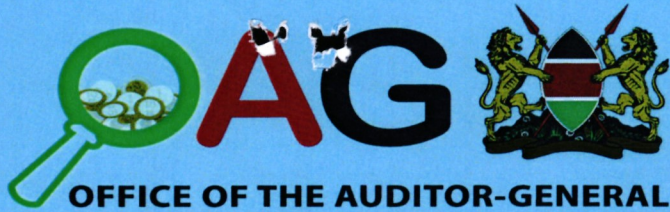


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND - TURKANA NORTH CONSTITUENCY**

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

THE NATIONAL ASSEMBLY  
PAPERS TABLED

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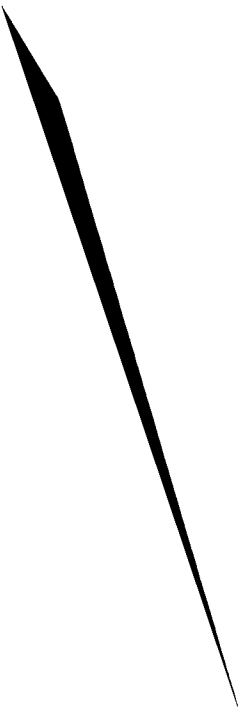
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**NG-CDF BOARD**

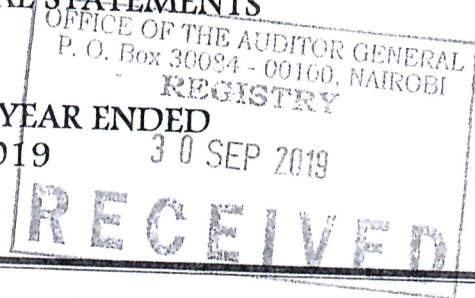


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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
-TURKANA NORTH CONSTITUENCY**

**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)

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TURKANA NORTH 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**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

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

**Reports and Financial Statements**

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

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 NG-CDF TURKANA NORTH 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 2019 and who had direct fiduciary responsibility were:

N o	Designation	Name
1.	A.I.E holder	James E. Echwa
2.	Sub-County Accountant	W.J.O Hakungu
3.	Chairman NGCDFC	Michael Egelan
4.	Member NGCDFC	Albert Mio Rhiaman

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –TURKANA NORTH 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 NORTH Constituency Headquarters**

P.O. Box 1- 30504  
DDO's Offices  
Lokitaung

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

**Reports and Financial Statements**

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

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

Telephone: (254) 708 309703  
E-mail: turkananorth@ngcdf.go.ke  
Website: www.ngcdf.go.ke

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

Kenya Commercial Bank  
P.O. Box 150- 30500  
LODWAR

**(h) Independent Auditors**

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

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

**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

This report and financial statement represents the financial position of Turkana North constituency for the financial year 2017/18. It lays down the receipts and expenditures of all the funds that Turkana North NG-CDFC received from the NG-CDF Board.

I wish to make the following remarks;

**a). Year Performance**

In the financial year 2017/18 Turkana North NG- CDF was able to achieve the following comparative performance in various sectors

Receipt/Expense Item	Final Budget	Expenditure	Budget Utilisation Difference	% of Utilisation
<b>PAYMENTS</b>				
Compensation of Employees	4,658,304	3,770,206	888,098	80.9%
Use of goods and services	13,118,045	11,753,911	1,364,134	89.6%
Transfers to Other Government Units	115,103,285	62,003,285	53,100,000	53.9%
Other grants and transfers	39,748,236	33,626,567	6,121,670	84.6%
Acquisition of Assets	305,000	-	305,000	0.0%
Other Payments	-	-	-	-
<b>TOTAL</b>	<b>172,932,870</b>	<b>111,153,968</b>	<b>61,778,902</b>	<b>64.3%</b>

**b).NG-CDF Turkana North has been able to achieve the following;**

1. Disbursement of bursary to over 2000 needy students in both secondary and tertiary institutions which has resulted in students' retention in school and improved their academic performance in the FYR2018/2019.
2. Construction of Nariokotome and Kaleng Sec. Schools thus enabling higher enrolment in basic education

**c). Emerging issues related to NG-CDF in Turkana North Constituency are;**

1. All learning institutions i.e. secondary and primary schools depend on NG-CDF 100% on development as directed by ministry of education
2. Need to compete with counties to justify the long existence of NG-CDF
3. There is need for an office as we are still housed by department of planning that has been devolved to the county.

**d). NG-CDF Implementation challenges in Turkana North Constituency are;**

1. Overdependence of the fund by the public on all development related issues.
2. Funds disbursement from the board was not on time thus leading to delayed implementation of key projects.



