

REPUBLIC OF KENYA



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*By Low Clinton*  
*Adun Arale, MP*  
*24/10/2018*  
*wednesday*  
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OFFICE OF THE AUDITOR-GENERAL

REPORT

24 OCT 2018

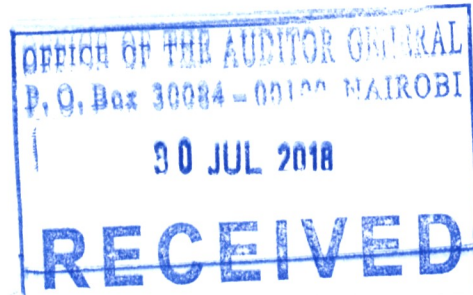
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND -  
BANISA CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2017



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- BANISSA  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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



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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – BANISSA  
CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

**(b) Key Management**

The BANISSA Constituency's 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 2016 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Yusuf Abdi
3.	Accountant	Dickson Moreka

**(d) Fiduciary Oversight Arrangements**

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

**(e) BANISSA NGCDF Headquarters**

NGCDF Office  
P.O Bo 37-70303  
Banissa Town  
Takaba  
Kenya.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2017**

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**(f) BANISSA NGCDF Contacts**

Telephone: ((+254) 725707707  
E-mail: banissa@ngcdf.go.ke

**(g) BANISSA NGCDF Bankers**

Equity Bank  
A/c No. 1000261939394  
Mandera Branch.

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**


**Reports and Financial Statements  
For the year ended June 30, 2017**

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**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NGNGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Banissa Constituency.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations.

  
Sign.....  
CHAIRMAN NGCDFC

Date: *28th August 2017*  
.....



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**III. STATEMENT OF NGCDF 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 NGCDF shall prepare financial statements in respect of that NGCDF. 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 BANISSA NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF 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 NGCDF; (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 NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

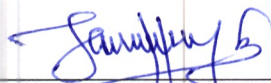
The Accounting Officer in charge of the BANISSA NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the BANISSA NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the BANISSA NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF'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 NGCDF'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's financial statements were approved and signed by the Accounting Officer on **28<sup>th</sup> August 2017**.

Fund Account Manager



Chairman





# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

##### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Banisa Constituency set out on pages 6 to 31, 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 section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Banisa Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

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

##### Basis for Qualified Opinion

###### 1. Cash and Cash Equivalent

The statement of assets in the financial statement for the year ended 30 June, 2017 reflects a bank balance of Kshs.31,922,167.43 as at 30 June, 2017. The balance was supported by certificate of bank balances, cash book, bank statement and bank reconciliation statement. However, a review of the bank reconciliation statement for the month of June 2017 revealed stale cheques amounting to Kshs.564,500 reflects as payments in cash book not yet recorded in the bank statement (Unrepresented Cheques). Some of the cheques which were paid to various learning institutions being

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

payment of bursaries to needy students and Kenya Revenue Authority continued to reflect as unpresented cheques. No explanation was given as to why the cash book was not updated.

In the Circumstances, the accuracy, completeness and validity of the bank balance reported in the statement of Assets could not be ascertained.

## **2. Award of Contracts for Primary School Projects**

During the financial year 2016/2017 the National Government Constituencies Development Fund-Banisa Constituency disbursed an amount of Kshs.12,500,000 to various PMCs as grants for primary school projects. Examination of payment vouchers and other records relating to procurement of projects revealed the following anomalies;

- (i) No contract agreement created as form of agreement was not executed by both parties in the contract against section 235 (2) of the Public Procurement and Asset Disposal Act, 2015 which requires accounting officers to enter into a written contract with the persons submitting the successful tenders.
- (ii) There was no evidence availed to show that certificate of practical completion was not availed for audit review.
- (iii) No evidence to show that money for defects was retained.
- (iv) Bill of quantities were not signed by the tender committee on one or more pages as required by the public procurement and disposal Act, 2015.
- (v) Underground tank project at Abu Hureira and Construction of administration block at Chief Haji Mohamed Primary School were not labeled as at time of audit verification. It was therefore not possible to confirm whether the projects relate to the financial year under review or implemented by another entity.
- (vi) The CDF procured and supplied office furniture to six primary schools within the Constituency at a cost of Kshs.3,000,000. The items were procured through Quotations. The Quotations were however opened by only one person, the secretary to the Project Management Committee an indication that there was no competitive procurement procedures. A visit to some of the schools revealed the furniture was supplied and in use. However, there were no signed distribution lists or delivery notes showing the recipient of the furniture. It was also noted that the furniture was not labeled to show the name of the CDF and the Financial Year the items were procured. It was therefore not possible to confirm whether the project related to the Financial Year or the items were supplied by other entities.

