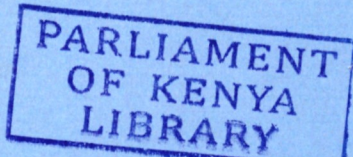


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



Paper laid on the Table of the House by the Majority Leader on

REPORT

Wednesday 15-August-2018

OF

THE AUDITOR-GENERAL

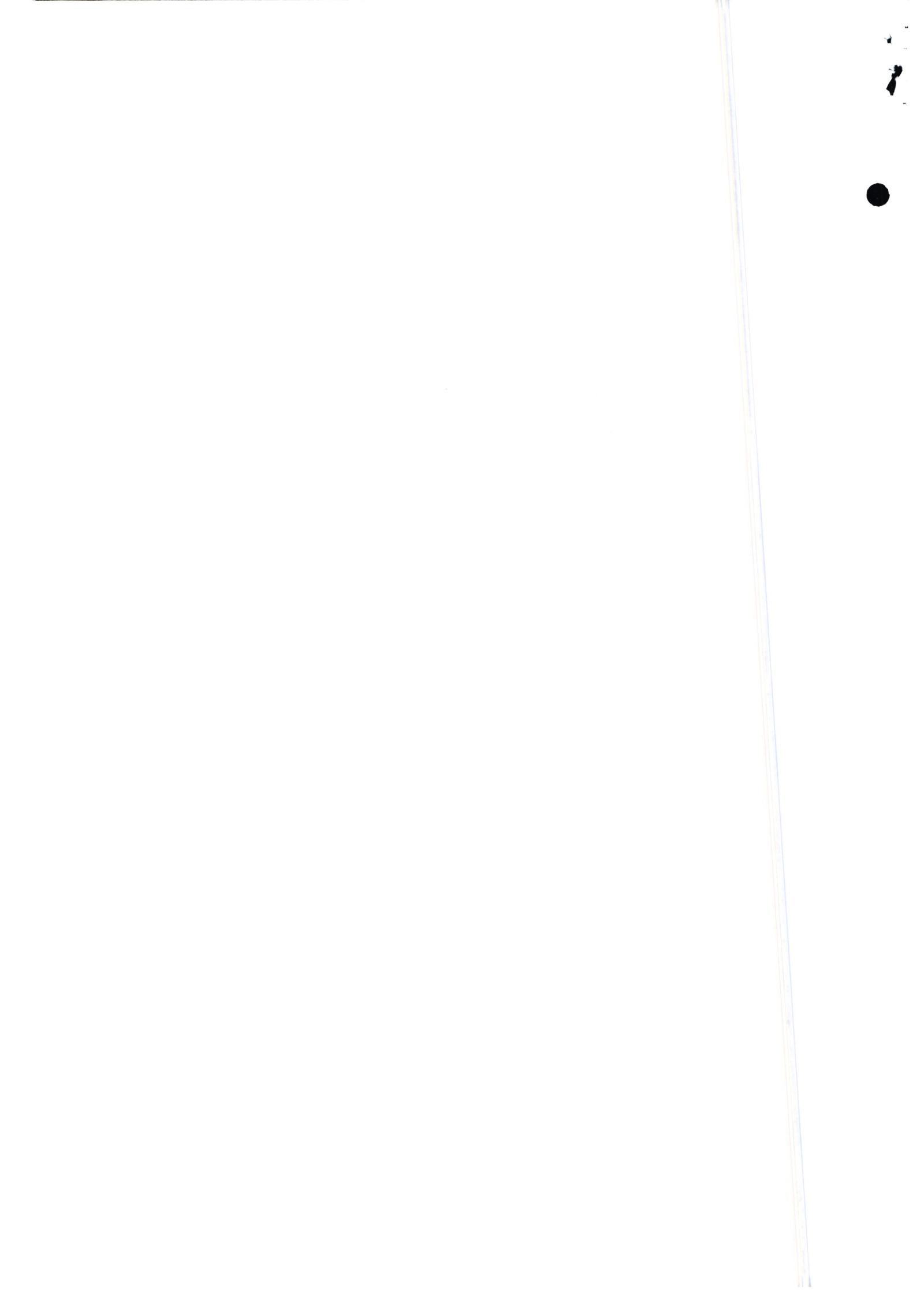
(Afternoon)

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
WAJIR WEST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**







OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100 NAIROBI
27 MAR 2018
RECEIVED



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
(NG-CDF) WAJIR WEST**

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)

