

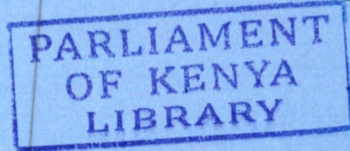
REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT



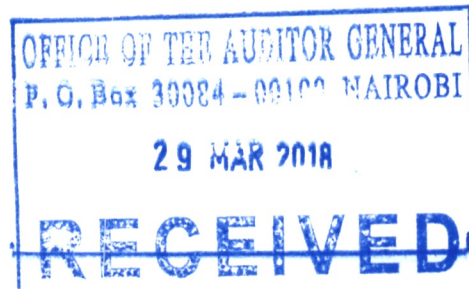
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
WAJIR EAST CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
WAJIR EAST CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**FUND ACCOUNT MANAGER
WAJIR EAST NG-CDF
P. O. Box 417-70200 WAJIR**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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Anniversary Towers, University Way
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The Attorney General
State Law Office
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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NGCDFCs 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 Wajir East.

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

Sign.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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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 Wajir East 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 Wajir East 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, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Wajir East 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.

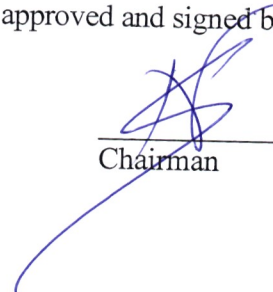
The Accounting Officer in charge of the Wajir East NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes 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 Wajir East NGCDF's financial statements were approved and signed by the Accounting Officer on

30.6.2017


Fund Account Manager


Chairman

**ACCOUNT MANAGER
WJIR EAST NG-CDF
P.O. BOX 417-70200 WAJIR**

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - WAJIR EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Wajir East Constituency set out on pages 6 to 23, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Wajir East Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

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

Basis for Qualified Opinion

1. Fixed Assets

The financial statements of NG-CDF Wajir East vide Annex 4 reflect fixed asset balance of Kshs.8,686,941 which consists of buildings and structures (Kshs.5,000,000) office equipment, furniture and fittings (Kshs.3,186,941) and ICT equipment, software and other ICT assets (Kshs.500,000) as at 30 June 2017. However, the management did not maintain a fixed assets register to record the assets owned. Further, ownership document for the land where the building of the NG-CDF is to be constructed was not made available for audit review.

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Wajir East Constituency for the Year Ended 30 June, 2018

In addition, there was no valuation report for the assets maintained and therefore balances and nature of the fixed assets disclosed were not supported with sufficient evidence as required by section 136 of the Public Finance Management Regulations, 2015.

Under the circumstances, it has not been possible to ascertain the completeness and accuracy of the balances and nature of the fixed assets disclosed in the financial statements.

2. Irregular Procurement of Schools Projects

2.1 Procurement of Secondary Schools Projects

During the year ended 30 June, 2017 NG-CDF Wajir East incurred an amount of Kshs.18,200,000 on procurement of secondary school projects out of which projects worth Kshs.9,400,000 had anomalies. A review of the supporting documents and other records revealed that the projects were not procured in accordance with the Public Procurement and Asset Disposal Act, 2015. Further, payments were not supported with contract documents such as notification to successful and unsuccessful bidders and certificates of practical completion. The projects with anomalies were;

Project	Payee	Amount (Kshs.)
Supply of furniture and fitting	Wajir Special Secondary School	3,900,000
Installation of plastic water tanks	Sabunley Secondary School	5,500,000
	TOTAL	9,400,000

In addition, copies of tender evaluation and opening minutes were not attached to the payment vouchers and were not made available for audit review. There was no tender notice for the projects hence it was not clear what evaluation criteria was used in evaluating the projects.

2.2 Irregular Procurement of Primary Schools Projects

During the year under review, the NG-CDF Wajir East spent an amount of Ksh.5,400,000 for procurement of primary school projects. It was however noted that although the bills of quantities from the bidders were availed, the same were neither signed nor stamped by the bidders. Further the tenderers' names were not indicated in summary page of the bill of quantities. It was therefore difficult to identify the bidders who filled in each of the BQs mentioned. Further the tender opening committee did not sign one or more pages of the bill of quantities as required by Public Procurement and Asset Disposal Act, 2015. It was further noted that the payments were made without certificates of practical completion.

Physical verification carried out on 18 November, 2017 on the projects revealed that although the projects were completed, they were not labelled to show that the projects

were funded by NG-CDF Wajir East Constituency and relate to the financial year under review.

In view of the foregoing, it has not been possible to ascertain the regularity and value for money for the expenditure of Kshs.14,800,000.

3. Implementation of Security Projects

A review of the records revealed that Kshs.9,560,290 was used for security projects out of which Kshs.5,600,000 had various anomalies. The payments were not supported with contract documents such as notifications of both successful and unsuccessful bidders and minutes of inspection and acceptance committees. It was further noted that the tender documents for the contracts were not evaluated as required by the Public Procurement and Asset Disposal Act, 2015. It was therefore not clear how the bidders were identified.

In view of the foregoing, the propriety of the expenditure amounting to Kshs.5,600,000 could not be ascertained.

4. Payment for Car Hire Services

During the year under review an amount of Kshs.1,460,000 was spent on car hire services during monitoring and evaluation exercises. However, a review of the payments revealed that there were no copies of log books, insurance covers and temporary work tickets of the vehicles purported to have been used for the exercise.

As a result, it was not possible to ascertain the authenticity of the expenditure of Kshs.1,460,000 on car hire services.