In view of the above anomalies it has not been possible to confirm the propriety of the expenditure.

### **3. Award of Contracts for Secondary School Projects**

During the financial year 2016/2017 the National Government Constituency Development Fund Banisa disbursed an amount of Kshs.9,300,000 to various Project Management Committees(PMCs) as grants for the construction of class rooms and administration blocks in various secondary schools within the projects. However, examination of payment vouchers, project files and other records revealed that the payments documents such as evaluation reports for the projects, certificate of practical completions, inspection and acceptance committee reports and contract agreement signed between the PMC and the contractors. Further, there was no tender opening register maintained by the Project management committees to show that they actually sat and deliberated on the said procurements. Tender notices did not set the criteria to be used in the evaluation of the tenders hence audit could not establish how the contractors were selected. It was further observed that the original Bills of Quantities for some of the projects were not made available for audit review and Confidential Business Questionnaires were not properly filled as required by the procurement Laws.

In the circumstances, the propriety of the expenditure could not be ascertained.

### **4. Unaccounted for Bursary Expenses**

In the financial year 2016/2017, the NG CDF Committee for Banisa Constituency disbursed bursaries amounting to Kshs.14,485,440 to various Tertiary institutions and secondary schools for the benefit of needy students. However, examination of payment vouchers and its supporting documents revealed that an amount of Kshs.2,885,440 disbursed to various institutions has not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions. Further, cheque dispatch register was not opened to record the cheques that were issued out, the level of studies for the beneficiaries not indicated in the supporting payment schedules and minutes of the vetting committee were neither attached to the payment vouchers nor availed for audit review hence not possible to ascertain the criteria used in vetting the beneficiaries.

Consequently, the propriety of the expenditure could not be ascertained.

### **5. Unaccounted for Monitoring and Evaluation**

During the year under review, the National Government Constituencies Development Fund - Banisa spent an amount of Kshs1,500,000 for car hire services during monitoring and evaluation exercise. The payment was however not supported with lists of projects visited for monitoring and evaluation and the Progress reports on the status of the projects visited. Further, temporary work tickets, contract agreements, copies of the log books, insurance covers and drivers driving licenses for the vehicles purported to have been hired for the exercise were not made available for audit review.

In view the propriety of the expenditure could not be ascertained.

## **6. Non-Maintenance of Financial and Accounting Records for the Project Management Committee**

It is a requirement as per section 15(10)(a) and 10(b) of National Government Constituency Development Fund Regulations, 2016 to maintain records of Bank accounts opened by project management committees and to prepare and table quarterly report. Contrary to the above regulations, it was noted that records of bank accounts held by the various project management committees such as bank statements and cashbooks were not maintained by the Management. There was no bank reconciliation statement for the Project Management Committee accounts.

Under the circumstances, it was not possible to ascertain whether the funds disbursed to the Project Management Committee accounts were properly managed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budget Control and Performance**

##### **1.1 Budget Performance Analysis**

Review of statement of budget appropriation revealed that during the year under review, the National Government Constituency Development Fund - Banisa had an approved budget amounting to Kshs.155,128,695.09. Out of the Kshs.155,128,695.09 budgeted for the financial year under review, an amount of Kshs.72,732,143.37 was unspent balance from the financial year 2015/2016. Budget utilization on receipts and expenditure are as follows:

<b>Item</b>	<b>Budget (Kshs)</b>	<b>Actual (Kshs)</b>	<b>Difference Under (Kshs)</b>	<b>%</b>
Receipts	161,751,765	161,051,765	700,000	99.5%
Expenditure	161,751,765	129,129,599	32,622,166	80%

The above analysis reflects actual receipts of Kshs.161,051,765 against budgeted amount of Kshs.161,751,765 resulting to underfunding of Kshs.700,000 or 5% of funds



budgeted for the year. Further, the National Government Constituency Development Fund - Banisa spent an amount of Kshs.129,129,599 against a budgeted amount of Kshs.161,751,765 resulting to under expenditure of Kshs.32,622,166 or 20% of the approved budget as detailed below:

Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under Expenditure (Kshs)	% Difference
Compensation of employees	3,834,760	1,738,040	2,096,720	45%
Use of goods and services	19,993,930	12,164,855	7,829,075	61%
Transfer to other Government units	100,141,143	86,336,034	13,805,108	86%
Other grants and transfers	37,781,933	28,890,670	8,891,263	76%
<b>TOTAL</b>	<b>161,751,765</b>	<b>129,129,599</b>	<b>32,622,166</b>	

No explanation was given why the funds were not fully utilized as budgeted for. The underutilization of the funds may deny the constituents the services they require.