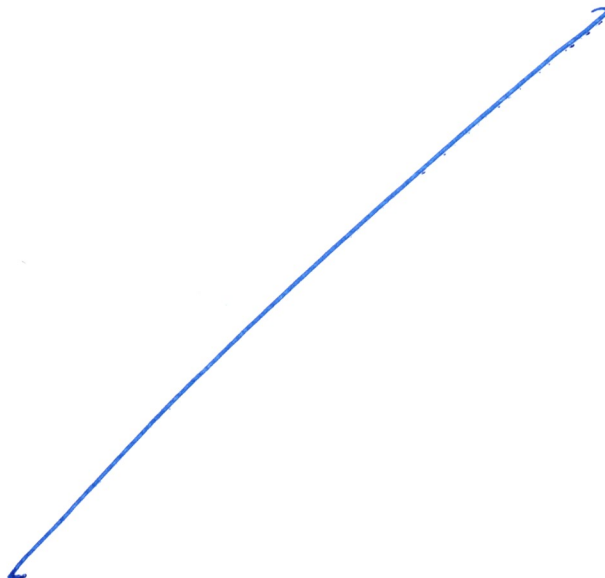


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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) was set up under the NG-CDF Act, 2015. The National Government 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 National Government Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The National Government Constituency Development Fund Wajir West Constituency's day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Mohamed M. Osmail
3.	Accountant	Sammy Malova

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of National Government Constituencies Development Fund Board (NG-CDFB) provides overall fiduciary oversight on the activities of National Government Constituency Development Fund Wajir West Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the National Government Constituency Development Fund Committees (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the NG-CDF Board to the Cabinet Secretary and National Assembly Select Committee.

(e) Entity Headquarters

The physical and postal address of National Government Constituency Development Fund (NG-CDF) Wajir West is:
NG-CDF Wajir West Offices
Along Wajir -Griftu Road
P.O. BOX 23-70202 Griftu

(f) Entity Contacts:

Telephone: (+254) 0721-827370
E-mail: wajirwest@cdf.go.ke
Website: www.cdf.go.ke

(g) Entity Bankers

First Community Bank, Wajir branch
Account No. 80001203
P.O. Box 426 -70200 Wajir, Wajir County, Kenya.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE WAJIR WEST


The National Government Constituencies Development Fund (NG-CDF) which is a program meant to promote poverty eradication through decentralization was enacted through the NG-CDF Act 2015. The main aim of its establishment was to iron out imbalances brought about by patronage politics by providing funds to parliament jurisdictions, that is, Constituencies to fight poverty. The program is designed to fight poverty through the implementation of development projects which are National government functions at the local level and particularly those that provide basic needs like education, social welfare, security and education bursaries.

During the Financial year under review, National Government Constituency Development Fund Wajir West Constituency was allocated a total of Kshs. 81,896,551.70. From the summary of appropriation statement, the overall budget performance stood at 98.7%. The absorption of funds on development expenditure was very good at 98% which is excellent.

The National Government Constituency Development Fund Wajir West has made tremendous achievements during the financial year under review. The major beneficiary was the education sector. For instance, more than 1,000 needy and poor students in secondary and tertiary institutions benefitted from the bursary disbursement of 24.9 Million. Secondly, to improve education infrastructure and hence access, twenty four (24) new classrooms in 14 primary schools were constructed during the financial year. In addition, two dormitories, a dining hall, a staff house and an administration block were funded in four secondary schools in the constituency.

The main emerging issue during the year under review was the abolition of the poverty index and geographical area criteria as factors in the division of revenue among constituencies. This meant that all the 290 constituencies in the country got an equal share. Therefore, the allocation for NG-CDF Wajir west reduced drastically.

In conclusion, let me take this opportunity to sincerely register my appreciation to all those who have worked relentlessly in the entire Financial statements preparation process through the consultative forums organized by the NG-CDF Board. In particular, I would thank the Fund Account Manager, Wajir West who has taken a lead role in the process and the support provided by the District Treasury, Wajir West.



