

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kesses Constituency set out on pages 1 to 25, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters 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 - Kesses 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

1.0 Project Management Committee Bank Account Balances

Note 15.4 to the financial statements reflects project management committee bank account balance of Kshs.20,180,889 as at 30 June 2018 in respect of unutilized funds held by project management committees. Out of this figure, an amount of Kshs.2,109,637 in respect of five PMC account balances, have not been supported by certificates of bank balances, while 4 PMC bank accounts show balances which differ from certificates of bank balances, as detailed on the attached Appendix 1.

Consequently, the accuracy, validity and completeness of the project management committee bank accounts balances totaling Kshs.20,180,889 for the year ended 30 June 2018 could not be confirmed.

2.0 Bursary - Secondary Schools

Included in the other grants and transfers figure of Kshs.4,923,237 is bursaries to Secondary schools and tertiary institutions of Kshs.4,426,787 as disclosed under note 7 to the financial which is at variance with the supporting documentation resulting in an unexplained difference of Kshs.4,426,787 as summarized below;

Item	Supporting Schedule Figure (General Ledger) Kshs.	Returns from Institutions Kshs.	Financial statements Kshs.
Bursary - Secondary schools	2,225,142	2,932,891	2,873,708
Bursary - Tertiary institutions	1,553,079.	1,567,079	1,553,079
Total	3,778,221	4,499,970	4,426,787

In consequence, the accuracy, validity and completeness of the bursaries total figure of Kshs.4,426,787 for the year ended 30 June 2018 could not be confirmed.

3.0 Unutilized Funds

Annex 3 reflects unutilized funds figure of Kshs.82,031,286 as at 30 June 2018 which is at variance with the summary statement of appropriation figure of Kshs.39,751,981 resulting in an unexplained difference of Kshs.42,279,305. Under the circumstance, the validity, accuracy and completeness of the unutilized funds figure of Kshs.82,031,286 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 - Kesses 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 are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter(s) described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budget Performance

During the year under review, the Fund had approved budget of Kshs.103,075,944 against actual expenditure of Kshs.66,624,681.00 or 38% resulting in an under expenditure of Kshs.63,323,963 or 39% of the approved budget as detailed below:

Receipt/ Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Under/(Over) Kshs.	Under/ (Over) (%)
Compensation of Employees	2,028,864	1,316,830	712,034	35
Use of Goods and Services	9,270,356	3,215,402	6,054,954	65
Transfers to other Government Units	49,286,769	54,516,424	(5,229,655)	-11
Other Grants and Transfers	31,312,928	4,275,307	27,037,621	86

Receipt/ Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Under/(Over) Kshs.	Under/ (Over) (%)
Acquisition of Assets	6,500,000	-	6,500,000	100
Other Payments	4,677,027	-	4,677,027	100
Total Payments	103,075,944	63,323,963	39,751,981	39

As analyzed above, although the NGCDF overspent on Transfers to other government units, it is evident that the CDF under-spent on most of its budget line with acquisition of assets, other payments, Other grants and transfers and use of goods and services with the highest amount of unutilized allocations of 100%, 100%, 86% and 65% respectively. Although the committee has attributed the underutilization of budgeted funds to delays in receipt of the funds from the National Government Constituencies Development Fund board, the residents of Kesses constituency were denied the benefits that would have accrued from the projects that were to be implemented.

2.0 Project Implementation Status Report

During the financial year, the Fund disbursed Kshs.55,012,874 to one hundred and twenty six (126) projects against an approved allocation of Kshs.103,075,944. Out of these, thirty projects with actual disbursements of Kshs.12,000,000 were complete and in use, forty one (41) projects with an allocation of Kshs.17,996,450 were ongoing while fifty five (55) projects with actual disbursements of Kshs.25,016,424 had not started as at 30 June 2018 as analyzed in the attached appendix. The delay in implementation resulted from late disbursements of funds by the NGCDF Board and non-funding of the entire approved budget of Kshs.103,075,944 for the financial year in which only Kshs.88,340,236 was received during the year.

Consequently, the residents of Kesses constituency were denied the benefits that would have accrued from the completion of projects during the financial year.

