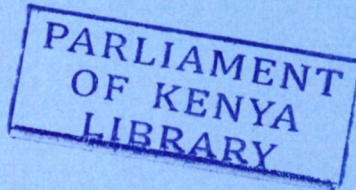


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



Paper laid on the
Table of the
House by the
Majority Leader
on Wednesday
15th August 2018

REPORT

OF

THE AUDITOR-GENERAL

ON

(Afternoon)

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
ISIOLO SOUTH CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**

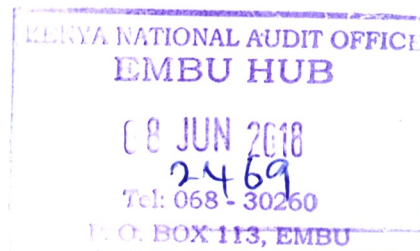


CONSTITUENCY DEVELOPMENT FUND-ISIOLO SOUTH CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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



CONSTITUENCY DEVELOPMENT FUND – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	3
.....	3
CHAIRMAN NGCDFC	3
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES.....	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	5
V. STATEMENT OF ASSETS	6
VI. STATEMENT OF CASHFLOW	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	8
VIII. SIGNIFICANT ACCOUNTING POLICIES	9
IX. NOTES TO THE FINANCIAL STATEMENTS.....	26

CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The *Isiolo South Constituency's* day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (CDFB)
- ii. Constituency Development Fund Committee (CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Stanley Ratanya
3.	Accountant	Amon Thananga
4.		

(d) Fiduciary Oversight Arrangements

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

(e) ISIOLO SOUTH NG CDF Headquarters

P.O. Box 11
NGCDF Building
Garbatulla

CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

(f) ISIOLO SOUTH CDF Contacts

Telephone: (254) 721308760
E-mail: isiolosouth@ngcdf.go.ke
Website: [www.go.ke/isiolo south](http://www.go.ke/isiolo%20south)

(g) ISIOLO SOUTH CDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Consolidated Bank
Isiolo Branch

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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

CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)

It gives me great pleasure to provide the foreword to the Isiolo South National Government Constituencies Development Fund Annual Reports and Financial Statements for 2016-17.

During the 2016-17 Financial Year, we set out to improve on our overall operations. On Bursary for example, we increased our allocation by 25% in order to ensure as many children as possible are assisted to complete their studies

On Education, we began to map out keenly the needs of our institutions of learning, both primary and secondary schools. This was aimed at ensuring that no single needy institution is left out in terms of infrastructural development. This has resulted in a more targeted approach to resource allocation. In doing this, we were also cognisant of the need to ensure that we don't spread our resources too thin as to make any meaningful impact.

Noting the demands of the constitution with respect to devolved functions, we found it prudent not to allocate more resources to Water and Roads sectors save for what was necessary to complete ongoing projects in those sectors. Going forward, the resources released from those devolved functions will go a long way in enhancing Security and Education projects.

Our absorption capacity continues to improve, driven largely by forward planning and stakeholder involvement well in advance of receipt of resources from the NGCDF Board. This has helped us to kick in the rolling out of projects as soon as funds are made available by the Board.

In line with our performance culture, we will continue to be responsive to the needs of our constituents and seek to be an example of best practice in the public sector.

In closing, I would like to thank all our staff for their ongoing efforts and achievement. Their dedication, from top to bottom, is extraordinary. I would also like to thank my engaged and capable NGCDF Committee Members as well as the Fund Account Manager for their tireless effort during the past year. It would not have been possible to attain the performance we have had without their support.

I look forward to a challenging and exciting year ahead.


.....
CHAIRMAN NGCDFC

CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

III. STATEMENT OF CDF 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 agency shall prepare financial statements in respect of that agency. 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 Isiolo South Constituency Development Fund is responsible for the preparation and presentation of the Isiolo South CDF financial statements, which give a true and fair view of the state of affairs of the Isiolo South CDF for and as at the end of the financial year (period) ended on June 30, 2016. 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 CDF; (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 CDF; (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 Isiolo South CDF accepts responsibility for the CDF'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 CDF's financial statements give a true and fair view of the state of CDF's transactions during the financial year ended June 30, 2016, and of the CDF's financial position as at that date. The Accounting Officer charge of the Isiolo South CDF further confirms the completeness of the accounting records maintained for the CDF, which have been relied upon in the preparation of the CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Isiolo South CDF confirms that the CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the CDF'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 CDF'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 CDF's financial statements were approved and signed by the Accounting Officer on 15/07/2017.