CHAIRMAN
NG-CDFC WAJIR WEST
P. O. Box 23-70201
GRIFTU, WAJIR COUNTY

Abdiaziz Adan Hassan

CHAIRMAN NG-CDFC

III. STATEMENT OF NG-CDF WAJIR WEST MANAGEMENT RESPONSIBILITIES

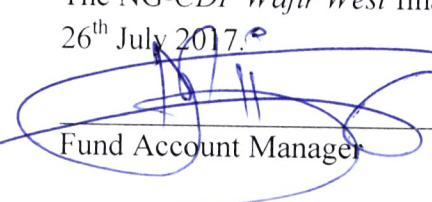
Section 81(1) of the Public Finance Management Act 2012 requires that, at the end of each financial year, the accounting officer for the National Government Constituency Development Fund (NG-CDF) shall prepare financial statements in respect of that NG-CDF. Section 81(3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time. The Accounting Officer in charge of National Government Constituency Development Fund Wajir West is responsible for the preparation and presentation of the **NG-CDF Wajir West** financial statements, which give a true and fair view of the state of affairs of the NG-CDF Wajir West for and as at the end of the financial year (period) ended on June 30, 2017. 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 NG-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 NG-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 NG-CDF Wajir West accepts responsibility for the *NG-CDF Wajir West* 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 *NG-CDF Wajir West* financial statements give a true and fair view of the state of *NG-CDF Wajir West* transactions during the financial year ended June 30, 2017, and of the *NG-CDF Wajir West* financial position as at that date. The Accounting Officer in charge of the *NG-CDF Wajir West* further confirms the completeness of the accounting records maintained for the *NG-CDF Wajir West*, which have been relied upon in the preparation of the *NG-CDF Wajir West* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *NG-CDF Wajir West* confirms that the NG-CDF Wajir West has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF Wajir West 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 *NG-CDF Wajir West* 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 *NG-CDF Wajir West* financial statements were approved and signed by the Accounting Officer on 26th July 2017.


Fund Account Manager

FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
P.O. Box 23-70201
GRIFTU, WAJIR COUNTY


Chairman, NG-CDFC Wajir West

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 - WAJIR WEST 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 Constituencies Development Fund - Wajir West Constituency set out on pages 5 to 22, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Wajir West 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 Standard (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

In addition, and as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing else has come to my attention, to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Fixed Assets

The Wajir West NGCDF shows fixed assets summary as per Note 9.2 of Kshs.15,363,111 (historical cost). However, Annex 2 to the financial statements reflects a summary of fixed assets with a historical cost balance of Kshs.20,342,280 constant over 2015/2016 and 2016/2017. The resulting difference of Kshs.4,979,169 has not been explained or reconciled.

In consequence, it has not been possible to ascertain the accuracy and completeness of the fixed assets summary disclosed in the financial statements as at 30 June 2017.

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Wajir West Constituency for the year ended 30 June 2017

2.0 Procurement of Security Projects

The NG-CDF Wajir West had an allocation of Kshs.22,968,397 for security projects out of this an amount of Kshs.3,999,980 used to procure and implement security projects had various anomalies. Although the projects were implemented, audit scrutiny of Payment vouchers, project files, bills of Quantities and other tender documents revealed that the payments were not supported with minutes of the NGCDF Committee approving the payments.

As a result, the propriety of the expenditure of Kshs.3,999,980 could not be confirmed.

3.0 Procurement of Primary School Projects

During the year under review, the NG-CDF Wajir West procured Primary School projects amounting to Kshs.4,547,930. The projects were not implemented to the standards required by the Public Procurement and Asset Disposal Act (PPADA), 2015. One or more pages of BQs were not signed by the tender opening committee as required by section 78(9) of PPADA.

Further, the projects were not evaluated contrary to section 80 of the Public Procurement and Asset Disposal Act, 2015.

In view of the foregoing, it has not been possible to confirm the propriety of the award of the projects and the expenditure thereof.

4.0 Outstanding Prior Years Audit Issues 2015/2016

The management of Wajir West Constituency did not implement the audit recommendations made in the audit report for 2015/2016 financial year and therefore they remained unresolved as at 30 June 2017.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgement, 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 were no other Key Audit Matters to report.

Other Matter

1.0 Budget and Budgetary Control

1.1 Budget Performance Analysis

The National Government Constituency Development Fund Wajir West had a budget of Kshs.146,853,031 consisting Kshs.144,738,277 for the Financial year 2016/2017 and unspent balance of Kshs.2,114,754 from the financial year 2015/2016.

Analysis of budget against actual expenditure for the year under review is given as follows:

1.2 Under/Over Expenditure

Item	Budgeted (Kshs)	Actual (Kshs)	Under/Over (Kshs.)
Compensation to Employees	2,988,336.00	1,900,000.00	1,088,336.00
Use of goods and services	7,633,718.00	8,533,014.00	(899,296.00)
Transfers to Other Government Units	70,503,589.00	70,058,767.00	444,822.00
Other grants and transfers	65,727,388.00	64,483,809.00	1,243,579.00
Acquisition of Assets			-
Other payments			-
TOTAL	146,853,031.00	144,975,590.00	1,877,441.00

The National Government Constituencies Development Fund Wajir West spent an amount of Kshs.146,853,031 or 98.7% of the total budgeted allocation for the period under review. This means, the management under spent Kshs.1,877,441 or 1.3% of its allocation.

No explanation was given for not using all the funds allocated to benefit the constituents.

It was further noted, the fund over spent on use of Goods and Services by Kshs.899.296. No explanation was given for exceeding the budget allocated to the item

Responsibility 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 Funds ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to going concern/ sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Fund 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 Fund's financial reporting process.