3.0 Project verification

During the year under review, twenty (10) projects costing Kshs.7,446,450 were verified in the month of January 2019 and the following observations were made:

S/No	Project Name	Project Activity	Amount Disbursed During the Year Kshs.	Observation
1	Sosiani Primary school	replacement of asbestos with iron sheets for eight (8) class rooms	700,000	Complete and the class rooms were occupied by the students but not labelled, No Documentary evidence was not availed to confirm empowerment (training) of previous PMC members.
2	Chuiyat Chief's Office	Completion of the Chief's office - wall plastering and painting	400,000	Completion works had not started, project was on going and not labelled.
3	Oasis primary school	construction of library, that is, foundation, walling, roofing, doors and windows	800,000	At the lintel level but not labelled.
4	Tarakwa Secondary school	Completion of dormitory, that is, wall plastering, roofing, windows, doors and painting work	300,000	The project was on going and was at the lintel level, Completion works had not started and the project was not labelled
5	Rukuini Primary	renovation of thirteen (13) classrooms, that is, floor, wall plastering, painting work, windows and door fitting	400,000	The project was complete and in use, Documentary evidence was not availed to confirm empowerment (training) of previous PMC members, Certificates of inspection and acceptance committee for the works were not prepared and issued and the project not labelled.
6	St. mark Teldet Secondary School	Purchase of 1-acre land	400,000	The plot was purchased, secured and in use by the school, the plot was not labeled
7	Chagaiya Secondary school	Completion and equipping the laboratory, that is, installation of lab fittings, pipes, plastering, shelves, apparatus and painting work	300,000	Completion works had not started
		completion of 4 door girl's latrine	200,000	The works had not started

S/No	Project Name	Project Activity	Amount Disbursed During the Year Kshs.	Observation
		Construction of one classroom to completion	200,000	The project was on going and had reached at the lintel level, certificate of inspection and acceptance committee was not prepared and issued, project not labelled.
		Purchase of seedlings, planting of trees, fencing and labour charges	96,450	Project was complete-planted trees, but not labelled
8	Toror Primary school	Construction of 4 door toilets	400,000	Project was on going and was at the lintel level, Certificate of inspection and acceptance committee was not prepared and issued and project was not labelled
9	Matharu primary school	Construction of one classroom to completion	600,000	The class room was complete and in use, Certificate of inspection and acceptance committee was not prepared and issued and project was not labelled.
		Completion of toilets-wall plastering, roofing, doors and painting	250,000	Project was not identifiable
		Renovation of 2 classrooms - wall and floor plastering and painting work, windows and floor fittings	150,000	The project was not identified
10	Kuiluget secondary school	Purchase of school bus	2,250,000	Logbook of the motor vehicle was not availed and the bus was under the custody of the parish at Burnt Forest town instead of the school management.
		TOTAL	7,446,450	

4.0 Unresolved Prior Year Audit Matters

Annexed to the financial statements submitted for audit, is the progress on follow up of auditor recommendations, which includes the following matters which were raised in the

audit report for 2016/2017 financial year, but remains unresolved contrary to section 68(2)(l) of the public finance management act,2012 which require accounting officers to take appropriate measures to resolve any issues arising from audit which may remain outstanding.

4.1 Un-Supported Expenditure

The statement of receipts and payments for the year ended 30 June 2017 reflects transfers to other government units figure of Kshs.50,470,000 which comprises transfers to primary schools' figure of Kshs.27,370,000, transfers to secondary schools amount of Kshs.22,900,000 and to health institutions amount of Kshs.200,000 to fund various projects that were to be implemented by project management committees. However, the actual expenditure returns together with supporting documents and acknowledgement letters from the respective project management committees availed for audit verification accounted for only Kshs.900,000 leaving Kshs.49,570,000 un-supported.

Under the circumstances, it was not possible to confirm whether the total transfers of Kshs.49,570,000 was actually received by the institutions and utilized towards the planned projects during the year under review.

4.2 Renovation of Classrooms at Cheptiret Primary School

Included in the transfers to other government units figure of Kshs.50,470,000 is an amount of Kshs.27,370,000 in respect of transfer to primary schools out of which an amount of Kshs.350,000 was disbursed to Cheptiret Primary School for renovation of 20 classrooms. The works to be done included painting the roofs, plastering floors and replacement of window panes. However, audit inspection of the project in June 2018 revealed that although the renovation works were complete, the floors in respect of three (3) classrooms had major cracks which is an indication of poor workmanship and therefore there was no value for money spent on the project. In addition, completion certificate and hand over report were not availed for audit review.

Consequently, the propriety of the expenditure of Kshs.350,000 incurred on renovation of the classrooms could not be confirmed.