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

**Reports and Financial Statements**

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

Through my leadership, NG-CDFC Turkana North constituency will endeavour to fulfil its mandate when funds are disbursed and monitoring of projects funds as per the guide lines of the NG-CDF ACT 2015

*Sign*



CHAIRMAN NG-CDF COMMITTEE

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

**Reports and Financial Statements**

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

**III. 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.

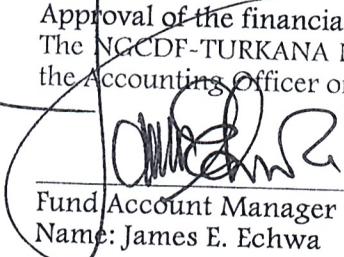
The Accounting Officer in charge of the NGCDF-TURKANA NORTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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 NORTH 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 NORTH 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 NORTH 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**

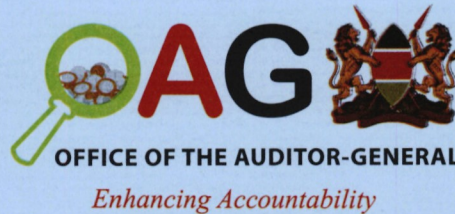
The NGCDF-TURKANA NORTH Constituency financial statements were approved and signed by the Accounting Officer on 12-09-2019.

  
Fund Account Manager  
Name: James E. Echwa

  
Sub-County Accountant  
Name: W.J.O Hakungu  
ICPAK Member Number:

# REPUBLIC OF KENYA

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

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

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

#### **Adverse Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Turkana North Constituency set out on pages 7 to 37, 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 the 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Turkana North Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

#### **Basis for Adverse Opinion**

##### **1. Inaccuracy of Cash and Cash Equivalents**

The statement of assets and liabilities reflects a cash and cash equivalents balance of Kshs.9,228,077 as at 30 June, 2019. However, the bank reconciliation statement for the month of June, 2019 reflected payments in the cashbook not in the bank statement amounting to Kshs.2,115,554 out of which cheques amounting to Kshs.330,853 were stale as at 30 June, 2019. Further, the bank reconciliation statement reflected payments in the bank statement not yet recorded in the cash book amounting to Kshs.7,436 in respect of bank charges. No satisfactory explanation was provided for the failure to update the cashbook accordingly.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.9,228,077 as at 30 June, 2019, could not be confirmed.

## **2. Unsupported and Undisclosed Project Management Committees (PMC) Bank Balances**

Annex 5 to the financial statements reflects PMC bank balances amounting to Kshs.1,651,790 held in eighteen (18) PMC bank accounts as at 30 June, 2019. However, the cashbooks, bank reconciliation statements, bank balance confirmation certificates as at 30 June, 2019 and bank statements for the bank accounts were not provided for audit. Further, the reported PMC bank balances of Kshs.1,651,790 excluded bank balances held by fifteen (15) PMCs that received a total of Kshs.29,864,772 during the financial year 2018/2019.

Consequently, the accuracy, existence and completeness of the reported bank balance of Kshs.1,651,790 held by the PMCs as at 30 June, 2019 could not be confirmed.

## **3. Inaccuracies and Inconsistencies in the Financial statements**

### **3.1 Unsupported Adjustments in the Summary Statement of Appropriation**

The summary statement of appropriation-recurrent and development combined reflects budget adjustments of Kshs.63,891,995 comprising previous year's budget received in the current year and the cash balance brought forward. However, cash and bank balances as at 30 June, 2018 amounted to Kshs.10,499,711 while budgeted funds for the 2017/2018 financial year received during the year under review amounted to Kshs.54,784,483 all totaling to Kshs.65,284,194. The resulting difference of Kshs.1,392,199 has not been explained or reconciled.

### **3.2 Variances between Comparatives Balances and Audited Balances**

Some of the comparative balances reflected in the financial statements differed from those reflected in the audited financial statements for the year ended 30 June, 2018 as detailed below:

<b>Item</b>	<b>Financial Statements / Note</b>	<b>Balance in 2018/2019 Financial Statements (Kshs.)</b>	<b>Balance in 2017/2018 Financial Statements (Kshs.)</b>	<b>Variance (Kshs.)</b>
Outstanding Imprests	Note11	-	3,150,764	(3,150,764)
Unutilized Funds	Note 15.3- Utilized Funds	2,999,226	65,284,195	62,284,969

Item	Financial Statements / Note	Balance in 2018/2019 Financial Statements (Kshs.)	Balance in 2017/2018 Financial Statements (Kshs.)	Variance (Kshs.)
	(See Annex 3)- Page 27			
Use of Goods and Services	Annex 3- Unutilized Funds-Page 31	1,364,134	1,823,836	459,702

The variances have not been explained or reconciled.

### 3.3 Variances Between Reported Balances and Supporting Schedules Balances

The balances reflected in the financial statements differed with those reflected in the supporting schedules provided as indicated below:

No.	Item	Financial Statements Balance (Kshs.)	Supporting Schedule Balance (Kshs.)	Difference (Kshs.)
1	Compensation of Employees	3,770,206	3,992,588	(222,382)
2	Committee Expenses	1,711,000	1,883,590	(172,590)
3	Other Committee Expenses	313,388	406,938	(93,550)
4	Communication, Supplies and Services	100,500	93,000	7,500
5	Domestic Travel and Subsistence	950,460	926,760	23,700
6	Training Expenses	965,062	997,742	(32,680)
7	Hospitality Supplies and Services	204,300	197,900	6,400
8	Fuel, Oil and Lubricants	538,335	656,835	(118,500)
9	Office and General Supplies and Services	638,315	491,200	147,115
10	Routine Maintenance - Vehicles and Other Transport equipment	383,700	382,700	1,000
11	Routine Maintenance - Other Assets	804,390	933,640	(129,250)
12	Bank Charges	227,500	234,936	(7,436)

