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*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
OF PAPERS LAID

DATE: 22 FEB 2022

DAY:

TUESDAY

**THE AUDITOR-GENERAL**

BY:

LOM

CLERK-AT  
THE-TABLE:

Mariah wanjiku

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND –  
TURKANA CENTRAL CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



*Revised Template 30<sup>th</sup> June 2019*



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -TURKANA  
CENTRAL CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019

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

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**REGISTRY**

27 SEP 2019

**RECEIVED**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**TURKANA CENTRAL CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**TURKANA CENTRAL CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

**Mandate**

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TURKANA CENTRAL CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

**Core Values**

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

**(b) Key Management**

The NGCDF TURKANA CENTRAL Constituency day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Ekeno R.Ng'uleny
2.	Sub-County Accountant	Henry Okumu
3.	Chairman NGCDFC	Ruth Kuya
4.	Member NGCDFC	Joseph Lomoti

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF TURKANA CENTRAL Constituency Headquarters**

P.O. Box 512-30500  
Nawoitorong Rd, Opposite Naipa Bakery.  
Lodwar

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TURKANA CENTRAL CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2019**

**(f) NGCDF TURKANA CENTRAL Constituency Contacts**

Telephone: (254) 728482257  
E-mail: turkanacentral@ngcdf.go.ke  
Website: www.go.ke

**(g) NGCDF TURKANA CENTRAL Constituency Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank (specify the constituency account banker details)  
...  
...  
...

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TURKANA CENTRAL CONSTITUENCY**

**Reports and Financial Statements**

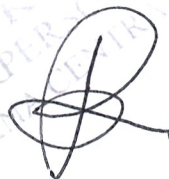
**For the year ended June 30, 2019**

**FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

The constituency had received about half of the full funding at the close of the financial year which brought about the low level of implementation of the projects. However, with quick release of funds from the Board, we will be able to improve on project implementation. From the table below, we allocated more funds to bursary to enable students be in schools and decided to delay other sectors like environment and sports until release of the balances. In emergency, we were able to respond to disasters like flooding caused by the April rains. In education, 8 classes were built in various schools all furnished with desks 2 dormitories fully equipped with beds. In security, out of 4 chief's offices we were able to build one to completion. Among the challenges realized in projects implementation include; delay in release of funds from the Board which translates to low implementation of projects in the constituency. Other challenge includes low funding of projects which leads to lack of completion in some instances.

SECTOR	BUDGET PERFORMANCE
ADMINISTRATYRATION	
EDUCATION(INFRASCTURE DEVELOPMENT)	79.6%
SECURITY(INFRASCTURE)	45.1%
BURSARY	87.7%
ENVIRONMENT	69.1%
SPORTS	NIL
EMERGENCY	NIL
<b>TOTAL</b>	50%
	66.0%

*Sign*



**CHAIRMAN NGCDF COMMITTEE**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TURKANA CENTRAL CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

**II. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

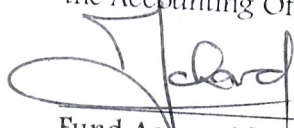
The Accounting Officer in charge of the NGCDF-TURKANA CENTRAL Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

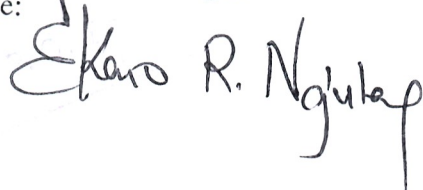
The Accounting Officer in charge of the NGCDF-TURKANA CENTRAL Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-TURKANA CENTRAL Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the NGCDF-TURKANA CENTRAL Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The NGCDF-TURKANA CENTRAL Constituency financial statements were approved and signed by the Accounting Officer on 29/8/ 2019.

  
Fund Account Manager  
Name:



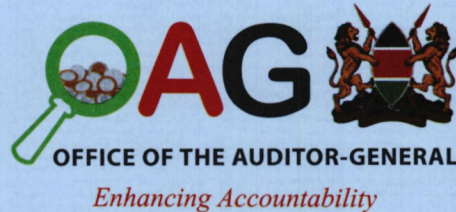
  
Sub-County Accountant  
Name:  
ICPAK Member Number:

SUB-COUNTY ACCOUNTANT  
TURKANA CENTRAL



# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TURKANA CENTRAL CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund -Turkana Central Constituency set out on pages 6 to 34, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation- recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 the National Government Constituencies Development Fund -Turkana Central Constituency as at 30 June, 2019, 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 and the Public Finance Management Act, 2012.

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

##### **1.0 Presentation and Accuracy of Financial Statements**

##### **1.1 Presentation of Financial Statements**

The financial statements presented for audit had the following presentation anomalies:

- i) Table of content indicates that the Budget execution by programmes and sub-programmes is on page 11 instead of page 10 of the financial statements.