4.3 Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers amount of Kshs.28,704,480 for the year ended 30 June 2017 which includes bursaries to secondary schools amounting to Kshs.10,610,000 and bursaries to tertiary institutions amounting to Kshs.6,795,000 all totalling to Kshs.17,405,000. Although the bursary disbursements during the year were done by CDFC bursary subcommittee, the subcommittee as constituted did not co-opt two members one who must be the area education officer or representative of the of Ministry of Education as required by Constituencies Development Fund Board circular VOL1/111 dated 13 September 2010. In addition, only an amount of Kshs.945,000 was supported as having been received by the recipient institutions hence leaving Kshs.16,460,000 un-supported.

Consequently, the propriety of the bursary disbursements amounting to Kshs.16,460,000 could not be confirmed.

4.4 Unaccounted for Fuel

The statement of receipts and payments reflects use of goods and services amount of Kshs.5,318,132 which include Kshs.389,942 paid to a petroleum dealer for supply of fuel in bulk. However, quotations, evaluation and award minutes, fuel register, supplier statement and work tickets showing how the fuel purchased was utilized were not availed for audit review.

Consequently, the propriety of the expenditure of Kshs.389,942 on fuel could not be confirmed.

4.5 Bank Balance

The statement of assets and liabilities as at 30 June 2017 reflects a bank balance of Kshs.4,386,789. An audit review of the bank reconciliation statement for the month of June 2017 showed un-presented cheques amounting to Kshs.1,914,390 out of which cheques amounting to Kshs.1,027,709 were dated 3 August 2016 and earlier and were therefore stale. Further cheques totalling Kshs.635,851 out of the balance of un-presented cheques amounting to Kshs.886,680 had not been cleared by 31 December 2017 and were therefore stale. Further, as at the time of audit in June 2018, all the stale cheques totalling to Kshs.1,663,559.55 had not been written back to the cash book and replaced and no reason was given for not clearing these stale cheques.

The bank reconciliation statement further reflects payments in bank statement not recorded in cash book amounting to Kshs.56,609.60 relating to bank charges which were also not recorded in the cashbook.

Consequently, the accuracy and validity of the bank balance of Kshs.4,386,789 could not be confirmed.

4.6 Long Outstanding Imprest

The statement of assets and liabilities as at 30 June 2017 reflects outstanding imprests balance of Kshs.99,500. Available information revealed that the outstanding imprest was issued to the Fund Account Manager and has been outstanding for long. No justification was provided for failure to surrender or recover the imprest from the Manager's salary as required by the Public Finance Management (National Government) Regulations, 2015. Although management has indicated that the imprest has since been surrendered, the surrender voucher together with supporting documents were however not provided for audit verification.

Under the circumstances, the propriety of the outstanding imprest balance of Kshs.99,500 could not be confirmed.

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ 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 Conclusion

1.0 Compensation of Employees - Salaries

The statement of receipts and payments reflects compensation of employees figure of Kshs.1,316,830 which includes Kshs.298,920 paid to a driver during the year under review.

Available information indicated that, the NG-CDF vehicle attached to the driver was damaged and taken to a garage on 25 July 2016 for repairs. However, the driver has been on payroll while the vehicle was grounded earning a salary total salary of Kshs.522,920 from July 2016 to June 2018 .

Under the circumstances, the propriety of the expenditure of Kshs.522,920 for the year ended 30 June 2018 could not be confirmed.

2.0 Loan Repayment for school bus (Queen of Peace High School-Rukuini)

During the year under review, the NG-CDF Committee allocated and disbursed Kshs.1,000,000 for the Construction of a multipurpose dining hall at Queen of peace high School-Rukuini . Later on, the NG-CDF Board re-allocated the funds to the repayment of an outstanding loan which had been used to purchase a school bus after the school requested for change of activity.

Available information indicated that, the school bus was a joint project between the parents and NGCDF at a cost of Kshs.6,100,000. The NG-CDF was to contribute Kshs.4,000,000 while parents had already contributed Kshs.1,000,000 .Consequently, the NGCDFC disbursed the funds in two tranches of Kshs.2,000,000 each to the project account.