Fund Account Manager



Chairman CDFC

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituency Development Fund – Isiolo South Constituency set out on pages 5 to 19, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation recurrent and development 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 – Isiolo South Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that nothing else has come to my attention to cause me believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Presentation of the Financial Statements

The International Public Sector Accounting Standards (Cash Basis) reporting template prescribed by the Public Sector Accounting Standards Board requires that list of projects implemented by the entity be included in the financial statement. However, a review of the financial statements for the year under review revealed that list of projects was not included in the financial statements

In consequence, the presentation of the financial statements for the year under review did not conform to the approved and prescribed reporting template.

2.0 Cash and Cash Equivalents

The statement of assets reflects cash and cash equivalents balance of Kshs.174,907 as at 30 June 2017. However, a review of the bank reconciliation statement as at 30 June 2017 showed unrepresented cheques totaling to Kshs.881,160 which included stale cheques of Kshs.527,160 which had not been reversed in the cash book or reissued.

In the circumstance, the accuracy and completeness of cash and cash equivalents balance of Kshs.174,907 could not be ascertained.

3.0 Unsupported and Irregular Project Expenditure

Note 5 and 6 to the financial statements for the year under review reflected an expenditure of Kshs.12,000,000 and Kshs.72,574,089 on transfers to other government entities and other grant and transfers respectively both totaling to Kshs.84,574,089 spent on implementation of various projects under primary and secondary schools, bursaries, mock & cat, water, security, roads, sports and emergency projects. However, the Fund did not compile, maintain and table records showing all receipts, disbursements and actual expenditures on a monthly basis in respect of every project and sub-project as required by Section 38(a) of the National Government Constituencies Development Fund (NGCDF) Act, 2015. Further, expenditure returns on funds disbursed to the projects as required by Section 11 (w) of the National Government Constituencies Fund regulations, 2016 were not provided for audit review.

Under the circumstance, the Fund was in breach of the law and the propriety and value for money of the Kshs.84,574,089 expenditure as at 30 June 2017 could not be ascertained.

4.0 Unsupported Transfers to Primary and Secondary Schools

Note 5 to the financial statements for the year under review reflected an expenditure of Kshs.12,000,000 in respect to other grants and transfer to other government institutions which included Kshs.5,400,000 and Kshs.6,600,000 spent on transfers to primary and secondary schools respectively. However, the respective project files containing bank statements, project management committee minutes, BQ's, inspection and acceptance committee minutes, partial and final completion certificates from the department of public works were not provided for audit. Further, no evidence was provided to confirm that the projects were implemented in consultation with the relevant government departments contrary to Section 15(1) of the National Government Constituencies Fund Regulations, 2016.

In the circumstances, the authenticity and value for money of the Kshs.12,000,000 expenditure on transfer to primary and secondary schools as at 30 June 2017 could not be ascertained.

5.0 Irregular Sports Projects Expenditure

Note 6 to the financial statements reflected Kshs.4,193,104 expenditure in respect to sports projects, However, project files containing bank statements, invitation letters, list of participants, winners and prizes were not availed for audit verification.

Further, the Kshs.4,193,104 sports expenditure was 5.12% of the Fund's total budgeted expenditure of Kshs.81,896,552 for the year under review which was contrary to provision of Section.25(8) of the NGCDF Act, 2015 which requires that such expenditure should not be more than 2% of the total budget allocation.

Under the circumstances, the Constituency was in breach of the law and the Kshs.4,193,104 expenditure was irregular.

6.0 Unsupported Roads Expenditure

Note 6 of the notes to the financial statements reflected an expenditure of Kshs.72,574,089 in respect to other grants and transfers which included Kshs.10,237,931 spent on roads projects. However, approval from Kenya Rural Roads Authority (KERRA), bank statements, the project file, the bill of quantities outlining the number of Kilometers for road works, minutes of the inspection and acceptance committee, and minutes of the project management committee were not provided for audit review.

In the circumstances, the propriety of the Kshs.10,237,931 expenditure on roads projects as at 30 June 2017 could not be ascertained.

7.0 Unsupported Emergency Projects Expenditure

Note 6 of the notes to the financial statements reflected Kshs.18,053,000 expenditure on emergency projects. However, users requests to the constituency committee showing the nature of the emergency and whether the expenditure met the requirement for an emergency as required by Section 8(3) of the National Government Constituency Development Fund Act, 2015 was not provided for audit review.