- ii) Figures presented in the statement of budget execution by programmes and sub-programmes does not agree with total expenditure on component by component basis as reflected on the statement of appropriations-recurrent and development combined. The figures do not also agree with the statement of receipts and payments total expenditure.
- iii) Page 13 of the financial statements is missing.
- iv) Notes 2,3,4 and 5 to the financial statements have two reference numbers that do not agree or correspond with the respective references on the statement of receipts and payments and the statement of cash flow.
- v) The statement of cash flow reflects cash and cash equivalent at the end of the year figure of Kshs.8,532 which vary the figure of Kshs.630,987 reflected in the statement of assets and liabilities resulting to a variance of Kshs.622,455 which has not been explained or reconciled. Further, the statement of cash flow reflects cash and cash equivalent at the beginning of the year figure of Kshs.23,611 which vary the audited prior year figure of Kshs.8,532 reflected in the statement of assets and liabilities resulting to a variance of Kshs.15,079 which has also not been explained or reconciled.
- vi) Annexure 3 to the financial statements does not reflect comparative figure for unutilized funds.
- vii) There is no evidence on how progress on follow up of auditor recommendations issues were resolved.

## 1.2 Variances Between Budget Execution by Programmes and Sub-Programmes and Statement of Receipts and Payments

A comparison of the figures reflected in the budget execution by programmes and sub-programmes with the statement of receipts and payments revealed unexplained variances as summarized below:

Item	Expenditure as per the Budget Execution by Programmes and Sub-Programmes (Kshs)	Expenditure as per the Statement of Receipts and Payments (Kshs)	Variance (Kshs)
Compensation of Employees	9,941,416	3,541,678	6,399,738
Committee Allowances	37,872,000	5,581,394	32,290,606
Total Use of Goods	55,650,934	9,941,416	45,709,518
Bursaries to Secondary Schools	10,000,000	6,716,000	3,284,000

<b>Item</b>	<b>Expenditure as per the Budget Execution by Programmes and Sub-Programmes (Kshs)</b>	<b>Expenditure as per the Statement of Receipts and Payments (Kshs)</b>	<b>Variance (Kshs)</b>
Bursaries to Tertiary institutions	15,000,000	26,492,200	(11,492,200)
Sports	2,180,817	1,736,200	444,617
Environment	2,180,817	1,861,034	319,783
Primary school	22,032,000	25,332,000	(3,300,000)
Secondary School	11,700,000	12,540,000	(840,000)
Security	0	13,040,000	(13,040,000)

### 1.3 Comparative Figures

A review of the financial statements revealed variances in the comparative figures in the financial statements with the figures reflected in the prior year certified financial statement as summarized below:

<b>Item</b>	<b>Comparative Figure in the Financial Statements (Kshs)</b>	<b>Comparative figure in the Audited Financial Statements-2017/2018 (Kshs)</b>	<b>Variance (Kshs)</b>
Cultural Projects-Note 7	0	1,480,000	( 1,480,000)
Other Payments- Note 9	0	4,000,000	(4,000,000)
Compensation of Employees - Note 15.3	0	47,587	(47,587)
Use of Goods and Services- Note 15.3	0	(4,062,605)	4,062,605
Amount due to Other Government Entities- Note 15.3	0	29,058,966	(29,058,966)
Amount due to Other Grants and Other Transfers- Note 15.3	0	29,749,068	(29,749,068)
Buildings and Structures – Annex 4	12,000,000	0	12,000,000
Summary of Fixed Assets- Transport Equipment– Annex 4	8,500,000	0	8,500,000
Office Equipment, Furniture and Fittings	1,000,000	0	1,000,000
ICT Equipment, Software and Other ICT Assets– Annex 4	500,000	0	500,000

Under the circumstances, the validity and accuracy of comparative figures in the financial statements could not be confirmed.

## **2.0 Use of Goods and Services**

### **2.1 Variance in Training Expenses**

Included in the use of goods and services figure of Kshs.9,941,416 as disclosed in Note 5 to the financial statements is Kshs.2,518,552 expenditure incurred on training expenses which vary with the supporting documents figure of Kshs.2,433,290 resulting to a variance of Kshs.85,262 which has not been explained or reconciled. Further, supporting documents such as the invitation to trainings, training needs assessment and signed attendance registers were not availed for audit.

Consequently, the validity and accuracy of the training expenses of Kshs.2,518,552 could not be confirmed.

### **2.2 Unrecorded Bank Charges**

Note 5 to the financial statements reflects Nil balance under bank service commission and charges which vary with the amount computed figure from the annual bank statements amounting to Kshs.9,463.50 resulting to a variance of Kshs.9,463.50 which has not been explained or reconciled.

Consequently, the validity and accuracy of the bank charges of Nil figure could not be confirmed.

### **2.3 Unsupported and Unauthorized Expenditures**

Included in the use of goods and services expenditure of Kshs.9,941,416 as disclosed under Note 5 to the financial statements is an expenditure of Kshs.200,000 incurred on purchase of 2 HP laptops, HP colored printer, APC Ups and computer blower. However, the expenditure were not approved in the annual budget and workplan, had no approved reallocation request neither were there delivery notes or any other form of receipt documentation that were availed for audit to confirm receipt of the goods. In addition, the goods were not taken on charge. Further, a payment of Kshs.480,000 was made to an officer purportedly to facilitate preparation of an unidentified bill of quantities. However, the amount was also not approved in the annual budget and work plan. In addition, no documentary evidence in support of this expenditure was availed for audit verification.

Under the circumstances, the accuracy and validity of use of goods and service payments amounting to Kshs.9,941,416 for the year ended 30 June, 2019 could not be confirmed.