Further, the school obtained a loan of Kshs.4,100,000 from Family Bank in Eldoret in November, 2014, under the following conditions;

Total cost of the unit (Bus)	Kshs.6,100,000.00
Customer contribution (Down Payment)	Kshs.2,000,000.00
Balance payable by Family Bank	Kshs.4,100,000.00

Although a physical verification confirmed that the existence of the bus and in good condition, the following unsatisfactory matters were noted;

- (i) Management of the school obtained a loan of Kshs.4,100,000 although parents had already contributed Kshs.1,000,000 and the NG-CDFC had approved a further disbursement of Kshs.2,000,000 in the following school term.
- (ii) The PMC maintained two bank accounts (Family bank and KCB) contrary to NGCDF Regulations.
- (iii) The expenditure of the last disbursed tranche of Kshs.2,000,000 and Kshs.1,000,000 contributed by parents were not confirmed.
- (iv) The logbook of the school bus is registered jointly in the names of the school and Family bank.
- (v) Repayment of loans is not among the Nation Government functions as defined under section 24 of the National Government Constituencies Development Fund Act, 2015 and section 11 (1)(e) of the NGCDF Regulation, 2016.

3.0 Transfers to Other Government Units

Included in the transfers to other government units figure of Kshs.54,516,424 is an amount of Kshs.37,250,000 in respect of transfer to primary schools out of which an amount of Kshs.400,000 was disbursed to Rukuini Primary School for renovation of thirteen (13) classrooms, that is, floor, wall plastering, painting work, windows and door fitting.

Physical verification of the project revealed that the project was complete and in use. However, certificates of inspection and acceptance committee for the works were not prepared and issued and the project was not labelled. Consequently, it was not possible to confirm whether the work was done to specification.

4.0 Chagaiya Secondary School

4.1 Completion and Equipping of Laboratory

The National Government Constituencies Development Fund Committee (NGCDFC) allocated and disbursed Kshs.300,000 for Completion and equipping of the laboratory, that is, installation of lab fittings, pipes, plastering, shelves, apparatus and painting work. Physical verification of the project revealed that completion works had not started. Under the circumstances, the objective of the project has not been achieved and no value for money has been obtained.

4.2 Completion of 4 Door Girl's Latrine

The National Government Constituencies Development Fund Committee (NGCDFC) allocated and disbursed Kshs.200,000 for the completion of 4 door girl's latrine.

However, during the physical verification of the project, it was noted that, the works had not started. Under the circumstances, the objective of the project has not been achieved and no value for money has been obtained.

4.3 Construction of One Classroom to Completion

The National Government Constituencies Development Fund Committee (NGCDFC) allocated and disbursed Kshs.200,000 for the construction of one classroom to completion.

Physical verification of the project revealed that the project was on going and had reached lintel level, certificate of inspection and acceptance committee was not prepared and issued and the project was not labelled. Under the circumstances, the objective of the project has not been achieved and no value for money has been obtained

5.0 Matharu Primary School

5.1 Construction of One Classroom to Completion

The National Government Constituencies Development Fund Committee (NGCDFC) allocated and disbursed Kshs.600,000 for the construction of one classroom to completion .Further, during the physical verification of the project, it was noted that, the class room was complete and in use. Certificate of inspection and acceptance committee was not prepared and issued and the project was not labelled

5.2 Completion of Toilets-wall Plastering, Roofing, Doors and Painting

The National Government Constituencies Development Fund Committee (NGCDFC) allocated and disbursed Kshs.250,000 for Completion of toilets, that is, wall plastering, roofing, doors and painting. However, physical verification revealed that the project does not exist hence the propriety of this expenditure could not be confirmed.

5.3 Renovation of 2 Classrooms-wall and Floor Plastering and Painting Work, Windows and Floor Fittings

The National Government Constituencies Development Fund Committee (NGCDFC) allocated and disbursed Kshs.150,000 for Completion of Renovation of 2 classrooms, that is, wall and floor plastering and painting work, windows and floor fittings. However, during the physical verification of the project, the project was not identifiable.

The PMC for Matharu Primary School did not avail procurement documents such as request for quotations, tender documents, evaluation reports and signed contracts were not availed for audit. Consequently, it is not possible to confirm that the procurements was competitively sourced.

6.0 Purchase of School Bus for Kuiluget Secondary School

Included in the transfers to other government units figure of Kshs.54,516,424 is an amount of Kshs.17,266,424 in respect of transfers to secondary schools out of which an amount of Kshs.2,250,000 was disbursed to Kuiluget Secondary School towards Purchase of a school bus.