No.	Item	Financial Statements Balance (Kshs.)	Supporting Schedule Balance (Kshs.)	Difference (Kshs.)
13	Purchase of Office Furniture and General Equipment	0	106,950	(106,950)
14	Bursary - Secondary schools	10,348,000	8,773,500	1,574,500
15	Bursary - Tertiary Institutions	13,691,500	15,069,000	(1,377,500)
16	Sports Projects	2,412,700	2,378,200	34,500
17	Emergency Projects	6,934,418	6,465,032	469,386

### 3.4 Casting Errors on Financial Statements

The financial statements had arithmetic errors as indicated below:

Item	Statement /Note	Balance in Financial Statements (Kshs.)	Recomputed Balance (Kshs.)	Variance (Kshs.)
Net Financial Position	Statement of Assets and Liabilities	9,228,077	9,229,076	(999)
Use of Goods and Services	Note 5	11,753,911	11,757,911	(4,000)
Others (specify)	Annex 3 - Unutilized funds(sub-total) -Page 32	0	9,644,828	(9,644,828)
Annex 3-Unutilized Funds	Grand total - page 32	2,999,226	64,824,493	(61,825,267)
Summary statement of Appropriation	Total receipts	174,507,352	172,932,871	1,574,481

### 3.5 Prior Year Adjustment

The statement of assets and liabilities reflects a prior year adjustment amount of Kshs.1,098,851 relating to reversals of cheques as disclosed at Note 14 to the financial statements. However, Paragraph 1.5 of International Public Sector Accounting Standard - Financial Reporting under the Cash Basis of Accounting requires that errors relating to prior periods shall be reported by adjusting the cash at the beginning of the period and comparative information to be restated accordingly. The disclosure requirements with regard to correction of errors have also not been met.

### **3.6 Presentation of the Financial Statements**

The Forward by the Fund Committee Chairman and Section 4(a) of the Significant Accounting Policies indicate that the report and financial statements relate to the financial year 2017/2018 instead of 2018/2019.

Further, the annexes for the summary of fixed assets register and project management committees bank balances are both shown as annex 4 instead of having distinct numbers.

In view of the foregoing matters, the accuracy of the financial statements could not be confirmed. The financial reporting guidelines issued by the Public Sector Accounting Standards Board have also not been met.

## **4. Use of Goods and Services**

### **4.1 Unsupported Committee Expenses**

The statement of receipts and payments reflects an amount of Kshs.11,753,911 with respect to use of goods services which as disclosed at Note 5 to the financial statements, includes committee expenses amounting to Kshs.1,711,000. However, the supporting schedule provided for audit reflected committee expenses balance of Kshs.1,883,590 resulting into unexplained and unreconciled variance of Kshs.172,490. Further, the committee expenses amount of Kshs.1,883,590 incurred on project monitoring and evaluation was not supported by committee reports indicating the members present, the dates the evaluations were undertaken and the findings of the evaluation committee.

Consequently, the accuracy and propriety of committee expenses of Kshs.1,711,000 could not be confirmed.

### **4.2 Unsupported and Misclassification of Strategic Plan Expenses**

The balance of Kshs.11,753,911 for use of goods and services includes Kshs.4,000,000 relating to the strategic plan. However, as at the time of audit in March, 2020, no evidence of the work done was provided for audit although the contractor had been paid in full on 16 October, 2018. Further, the contract agreement together with the tender documents including the acceptance letter, signed professional opinion and notifications to unsuccessful tenderers were not provided for audit. The following anomalies were also noted:

- i. No evidence of the appointment of the tender opening and evaluation committees as required by Sections 78(1) and 46 of the Public Procurement and Asset Disposal Act, 2015 was provided.
- ii. The identification numbers and the bid prices were not indicated in the tender opening minutes and register as required under Section 78(5)(6) of the Public Procurement and Asset Disposal Act, 2015.
- iii. The tender documents and advertisement specified that all bidders should provide evidence of having carried out strategic planning services for the last three (3) years. However, the Consulting Company awarded the tender did not provide any evidence of having undertaken similar services.

- iv In addition, the payment of Kshs.4,000,000 for the strategic plan was classified under use of goods and services instead of other payments as provided for in the financial reporting guidelines issued by the Public Sector Accounting Standards Board.

Consequently, the accuracy and propriety of the expenditure of Kshs.4,000,000 on the strategic plan could not be confirmed.

#### **5. Unsupported Bursary Payments**

The statement of receipts and payments reflects other grants and transfers of Kshs.33,626,567 which as disclosed at Note 7 to the financial statements, includes Kshs.10,348,000 and Kshs.13,691,500 being bursaries to secondary schools and tertiary institutions, respectively. However, no evidence was provided for audit that vetting, identification and categorizing of needy students was done by the Bursary Subcommittee and that the Subcommittee was constituted as required by the Board Circular Reference No. VOL1/111 of 13 September, 2010. Further, receipts and acknowledgement letters from the various institutions that received the funds to support the bursary payments were not provided for audit.

Consequently, the accuracy and propriety of bursary payments of Kshs.24,039,500 could not be confirmed.

#### **6. Incomplete Summary of Fixed Asset Register**

Annex 4 to the financial statements on summary of fixed assets register reflects a historical assets cost balance of Kshs.18,754,680 as at 30 June, 2019. However, the summary excludes office equipment, furniture and fittings acquired in the financial year 2018/2019 at a cost of Kshs.106,950.