## **2. Appointment of the Constituency Oversight Committee**

During the year under review, it was observed that constituency oversight committee was not appointed as required by section 53(1) of the National Government Constituency Development Fund Act, 2015. No proper explanation was given for not appointing the committee.

Consequently, it was not clear how the funds operated without oversight committee.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

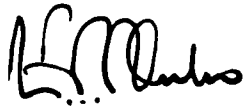
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the 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 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's to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund's to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**22 August 2018**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	159,234,292.70	76,000,000.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>159,234,292.70</b>	<b>76,000,000.00</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,738,039.20	1,102,500.00
Use of goods and services	5	12,164,855.00	9,848,700.00
Transfers to Other Government Units	6	86,336,034.48	11,305,000.00
Other grants and transfers	7	28,890,669.59	61,058,202.00
Acquisition of Assets	8	-	1,000,000.00
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>129,129,598.27</b>	<b>84,314,402.00</b>
<b>SURPLUS/DEFICIT</b>		<b>30,104,694.43</b>	<b>(8,314,402.00)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BANISSA NGCDF financial statements were approved on 28<sup>th</sup> August 2017 and signed by:

Chairman - NGCDFC



Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**


**Reports and Financial Statements**

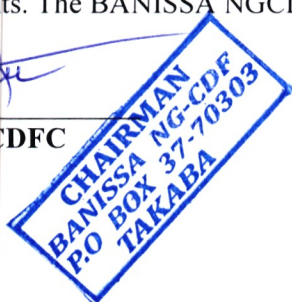
**For the year ended June 30, 2017**

**V. STATEMENT OF ASSETS**

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	31,922,167.43	1,817,473.00
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<u>31,922,167.43</u>	<u>1,817,473.00</u>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	1,817,473.00	9,135,875.00
Surplus/Deficit for the year		30,104,694.43	(8,314,402.00)
Prior year adjustments	14	-	996,000.00
<b>NET LIABILITIES</b>		<u>31,922,167.43</u>	<u>1,817,473.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BANISSA NGCDF financial statements were approved on **28<sup>th</sup> August 2017** and signed by:

  
Chairman - NGCDFC



  
Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**

**Reports and Financial Statements**

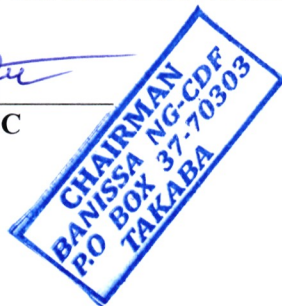
**For the year ended June 30, 2017**

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2016-2017	2015-2016
Transfers from CDF Board	1	159,234,292.70	76,000,000.00
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,738,039.20	1,102,500.00
Use of goods and services	5	12,164,855.00	9,848,700.00
Transfers to Other Government Units	6	86,336,034.48	11,305,000.00
Other grants and transfers	7	28,890,669.59	61,058,202.00
<b>Total Payment</b>		<b>129,129,598.27</b>	<b>83,314,402.00</b>
<b>Adjusted for:</b>			
Adjustments during the year		-	996,000.00
<b>Net cash flow from operating activities</b>		<b>30,104,694.43</b>	<b>(7,314,402.00)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-	1,000,000.00
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(1,000,000.00)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>30,104,694.43</b>	<b>(8,314,402.00)</b>
Cash and cash equivalent at BEGINNING of the year	15	1,817,473.00	9,135,875.00
Cash and cash equivalent at END of the year	16	31,922,167.43	1,817,473.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BANISSA NGCDF financial statements were approved on 28<sup>th</sup> August 2017 and signed by:

Chairman NGCDFC



Fund Account Manager





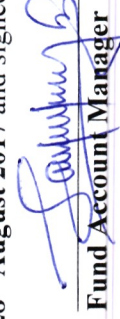

**NATIONAL GOVERNMENT COMMITTEE ON THE STATE OF BANISSA COUNTY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	81,896,551.72	80,355,214.00	162,251,765.72	161,051,765.70	1,200,000.02	0.99
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
<b>TOTALS</b>	81,896,551.72	80,355,214.00	162,251,765.72	161,051,765.70	1,200,000.02	0.99
<b>PAYMENTS</b>						
compensation of employees	1,876,760.00	1,997,942.00	3,874,702.00	1,738,039.20	2,136,662.80	0.45
Use of goods and services	5,493,929.65	6,720,195.00	12,214,124.65	12,164,855.00	49,269.65	1.00
Transfers to Other Government Units	54,531,034.48	57,305,001.00	111,836,035.48	86,336,034.48	25,500,001.00	0.77
Other grants and transfers	19,994,827.59	13,327,076.00	33,321,903.59	28,890,669.59	4,431,234.00	0.87
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	1,005,000.00	1,005,000.00	-	1,005,000.00	-
<b>TOTALS</b>	81,896,551.72	80,355,214.00	162,251,765.72	129,129,598.27	33,122,167.45	0.80