As reported in 2016/2017, Kshs.3,000,000 was disbursed to Koiluget Secondary School for purchase of a school bus. The Project Management Committee (PMC) invited quotations for the purchase of a 33 seater luxury body bus and the evaluation done on 26 May 2016. According to the evaluation minutes, four (4) bidders submitted quotations after which the tender was awarded to the second highest bidder to supply the school bus at cost of Kshs.5,020,000 excluding insurance. Subsequently, three (3) instalments of Kshs.995,000 each, all totalling to Kshs.2,985,000 were made to the firm indicated as deposit for the purchase of a 51 seater bus. According to the acknowledgement of payments by the motor company on 21 October 2016, it indicated that the deposit was in respect of a 51 seater luxury bus. Available information revealed that on 23 December 2016, the motor company wrote to the school informing the management that the 51 seater bus Isuzu FRR was ready for branding/registration and need to pay the balance of Kshs.3,251,720 out of the price of Kshs.6,236,720 and insurance for one year amounting to Kshs.264,969.

However, the tender documents including, tender opening minutes, notification and acceptance letters, signed contract agreement, and performance bond guarantee were not availed for audit verification.

Further, the management has not provided any information including CDFC approval of variation from a 33 seater bus costing Kshs.5,020,000 to 51 seater costing Kshs.6,236,720 a variation of Kshs.1,216,720 or 24% contrary to Section 139(1) (4)(b) of the Public Procurement and Assets Disposal Act, 2015 which states that the quantity variation for goods and services does not exceed fifteen (15%) per cent of the original contract quantity.

In addition, as at the time of audit in June 2018 there was no evidence that the bus had been supplied which is over 20 months since the deposit of Kshs.2,985,000 was made. Consequently, the propriety of the expenditure of Kshs.2,985,000 disbursed towards the purchase of the school bus could not be confirmed.

However, during the physical verification of the project in February 2019, it was observed that management had not obtained the document of ownership (Logbook) of the motor vehicle which was under the custody of the parish at Burnt Forest town instead of the school management.

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

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

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 National Government Constituencies Development Fund - Kesses Constituency ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the National Government either intends to liquidate the National Government Constituencies Development Fund - Kesses Constituency 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 National Government Constituencies Development Fund - Kesses Constituency financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

06 June 2019

Appendices

Appendix 1

PMC Account Balances Not Supported by Certificates of Bank Balances

	PMC	Bank	Account Number	Bank Balance 2017/18 as per Financial Statement (Kshs.)	Certificate of Bank Balance (Kshs.)
1	Keringet Pry	Co-Operative	1139441978900	1,390.00	Not availed
2	Moi University Pry	National Bank	1024027998602	403,740.00	Not availed
3	Kapsrton Pry	Co-Operative	1141046298500	301,087.50	1,087.50
4	Bureti Kapsoen Pry	Co-Operative	1141674054400	454,400.00	452,400.00
5	St. Catherine Girls Sec	National Bank	1224027776201	1,001,377.00	Not availed
6	Matharu Sec	KCB	1236047443	450,000.00	0.00
7	Moi University Sec	National Bank	1022208277200	400,000.00	Not availed
8	Tarakwa Sec	KCB	1117600238	303,130.00	Not availed
9	Kapkoiga Girls Sec	Sidian	8030013159	15,000.00	762.00
	TOTAL			3,330,124.50	

Appendix 2

Project Implementation Status Report

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2016/17	St. Catherine Kahuhu Primary	Construction of 6 door new toilets- foundation, wall, roofing, windows, doors, plastering and painting work.	400,000	Complete
2016/17	St. Catherine Kahuhu Primary	Completion of two classrooms - wall plastering, roofing, windows, doors and painting work.	200,000	Complete
2016/17	Koriomat Primary	Completion of two classrooms - wall plastering, windows, doors and painting work.	150,000	Complete
2016/17	Matharu Primary	Renovation of 2 classrooms ,wall and floor plastering and painting work, windows and door fittings	150,000	Complete