### **3.0 Bank Balances**

#### **3.1 Stale Cheques in Bank Reconciliation Statements**

The statement of assets and liabilities as at 30 June, 2019 reflects bank balance of Kshs.630,987. A review of the bank reconciliation statements for the month of June, 2019 in support of the balance reflected unrepresented cheques amounting to Kshs.3,202,245 which includes stale cheques totalling Kshs.64,600 that had not been reversed in the cashbook. Further, no documentary evidence was provided for audit examination to indicate when all the unrepresented cheques were cleared and supporting the reason for the payments. In addition, the bank reconciliation reflects unrecorded bank charges totalling to Kshs.124,467 which is at variance with the computed bank charges total from the annual bank statement of Kshs.9,464 resulting to unexplained variance of Kshs.115,003.

Additionally, the bank reconciliations statements reflected payments in the bank statements but not recorded in the cashbook totalling to Kshs.1,555,985 all of which were anomalies in the recording of the Fund's financial transactions as detailed below:

- 3.1.1** Cheque number 9594 of Kshs.1,000,000 dated 31 January, 2018 that cleared in the bank in the financial year 2017/2018 had not been recorded in the cashbook as at 30 June, 2019.
- 3.1.2** An amount of Kshs.100,000 dated 23 March, 2018 that cleared in the bank in the financial year 2017/2018 had not been recorded in the cashbook as at 30 June, 2019.
- 3.1.3** Cheque number 9723 of Kshs.79,800 dated 9 May, 2018 that cleared in the bank in the financial year 2017/2018 had not been recorded in the cashbook as at 30 June, 2019 and had been cleared as Kshs.99,800 as reflected in the bank statements leading to an unexplained overpayment of Kshs.20,000.
- 3.1.4** Cheque number 10552 dated 28 February, 2019 was paid twice in the bank statements of 4 April, 2019 and 11 April, 2019. As at the time of audit the amount had not been reversed neither was there any evidence of follow up provided for audit review.
- 3.1.5** Cheque number 11401 of Kshs.104,000 of 24 June, 2019 cleared as Kshs.114,000 as reflected in the bank statements resulting to an overpayment of Kshs.10,000 which has not been explained.
- 3.1.6.** Cheque number 1086 of Kshs.15,000 dated 10 June, 2019 was not recorded in the cashbook as at the time of audit in March, 2020.
- 3.1.7** Under the circumstances, the accuracy and authenticity of the bank balances of Kshs.630,987 as at 30 June, 2019 could not be confirmed.

### **3.2 Project Management Committee (PMC) Accounts Balances**

Note 15.4 to the financial statements reflects PMC bank balances figure of Kshs.693,196 as at 30 June, 2019. A review of available records including the payment vouchers and code lists revealed that the constituency funded various projects for Kshs.43,640,000. However, the project bank account balances have not been disclosed in the financial statements. Further, cashbooks, bank statements and certificates of bank balance for the bank accounts were not provided for audit verification.

Under the circumstances, the accuracy and existence of PMC account balances of Kshs.693,196 as at 30 June, 2019 could not be confirmed.

### **4.0 Transfers to Other Government Units – Transfers to Primary Schools**

Included in the transfer to primary schools figure of Kshs.25, 332,000 reflected in Note 6 to the financial statements is transfers of Kshs.8,800,000 which were not supported with expenditure returns, completion/interim certificate by the inspection and acceptance Committee. The project bank statement was also not provided for audit. Further, the transfers to primary schools figure Kshs.25,332,000 reflected in Note 6 to the financial statements vary with the supporting documents figure Kshs.22,180,000 resulting to a variance of Kshs.3,152,000 which has not been explained or reconciled.

Under the circumstances, the accuracy and validity of transfers to primary school of Kshs.25,332,000 for the year ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund -Turkana Central Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

#### **Other Matter**

##### **1.0 Budgetary Control and Performance**

The summary statement of appropriation- recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.163,797,891 and Kshs.108,757,015 respectively resulting to an under-funding of Kshs.55,040,875

or 34% of the budget. Similarly, the Fund spent Kshs.108,126,028 against an approved budget of Kshs.163,797,891 resulting to an under-expenditure of Kshs.55,671,863 or 34 % of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Turkana Central Constituency.

### **1.1 Project Implementation Status**

According to the project implementation status report provided for audit, the National Government Constituencies Development Fund Turkana Central constituency had budgeted to spend Kshs.91,727,199 towards implementation of thirty-eight (38) projects during the year 2018/2019. Nineteen (19) projects budgeted for Kshs.60,100,630 were completed, Two (2) projects with a total budget of Kshs.3,500,000 were on-going and seventeen (17) projects with a total funding of Kshs.28,126,569 were indicated as zero rate of completion.

Delay in implementation and completion of planned projects is an indication that the residents of Turkana Central Constituency failed to receive the benefits accruing from the planned programs and activities for the year ended 30 June, 2019.

### **1.2 Project Verification**

During the year under review, fourteen (14) projects costing Kshs.23,780,000 were verified in March, 2020. Thirteen (13) projects with total funding of Kshs.22,300,000 were found to be complete, one (1) project funded for Kshs.1,480,000 had stalled.

Consequently, the residents of Turkana Central Constituency did not receive value for money for the stalled project.

## **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 section of my report, I confirm that, nothing 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 Use of Goods and Services- Unauthorized Expenditure**

The summary statement of appropriation-recurrent and development combined reflects use of goods and services budget figure of Kshs.7,670,993 and actual expenditure of Kshs.9,941,416 resulting to an over expenditure of Kshs.2,270,423 which was not budgeted for.