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

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

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

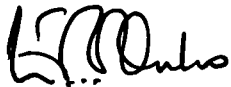
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. 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 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 of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

16 July, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from NG-CDF board-AIEs' Received	1	144,738,277.00	67,000,002.00
TOTAL RECEIPTS		144,738,277.00	67,000,002.00
PAYMENTS			
Compensation of employees	2	1,900,000.00	1,865,200.00
Use of goods and services	3	8,533,016.00	4,945,605.00
Transfers to Other Government Units	4	70,058,767.00	24,155,710.00
Other grants and transfers	5	64,483,809.00	53,277,730.00
Acquisition of Assets	6		2,000,000.00
Total Payments		144,975,590.00	86,244,245.00
SURPLUS/DEFICIT		237,313.00	(19,244,243.00)

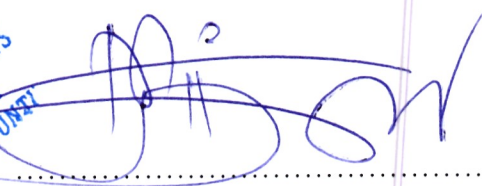
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on **26th July 2017** and signed by:



Abdiaziz A. Hassan
Chairman, NG-CDFC

CHAIRMAN
NG-CDFC WAJIR WEST
P. O. Box 23-70201
GRIFTU, WAJIR COUNTY

FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
P. O. Box 23-70201
GRIFTU, WAJIR COUNTY



Mohamed Maalim Osmail
Fund Account Manager

V. STATEMENT OF FINANCIAL POSITION

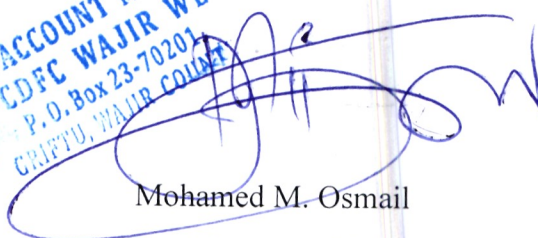
	Notes	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	1,877,441.00	2,114,754.00
Outstanding imprests		-	-
TOTAL FINANCIAL ASSETS		1,877,441.00	2,114,754.00
REPRESENTED BY			
Fund Balance b/fwd 1st July 2016	8	2,114,754.00	21,358,996.00
Surplus/Deficit for the year		(237,313.00)	(19,244,243.00)
NET FINANCIAL POSITION		1,877,441.00	2,114,754.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The National Government Constituency Development Fund Wajir West financial statements were approved on 26th July 2017 and signed by:



Abdiaziz A. Hassan
 Chairman - NG-CDFC

Mohamed M. Osmail
 Fund Account Manager

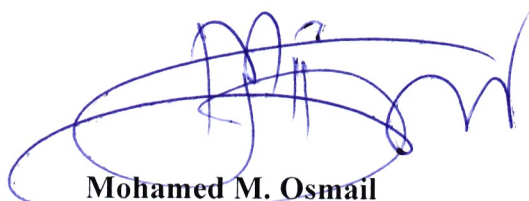
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015- 2016
Transfers from CDF Board	1	144,738,277.00	67,000,002.00
Other Receipts		0.00	0.00
		144,738,277.00	67,000,002.00
Payments for operating expenses			
Compensation of Employees	2	1,900,000.00	1,865,200.00
Use of goods and services	3	8,533,014.00	4,945,605.00
Transfers to Other Government Units	4	70,058,767.00	24,155,710.00
Other grants and transfers	5	64,483,809.00	53,277,730.00
		144,975,590.00	84,244,245.00
Adjusted for:			
Adjustments during the year		0.00	0.00
Net cash flow from operating activities		(237,313.00)	(17,244,242.00)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	0.00	2,000,000.00
Net cash flows from Investing Activities		0.00	(2,000,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		(237,313.00)	(19,244,242.00)
Cash and cash equivalent at BEGINNING of the year	8	2,114,754.00	21,358,996.00
Cash and cash equivalent at END of the year		1,877,441.00	2,114,754.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Wajir West financial statements were approved on 26th July 2017 and signed by:


CHAIRMAN
NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY

Abdiaziz A. Hassan
Chairman - NG-CDFC


Mohamed M. Osmail
Fund Account Manager
FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY

VII. TRIAL BALANCE

TRIAL BALANCE AS AT 30 TH JUNE 2017			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	1,877,441.00	
Payments			
	Compensation of Employees	1,900,000.00	
	Use of goods and services	8,533,014.00	
	Transfers to Other Government Units	70,058,767.00	
	Other grants and transfers	64,483,809.00	
Receipts			
	Transfers from the Board		144,738,277.00
Fund Balance b/f			
			2,114,754.00
TOTAL			
		146,853,031.00	146,853,031.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Wajir West financial statements were approved on **26th July 2017** and signed by:



Abdiaziz A. Hassan
 Chairman - NG-CDFC

NG-CHAIRMAN
 NG-CDFC WAJIR WEST
 P.O. Box 23-70201
 GRIFFU, WAJIR COUNTY

FUND ACCOUNT MANAGER
 NG-CDFC WAJIR WEST
 P.O. Box 23-70201
 GRIFFU, WAJIR COUNTY




Mohamed M. Osmail
 Fund Account Manager

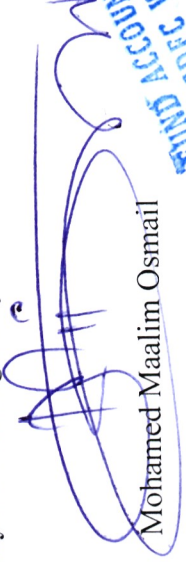
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR WEST CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2017

VIII: SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c= a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552.00	64,956,479.00	146,853,030.00	146,853,030.00	-	100.00%
TOTAL	81,896,552.00	64,956,479.00	146,853,030.00	146,853,030.00		100.00%
PAYMENTS						
Compensation of Employees	2,508,000.00	480,336.00	2,988,336.00	1,900,000.00	1,088,336.00	63.58%
Use of goods and services	4,819,587.00	2,814,131.00	7,633,718.00	8,533,014.00	(899,296.00)	111.78%
Transfers to Other Government Units	34,900,000.00	35,603,589.00	70,503,589.00	70,058,767.00	444,822.00	99.40%
Other grants and transfers	39,668,965.00	26,058,423.00	65,727,388.00	64,483,809.00	1,243,579.00	98.10%
Acquisition of Assets	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTAL	81,896,552.00	64,956,479.00	146,853,031.00	144,975,590.00	1,877,441.00	98.72%

The NG-CDF Wajir West financial statements were approved on 26th July 2017 and signed by:


 Abdiiaziz A. Hassan
 CHAIRMAN
 NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY


 Mohamed Maalim Osmail
 FUND ACCOUNT MANAGER
 NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY

Chairman NG-CDFC

Fund Account Manager

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 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 *NG-CDF Wajir West* 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 *NG-CDF Wajir West*.

2. Recognition of revenue and expenses

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

During the Financial Year under review, allocations totalling Kshs. 62,493,027 relating to approved budget for FY 2015/16 was received. In addition, Kshs. 348,698 relating to FY 2010/2011 for projects which had been declined and have now been resubmitted and approved was received.

3. In-kind contributions

In-kind contributions are donations that are made to the *NG-CDF Wajir West* 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 *NG-CDF Wajir West* 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 officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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 *NG-CDF* Wajir West 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 *NG-CDF* Wajir West budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *NG-CDF* Wajir West 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, 2017.

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X. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES	1 TRANSFERS FROM CDF BOARD			
		Description	2016 - 2017	2015 - 2016
			Kshs	Kshs
1330407	Normal Allocation	Balance from FY- 2015/16 A825747	61,993,027.00	5,000,002.00
		Balance from FY- 2015/16 A825975	500,000.00	62,000,000.00
		Balance from FY- 2010/11 A855679	348,698.00	
		Allocation for FY 2016/17 A839533	4,094,827.60	
		Allocation for FY 2016/17 A839622	36,853,449.00	
		Allocation for FY 2016/17 A855657	40,948,275.10	
		TOTAL	144,738,276.70	67,000,002.00
2110000	2 COMPENSATION OF EMPLOYEES			
			2016-2017	2015 - 2016
			Kshs	Kshs
	2110201	Basic wages of contractual employees	1,658,400.00	1,818,400.00
	2120101	Employer Contribution to NSSF	43,200.00	46,800.00
	2710120	Gratuity	198,400.00	
		Total	1,900,000	1,865,200.00
2200000	3 USE OF GOODS AND SERVICES			
			2016-2017	2015- 2016
			Kshs	Kshs
	2210100	Utilities, supplies and services	123,521.00	85,677.00
	2210200	Communication, supplies and services	186,000.00	
	2210300	Domestic travel and subsistence	3,044,200.00	150,000.00
	2210500	Printing, advertising and information supplies & services		
	2210600	Rentals of Produced assets	1,620,000.00	239,500.00
	2210700	Training Expenses	1,260,000.00	
	2210800	Hospitality supplies and services		
	2210802	Other Committee expenses	1,433,200.00	4,460,428.00
	2210809	Committee Allowance		-
	2211100	Office and general supplies and services	866,092.55	-
	2220200	Routine maintenance – other assets		10,000.00
		Total	8,533,013.55	4,945,605.00