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2016/17	Matharu Primary	Completion of toilets - wall plastering, roofing, doors and painting work.	250,000	Complete
2016/17	Cheboror Primary	Completion of administration block- wall plastering, roofing, windows, doors and painting work.	350,000	Complete
2016/17	Cheboror Primary	Construction of 4 door new toilets- foundation, wall, roofing, windows, doors, plastering and painting work.	250,000	Complete
2016/17	Silaga Primary	Completion of one classroom - wall plastering, windows, doors and painting work.	150,000	Complete
2016/17	Mogobich Primary	Completion of administration block- wall plastering, roofing, windows, doors and painting work.	300,000	Complete
2016/17	Barakeiwo Pri.School	Construction of 6 door girls toilets – foundation, wall, roofing, windows, doors plastering and painting work.	400,000	Complete
2016/17	Barakeiwo Pri.School	Construction of 4 door staff toilets – foundation, wall, roofing, windows, doors plastering and painting work.	250,000	Complete
2016/17	Tarakwa Pri.School (Special Unit)	Completion of dormitory - wall plastering, roofing, windows, doors and painting work.	200,000	Complete
2016/17	Sosiani Primary	Renovation of 8 classrooms – roofing (replacement of asbestos with iron sheets.)	700,000	Complete
2016/17	Rukuini Primary	Renovation of 13 class rooms, wall and floor plastering and painting work, windows and doors fitting	400,000	Complete
2016/17	Racecourse Pri School	Completion of two classrooms- fixing windows, door, plastering and painting	300,000	Complete
2016/17	Kapserton Primary	Renovation of 7 class rooms, wall and floor plastering and painting work, windows and doors fitting	300,000	Complete
2016/17	Chepkoiya Primary School	Renovation of 6 class rooms, wall and floor plastering and painting work, windows and doors fitting	500,000	Complete
2016/17	Seiyo Primary School	Renovation of 6 class rooms, wall and floor plastering and painting work, windows and doors fitting	500,000	Complete

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2016/17	St. Mathews Central Primary School	Renovation of 6 class rooms, wall and floor plastering and painting work, windows and doors fitting	300,000	Complete
2016/17	Koisagat Primary	Renovation of 10 classrooms ,wall and floor plastering and painting work, windows and door fittings	400,000	Complete
2016/17	Rehema Primary	Completion of two classrooms - wall plastering, windows, doors and painting work.	200,000	Complete
2016/17	AIC Chebaiywo Ruman Primary	Construction of one classroom - foundation, wall, roofing, windows, plastering and painting.	450,000	Complete
2016/17	Bindura Primary	Construction of one classroom - foundation, wall, roofing, windows, plastering and painting.	450,000	Complete
2016/17	Keringet Secondary	Construction of 6 door new toilets- foundation, wall, roofing, windows, doors, plastering and painting work.	400,000	Complete
2016/17	Mkombozi Sec. School	Completion of administration block- plastering and painting work.	300,000	Complete
2016/17	Koiluget Sec. School	Purchase of school bus (final payment)	2,250,000	Complete
2016/17	AIC Isaac Kosgei Sec. School	Completion of dormitory- fixing windows, doors, plastering and painting work.	500,000	Complete
2016/17	Moi University Secondary School	Completion and equipping of laboratory- foundation, wall, roofing, windows, doors, plastering and painting work.	400,000	Complete
2016/17	Rcea Seiyo Secondary	Completion of two classrooms - wall plastering, windows, doors and painting work.	200,000	Complete
2016/17	Kerita Day Secondary	Completion of administration block - wall plastering, windows, doors and painting work.	400,000	Complete
2016/17	Ndungulu Pri. School	Construction of 6 door toilets – foundation, wall, roofing, windows, doors plastering and painting work.	400,000	Not Started
2016/17	Tabarin Primary School	Purchase of land one acre	500,000	Not Started

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2016/17	Kapchorua Primary	Construction of 6 door new girls toilets-foundation, wall, roofing, windows, doors, plastering and painting work.	400,000	Not Started
2016/17	St. Catherine Girls - Kesses	Payment of school bus (final payment)	1,000,000	Not Started
2017/18	Sukunanga Primary School	Construction of 4door toilets two for girls and two for boys	400,000	Not Started
2017/18	Sukunanga Primary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Sukunanga Primary School	Completion of two classrooms: plastering, painting, doors and windows.	300,000	Not Started
2017/18	Oasis Primary School	Construction of library: foundation, walling, roofing, doors and windows	800,000	Not Started
2017/18	Racecourse Primary School	Renovation of 8classrooms: flooring, windows, doors, plastering, painting.	800,000	Not Started
2017/18	Chemenei Primary School	Renovation of 5classrooms,: flooring, windows, doors, plastering, painting.	300,000	Not Started
2017/18	Kerita Primary School	Construction of 4door toilets for boys	400,000	Not Started
2017/18	Chesegem Primary School	Completion of administration block: plastering, windows, doors, painting.	500,000	Not Started
2017/18	St. Mathew Primary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Emkwen Koitebes B Primary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Emkwen Koitebes B Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Kaptumo Primary School	Construction of 4door toilets for girls	400,000	Not Started
2017/18	Mugundoi Primary School	Completion of dormitory: platering, windows, doors, painting	500,000	Not Started
2017/18	Rehema Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Sariyot Primary School	Construction of one classroom to completion.	600,000	Not Started