The BANISSA NGCDF financial statements were approved on 28<sup>th</sup> August 2017 and signed by:

  
**Chairman NGCDF**  


  
**Fund Account Manager**  


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISSA  
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**VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of compliance and basis of preparation**

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF 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 NGCDF.

**2. Recognition of revenue and expenses**

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

**3. In-kind contributions**

In-kind contributions are donations that are made to the NGCDF 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 NGCDF 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.



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SIGNIFICANT ACCOUNTING POLICIES (Continued)

**5. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the NGCDF 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 NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**7. Comparative figures**

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

**8. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISSA  
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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2016-2017	2015-2016
		Kshs	Kshs
Normal Allocation	A724063		30,000,000.00
	A724195		20,000,000.00
	A820699		26,000,000.00
	A825781	75,637,741.00	
	A825696	2,400,000.00	
	A826000	4,094,827.60	
	A839642	36,853,449.00	
	A839662	40,248,275.10	
Conditional grants			
	AIE NO...	-	
Receipt from other Constituency	AIE NO...	-	
<b>TOTAL</b>		<b>159,234,292.70</b>	<b>76,000,000.00</b>

**1.1.1.1.1.1.2 PROCEEDS FROM SALE OF ASSETS**

	2016 – 2017	2015 – 2016
	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>	<b>-</b>	<b>-</b>

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

**1.1.1.1.1.1.3 OTHER RECEIPTS**

	2016 - 2017	2015 - 2016	2013 - 2015
	Kshs	Kshs	Kshs
Interest Received	-	-	-
Rents	-	-	-
Receipts from Sale of tender documents	-	-	-
Other Receipts Not Classified Elsewhere	-	-	-
	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES**

Description	2016-2017	2015-2016
	Kshs	Kshs
Basic wages of contractual employees	1,688,119.20	1,102,500.00
Employer Contribution NSSF	49,920.00	
Basic wages of casual labour		
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
gratuity		
<b>Total</b>	<b>1,738,039.20</b>	<b>1,102,500.00</b>

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

**1.1.1.1.1.1.5 USE OF GOODS AND SERVICES**

Description	2016-2017	2015-2016
	Kshs	Kshs
Utilities, supplies and services	-	1,701,000.00
Office rent	790,000.00	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	1,550,000.00
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	1,642,000.00	1,398,000.00
Committee Allowance	1,615,000.00	-
Other Allowance Expenses	3,220,000.00	-
Hospitality supplies and services	-	4,460,000.00
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	3,947,855.00	439,700.00
Fuel ,oil & lubricants	-	-
Other operating expenses	950,000.00	-
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	300,000.00
<b>Total</b>	<b>12,164,855.00</b>	<b>9,848,700.00</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISSA  
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**Reports and Financial Statements**

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**1.1.1.1.1.1.6 TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers to primary schools	55,946,034.48	1,650,000.00
Transfers to secondary schools	30,390,000.00	6,555,000.00
Transfers to Tertiary institutions		-
Transfers to Health institutions		3,100,000.00
<b>TOTAL</b>	<b>86,336,034.48</b>	<b>11,305,000.00</b>

**1.1.1.1.1.1.7 OTHER GRANTS AND OTHER PAYMENTS**

Description	2016-2017	2015-2016
	Kshs	Kshs
Bursary -Secondary	5,486,000.00	-
Bursary -Tertiary	8,999,440.00	15,123,000.00
Bursary-Special schools		-
Mocks & CAT		1,500,000.00
water		32,482,188.00
Agriculture (food security)		-
Electricity projects		-
Security	1,700,000.00	-
Roads	1,900,000.00	3,300,000.00
Sports	3,042,755.00	-
Environmental Projects	700,000.00	3,042,755.00
Emergency Projects (specify)	7,062,474.59	5,610,259.00
<b>Total</b>	<b>28,890,669.59</b>	<b>61,058,202.00</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**1.1.1.1.1.1.8 ACQUISITION OF ASSETS**