Consequently, the accuracy and completeness of the summary of fixed assets register 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 North 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 adverse 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**

### **Budgetary Control and Performance**

The summary statement of appropriation - recurrent and development combined reflects a final receipts budget and actual receipts on comparable basis of Kshs.174,507,352 and Kshs.108,784,483 respectively resulting to an under-funding of Kshs.65,722,869 or 38% of the budget. Similarly, the Fund expended Kshs.111,153,968 against an approved budget of Kshs.172,932,870 resulting to an under-expenditure of Kshs.61,778,902 or 36% of the budget.

The under collection and under expenditure indicates that some planned programs or activities were not implemented thus not achieving the intended objective of improving service delivery to the people of Turkana North Constituency.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Incomplete Projects and Delayed Disbursement of Funds**

The Projects Implementation Status Report as at 30 June, 2019 indicated that twenty-seven (27) projects with a combined budget of Kshs.54,980,818 were not funded. Further, two (2) projects with a combined budget of Kshs.5,439,949 were incomplete.

In addition, out of the budgeted funds of Kshs.109,040,876 for the financial year 2018/2019, the Fund received only Kshs.54,000,000 or approximately 50% resulting into underfunding of Kshs.55,040,876 or 50%. The underfunding is contrary to Section 16(a) of the National Government Constituencies Development Fund Act, 2015 which stipulates that the functions of the Board shall be to ensure timely and efficient disbursement of funds to every constituency. Sections 39(2) and 40 of the Act further provide for timely disbursement of funds and funding of projects.

The delayed disbursement of funds by the Board resulted in delay in implementation of approved projects or programs and therefore denied the residents of Turkana North Constituency the services and benefits that would have accrued from the completed projects.

## **2. Audit Inspection of Projects**

The project for the construction of Turkana North Technical Training Institute that commenced in the prior year at a contract sum Kshs.10,000,000 had been completed. However, the tender documents such as copy of the advertisement, tender opening and tender evaluation committees' minutes, contract agreement, bills of quantities, expenditure returns and the report of the inspection and acceptance committee were not provided for audit and the project had not been put into use.

In addition, all projects inspected were not labeled as required by Regulation 15(1)(f) of the National Government Constituencies Development Fund Regulations, 2016 which provides that a Project Management Committee shall undertake project closure, labelling and handover upon completion.

In the circumstances, value for money from the projects could not be confirmed.

## **3. Transfers to Other Government Units**

### **3.1 Unconfirmed Desks Procured for Secondary and Primary Schools**

The statement of receipts and payments reflects transfers of Kshs.62,003,285 to other government entities comprising of transfers to primary schools of Kshs.36,526,258 and transfers to secondary schools of Kshs.25,477,027 as disclosed at Note 6 to the financial statements. The transfers included disbursements of Kshs.49,635,647 to sixteen (16) PMCs of secondary and primary schools for construction of twenty-six (26) classrooms, two (2) dining halls, two (2) kitchens, two (2) dormitories, six-hundred and twenty (620) desks, ten (10) pit latrines and piping of water. However, expenditure returns for the disbursements and project reports were not provided for audit. Further, no evidence was provided that the six-hundred and twenty 620 desks supplied were taken on charge as provided under Section 162(1) of Public Procurement and Assets Disposal Act, 2015 which requires an accounting officer of a procuring entity to ensure that all inventory, stores and assets purchased are received, but shall not be used until taken on charge and as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity.

Consequently, the propriety of the disbursements amounting to Kshs.49,635,647 could not be confirmed.

### **3.2 Incomplete Project at Kaaleng Girls Secondary School**

The transfers to secondary schools balance of Kshs.25,477,027 disclosed in Note 6 to the financial statements, includes an amount of Kshs.5,200,000 disbursed to Kaaleng Girls Secondary School comprising of Kshs.3,200,000 for construction of a dining hall/kitchen, Kshs.1,000,000 for construction of four (4) pit latrines and Kshs.1,000,000 for water piping. However, the contract agreement dated 18 May, 2019 did not have a clause indicating the expected project start and completion dates contrary to Section 129 (2)(b) of the Public Procurement and Asset Disposal Act, 2015, which provides that the contract, which shall be in writing, shall set out the maximum amount of time that can be paid for under the contract.

Further, according to the procurement records provided for audit, the tender for the construction works was advertised on notice boards during the month of April, 2019, tender opening done on 25 April, 2019 and tender evaluation conducted on 26 April, 2019 by ten (10) members. However, the tender evaluation reports and minutes were signed by only three (3) members contrary to section 80(7) of The Public Procurement and Assets Disposal Act, 2015, which provides that evaluation reports shall be signed by each member of evaluation committee.

In addition, tender documents including tender opening register, signed tender opening minutes, appointment letters of the evaluation committee members and payment certificates for the works done were not provided for audit.

Also, audit inspection of the Project in March, 2020, revealed that although major works including construction of the dining hall, kitchen, and the 2 (two) door pit latrines had been done, piping of water had not been done and the contractor was not on site.

In the circumstances, value for money of the expenditure Kshs.5,200,000 incurred on the project could not be confirmed.