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2630200	4 TRANSFER TO OTHER GOVERNMENT ENTITIES			2016-2017	2015 - 2016
				Kshs	Kshs
	2630204	Transfers to primary schools		57,167,865.00	13,451,026.00
	2630205	Transfers to secondary schools		12,890,902.00	10,534,684.00
	2630207	Transfers to Health institutions			170,000.00
		TOTAL		70,058,767.00	24,155,710.00
2640000	5 OTHER GRANTS AND OTHER PAYMENTS			2016-2017	2015 - 2016
				Kshs	Kshs
	2640101	Bursary –Secondary		5,346,400.00	1,585,000.00
	2640102	Bursary –Tertiary		19,622,700.00	11,275,800.00
	2640504	Water		6,900,525.00	24,863,000.00
	2640507	Security/ others		22,968,397.00	5,400,619.00
	2640508	Roads		16,600.00	9,483,311.00
	2640509	Sports		502,340.00	-
	2640510	Environment			-
	2640200	Emergency Projects (Specify)		9,126,847.00	670,000.00
		Total		64,483,809.00	53,277,730.00
3100000	6 ACQUISITION OF ASSETS			2016-2017	2015-2016
	Non Financial Assets			2016-2017	2015-2016
	31110302	Refurbishment of Buildings		-	2,000,000.00
		Total			2,000,000.00
	7 Bank Balances (cash book bank balance)				
				2016-2017	2015 - 2016
				Kshs	Kshs
		First Community Bank, Wajir Branch 80001203, KHS.		1,877,441.37	2,114,754.00
		Total		1,877,441.37	2,114,754.00
8	BALANCES BROUGHT FORWARD			2016-2017	2015-2016
				Kshs	Kshs
		Bank Accounts		2,114,754.00	20,408,966.00
		Imprests		-	950,000.00
		Total		2,114,754.00	21,358,996.00

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9. OTHER DISCLOSURES			
9.1 OTHER PENDING PAYABLES (See Annex 1)			
		2016-2017	2015-2016
		Kshs	Kshs
	Amounts due to other government entities (see attached list)	1,236,781.00	31,700,000.00
	Amounts due to other grants and other transfers (see attached list)	171,173.00	30,793,027.00
	Others- Use of Goods and Services	-	2,000,000.00
	Others- Gratuity	469,487.00	-
		1,877,441.00	64,493,027.00
9.2 SUMMARY OF FIXED ASSETS (See Annex 2)			
		2016-2017	2015 - 2016
		Kshs.	Kshs.
	Historical cost of Fixed Assets	15,363,111.00	15,363,111.00
	Total	15,363,111.00	15,363,111.00
9.3 PMC ACCOUNT BALANCES (See Annex 3)			
		2016-2017	2015 - 2016
		Kshs.	Kshs.
	PMC Account Balances (see attached list)	12,894.90	37,805.43
9.4 AMOUNT DUE FROM THE BOARD			
		2016-2017	2015 - 2016
		Kshs.	Kshs.
	Amount due from the board	0	62,841,725.00

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ANNEX 1: OTHER ACCOUNTS PAYABLE

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance
		a	b	c	d=a-c
Gratuity	Provision for staff service gratuity	667,887		198,400	469,487
Sub-Total		667,887			469,487
Amounts due to other Government entities					
Adan Awale Primary School	Construction of 2 complete toilets	300,000		292,995	7,005
Adan Awale Primary School	Complete fencing of the school with cedar post	2,000,000		1,893,000	107,000
Showli Primary School	Construction of one complete classroom	700,000		693,000	7,000
Garse Khoftu Primary School	Renovation of 4 Classrooms- floors, doors and windows	1,200,000		1,192,674	7,326
Kukale Primary School	Renovation of 6 Classrooms-floors, doors and windows.	1,600,000		1,589,927	10,073
Bulla Hagar Primary School	Construction of 2 complete classrooms	1,400,000		1,323,000	77,000
Baregothey Primary School	Construction of 2 complete classrooms	1,400,000		1,322,918	77,082
Garabhanshinle Primary	Construction of 2 complete classrooms	1,400,000		1,320,000	80,000
Maumau Primary School	Complete fencing of the school with cedar post	3,000,000		2,843,000	157,000
Shanta abaq Pry School	Renovation of four classrooms- floors, doors and windows	800,000		792,880	7,120
Shanta abaq Pry School	Construction of a complete gate	300,000		293,000	7,000
Hudhila Primary School	Construction of 2 complete classrooms	1,400,000		1,323,000	77,000
Isakhia Primary School	Construction of 2 complete classrooms	1,400,000		1,322,966	77,034
Biliq Primary School	Construction of 2 complete classrooms	1,400,000		1,323,000	77,034
LMD Primary School	Construction of one complete classroom	700,000		657,995	42,005