In the circumstances, the authenticity and value for money of the Kshs.18,053,000 expenditure on emergency projects as at 30 June 2017 could not be ascertained.

8.0 Unsupported Fuel, Oil and Lubricants

Note 4 to the financial statements reflects Kshs.2,551,100 expenditure on fuel oil and lubricants. However, fuel registers, detail orders, vehicle work tickets and quotations/tender documents were not provided for audit review.

In the circumstances, the authenticity and value for money of the Kshs.2,551,100 expenditure on fuel oil and lubricants as at 30 June 2017 could not be ascertained.

9.0 Unsupported Domestic Travel and Subsistence

Note 4 to the financial statements reflected Kshs.1,974,400 expenditure on domestic travel and subsistence which included Kshs.1,896,000 spent on official duties. However, the program of activities, back to office reports, work tickets and nature of duties under taken were not provided for audit review.

Under the circumstances, it was not possible to determine the propriety and value for money of the Kshs.1,896,000 expenditure as at 30 June 2017.

10.0 Unsupported Mock and CAT Exams Expenditure

Note 6 to the financial statements reflects Kshs.4,840,000 expenditure on mock and CAT examinations. However, requisition for the mock papers, number of schools to be issued with mock papers, procurement procedures used, Project Management Committee files and mock examination distribution list were not availed for audit review.

In the circumstances, it has not been possible to confirm the authenticity and value for money of the Kshs.4,840,000 expenditure on mock and cats as at 30 June 2017.

11.0 Unsupported Expenditure on Security Projects

Note 6 to the financial statements reflected Kshs.1,200,000 expenditure on security projects. However, project files containing project management committee (PMC) minutes, bank statements, tenders/quotations, bill of quantities and completion certificates were not provided for audit review.

In the circumstances, the authenticity and value for money of the Kshs.1,200,000 expenditure on security projects as at 30 June 2017 could not be ascertained.

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

Key Audit Matters

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

Other Matter

1. Budget Control and Performance

During the Financial year under review, the Fund had an approved expenditure Budget of Kshs.107,060,624. However, only Kshs.106,885,716 (99.84%) was spent resulting in an under expenditure of Kshs.174,907 as shown below;

Receipt/Expense Item	Original Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilisation Difference (Kshs.)	% of Utilisation
Transfers from CDF Board	107,060,624	106,048,506	1,012,118	99%
Compensation of Employees	2,232,326	330,000	1,902,326	92%
Use of goods and services	13,201,972	21,981,627	(8,779,655)	167%
Transfers to Other Government Units	53,800,000	12,000,000	41,800,000	22%
Other grants and transfers	37,826,326	72,574,089	(34,747,763)	192%
Totals	107,060,624	106,885,716	174,907	100%

In the circumstances, residents of Isiolo South Constituency therefore did not receive services equivalent to the under expenditure of Kshs.174,907 incurred during the year under review.

1.2 Project Management Implementation

During the financial year under review, the CDF management did not update the project implementation status report. In the absence of an updated status report, the progress of work on the projects funded during the year under review and their status as at 30 June 2017 could not be confirmed.

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

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

In preparing the financial statements, management is responsible for assessing the NGCDF- Isiolo South Constituency's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to

liquidate the NGCDF- Isiolo South Constituency's 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.

Those charged with governance are responsible for overseeing the NGCDF- Isiolo South Constituency's financial reporting process.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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.

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

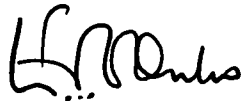
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

17 July 2018

CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	106,048,506	103,808,025
TOTAL RECEIPTS		106,048,506	103,808,025
PAYMENTS			
Compensation of employees	2	330,000	1,129,400
Committee Expense	3	16,025,500	3,800,000
Use of goods and services	4	5,956,127	3,200,000
Transfers to Other Government Units	5	12,000,000	37,400,000
Other grants and transfers	6	72,574,089	56,420,809
TOTAL PAYMENTS		106,885,716	101,950,209
SURPLUS/DEFICIT		(837,210)	1,857,816

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Isiolo South CDF financial statements were approved on 15/07/ 2017 and signed by:


 Chairman - CDFC


 Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	174,907	1,012,117
TOTAL FINANCIAL ASSETS		<u>174,907</u>	<u>1,012,117</u>
REPRESENTED BY			
Fund balance b/fwd 1st July...	8	1,012,117	25,922,486
Surplus/Deficit for the year	9	837,210	1,857,816
Retention	10		(26,768,185)
NET LIABILITIES		<u>174,907</u>	<u>1,012,117</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Isiolo South CDF financial statements were approved on 15/07/ 2017 and signed by:



 Chairman - CDFC



 Fund Account Manager

CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

Receipts from operating income		2016 - 2017	2015 - 2016
		Kshs	Kshs
Transfers from CDF Board	1	106,048,506	103,808,025
		<u>106,048,506</u>	<u>103,808,025</u>
Payments for operating expenses			
Compensation of Employees	2	330,000	1,129,400
Committee Expenses	3	16,025,500	3,800,000
Use of goods and services	4	5,956,127	3,200,000
Transfers to Other Government Units	5	12,000,000	37,400,000
Other grants and transfers	6	72,574,089	56,420,809
		<u>106,885,716</u>	<u>101,950,209</u>
Net Cashflow from Operating Activities		(837,210)	1,857,816
Adjusted for:			
Adjustments during the year - Retention	10	0	(26,768,185)
Net cash flow from operating activities		(837,210)	(24,910,369)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets			
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(837,210)	(24,910,369)
Cash and cash equivalent at BEGINNING of the year	8	1,012,117	25,922,486
Cash and cash equivalent at END of the year		174,907	1,012,117

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Isiolo South CDF financial statements were approved on 15/07/ 2017 and signed by:


 Chairperson NG-CDF


 Fund Account Manager

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	25,164,072	107,060,624	106,048,506	1,012,118	99%
TOTAL	81,896,552	25,164,072	107,060,624	106,048,506	1,012,118	99%
PAYMENTS						
Compensation of Employees	1,670,000	562,326	2,232,326	330,000	1,902,326	92.21
Use of goods and services	9,600,226	3,601,746	13,201,972	21,981,627	-8,779,655	167%
Transfers to Other Government Units	37,200,000	16,600,000	53,800,000	12,000,000	41,800,000	22%
Other grants and transfers	33,426,326	4,400,000	37,826,326	72,574,089	-34,747,763	192%
TOTAL	81,896,552	25,164,072	107,060,624	106,885,716	174,907	100%

The Isiolo North NG-CDF financial statements were approved on 15/07/ 2017 and signed by:



Chairman NG-CDF



Fund Account Manager

VIII. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *CDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *CDF*.

2. Recognition of revenue and expenses

The *CDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *CDF*. In addition, the *CDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *CDF*.

3. In-kind contributions

In-kind contributions are donations that are made to the *CDF* 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 *CDF* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public

NATIONAL GOVERNMENT ENTITY – *ISIOLO SOUTH CONSTITUENCY*
Reports and Financial Statements
For the year ended June 30, 2017

officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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 *CDF* 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.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *CDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *CDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. 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 June 30, 2016.

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016- 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation			
AIE NO	A825673	24,151,955	1,219,123
AIE NO	A829566	4,094,827	10,000,000
AIE NO	A85119	36,853,449	10,000,000
AIE NO	A839670	40,948,275	10,000,000
			22,000,000
			26,000,000
			24,588,902
TOTAL		106,048,506	103,808,025

2 COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	330,000	1,129,400
Total	330,000	1,129,400

3 COMMITTEE EXPENSES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Committee Expenses	16,025,500	3,800,000
	16,025,500	3,800,000

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services		100,000
Domestic travel and subsistence	1,974,400	1,500,000
Printing, advertising and information supplies & services	900,767	100,000
Routine maintenance – vehicles and other transport equipment	529,860	1,000,000
Fuel Oil and Lubricants	2,551,100	
Routine maintenance – other assets		500,000
Total	<u>5,956,127</u>	<u>3,200,000</u>

5 TRANSFER TO OTHER GOVERNMENT ENTITIES

	2016 - 2017	2015 - 2016
Description	Kshs	Kshs
Transfers to primary schools (see attached list)	5,400,000	21,000,000
Transfers to secondary schools (see attached list)	6,600,000	15,000,000
Transfers to health institutions (see attached list)	0	1,400,000
TOTAL	<u>12,000,000</u>	<u>37,400,000</u>

6 OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	16,579,054	513,900
Bursary – tertiary institutions (see attached list)	5,031,000	1,068,100
Mock & CAT (see attached list)	4,840,000	2,000,000

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

Water projects (see attached list)	12,440,000	17,000,000
Security projects (see attached list)	1,200,000	15,988,162
Roads projects (see attached list)	10,237,931	12,000,000
Sports projects (see attached list)	4,193,104	2,083,000
Emergency projects (see attached list)	18,053,000	5,767,647
Total	72,574,089	56,420,809