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2017/18	Cheptiret Primary School	Completion of library: plaster, windows, doors, painting	300,000	Not Started
2017/18	Teldet Chuiyat Primary School	Construction of 4door toilets for boys	400,000	Not Started
2017/18	Murgor Primary School	Construction of 6door toilets for boys and girls	600,000	Not Started
2017/18	Tumoge Primary School	Completion of administration block: plastering, windows, doors, painting.	500,000	Not Started
2017/18	Ngeny Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	AIC Rev Mesis Primary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Lelmwoko Primary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Lelmwoko Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Muchorwe Primary School	Construction of 2door toilets	200,000	Not Started
2017/18	Matharu Primary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Lainguse Primary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Kipkorosyo Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Kapyemit Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Koiluget Primary School	Completion of 2classrooms: plaster, windows, doors, painting	200,000	Not Started
2017/18	Kiptega Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Nabkoi Boys Boarding Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Kapilat Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Kapilat Primary School	Completion of one classroom: plaster, windows, doors, painting	100,000	Not Started
2017/18	Subukia Primary School	Construction of 2door teachers latrines	200,000	Not Started
2017/18	Toror Primary School	Construction of 4door toilets	400,000	Not Started

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2017/18	Kamuyu Primary School	Construction of 4door toilets	400,000	Not Started
2017/18	Chereber Primary School	Completion of administration block: plastering, windows, doors, painting.	200,000	Not Started
2017/18	Hill School Secondary	Furnishing of home science lab: sewing machines, tables, chairs, electronics, gas cookers, drawers	1,000,000	Not Started
2017/18	Saroiyot Mixed Day Secondary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	AIC Isac Kosgei Secondary School	Construction of ablution block	400,000	Not Started
2017/18	AIC Kaptumoi Secondary School	Completion of 4classrooms: windows, doors, plaster, painting	400,000	Not Started
2017/18	Chirchir Secondary School	Completion of science laboratory: plaster, windows, doors, painting	500,000	Not Started
2017/18	Kiptega Secondary School	Completion of 2classrooms: plaster, windows, doors, painting	100,000	Not Started
2017/18	Chagaiya Secondary School	completion of 4door girls latrine	200,000	Not Started
2017/18	Chagaiya Secondary School	Construction of one classroom to completion.	600,000	Not Started
2017/18	Barekeiwo Secondary School	Completion of administration block: plastering, windows, doors, painting.	600,000	Not Started
2017/18	Lainguse Secondary School	Completion of 2 classrooms: plaster, windows, doors, painting	200,000	Not Started
2017/18	Lingway Secondary School	Construction of dining hall and kitchen: foundation, waling, roofing	616,424	Not Started
2017/18	St. Michael Tulwopngetuny Secondary School	Completion of science laboratory: plaster, windows, doors, painting	300,000	Not Started
2017/18	Tumwoge Secondary School	Furnishing of science lab: plaster, ceiling, painting	500,000	Not Started

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2017/18	Lelmolok Secondary School	Construction of 4door toilet	400,000	Not Started
2016/17	Chuiyat Pri.Sch.	Completion of administration block-wall plastering, roofing, windows, doors and painting work.	500,000	Ongoing
2016/17	Korimat Primary	construction of one classroom-foundation, wall, roofing, doors, windows plastering and painting	450,000	Ongoing
2016/17	Silaga Primary	Construction of one classroom - foundation, wall, roofing, windows, plastering and painting.	450,000	Ongoing
2016/17	Rongai Primary	Construction of one classroom-foundation, wall, roofing, doors, windows plastering and painting	450,000	Ongoing
2016/17	Rongai Primary	Construction of 6 door boys toilets – foundation, wall, roofing, windows, doors plastering and painting work.	400,000	Ongoing
2016/17	Teldet Chuiyat Pri. School	Construction of one classroom-foundation, wall, roofing, windows, doors plastering and painting work.	450,000	Ongoing
2016/17	Tarakwa Pri. School	Construction of one classroom-, foundation, wall and floor plastering and painting work.	450,000	Ongoing
2016/17	Keringet Pri. School	Completion of one classroom, wall and floor plastering and painting work	200,000	Ongoing
2016/17	Moi University Pri. School	Completion of two classrooms, wall and floor plastering, windows, doors and painting work	400,000	Ongoing
2016/17	Mogochoret Pri. School	Construction of 6 door girls toilets – foundation, wall, roofing, windows, doors plastering and painting work.	400,000	Ongoing
2016/17	Chagaiya Pri. School	Construction of one classrooms, foundation, wall, roofing, windows, doors, plastering and painting work	450,000	Ongoing
2016/17	Chereber Pri. School	Construction of 6 door toilets – foundation, wall, roofing, windows, doors plastering and painting work.	400,000	Ongoing
2016/17	Sambul Pri. School	Renovation of 10 class rooms, wall and floor plastering and painting work, windows and doors fitting	450,000	Ongoing