<b><u>Non-Financial Assets</u></b>	<b>2016 - 2017 Kshs</b>	<b>2015 - 2016 Kshs</b>
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	-	750,000.00
Purchase of ICT Equipment, Software and Other ICT Assets	-	250,000.00
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>1,000,000.00</b>







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

**10B: CASH IN HAND**

	2016 - 2017 Kshs	2015 – 2016 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (specify)	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

[Provide cash count certificates for each]

**11: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
		-	-	-
				-

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

**12: RETENTION**

	2016 - 2017 Kshs	2015 - 2016 Kshs
Unpaid Retentions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**13. BALANCES BROUGHT FORWARD**

	<b>2016-2017 Kshs (1/7/2016)</b>	<b>2015-2016 Kshs (1/7/2015)</b>
Bank accounts	1,817,473.00	9,135,875.00
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>1,817,473.00</b>	<b>9,135,875.00</b>

[Provide short appropriate explanations as necessary]

**14. PRIOR YEAR ADJUSTMENTS**

	<b>2016 - 2017 Kshs</b>	<b>2015 - 2016 Kshs</b>
Bank accounts	-	996,000
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>-</b>	<b>996,000</b>

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2016-2017 Kshs</b>	<b>2015-2016 Kshs</b>
Construction of buildings	-	57,305,001.00
Construction of civil works	-	13,327,075.55
Supply of goods	-	1,005,000.00
Supply of services	49,269.65	-
<b>TOTAL</b>	<b>49,269.65</b>	<b>71,637,076.55</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISSA  
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**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	2,136,662.80	-
	<b>2,136,662.80</b>	-

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	25,500,001.00	
Amounts due to other grants and other transfers (see attached list)	4,431,234.00	
Others (specify)	-	
	<b>29,931,235.00</b>	-

**15.4: PMC ACCOUNT BALANCES (See Annex 5)**

	Kshs	Kshs
PMC account Balances (see attached list)	1,220.00	3,575.62
	<b>1,220.00</b>	<b>3,575.62</b>

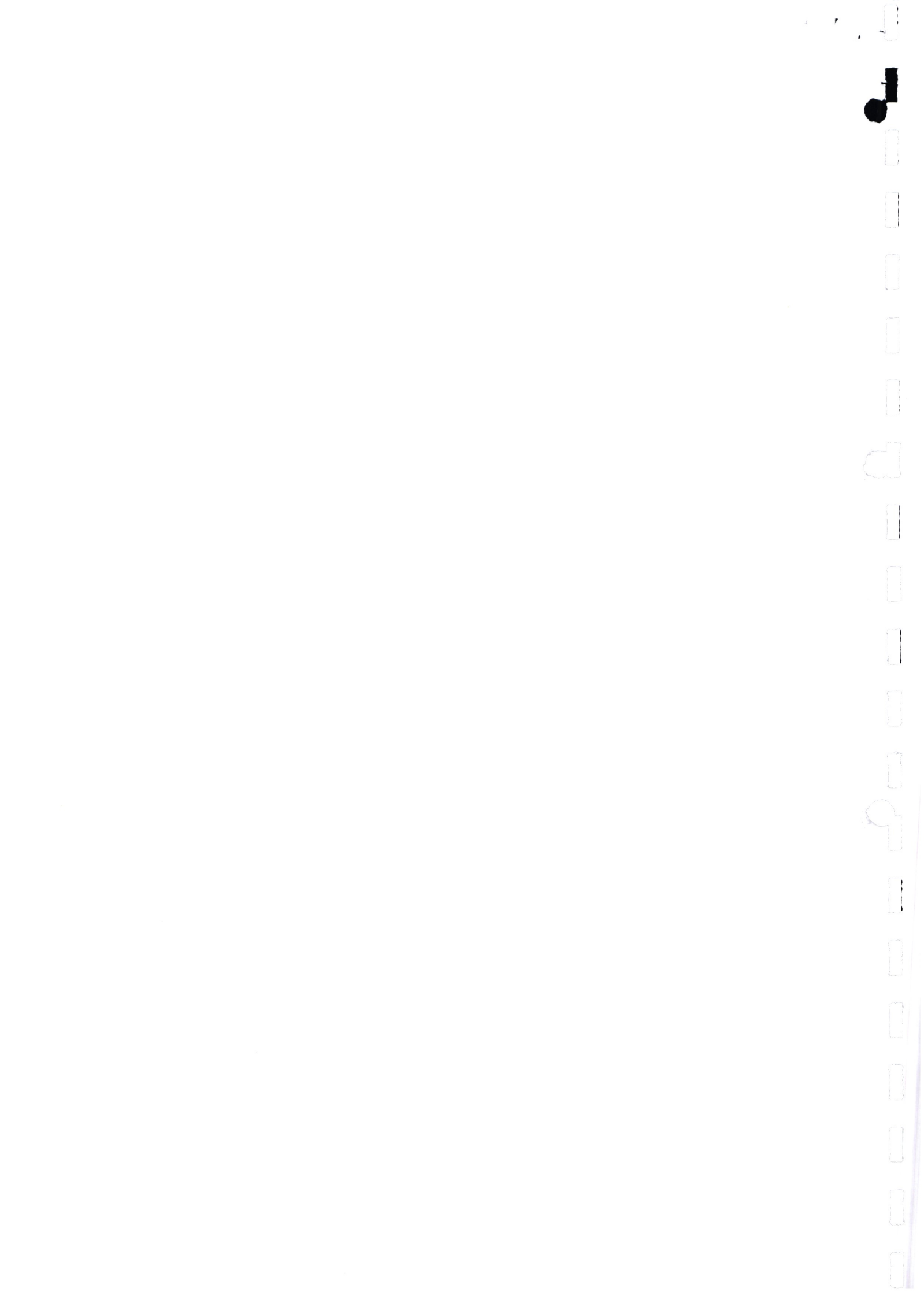
**15.5: AMOUNT DUE FROM THE NG-CDF BOARD**