Under the circumstances, the Management is in breach of the law and the validity of the expenditure could not be confirmed.

## **2.0 Other Grants and Transfers**

### **2.1 Bursaries**

Included in other grants and other payments of Kshs.55,650,934 reflected in Note 7 to the financial statement is bursary figures of Kshs.6,716,000 and Kshs.26,492,200 to secondary schools and tertiary institutions respectively all totalling to Kshs.33,208,200. However, the criteria for vetting the beneficiaries was not availed for audit verification.

Under the circumstances, the validity and value for money of bursary expenditure of Kshs.33,208,200 for the year ended 30 June, 2019 could not be confirmed.

### **2.2 Security Projects**

Included in the security figure of Kshs.13,040,000 reflected in Note 7 to the financial statements is Kshs.10,000,000 disbursed for construction of various roads in the constituency. However, the expenditure returns for projects, project bank account statement and completion/interim certificate by the inspection and acceptance were not availed for audit verification.

Under the circumstances, the accuracy and validity of security expenditure of Kshs.10,000,000 for the year ended 30 June, 2019 could not be confirmed.

### **2.3 Sports Projects**

The statement of receipts and payments reflects other grants and transfers figure of Kshs.55,650,934 which include sports expenditure of Kshs.1,736,200 relating to funds for facilitating sports activity within the constituency. However, the expenditure was not approved and the criteria for identifying the beneficiaries was not availed for audit verification. Further, project management committee expenditure returns were not availed for audit review.

Under the circumstances, the accuracy and validity of sports expenditure of Kshs.1,736,200 for the year ended 30 June, 2019 could not be confirmed.

### **2.4 Emergency Projects**

Included in the other grants and other payments figure of Kshs.55,650,934 reflected in the statement of receipts and payments is disbursements to emergency projects expenditure of Kshs.5,805,500 incurred on supply and delivery of food stuffs. However, the criteria for identifying the beneficiaries and distribution list of beneficiaries were not availed for audit review.



Under the circumstances, the validity and value for money of emergency expenditure of Kshs.5,805,500 for the year ended 30 June, 2019 could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Risk Management Policy**

During the year ended 30 June, 2019, the Management of the Fund did not have in place a risk management policy, risk management strategies and a system of risk management to enable them develop appropriate risk strategies in order to improve on effective and efficient management of public resources.

Consequently, the Management is not likely to respond appropriately to emerging risks that may result in loss of funds.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. 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 overall 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or cease operations.

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

31 December, 2021

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TURKANA CENTRAL CONSTITUENCY**

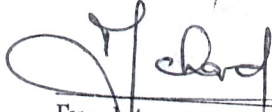
**Reports and Financial Statements**

**For the year ended June 30, 2019**


**III. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board			
Proceeds from Sale of Assets	1	108,748,483	43,405,172
Other Receipts	2	-	
	3	-	
<b>TOTAL RECEIPTS</b>		<b>108,748,483</b>	<b>43,405,172</b>
<b>PAYMENTS</b>			
Compensation of employees	4	3,541,678	3,007,613
Use of goods and services	5	9,941,416	9,405,672
Transfers to Other Government Units	6	37,872,000	12,320,000
Other grants and transfers	7	55,650,934	18,686,966
Acquisition of Assets	8	1,120,000	
Other Payments	9	-	
<b>TOTAL PAYMENTS</b>		<b>108,126,028</b>	<b>43,420,251</b>
<b>SURPLUS/DEFICIT</b>		<b>622,455</b>	<b>(15,079)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA CENTRAL Constituency financial statements were approved on 29/8/2019 and signed by:

  
Fund Account Manager  
Name:

*Ekan R. Ng'ulap*

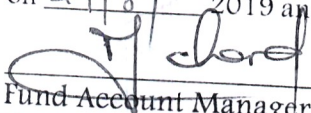
  
Sub-County Accountant  
Name:  
ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**TURKANA CENTRAL CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

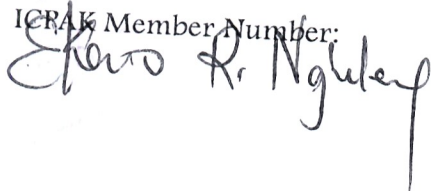
**IV. STATEMENT OF ASSETS AND LIABILITIES**

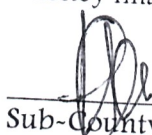
	Note	2018- 2019 Kshs	2017 - 2018 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	630,987	8,532
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>630,987</b>	<b>8,532</b>
<b>Current Receivables</b>			
Outstanding Imprests		-	-
<b>TOTAL FINANCIAL ASSETS</b>	11	<b>630,987</b>	<b>8,532</b>
<b>FINANCIAL LIABILITES</b>			
<b>Accounts Payable</b>			
Retention	12A	-	-
Gratuity	12B	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>
<b>NET FINANCIAL ASSETS</b>			
		<b>630,987</b>	<b>8,532</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	8,532	23,611
Surplus/Defict for the year		622,455	(15,079)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>630,987</b>	<b>8,532</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA CENTRAL Constituency financial statements were approved on 29/8/2019 and signed by:

  
Fund Account Manager  
Name:

ICRAK Member Number:



  
Sub-County Accountant  
Name:

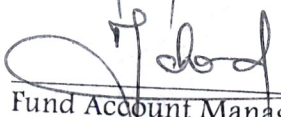
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TURKANA CENTRAL CONSTITUENCY**

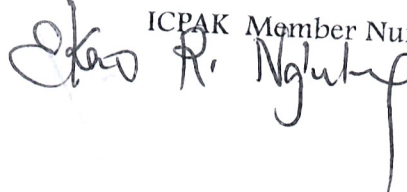
**Reports and Financial Statements  
For the year ended June 30, 2019**


**V. STATEMENT OF CASHFLOW**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>2018 - 2019</b>	<b>2017 - 2018</b>
<b>Receipts</b>			
Transfers from CDF Board			
Other Receipts	1	108,748,483	43,405,172
<b>Total Receipts</b>	3	-	
<b>Payments</b>		<b>108,748,483</b>	<b>43,405,172</b>
Compensation of Employees			
Use of goods and services	4	3,541,678	3,007,613
Transfers to Other Government Units	5	9,941,416	9,405,672
Other grants and transfers	6	37,872,000	12,320,000
Acquisition of Assets	7	55,650,934	18,686,966
Other Payments	8	1,120,000	
<b>Total Payments</b>	9	-	
<b>Total Receipts Less Total Payments</b>		<b>108,126,028</b>	<b>43,420,251</b>
		<b>622,455</b>	
<b>Adjusted for:</b>			
Outstanding Imprest			
Retention	11		
Gratuity Payable	12A		
Prior Year adjustment	12B		
<b>Net Adjustments</b>	14		
<b>Net cash flow from operating activities</b>		<b>622,455</b>	
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets			
Acquisition of Assets	2	-	
<b>Net cash flows from Investing Activities</b>	8		
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>622,455</b>	<b>(15,079)</b>
<b>Cash and cash equivalent at END of the year</b>		<b>23,611</b>	
		<b>8,532</b>	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA CENTRAL Constituency financial statements were approved on 29/8/2019 and signed by:

  
Fund Account Manager  
Name:

ICPAK Member Number:  


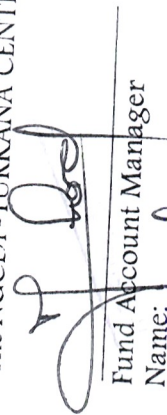
  
Sub-County Accountant  
Name:

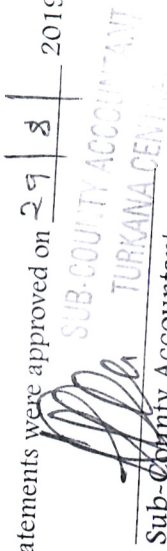
VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	109,040,876	54,757,015	163,797,891	108,757,015	55,040,875	66.4%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTAL RECEIPTS</b>	<b>109,040,876</b>	<b>54,757,015</b>	<b>163,797,891</b>	<b>108,757,015</b>		
<b>PAYMENTS</b>						
Compensation of Employees	3,546,996	1,308,621	4,855,617	3,541,678	1,313,939	72.9%
Use of goods and services	6,266,683	1,404,310	7,670,993	9,941,416	(2,270,423)	129.6%
Transfers to Other Government Units	54,126,569	29,878,966	84,005,534	37,872,000	46,133,534	45.1%
Other grants and transfers	44,100,628	19,368,091	63,468,720	55,650,934	7,817,786	87.7%
Acquisition of Assets	500,000	1,120,000	1,620,000	1,120,000	500,000	69.1%
Other Payments	500,000	1,677,027	2,177,027	-	2,177,027	100.0%
<b>TOTAL</b>	<b>109,040,876</b>	<b>54,757,015</b>	<b>163,797,891</b>	<b>108,126,028</b>	<b>55,671,863</b>	<b>66.0%</b>

Variation in the performance in budget is as a result of delay in release of funds from the Board, hence many expense items did not attain the maximum percentages

The NGCDF-TURKANA CENTRAL Constituency financial statements were approved on 29/8/2019 and signed by:

  
Fund Account Manager  
Name: Shao R. Nyilop

  
Sub-County Accountant  
Name: TURKANA CENTRAL

ICPAK Member Number:



VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019		Adjustments		Final Budget 2018/2019		Actual on comparable basis 30/06/2019		Budget utilization difference	
	Kshs		Kshs		Kshs		Kshs		Kshs	
<b>1.0 Administration and Recurrent</b>	3,546,996		1,308,621		4,855,617		3,541,678		1,313,939	
1.1 Compensation of employees	6,266,683		1,404,310		7,670,993		9,941,416		(2,270,423)	
1.2 Committee allowances	54,126,569		29,878,966		84,005,534		37,872,000		46,133,534	
1.3 Use of goods and services	44,100,628		19,368,091		63,468,720		55,650,934		7,817,786	
1.4 Acquisition of assets	500,000		1,120,000		1,620,000		1,120,000		500,000	
1.5 Other payments	500,000		1,677,027		2,177,027		-		2,177,027	
<b>2.0 Monitoring and evaluation</b>	800,000		-		800,000		-		-	
2.1 Capacity building	1,500,000		-		1,500,000		-		-	
2.2 Committee allowances	971,226.27		1,404,310.34		2,375,536.61		-		-	
2.3 Use of goods and services	5,738,993.45		-		5,738,993.45		5,805,500		(66,506.55)	
<b>3.0 Emergency</b>	10,000,000		3,208,200		13,208,200		10,000,000		3,208,200	
3.1 Disaster response(floods & famine)	15,000,000		5,000,000		20,000,000		15,000,000		5,000,000	
3.4 Security projects	2,180,817.51		-		2,180,817.51		2,180,817.51		-	
<b>4.0 Bursary and Social Security</b>	2,180,817.51		-		2,180,817.51		2,180,817.51		-	
4.1 Secondary Schools	2,180,817.51		-		2,180,817.51		2,180,817.51		-	
4.2 Tertiary Institutions	-		-		-		-		-	
<b>5.0 Sports</b>	1,500,000		-		1,500,000		1,500,000		-	
5.1 Turkana Central Sports PMC	1,100,000		-		1,100,000		1,100,000		-	
<b>6.0 Environment</b>	2,180,817.51		-		2,180,817.51		2,180,817.51		-	
6.1 Turkana Central Environment PMC	2,180,817.51		-		2,180,817.51		2,180,817.51		-	
<b>7.0 Primary Schools Projects</b>	1,500,000		-		1,500,000		1,500,000		-	
7.1 Longech Priy	1,100,000		-		1,100,000		1,100,000		-	
7.2 Natoot Priy	-		-		-		-		-	

Reports and Financial Statements  
For the year ended June 30, 2019

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
Lomanimania pry	500,000		500,000	500,000	
Kangagetei Pry	872,000		872,000	872,000	
Lomanimania pry	500,000		500,000	500,000	
Kangagetei Pry	1,500,000		1,500,000	1,500,000	
Faith Homes pry	1,000,000		1,000,000	1,000,000	
Nabwelpus Pry	1,100,000		1,100,000	1,100,000	
Nariamao Pry	1,100,000		1,100,000	1,100,000	
Nayanae Angikalalio Pry	1,100,000		1,100,000	1,100,000	
Nakurio Pry	1,100,000		1,100,000	1,100,000	
Narengo Pry	1,100,000		1,100,000	1,100,000	
Katapakori Pry	1,100,000		1,100,000	1,100,000	
St.Luke School for the Deaf	2,180,000		2,180,000	2,180,000	
St.Mary's Pry	500,000		500,000	500,000	
Napeget Pry	500,000		500,000	500,000	
Nakiria Pry	1,100,000		1,100,000	1,100,000	
Kakwanyang Pry School	1,500,000		1,500,000	1,500,000	
Nayuu Pry	2,200,000		2,200,000	2,200,000	
Moses H.Opondo	1,100,000		1,100,000	1,100,000	
<b>8.0 Secondary Schools Projects</b>	480,000		480,000	480,000	
8.1 Lolimo Girl's Sec School					
8.2 Loutreirei Sec School	4,000,000		4,000,000	4,000,000	
8.3 Wakanda Girl's Sec School-Loropio	1,100,000		1,100,000	1,100,000	
8.4 Eliye Boys Sec	5,500,000		5,500,000	5,500,000	
<b>10.0 Security Projects</b>	2,200,000		2,200,000	2,200,000	
10.1 Lobolo-Eliye Security Access Road					
10.2 Lomopus Chief's Office	3,000,000		3,000,000	3,000,000	
10.3 Nakwaperit Chief's office	1,500,000		1,500,000	1,500,000	
<b>11.0 Acquisition of assets</b>	1,100,000		1,100,000	1,100,000	

Reports and Financial Statements  
For the year ended June 30, 2019

DEPARTMENT OF PUBLIC WORKS (N.W.F.) - JERKIN CE... RAL JNS... JEN... O...

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
11.2 Construction of CDF office	920,000		920,000	920,000	
11.4 Purchase of computers	200,000		200,000	200,000	

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TURKANA CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

**IX. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**2. Reporting Entity**

The financial statements are for the NGCDF-TURKANA CENTRAL Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

**3. Reporting Currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TURKANA CENTRAL CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**SIGNIFICANT ACCOUNTING POLICIES**

**External Assistance**

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

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

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

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

**Other receipts**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TURKANA CENTRAL CONSTITUENCY**

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**For the year ended June 30, 2019**

**SIGNIFICANT ACCOUNTING POLICIES**

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**9. Pending Bills**

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

**10. Unutilized Fund**

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

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

**11. Budget**

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

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

**12. Comparative Figures**

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

**13. Subsequent Events**

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

**14. Errors**

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

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

**15. Related Party Transactions**

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

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

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>			
Description		2018-2019	2017 - 2018
		Kshs	Kshs
Normal Allocation	AIE NO. B005135	49,348,276	
	AIE NO. B005397	5,400,207	
	AIE NO. B030333	10,000,000	
	AIE NO. B005492	14,000,000	
	AIE NO. B007495	6,000,000	
	AIE NO. B042633	11,000,000	
	AIE NO. B047061	13,000,000	
	AIE NO. A892529		5,500,000
	AIE NO. A 892802		37,905,172
Conditional grants	AIE NO...		-
Receipt from other Constituency			-
<b>TOTAL</b>		<b>108,748,483</b>	<b>43,405,172</b>

<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>		
Description	2018-2019	2017 - 2018
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from the Sale of Office and General Equipment	-	-
<b>TOTAL</b>	-	-