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2016/17	Chesunet Primary	Completion of administration block-roofing, windows, doors, plastering and painting work.	500,000	Ongoing
2016/17	Chemare Pri School	Construction of one classroom-foundation, wall, roofing, windows, doors, and painting work	450,000	Ongoing
2016/17	Lingwai Primary	Construction of one classroom-foundation, wall, roofing, windows, doors, plastering and painting work.	450,000	Ongoing
2016/17	Muchorwe Primary	Construction of one classroom - foundation, wall, roofing, windows, plastering and painting.	450,000	Ongoing
2016/17	Chorwet Primary	Completion of two classrooms- wall plastering, roofing, windows, doors and painting work.	200,000	Ongoing
2016/17	Oasis Primary	Construction of 6 door new toilets-foundation, wall, roofing, windows, doors, plastering and painting work.	400,000	Ongoing
2016/17	Koitebes Primary	Construction of administration block-foundation, wall, roofing, windows, doors, plastering and painting work.	800,000	Ongoing
2016/17	Bureti Kapsoen Primary	Construction of one classroom-foundation, wall, floor, roofing and plastering work	450,000	Ongoing
2016/17	Kamuyu Primary School	Construction of one classroom-foundation, wall, floor, roofing and plastering work	450,000	Ongoing
2016/17	Kapkoi Primary School	Construction of one classroom-foundation, wall, roofing, windows doors and painting work	450,000	Ongoing
2016/17	Kapkoi Primary School	Construction of 4 door new toilets-foundation, wall, roofing, windows, doors, plastering and painting work.	250,000	Ongoing
2016/17	Chepkoiyo Primary	Construction of two classroom - foundation, wall, roofing, windows, plastering and painting.	900,000	Ongoing
2016/17	St. Mark Teldet Primary	Completion of four classrooms - wall plastering, windows, doors and painting work.	400,000	Ongoing
2016/17	Bindura Secondary	Completion of laboratory-windows, doors, plastering and painting work.	300,000	Ongoing

Financial	Project Name	Project Activity	Disbursed Amount (Kshs.)	Implementation Status
2016/17	Kamuyu Sec. School	Construction of kitchen- foundation, wall, roofing, windows, doors, plastering and painting work.	500,000	Ongoing
2016/17	Chagaiya Secondary	Completion and equipping of laboratory- installation of lab fittings, pipes, plastering, shelves, apparatus and painting work	300,000	Ongoing
2016/17	A.I.C Tulwet Secondary	Completion of laboratory- installation of lab fittings, pipes, plastering, shelves, apparatus and painting work.	400,000	Ongoing
2016/17	Ndungulu Sec. School	Completion of administration block- plastering, shelves, furniture and painting work.	200,000	Ongoing
2016/17	Cengalo Sec School	Completion of dining hall-roofing, plastering, windows, doors and painting work.	600,000	Ongoing
2016/17	Koitebes Sec. School	Construction of one classroom- foundation, roofing, windows, doors, wall and floor plastering and painting work	450,000	Ongoing
2016/17	Koisagat Secondary School	Construction of one classroom- foundation, wall, roofing, windows, doors and painting work	450,000	Ongoing
2016/17	Matharu Secondary School	Construction of one classroom- foundation, wall, roofing, windows, doors, and painting work	450,000	Ongoing
2016/17	Rehema Secondary	Construction of laboratory- foundation, wall, roofing, windows, plastering and painting.	700,000	Ongoing
2016/17	Tarakwa Secondary	Completion of dormitory - wall plastering, roofing, windows, doors and painting work.	300,000	Ongoing
2016/17	Kapkoiga Girls Secondary	Construction of one classroom- foundation, roofing, windows, doors, wall and floor plastering and painting work	450,000	Ongoing
2017/18	Sosiani Primary School	Replacement of asbestos roof with iron sheets for fourteen classrooms	800,000	Ongoing
2016/17	Chuyat Chief's Office	Wall plastering and painting	400,000	Ongoing
2017/18	Chagaiya Sec.	Purchase seedlings, Planting trees, fencing and labour	96,450	Ongoing
	Total		55,012,874	

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