	Kshs	Kshs
	1,200,000.02	-
	<b>1,200,000.02</b>	<b>-</b>

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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 2,015	Outstanding Balance 2,014	Comments
	a	b					
Construction of buildings	a	b		c	d=a-c		
1.							
2.							
Sub-Total							
Construction of civil works							
3.							
4.							
Sub-Total							
Supply of goods							
5.							
Sub-Total							
Supply of services							
6. Use of services	49,269.65						
Sub-Total	49,269.65						
Grand Total	49,269.65						



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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
2.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
3.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
4. Banisa NGCDFC Staff	2,136,662.80						
<b>Sub-Total</b>	2,136,662.80						
<b>Grand Total</b>	<b>2,136,662.80</b>						



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANIS CONSTITUENCY**  
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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
Noordin Integrated Primary School	Construction of 2no Classrooms and a set of Twin Toilet.	1,900,000.00		-	1,900,000.00		
Malikaroqa Primary School	Construction of an Administration Block.	1,700,000.00		-	1,700,000.00		
Qordobo Shaba Primary School	Construction of 2no. Classrooms	1,600,000.00		-	1,600,000.00		
Achini Primary School	Construction of 2no. Classrooms	1,600,000.00		-	1,600,000.00		
Arda Agarsu Primary School	Construction of 2no. Classrooms	1,600,000.00		-	1,600,000.00		
Muradelo primary School	Construction of 2no. Classrooms	1,600,000.00		-	1,600,000.00		
Qalim Primary School	Construction of 2no. Classrooms	1,600,000.00		-	1,600,000.00		
Sukela Suga Primary School	Construction of 2no. Classrooms	1,600,000.00		-	1,600,000.00		
Khatisa Primary School	Construction of 2no. Classrooms	1,600,000.00		-	1,600,000.00		
Sigirso Primary School	Construction of 3no. Classrooms at ksh(2,400,000)	2,700,000.00		-	2,700,000.00		





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANIS CONSTITUENCY**  
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	and asset of twin Toilet at ksh(300,000)						
Domal Primary School	Construction of 1no. Classroom	800,000.00	-	800,000.00			
Ameyi Primary School	Construction of 1no Classroom	800,000.00	-	800,000.00			
Marille Primary School	Construction of 1no Classroom	800,000.00	-	800,000.00			
Tarama Primary School	Renovation of 4no Classrooms.(Repair of Cracks on the Walls and the Floor,Repair of Windows and Replacement of window frames,Refixing of Doors,Repair and Repainting of the Balckboards and Repainting of the Walls of the Classrooms	1,400,000.00	-	1,400,000.00			
Chiracha Primary School	Construction of an Administration Block.	1,700,000.00	-	1,700,000.00			
Yattani Primary School	Construction of two sets of Twin Toilets.	600,000.00	-	600,000.00			
Malkamri Secondary School	Construction of 2no Classrooms	1,600,000.00	-	1,600,000.00			
Wayam Secondary School	Construction of a set of twin Toilet.	300,000.00	-	300,000.00			
Health Vote book Balance	Votebook Balance	1.00	-	1.00			
<b>Sub-Total</b>		<b>25,500,001.00</b>		<b>25,500,001.00</b>			
<b>Amounts due to other grants and other transfers</b>							