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

2. OTHER RECEIPTS

1400000	3 OTHER RECEIPTS		
	Description	2018-2019	2017 - 2018
		Kshs	Kshs
1410107	Interest Received	-	-
1410405	Rents	-	-
1420601	Sale of Tender Documents		
1450207	Other Receipts Not Classified Elsewhere (specify)		
	<b>TOTAL</b>	-	-

3. COMPENSATION OF EMPLOYEES

4 COMPENSATION OF EMPLOYEES		
Description	2018-2019	2017 - 2018
	Kshs	Kshs
Basic wages of contractual employees	3,541,678	3,007,613
Basic wages of casual labour		
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF		
Gratuity-Paid		
Gratuity-Accrued		
<b>TOTAL</b>	<b>3,541,678</b>	<b>3,007,613</b>

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

4. USE OF GOODS AND SERVICES

<b>5 USE OF GOODS AND SERVICES</b>		
<b>Description</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services		53,481
Electricity	15,000	
Water & sewerage charges	9,225	7,795
Office rent		
Communication, supplies and services		
Domestic travel and subsistence	388,800	
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses	2,518,552	
Hospitality supplies and services		
Other committee expenses		1,228,100
Committee allowance	5,581,394	2,145,600
Insurance costs		
Specialised materials and services		
Office and general supplies and services	271,270	80,615
Fuel , oil & lubricants	362,408	220,000
Other operating expenses		4,076,622
Bank service commission and charges		
Security operations		
Routine maintenance - vehicles and other transport equipment	794,767	437,525
Routine maintenance- other assets		1,156,034
Strategic Plan		
<b>TOTAL</b>	<b>9,941,416</b>	<b>9,405,772</b>

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

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>		
<b>Description</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to Primary schools	25,332,000	6,660,000
Transfers to Secondary schools	12,540,000	5,660,000
Transfers to Tertiary institutions		
TIVET		
<b>TOTAL</b>	<b>37,872,000</b>	<b>12,320,000</b>

7. OTHER GRANTS AND OTHER PAYMENTS

<b>7 OTHER GRANTS AND OTHER PAYMENTS</b>		
<b>Description</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary -Secondary	6,716,000	6,898,000
Bursary -Tertiary	26,492,200	5,040,000
Bursary-Special schools		
Mocks & CAT		
Security		
Sports	13,040,000	700,000
Environment	1,736,200	
Emergency Projects	1,861,034	
<b>TOTAL</b>	<b>55,650,934</b>	<b>4,568,966</b>
		<b>17,206,966</b>

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

8. ACQUISITION OF ASSETS

8 ACQUISITION OF ASSETS		
<u>Non Financial Assets</u>	2018-2019	2017 - 2018
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	920,000	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings	-	-
Purchase of computers ,printers and other IT equipments	-	-
Purchase of photocopier	-	-
Purchase of other office equipments	-	-
Purchase of soft ware	200,000	-
Acquisition of Land	-	-
<b>TOTAL</b>	<b>1,120,000</b>	<b>-</b>

9. OTHER PAYMENTS

9 Other Payments		
specify	-	-
specify	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

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

**10A: Bank Accounts (cash book bank balance)**

<b>10A: Bank Balances (cash book bank balance)</b>			
<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs (30/6/2019)</b>	<b>Kshs (30/6/2018)</b>
<i>Kenya Commercial Bank, Lodwar Branch . Turkana Central NG-CDF</i>	<i>A/C no.1107296684</i>	630,987	8,532
<b>10B: CASH IN HAND)</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs (30/6/2019)</b>	<b>Kshs (30/6/2018)</b>
Location 1			-
Location 2			-
Location 3		-	-
Other receipts (specify)		-	-
		-	-
<b>TOTAL</b>		-	-

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

<b>11: OUTSTANDING IMPRESTS</b>				
<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2019)</i>
	<b>Date imprest taken</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-

*[Include an annex of the list is longer than 1 page.]*

**12A. RETENTION**

<b>12 Retention</b>			
<b>Supplier/Contractor</b>	<b>PV No.</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
		XX	
<b>TOTAL</b>		XX	XX

*[Provide short appropriate explanations as necessary]*

**12B. STAFF GRATUITY OUTSTANDING**

	<b>2018 - 2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Name 1		
Name 2	XX	XX
Name 3	XX	XX
Add as appropriate	XX	XX
<b>Total</b>	XX	XX

*[Provide short appropriate explanations as necessary]*

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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13. BALANCES BROUGHT FORWARD

<b>13 BALANCES BROUGHT FORWARD</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>(1/7/2018)</b>	<b>(1/7/2017)</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts			23,611
Cash in hand		8,532	-
Imprest			-
<b>TOTAL</b>		<b>8,532</b>	<b>23,611</b>

*[Provide short appropriate explanations as necessary]*

14. PRIOR YEAR ADJUSTMENTS

		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

<b>15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)</b>			
		2018-2019	2017 - 2018
		Kshs	Kshs
Construction of buildings		-	-
Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	-
<b>TOTAL</b>		-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

<b>15.2: PENDING STAFF PAYABLES (See Annex 2)</b>			
		2018-2019	2017 - 2018
		Kshs	Kshs
NGCDFC Staff		-	-
Others (specify)		-	-
		-	-

