

No	Project Name	Approved project activity	Amount 'Kshs'	Observation
4	Barasendu Secondary School	Foundation, walling, roofing, plastering and painting of 1 classrooms/plastering and painting of 2 classrooms.	700,000	Complete and in use. The project is not labelled.
		Total	1,450,000	

Out of four (4) projects, two (2) projects were complete but one (1) was in use while another one (1) was not in use. The other two (2) projects were on going. As a result of the delays the residents of Tinderet Constituency did not receive services.

Management's Responsibility for the Financial Statements 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 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 Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services.

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

My responsibility is to conduct an audit of the Tinderet NGCDF financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of Tinderet NGCDF 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.



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

Nairobi

13 July 2018