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISA, CONSTITUENCY**  
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Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	231,234.00	-	231,234.00		
Sport Equipment's for Banisa Youth Sport Association.	Purchase and Distribution of Sport Equipment for Banisa Youth Sport Association	700,000.00	-	700,000.00		
Kiliwehiri Administration Police Camp	Construction of 3no Housing Units for Residential Purpose.	1,500,000.00	-	1,500,000.00		
Banisa Administration Police Camp	Construction of 4no Housing Units for Residential Purpose.	2,000,000.00	-	2,000,000.00		
<b>Sub-Total</b>		<b>4,431,234.00</b>		<b>4,431,234.00</b>		
<b>Others (specify)</b>						
6. Kenao Audit Fees(2014/2015fy)	Amount to be reallocated to other projects	500,000.00	-	500,000.00		
7. Kenao Audit Fees(2015/2016FY)	Amount to be resubmitted to other projects	500,000.00	-	500,000.00		
8. Other Payment Balance(2013/14fy)	Balance on the allocation of office furniture 2013/14fy	5,000.00	-	5,000.00		
<b>Sub-Total</b>		<b>1,005,000.00</b>		<b>1,005,000.00</b>		
<b>Grand Total</b>		<b>30,936,235.00</b>		<b>30,936,235.00</b>		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANI CONSTITUENCY**  
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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2016/16</b>	<b>Historical Cost (Kshs) 2015/15</b>
Land	-	-
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	1,179,000.00	1,179,000.00
ICT Equipment, Software and Other ICT Assets	816,000.00	816,000.00
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets		
<b>Total</b>	<b>1,995,000.00</b>	<b>1,995,000.00</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANIE CONSTITUENCY

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ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
TARBET PRIMARY SCHOOL PMC	Equity	,1000168061251	100	190
GUBA PRIMARY SCHOOL PMC	Equity	,1000269218905	0	1,514.48
HULLOW PRIMARY SCHOOL PMC	Equity	,1000167978549	0	143.55
BIRKAN PRIMARY SCHOOL PMC	Equity	,1000169195585	0	0
EYMOLE PRIMARY SCHOOL PMC	Equity	,1000264029237	1,120	1,727.59
<b>Total</b>			<b>1,220</b>	<b>3,576</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISSA CONSTITUENCY**  
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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>Paragraph 2.0</p> <p><b>2.0 BUDGET PERFORMANCE ANALYSIS</b></p> <p>i. The National Government Constituency Development Fund for Banissa under spent above 50% of their budget on other grants and Transfers, Use of Goods and Services to the tune of Kshs 20,047,271 and no explanation was given. However, the fund gave explanation on underutilization below 50% in the Summary statement of Appropriation.</p> <p>ii. The Constituency was underfunded to the tune of Kshs 78,537,741 representing 47.69 of their budget and this may negatively have impact on development projects for the benefit of the Constituents.</p> <p>iii. A total of Kshs 145,000,279 was allocated during the year to finance 55 (Fifty five) projects. However, by 30 June 2016 only 21 projects have been implemented with remaining 34 projects not implemented. Please explain why all projects budgeted were</p>	<p>(i) The Banissa NGCDF under spent above 50% of the total budget as funds had delayed from the NG-CDF Board and were received towards the year of the year under review. We are following up with the NGCDF Board as regards to the aforementioned.</p> <p>ii. The disbursements of funds from the NG-CDF Board were made in tranches and there were delays in the release of funds towards the end of the financial year under review.</p> <p>iii. The Banissa NGCDF had not implemented 34 projects out of 55 projects budgeted for implementation because funds had delayed from the NG-CDF Board and were received towards the year of the year under review which delayed implementation of the said projects.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>July 2018</p>	





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BANISA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017 (Kshs'000)**