15.3: UNUTILIZED FUND (See Annex 3)

<b>15.3: UNUTILIZED FUND (See Annex 3)</b>			
		2018-2019	2017 - 2018
		Kshs	Kshs
Compensation of employees		1,313,939	-
Use of goods and services		(2,270,423)	-
Amounts due to other Government entities		46,133,534	-
Amounts due to other grants and other transfers		<b>7,817,786</b>	-
Acquisition of assets		500,000	-
Others (specify)		2,177,027	-
		XX	XX



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

15.4: PMC account balances (See Annex 5)

PMC	BANK	A/C NO	2018-2019 Kshs	2017-2018 Kshs
Eliye Boy's Sec School	KCB-LODWAR	1146510136	6,338	-
Longech Pry School	KCB-LODWAR	1171020732	683,200	-
Nakiria Pry School	KCB-LODWAR	1118957792	3,658	-
			693,196	-

**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
		a	b	c	d=a-c	
<b>Senior Management</b>						
1.						
2.						
3.						
	<b>Sub-Total</b>					
<b>Middle Management</b>						
4.						
5.						
6.						
	<b>Sub-Total</b>					
<b>Unionisable Employees</b>						
7.						
8.						
9.						
	<b>Sub-Total</b>					
<b>Others (specify)</b>						
10.						
11.						
12.						
	<b>Sub-Total</b>					
	<b>Grand Total</b>					

**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
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**ANNEX 3 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees	Staff salaries	1,313,937		
Use of goods & services	Purchase of fuel, repairs and maintenance	(2,270,423)		
Amounts due to other Government entities				
Kapua Fry School	Completion of 1 No dormitory	500,000		
Namukuse Fry	Fencing of the school compound and completion of 1 No. dormitory	2,000,000		
Nayanae Angikalalio Fry School	Construction of 4 Door Pit Latrine to completion.	500,000		
Monti Fry	Construction of 1 classroom to completion	1,000,000		
Eliye Fry	Construction of 1 classroom to completion (Kshs.1,000,000) and Purchase of 25 Desks(Kshs.100,000)	1,100,000.		
Kairiama Fry School	Construction of 1 classroom to completion (Kshs.1,000,000) and Purchase of 25 Desks(Kshs.100,000)	1,100,000.		
Lotukumo Fry School	Construction of 1 classroom to completion	1,000,000		
Kangirisae Fry School	Renovation of 2 No. Classes(walling, flooring, ceilings and fixing of doors and Windows)	826,568.73		
Kerio Sec School	Purchase of 51 seater School Bus	7,000,000.		
Lodwar High School	Construction of a modern library to completion	1,500,000.		
Napetet Sec	Construction of 2 No. classrooms (and 2 door Pit latrine(Ksh.500,000) to completion	2,500,000.		
Kangatatha Girls Sec	Construction of 2 No. Classrooms	2,500,000.		

**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
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Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Kapua Sec School	Construction of 2 No. Classes to completion	2,000,000		
Loturerei Sec School	Drilling and Equipping/Fiping of a borehole	2,500,000.		
Loturerei Secondary School	Fencing of the school compound(12 acres) to completion with barbed wire and metal poles	2,000,000.		
Kawalase Chiefs office	construction of Chief's office to completion	1,500,000.		
Atokienyutu-Nakaparparai Hall	Completion of Social Hall (roofing ,fixing of windows and doors)	500,000.		
Natankakone Fry School	Drilling and equipping of a Borehole	2,000,000.		
Marian School	construction of 1 No.Dormitory (Ksh 1,500,000) and 2 Door Pit Latrine(Ksh 500,000) to completion	2,500,000.		
Locho Esekon Fry	Construction of 1 classroom to completion (Kshs. 1,000,000) and Purchase of 25 Desks(100,000)	1,100,000.		
Kaikir Fry	Construction of 1 classroom to completion (Kshs.1,000,000) and Purchase of 25 Desks(Kshs.100,000)	1,100,000.		
Kalokol Mixed Fry School	Fencing of the school Compound (20 acres) with barbed wire and metal poles	1,500,000.		
	Sub-Total	37,270,083		
Amounts due to other grants and other transfers				
Bursary				
Emergency	Payment Of Bursary To Needy Students	13,004,942.49		
Sports	Payment To Cater For Unifoseen Events	538,993		
	Payment For Sports Activities	2,177,027		

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)  
 Reports and Financial Statements  
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Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Environment	Payment For Environment Activities	2,180,817.51	8	
	Sub-Total			
Acquisition of assets		17,901,780		
NG-CDF OFFICE				
Others ( <i>specify</i> )	Purchase of 1 Yamaha Motorcycle(175 cc)	500,000.		
Sub-Total		500,000		
Grand Total		55,671,863		

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)  
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land				
Buildings and structures	12,000,000			12,000,000
Transport equipment	8,500,000			8,500,000
Office equipment, furniture and fittings	1,000,000			1,000,000
ICT Equipment, Software and Other ICT Assets	500,000			500,000
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	22,000,000			22,000,000

**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put date when you expect the issue to be resolved)
1.0	Lack of documents supporting release of funds to Talent High School for construction of the	Provide necessary documentation	FAM	Issues resolved	
2.0	Payments made without certificates of completion for various projects	Provide necessary documentation	FAM	Issues resolved	