7: Bank Accounts (cash book bank balance)

Name of Bank, Account No & Currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
Consolidated bank- Isiolo Branch Account No.10111200000072	174,907	1,012,117
Total	174,907	1,012,117

8 Balance Brought Forward

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	1,012,117	25,922,486
Total	1,012,117	25,922,486

9 Surplus/ Deficit

Surplus/Deficit	2016 - 2017	2015 - 2016
	Kshs	Kshs
Surplus		1,857,816
Total	-	1,857,816

10 Retention

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Retention		(26,768,185)
Total	<u><u>-</u></u>	<u><u>(26,768,185)</u></u>

27. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the NGCDF- Isiolo South

- Key management personnel that include the Chief officer of the Board, The Fund Accounts Manager and Members of Constituency Development Fund Committee
- The NGCDF- Board

Related party transactions:

	2016/2017	2015/2016
	Kshs	Kshs
Key Management compensation	16,025,500	3,800,000
	=====	=====
Transfers from NGCDF - Board	106,048,506	103,808,025
	=====	=====

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

OTHER IMPORTANT DISCLOSURES

ANNEX1 - SUMMARY OF FIXED ASSETS REGISTER

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Office Equipments	141,000	27,000
Motor Vehicle	<u>5,000,000</u>	<u>5,000,000</u>
Total	<u>5,141,000</u>	<u>5,027,000</u>

ANNEX II –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Matagari Primary School Pmc Account	Consolidated	10111301000245	2000	2000
Garbatulla Day Primary School Pmc Account	Consolidated	10111301000243	2000	2000
Kombola Primary School Pmc A/C	Consolidated	10111301000232	2000	1000
Gafarsa Primary School Pmc A/C	Consolidated	10111301000239	2000	2000
Makarim Primary School Pmc A/C	Consolidated	10111301000236	1000	2000
Duse Primary School Pmc A/C	Consolidated	10111301000242	2000	2000
Malkadaka Primary School Pmc A/C	Consolidated	10111301000240	2000	500
Biliqi Nuru Primary School Pmc A/C	Consolidated	10111301000251	2000	2000
Total			15000	15,500

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

ANNEX III PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Presentation of Financial statement	Financial statement not as per format	Issue not included have been included to conform with format	FUND ACCOUNT MANAGER	RESOLVED	N/A
Unaccounted for Expenditure Fuel oil and Lubricants	Variance of Kshs.1,439,657 Fuel registers, work tickets and detailed order	Variance has been explained Fuel register, work tickets and detailed orders are available	FUND ACCOUNT MANAGER	RESOLVED	
Domestic Travel	Back to office report	Back to office report is now available	FUND ACCOUNT MANAGER	RESOLVED	
Sports Activities	CDFC Minutes and projects files	CDFC Minutes and projects files are available	FUND ACCOUNT MANAGER	RESOLVED	
Procurement of School bus	Procurement document	Procurement documents are available	FUND ACCOUNT MANAGER	RESOLVED	

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	s not provided				
Fixed Assets	Discrepancy in fixed Assets	Fixed assets register has been updated	FUND ACCOUNT MANAGER	RESOLVED	

NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

CONSTITUENCY DEVELOPMENT FUND
INVENTORY OF CDFC ASSETS
CONSTITUENCY....ISIOLO SOUTH.....

PROPERTY, PLANT & EQUIPMENT

Type of P,P & E	ASSET NUMBER	SERIAL NUMBER	ACQUISITION DATE	COST	CURRENT CONDITION
GENERATOR	GX 160 HONDA 5.5	046/CDF/EQ/07/01	JAN 2007	100,000	GOOD CONDITION
SAMSUNG PRINTER/COPIER	SCX-4521F	046/CDF/EQ/09/02	JULY 2009	27,000	GOOD CONDITION
TOYOTA LAND CRUISER	GK A 600 V	046/CDF/EQ/010/03	AUGUST 2010	5,000,000	GOOD CONDITION
TELEVISION	LG	046/CDF/EQ/011/04	JULY 2011	14,000	GOOD CONDITION
Total				5,141,00	

PREPARED BY: CONFIRMED BY:

FUND ACCOUNT MANAGER.....*Matanya*.....DATE *8/6/18*

CHAIRMAN.....*(Signature)*.....DATE *8.6.18*