#### **4. Emergency Projects Payments**

The statement of receipts and payments and Note 7 to the financial statements reflect other grants and transfers of Kshs.33,626,567 which includes emergency projects payments of Kshs.6,934,418. However, no evidence was provided that the Constituency Committee reported to the Board within thirty (30) days of occurrence of the emergency as required under Regulation 20(2) of National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of the emergency reserve shall be reported to the Board within thirty (30) days of the occurrence of the emergency.

Consequently, the Management was in breach of the Law.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the National Government Constituencies Development Fund - Turkana North Constituency's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Fund or to 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 Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern or to sustain its services. If I conclude

that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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.



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**19 November, 2021**

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
 TURKANA NORTH CONSTITUENCY

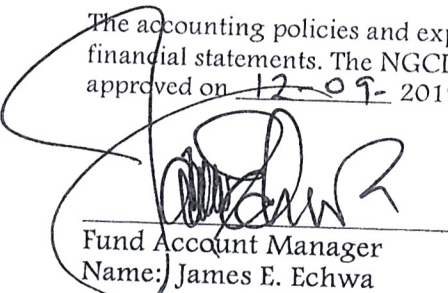
Reports and Financial Statements

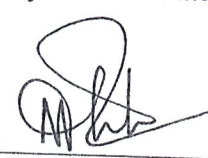
For the year ended June 30, 2019

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	108,784,483	43,405,172
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	=	=
<b>TOTAL RECEIPTS</b>		108,784,483	43,405,172
<b>PAYMENTS</b>			
Compensation of employees	4	3,770,206	1,053,099
Use of goods and services	5	11,753,911	5,051,689
Transfers to Other Government Units	6	62,003,285	-
Other grants and transfers	7	33,626,567	29,849,400
Acquisition of Assets	8	-	-
Other Payments	9	=	=
<b>TOTAL PAYMENTS</b>		111,153,969	35,954,187
<b>SURPLUS/(DEFICIT)</b>		<u>(2,369,486)</u>	<u>7,450,985</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA NORTH Constituency financial statements were approved on 12-09- 2019 and signed by:

  
 Fund Account Manager  
 Name: James E. Echwa

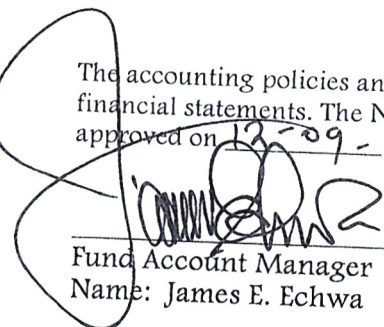
  
 Sub-County Accountant  
 Name: W.J.O. Hakungu  
 ICPAK Member Number:

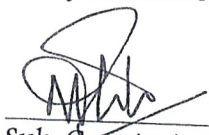
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
 TURKANA NORTH CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2019

V. STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	9,228,077	7,348,9
Cash Balances (cash at hand)	10B	~	~
Total Cash and Cash Equivalents		9,228,077	7,348,9
Current Receivables			
Outstanding Imprests	11	~	3,150,70
<b>TOTAL FINANCIAL ASSETS</b>		<u>9,228,077</u>	<u>10,499,71</u>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable Retention	12A	~	~
Gratuity	12B	~	~
<b>TOTAL FINANCIAL LIABILITES</b>		~	~
<b>NET FINANCIAL ASSETS</b>		<u>9,228,077</u>	<u>10,499,71</u>
<b>REPRESENTED BY</b>			
Fund balance b/fwd			
Surplus/Defict for the year	13	10,499,711 (2,369,486)	3,048,720 7,450,980
Prior year adjustments	14	1,098,851	~
<b>NET FINANCIAL POSITION</b>		<u>9,228,077.00</u>	<u>10,499,711</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA NORTH Constituency financial statements were approved on 12-09-2019 and signed by:

  
 Fund Account Manager  
 Name: James E. Echwa

  
 Sub-County Accountant  
 Name: W.J.O. Hakungu  
 ICPAK Member Number:



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

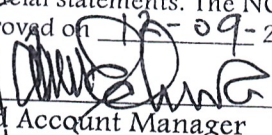
**Reports and Financial Statements**

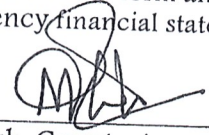
**For the year ended June 30, 2019**

**VI. STATEMENT OF CASHFLOW**

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from NGCDF Board	1	108,784,483	43,405,172
Other Receipts	3		
<b>Total receipts</b>		<b>108,784,483</b>	<b>43,405,172</b>
Payments			
Compensation of Employees	4	3,770,206	1,053,099
Use of goods and services	5	11,753,9110	5,051,689
Transfers to Other Government Units	6	62,003,285	
Other grants and transfers	7	33,626,567	29,849,400
Other Payments	9		
<b>Total payments</b>		<b>111,153,968</b>	<b>35,954,187</b>
<b>Total Receipts Less Total Payments</b>		<b>(2,369,485)</b>	<b>7,450,985.00</b>
Adjusted for:			
Outstanding imprest	11		
Retention Payable	12A		
Gratuity Payable	12B		
Prior year adjustments	14	1,097,851	
<b>Net Adjustments</b>		<b>1,097,851</b>	
<b>Net cash flow from operating activities</b>		<b>(1,271,634)</b>	<b>7,450,985</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		
Acquisition of Assets	9		
<b>Net cash flows from Investing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>(1,271,634)</b>	<b>7,450,985</b>
Cash and cash equivalent at beginning of the year	13	10,499,711	3,048,726
Cash and cash equivalent at END of the year		<u>9,228,077</u>	<u>10,499,711</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA NORTH Constituency financial statements were approved on 12-09-2019 and signed by:

  
Fund Account Manager  
Name: James E. Echwa

  
Sub-County Accountant  
Name: W.J.O. Hakungu  
ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TURKANA NORTH CONSTITUENCY**  
 Ref ... and ... Statistics  
 For the year ended June 30, 2019


**VII. 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 NGCDF Board	109,040,876	63,891,995	172,932,871	108,784,483	64,148,387	62.9%
Proceeds from Sale of Assets						
Other Receipts						
<b>PAYMENTS</b>						
Compensation of Employees	3,546,996	1,111,308	4,658,304	3,770,206	888,098	80.9%
Use of goods and services	6,266,683	6,851,362	13,118,045	11,753,911	1,364,134	89.6%
Transfers to Other Government Units	64,567,638	50,535,647	115,103,285	62,003,285	53,100,000	53.9%
Other grants and transfers	34,354,559	5,393,678	39,748,236	33,626,567	6,121,670	84.6%
Acquisition of Assets	305,000	-	305,000	-	305,000	0.0%
<b>TOTALS</b>	<b>109,040,875</b>	<b>63,891,995</b>	<b>172,932,870</b>	<b>111,153,968</b>	<b>61,778,902</b>	<b>64.3%</b>

(a) The overall underutilization of funds for the financial year 2018-2019 was occasioned by low disbursement from the board of 49.5% of the budget and as a result most projects for the financial year could be undertaken.

(b) The changes between the original budget and the final budget are as a result of funding of Kshs. 54,784,483.00 related to the financial year 2017-2018 as well as the vote book balances brought forward from that year

The NGCDF-TURKANA NORTH Constituency financial statements were approved on 12-09-2019 and signed by:

  
 Fund Account Manager  
 Name: James E. Echwa

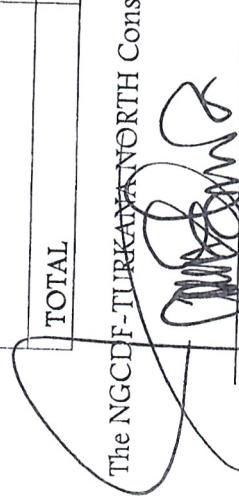
  
 Sub-County Accountant  
 Name: W.J.O. Hakungu  
 ICPAK Member Number:


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TURKANA NORTH CONSTITUENCY  
 Ref. No. and Statement of Accounts  
 For the year ended June 30, 2019

VIII. TRIAL BALANCE AS AT JUNE 30 2019

	DR	CR
Cash and Cash equivalents		
Bank Balances	9,228,077	
Cash Balances		
Outstanding Imprest	-	
Payments		
Compensation of Employees	3,770,206	
Use of goods and services	11,753,911	
Transfers to Other Government Units	62,003,285	
Other grants and transfers	33,626,567	
Acquisition of Assets		
Other Payments		
Receipts		
Transfers from the Board		108,784,483
Proceeds from sale of assets		
Others receipts		
Prior Year Adjustment		1,097,851
Receivables		
Payables		
Fund Balance b/f		10,499,711
TOTAL	120,382,046	120,382,045

The NGCDF-TURKANA NORTH Constituency financial statements were approved on 12-09-2019 and signed by:

  
 Fund Account Manager  
 Name: James E. Echwa

  
 Sub-County Accountant  
 Name: W.J.O. Hakungu  
 ICPAK Member Number

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
<b>1.0 Administration and Recurrent</b>					
<b>Statement of Compliance and Basis of Preparation</b>					
1.1 Compensation of employees	3,546,996	1,111,308	4,658,304	3,770,206	888,098
1.2 Committee allowances	1,200,000	889,362	2,089,362	1,711,000	378,362
1.3 Use of goods and services	1,795,457	415,379	2,210,836	1,896,265	314,571
1.4 Acquisition of assets	305,000	-	305,000	-	305,000
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	800,000	500,000	1,300,000	965,062	334,938
2.2 Committee allowances	1,500,000	482,689	1,982,689	1,883,710	98,979
2.3 Use of goods and services	971,226	563,931.49	1,535,157.76	1,297,873.49	237,284.27
<b>3.0 Emergency</b>	<b>5,738,993</b>	<b>2,137,931</b>	<b>7,876,924</b>	<b>6,876,105</b>	<b>1,000,819</b>
3.1 Primary Schools	52,867,638	30,258,620	83,126,258	36,526,257	46,600,000
3.2 Secondary schools	11,700,000	20,277,027	31,977,027	25,477,027	6,500,000
3.3 Tertiary institutions					
3.4 Security projects					
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools					
4.2 Secondary Schools	10,000,000	350,500	10,350,500	10,348,000	2,500
4.3 Tertiary Institutions	14,253,930	65,100	14,319,030	13,721,600	597,430
4.4 Universities					
4.5 Social Security					
<b>5.0 Sports</b>	<b>2,180,818</b>	<b>1,872,413</b>	<b>4,053,231</b>	<b>2,440,913</b>	<b>1,612,318</b>
5.1					
5.2					
5.3					

**ANNUAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TURKANA NORTH CONSTITUENCY**  
**Report and Financial Statements**  
**For the year ended June 30, 2019**

<b>6.0 Environment</b>		<b>2,180,818</b>	<b>967,734</b>	<b>3,148,552</b>	<b>239,949</b>	<b>2,908,603</b>
6.1						
6.2						
6.3						
<b>7.0 Primary Schools Projects</b>						
7.1						
7.2						
7.3						
7.4						
<b>8.0 Secondary Schools Projects</b>						
8.1						
8.2						
8.3						
8.4						
<b>9.0 Tertiary institutions Projects</b>						
9.1						
9.2						
9.3						
9.4						
<b>10.0 Security Projects</b>						
10.1						
10.2						
10.3						
<b>11.0 Acquisition of assets</b>						
11.1 Motor Vehicles						
11.2 Construction of CDF office						
11.3 Purchase of furniture and equipment						
11.4 Purchase of computers						
<b>12.0 Others</b>						
12.1 Strategic Plan						
		-	4,000,000	4,000,000	4,000,000	-

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

Report on Annual Statement  
 For the year ended June 30, 2019

12.2 Innovation Hub				
12.2 TIVET	109,040,875	63,891,995	172,932,870	111,153,968
				61,778,902

(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)

## **X. SIGNIFICANT ACCOUNTING POLICIES**

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

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 NORTH 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.

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.



**Reports and Financial Statements**

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

**SIGNIFICANT ACCOUNTING POLICIES**

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**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.

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

**XI. NOTES TO THE FINANCIAL STATEMENTS**

**I. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2018-2019	2017-2018
		Kshs	Kshs
NGCDF Board			
AIE NO. A892531	1		5,500,000
AIE NO. A892855	2		37,905,172
AIE NO. B005183	1	54,784,483	
AIE NO. B030334	2	10,000,000	
AIE NO. B005494	3	12,000,000	
AIE NO. B007497	4	8,000,000	
AIE NO. B042635	5	11,000,000	
AIE NO. B047073	6	13,000,000	
<b>TOTAL</b>		<b>108,784,483</b>	<b>43,405,172</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
<b>Total</b>		

**TURKANA NORTH CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2018-2019	2017-2018
	Kshs	Kshs
Interest Received		
Rents		
Receipts from Sale of tender documents		
Other Receipts Not Classified Elsewhere		
<b>Total</b>		

**4. COMPENSATION OF EMPLOYEES**

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees		
Basic wages of casual labour	3,770,206	1,053,099
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Gratuity		
Other personnel payments		
<b>Total</b>	<b>3,770,206</b>	<b>1,053,099</b>

GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

**TURKANA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

5. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Committee Expenses	1,711,000	1,435,217
Other Committee Expenses	313,388	
Utilities, supplies and services		
Communication, supplies and services	100,500	48,300
Domestic travel and subsistence	950,460	328,300
Printing, advertising and information supplies & services		249,970
Rentals of produced assets		
Training expenses	965,062	426,000
Hospitality supplies and services	204,300	
Insurance costs		
Fuel.oil and lubricants	538,335	1,931,970
Specialized materials and services		
Office and general supplies and services	638,315	386,035
Other operating expenses	916,961	31,217
Routine maintenance – vehicles and other transport equipment	383,700	214,680
Routine maintenance – other assets	804,390	
Strategic Plan	4,000,000	
Bank Charges	227,500	
<b>Total</b>	<b>11,753,911</b>	<b>5,051,689</b>

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019 Kshs	2017-2018 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	36,526,258	
Transfers to secondary schools (see attached list)	25,477,027	
Transfers to tertiary institutions (see attached list)		
Transfers to health institutions (see attached list)		
<b>TOTAL</b>	<b>62,003,285</b>	<b>xx</b>

7. OTHER GRANTS AND OTHER PAYMENTS

	2018-2019 Kshs	2017-2018 Kshs
Bursary – secondary schools (see attached list)	10,348,000	10,899,500
Bursary – tertiary institutions (see attached list)	13,691,500	15,949,900
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Security projects (see attached list)		
Sports projects (see attached list)	2,412,700	
Environment projects (see attached list)	239,949	
Emergency projects (see attached list)	6,934,418	3,000,000
<b>Total</b>	<b>33,626,567</b>	<b>29,849,400</b>

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

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

Non Financial Assets

	2018-2019	2017-2018
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment		
Purchase of ICT Equipment, Software and Other ICT Assets		
Purchase of Specialised Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
<b>Total</b>		

**9. OTHER PAYMENTS**

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan		
ICT Hub		
TIVET		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
 TURKANA NORTH CONSTITUENCY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
<i>Name of Bank, Account No Kenya Commercial Bank, Lodwar Branch . Turkana North NG-CDF.</i>	9,228,077	7,348,947
<b>Total</b>	<b>9,228,077</b>	<b>7,348,947</b>
<b>10B: CASH IN HAND</b>		
Location 1		
Location 2		
Location 3		
Other Locations ( <i>specify</i> )		
<b>Total</b>		
<i>[Provide cash count certificates for each]</i>		

**GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –**  
**TURKANA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Total</i>				

*Total*

**12A. RETENTION**

	2018 - 2019 Kshs	2017-2018 Kshs
Supplier 1		
Supplier 2		
Supplier 3		
Total		

**12B. STAFF GRATUITY OUTSTANDING**

	2018 - 2019 Kshs	2017-2018 Kshs
Name 1		
Name 2		
Name 3		
Total		



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

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

13. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts		
Cash in hand	7,348,947	3,048,727
Imprest	3,150,764	
Total	<u>10,499,711</u>	<u>3,048,727</u>

14. PRIOR YEAR ADJUSTMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts		
Cash in hand		
Imprest		
Cheque reversals		
Total	<u>1,097,851</u>	<u>1,097,851</u>

... GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
**TURKANA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019 Kshs	2017-2018 Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
NG-CDF Staff		219,336
		219,336

15.3: UNUTILIZED FUND (See Annex 3)

	Kshs	Kshs
Compensation of employees	888,098	93,596
Use of goods and services	1,364,134	500,001
Amounts due to other Government entities (see attached list)	53,100,000	2,199,100
Amounts due to other grants and other transfers (see attached list)	6,121,670	206,529
Acquisition of assets	305,000	
Others ( <i>specify</i> )		
	61,778,902	2,999,226

**TURKANA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	1,651,790	48,003
	1,651,790	48,003

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

**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 CONSTITUENCIES DEVELOPMENT FUND (NGDF) – KURIA (A NORTH CONSTITUENCY)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**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				
Transport equipment	18,407,180			18,407,180
Office equipment, furniture and fittings	347,500			347,500
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>18,754,680</b>			<b>18,754,680</b>



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

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

**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 REF: ELD/TU RNCDF/ 2017-20 18-1-01 -0123-0 9/6	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)
1.0	Transfers from the board- variances between total disbursements and amounts reported	The discrepancy between actual funding received and budgeted amount is due to funds budgeted for but received in the subsequent financial year (2018-2019) i.e. funding that was supposed to be received in the financial year 2017-2018 was received in 2018-2019.	James Echwa-FAM	Resolved	
2.0	Committee Expenses- vouchers not fully supported with schedules	Relevant vouchers were provided. Also supporting schedules were provided and attached to the vouchers	James Echwa-FAM	Resolved	
3.0	Fuel and lubricants- lack of fuel register	Detail orders, fuel register and work tickets relating to purchase of bulk fuel were availed for review	James Echwa-FAM	Resolved	
4.0	Bursary- Composition of the vetting subcommittee	Relevant arrangements have been made such that a representative of the Department of Education will be incorporated into a Subcommittee that will vet future bursary applications.	James Echwa-FAM	Resolved	
5.0	Emergency Projects- Provision of relevant documentation	Copies of counter requisition and issue vouchers (S11) and stores ledger and stock controls cards regarding the supply and delivery of emergency relief food were availed for review.	James Echwa-FAM	Resolved	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TURKANA NORTH CONSTITUENCY  
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Reference No. on the external audit Report REF: ELD/TU RNCDF/ 2017-2018-1-01-0123-09/6	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time (Put date when you expect the issue to be resolved)
6.0	Cash and cash equivalents- Non-recognition of outstanding imprest and action on stale cheques	<p>The necessary adjustment has been made in the financial report to separate the actual cash at bank and the outstanding imprest as at 30<sup>th</sup> June 2018.</p> <p>Furthermore stale cheques have been reversed and bank charges taken into account. This is reflected in the Bank Reconciliation Statement as at 31<sup>st</sup> march 2019 (copy attached).</p>	James Echwa-FAM	Resolved	
7.0	<p>Budgetary performance Unexplained figure of Kshs. 967,734.17 in projects code list</p> <p>Under absorption of final budget (64%)</p>	<p>As at the closure of the financial year this figure that was supposed to go towards environmental projects had not been approved. Subsequently, the NG-CDF Board recommended that the figure be stated as "Unallocated funds/ Funds awaiting approval". Approval for the same was done in the financial year 2018-2019.</p> <p>This is due to failure by the NG-CDF Board to release funds on time i.e. funding that was supposed to be received in the financial year 2017-2018 was received in 2018-2019.</p>	James Echwa-FAM	Resolved	
8.0	Lokitaung Tech. Training Institute- tender documentation	The procurement process and identification of the contractor for the said works was done by	James Echwa-FAM	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
TURKANA NORTH CONSTITUENCY

Reports and Financial Statements

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Reference No. on the external audit Report REF: ELD/TU RNCDF/2017-2018-1-01-0123-09/6	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)
		the Ministry Of Education Headquarters. As such details of bills of quantities, tender documents, evaluation and award minutes and such other relevant documents were not availed to Turkana North NG-CDF. The letter from the ministry confirming having procured the contractors services further instructed Turkana North NG-CDF to transfer the said sum of Kshs. 10,000,000.00 to the contractor.			
9.0	Project Management Committee Bank Balances	The Fund Account Manager is liaising with the relevant PMC officials so that they can avail themselves in Lodwar to authorize the printing of Certificates of Bank Balance as at 30 <sup>th</sup> June 2018.	James Echwa-FAM	Resolved	