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Guticha Primary School	Construction of one complete classroom	700,000		657,900	42,1000
Fatuma Noor Primary School	Construction of 2 complete classrooms	1,400,000		1,32,983	77,017
Sheikh Ahmed Garweyne Pry	Construction of 2 complete classrooms	1,400,000		1,322,991	77,009
Turbani Primary School	Construction of 2 complete classrooms	1,400,000		1,322,991	77,009
Qara Primary School	Construction of one complete classroom	700,000		657,990	42,010
Langood Primary School	Construction of 2 complete classrooms	1,400,000		1,323,000	77,000
Laghbogol Primary School	Renovation of two classrooms- floors, doors and windows.	600,000		593,000	7,000
Arbajahan Secondary school	Completion of administration block- doors, windows	1,000,000		993,000	7,000
Arbajahan Secondary school	Completion of a dormitory- doors, windows	1,000,000		993,000	7,000
Laghbogol Secondary school	Completion of a dormitory- doors, windows.	1,000,000		993,000	7,000
Sub-Total		29,600,000			1,236,781
Amounts due to other grants and other transfers					
Griftu Administration Police	Fencing of the AP camp with concrete posts and chainlink	8,000,000		7,999,980	20
Wagalla Police Station	Fencing of the AP camp with concrete posts and chainlink	4,000,000		3,999,986	14
Laghbogol ACC's Office	Construction of a complete new office block	1,300,000		1,232,919	67,081
Adhibohol public toilets	Construction of four complete public toilets	1,000,000		942,950	57,050
Griftu public toilets	Construction of four complete public toilets	800,000		752,992	47,008
Sub-Total		15,100,000			171,173
Grand Total		45,367,887			1,877,441

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ANNEX 2- SUMMARY OF FIXED ASSETS

Asset Class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land (Unregistered)	500,000.00	500,000.00
Buildings and structures	17,111,280.00	17,111,280.00
Office equipment, furniture and fittings	2,211,000.00	2,211,000.00
ICT equipment, software and other ICT assets	520,000.00	520,000.00
Total	20,342,280.00	20,342,280.00

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FIXED ASSETS REGISTER

Land

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
5 Acres of unregistered but fenced Land	CDF/036/01	Nil	2008	500,000	Good	CDF Office

Buildings and Structures

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
Modern Office block made up of 5 offices, conference halls, 4 toilets and 2 bathrooms and an external twin VIP Latrine	CDF/036/01	Nil	2008, 2009 and 2016	11,938,000	Good	CDF Office
Water tank with stand	CDF/036/01	Nil	2010	500,000	Good	CDF Office
Two bedroom staff house	CDF/036/01	Nil	2009 and 2010	4,673,280	Good	CDF Office
				17,111,280		

Office Equipment, Furniture & Fittings

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
Office chairs (plastic)	CDF/036/01-7	Nil	2007	10,000	Working but old	CDF Office
Office cabinet	CDF/036/01-6	Nil	2006, 2008 and 2014	200,000	Working but one old	CDF Office
Conference tables	CDF/036/01-12	Nil	2008	200,000	Good	CDF Office
Conference chairs	CDF/036/01-50	Nil	2008 and 2014	590,000	Good condition Some broken	CDF Office
Medium density office chair	CDF/036/01-3	Nil	2014	45,000	Good	CDF Office
Beddings for staff house	4beds, 4 mattresses & 5 seater sofa set	Nil	2011	700,000	Good condition	CDF staff house
Elemax SH 7600 EXS petrol genset	CDF/036/01	SH 7600 EXS	2010	260,000	Working	CDF Office
Nashuatec 1505 copier	CDF/036/01	1505/36402907	2010	186,000	Working	CDF Office
HD Kangaroo Stapler	CDF/036/01	Nil	2010	10,000	Working	CDF Office
HD Kangaroo Bunch	CDF/036/01	Nil	2010	10,000	Working	CDF Office
				2,211,000		

ICT Equipment, Software and other ICT Assets

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
HP laserjet printer P2055d	CDF/036/02	CNCJH39310	2010	Donated by CDF board	Good	CDF Office
HP Desktop computer	CDF/036/02	CNC0052kvz	2010	Donated by CDF board	Good	CDF Office
UPS power com	CDF/036/01	40079870905	2010	Donated by CDF board	Good	CDF Office
HP laserjet printer 1018	CDF/036/01	CNC1C23303	2008	40,000	Good	CDF Office
HP Laptop	CDF/036/01	5cb41619xv	2014	90,000	Good	CDF Office