	not implemented to benefit the constituents.				
Paragraph 3.0	<p><b>BANK RECONCILIATION STATEMENT</b></p> <p>The Bank reconciliation statement for the fund's cash book as at on 30 June 2016 reflects payment of Kshs 1,842,469.40 in the cash book not recorded in the bank statement, which include stale cheques totaling Kshs 391,561 with some dating back to November 2014, no explanation has been given for investigating and replacing the stale cheques or crediting them back to the cash book.</p>	The management was in the process of replacing the stale cheques when the audit exercise was done. The Stale cheques would be replaced in due course.	NG-CDF Fund Account Manager	Not Resolved	July 2018
Paragraph 4.0	<p><b>Bank Accounts for Project Management Committee (PMC)</b></p> <p>Records of the bank accounts held by the various project Management committees were not maintained subsequently no reconciliations were carried out for the PMCs accounts.</p>	The Management had requested the PMCs to provide Bank Statements to enable the office prepare the necessary reports. The PMCs delayed in the submission of the PMC accounts and thus the delay in the preparation of the said documents	NG-CDF Fund Account Manager	Not Resolved	July 2018
Paragraph 5.0	<p><b>Constituency Oversight Committee</b></p> <p>National Government Constituency Development Fund for Banisa did not appoint Constituency Oversight Committee</p>	The Management had notified the Member of Parliament about the Appointment of the Constituency Oversight Committee and is making a follow up on the same.	NG-CDF Fund Account Manager	Not Resolved	July 2018

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<p>Paragraph 6.0</p>	<p><b>Irregular Award of Capital Projects</b> Full payments were made to some of the projects without the certificate of practical completion from the relevant government department. Some Project files lacked letters of notification to both the successful and unsuccessful bidders. In some instances, the registration certificates were not supporting the payment vouchers</p>	<p>The certificate of practical completion, letters of notifications to both successful and unsuccessful bidders and the registration certificates were in the project files maintained by the Project Management Committees' (PMCs) and could not be availed in time during the audit exercise due to challenges relating to the accessibility of the PMCs at the time of audit. The same are now available for audit verification.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>July 2018</p>
<p>Paragraph 7.0</p>	<p><b>STORES EXPENSE( SCHOOLDESKS, BEDS, CHAMBERS AND CHAIRS)</b> Examination of payment vouchers and other stores related records revealed that school desks beds, chambers and chairs worth Ksh.4, 825,000 were procured by the NG-CDF Banisa during the financial year under review. It was noted that the stores were neither received vide counter receipt vouchers nor taken on charge in the stores ledgers and there was no documentary evidence availed to confirm that they were subsequently issued to the users through S11. Inspection and acceptance certificate was not attached to the payment vouchers and not in the project files.</p>	<p>Projects are Implemented through Project Management Committees (PMCs). The Procurement and delivery of the Desks, beds, chambers and Chairs was implemented through a Project Management Committee (PMC). The PMC delivered the stores using Delivery notes. The institutions confirmed receipt of the desks, beds, chambers and Chairs in good condition and correct quantity and signed. Delivery notes are attached to the payment voucher.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>July 2018</p>
<p>Paragraph 8.0</p>	<p><b>Unaccounted for Bursary Expenses</b> Examination of payment vouchers and the NG-CDFC Minutes disclosed that during the financial year 2015/2016 the NGCDFC committee disbursed bursaries amounting to Kshs.15, 123,000.00 to various schools to benefit needy students. Although, the payment records showed that the funds were</p>	<p>We have since received bursary acknowledgements from colleges and institutions. We are following up on the remaining institutions to acknowledge bursary grants in respect of their students. We are also making prudent measures in place to ensure that bursary grants are acknowledged in due time.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>July 2018</p>

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	<p>disbursed as allocated, there were no fees payment receipts and acknowledgement letters from institutions for bursaries amounting to Kshs 4,591,440</p>	<p>Bursary receipts and acknowledgement letters are now availed for audit verification.</p>	
<p>Paragraph 9.0</p>	<p><b>Unsupported Administration/Monitoring and Evaluation Expenses</b>                  Examination of payment vouchers and their supporting documents revealed that the NGCDF Banissa management spent Kshs 1,985,000.00 on administration/monitoring and evaluation during the period under review. However, List of projects visited during monitoring and evaluation was not indicated and there were no progress reports of the projects visited during monitoring and evaluation exercise. Stores procured were neither received vide s13 nor taken on charge in the stores ledgers.</p>	<p>The list of the projects visited and the progress reports were in the Monitoring and Evaluation files at the time of the audit and copies are now availed for audit verification. The Procurement and delivery of the stores was implemented through a Project Management Committee (PMC). The PMC delivered the stores using Delivery notes. The institutions confirmed receipt of the desks, beds, chambers and Chairs in good condition and correct quantity and signed. Delivery notes are attached to the payment voucher.</p>	<p>NG-CDF Fund Account Manager</p> <p>Not Resolved</p> <p>July 2018</p>

Prepared by:

*[Signature]*  
**YUSUF ABDI ALI**

**FUND ACCOUNT MANAGER**  
**BANISSA NG-CDF**



Signed by:

*[Signature]*

**MOHAMED YUSSUF**  
**CHAIRMAN**  
**BANISSA NG-CDF**