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Toshiba laptop	CDF/036/02	ZD173006s	2014	90,000	Good	CDF Office
HP Desktop computer	CDF/036/003	6cm4080g2f	2014	90,000	Good	CDF Office
HP Desktop computer	CDF/036/04		2014	90,000	Good	CDF Office
projector	CDF/036/01		2014	120,000	Good	CDF Office
				520,000		

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ANNEX 3. PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account Number	Bank Balance 2016/2017 30.06.2016	Bank Balance 2015/16 30.06.2017
Adan Awale Primary School	KCB	1111430853	87.90	96.90
Showli Development PMC	FCB	80008403	-	1,022.50
Garsekhoftu Primary School	FCB	80007997	-	1,428.02
Kukale Primary School	FCB	80005022	3,165.00	1,281.50
Al-Hagar Primary School	FCB	80006437	-	1,185.50
Gothey Primary School	FCB	80004988	-	997.50
Garabhanshinle Pry School PMC	FCB	80009191	-	1,295.00
Maumau Primary School	FCB	80005006	-	1,020.50
Shanta Abaq Primary School	FCB	29781754	-	2,890.00
Hudhila Primary School	FCB	80009161	-	2,667.50
Isakhia Primary School PMC	FCB	8009178	-	1,633.50
Biliqi Primary School	FCB	80009151	-	1,633.50
LMD Primary School	FCB	70002412	820.00	820.00
Guticha Primary School	FCB	80005662	1,055.00	1,055.00
Fatuma Noor Primary School	FCB	80005003	1,920.00	1,920.00
Sheikh Ahmed Garweyne Pry school	FCB	80006981	1,282.50	941.00
Lagbogol Primary School	FCB	80006834	1,300.00	1,189.50
Turbani Primary School	FCB	80007942	1,027.50	1,027.50
Kara Primary School	FCB	80006997	1,000.00	1,000.00
Lanqot Primary School	FCB	80009193	-	997.50
Arbajahan Secondary School	FCB	80005007	1,665.00	1,665.00
Lagbogol Secondary School	FCB	80006834	1,300.00	1,189.50
Griftu Location PMC	FCB	80008979	-	1,659.00
Wagalla Police PMC	FCB	80009041	-	2,821.00
Lagbogol North Location PMC	FCB	8009176	-	1,586.50
Adhibohol Location PMC	FCB	80006980	-	2,782.01
TOTAL			12,894.90	37,805.43

XI. 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 (<i>Name and designation</i>)	Status: (Resolve Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
WJR/INSP/CDF/WEST/VOL.1/ (40)	Inaccurate Account balances	Reclassification of items as guided by the draft template from PSAB as published in the National Treasury website.		Resolved	
	Irregular Award of Contracts- <ul style="list-style-type: none"> • criteria to be used for evaluation of tenders were not set • No evaluation reports • No tender opening registers, BQs were not properly filled. • Quotations, BQs, and contract agreements for some of the projects were not made available for audit. 	Low capacity of PMCs- continuously train all the evaluation committees on the requirements of the NG-CDF Act 2015 and the Public Procurement and Asset Disposal Act 2015 and the Regulations thereof.	FAM	Resolved	
	Unsupported Monitoring and Evaluation. <ul style="list-style-type: none"> • The mode of transport used by the committee during the monitoring and evaluation was not indicated . • List of the projects visited were neither attached to the payment voucher nor availed for audit. • Some of the payment schedules supporting the payment vouchers were not signed by some recipients as evidence of money received. 	The mode of transport used by the NG-CDFCs during Monitoring and evaluation are hired vehicles. Temporary work tickets are designed and used during such field visits. All payment schedules were signed by the recipients of the cash. All the issues raised in the report were exhaustively addressed with the necessary evidence in the response to the Management Letter as submitted to the office of the Auditor General.	FAM	Resolved	

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<p>Non Maintenance of Bank Accounts for PMCs</p> <ul style="list-style-type: none"> No bank statements and cashbooks for PMCs were kept. No bank reconciliation statement for PMC accounts. 	<ul style="list-style-type: none"> The Project funding arrangement in the NG-CDF Wajir West is a full contract and not labour based contract. Payments are made to the contractor in two or three phases through the PMCs based on the payment certificates raised. The PMC then transfers the whole amount to the contractor via electronic funds transfer or by cheque. These payments are then captured in the vote book and the cash book of the NG-CDF Wajir West. 	FAM	Resolved	
<p>Constituency Oversight Committee.</p> <ul style="list-style-type: none"> No constituency oversight committee was appointed 	<p>The mandate of appointing Constituency Oversight Committee lies with the member of the National Assembly and not the NG-CDF or the Fund Account Manager.</p>	Member of Parliament	Not resolved	30.09.2017