5. Unsupported Committee Expenses

During the year under review, the management incurred an amount of Kshs.1,773,000 on payment of committee expenses which included allowances, monitoring and evaluation expenses and office administration costs. The payments were however not supported with signed payment schedules, reports and minutes of the CDFC meetings. In some cases, the minutes supporting the payments were not confirmed by the chairman, creating doubt on the genuineness of the expenditure.

Consequently, the authenticity of the payments of Kshs.1,773,000 could not be confirmed.

6. Unaccounted for Bursaries Expenses

An amount of Kshs. 3,643,000 was paid as bursary to needy students during 2016/2017 financial year. However, examination of available records revealed that although the money was purported to have been paid to various institutions where the students from the constituency were learning, there were no official receipts or acknowledgement letters from the institutions.

Under the circumstance, it has not been possible to confirm whether the Kshs.3,643,000 benefited the needy students or was used for the intended purposes and was properly accounted for.

7. Unsupported Emergency Expense

During the year under review, the NG-CDF Wajir East spent Ksh.2,070,000 on purported emergency expenses such as car hire for Kshs.1,000,000 and purchase of fuel and CDFC allowances for Kshs.1,070,000. However, examination of payment vouchers and the supporting documents revealed that the payments were not supported with the minutes of NG CDFC, temporary work tickets to show the record of journey and authority on the same. It was further noted that the fuel procured was not accounted for through fuel records such fuel register and detail orders.

Under the circumstances, it has not been possible to ascertain the regularity of the expenditure of Kshs.2,070,000 on emergency.

8. Unaccounted for Other Payments

During the year under review, NG-CDF Wajir East spent an amount of Kshs.7,500,000 on other payments. However, according to the approved budget the Fund had a budgetary allocation of Kshs. 7,203,448. This means that the Fund had an over expenditure of Kshs.296,552 on this item. There was no reallocation done for the item and no explanation was made as to why the funds exceeded its budgetary allocation on this item.

In addition, the expenditure was incurred on hire of motor vehicles for monitoring and evaluation exercises, delivery of emergency supplies and chain link fence for NG-CDF Wajir East office. Examination of records available relating to the expenditure revealed that payments amounting to Kshs.4,605,000 had the following anomalies:-

- (i) Car hire services for delivering emergency supplies were directly procured from the supplier without floating request for quotations and there was no work ticket for the vehicles purported to have been hired. No proper explanation was made as to why the services were not competitively sourced.
- (ii) There was no signed contract agreement between the car hire service provider and NG Wajir East CDF Project Management Committee.
- (iii) Lists of the projects visited and the report of the monitoring and evaluation team for the projects visited were not availed for audit review.
- (iv) The Project file for the construction of a chain link fence at Wajir East NG-CDF office was not availed for Audit verification.

In view of the foregoing, it was not possible to confirm the expenditure of Kshs.4,605,000 as a correct charge to public funds.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies

Development Fund – Wajir East 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 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. 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

1.0 Budget and Budgetary Control

1.1 Budget Performance Analysis

During the year under review, National Government Constituencies Development Fund-Wajir East had a budget of Kshs.88,036,680 consisting Kshs.84,296,552 for the financial year 2016/2017 and unspent balance of Kshs.1,740,128 from the financial year 2015/2016 and unfunded budget of Kshs.1,999,950 for financial year 2016/2017.

The NG CDF analysis of budget against actual expenditure for the year under review is given as follows: -

1.2 Under/Over Expenditure

Item	Budgeted (Kshs)	Actual (Kshs)	Under/Over (Kshs.)
Compensation to Employees	2,000,344.00	1,998,500.00	1,844.00
Use of goods and services	8,380,554.00	4,382,044.00	3,998,510.00
Transfers to Other Government Units	37,952,180.00	37,614,862.00	337,318.00
Other grants and transfers	32,500,154.00	32,771,618.00	(271,464.00)
Other Payments	7,203,448.00	7,500,000.00	(296,552.00)
TOTAL	88,036,680.00	84,267,024.00	3,769,656.00

The National Government Constituency Development Fund Wajir East spent an amount of Kshs.84,267,024 or 96% of the total budgeted allocation for the period under review. This means, the National Government Constituency Development Fund management under spent Kshs.3,769,656 or 4% of its allocation.

No explanation was given for not using in full the funds allocated to benefit the constituents. It was further noted that the fund exceeded its budget on other grants (Kshs.271,464.00) and other payments (Kshs.296,552). No explanation was made for the over expenditure on these items.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to going concern/ sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Wajir East Constituency for the Year Ended 30 June, 2018

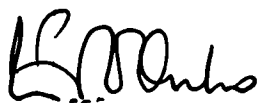
risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.

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

25 July 2018

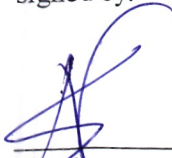
Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Wajir East Constituency for the Year Ended 30 June, 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	84,296,551.70	127,882,004.00
TOTAL RECEIPTS		84,296,551.70	127,882,004
PAYMENTS			
Compensation of employees	2	1,998,500.00	1,423,344
Use of goods and services	3	4,382,044.00	9,839,874
Transfers to Other Government Units	4	37,614,811.90	84,488,691
Other grants and transfers	5	32,771,617.85	31,431,766
Acquisition of Assets	6	-	186,941
Other Payments	7	7,500,000.00	-
TOTAL PAYMENTS		84,266,973.75	127,370,616
SURPLUS/DEFICIT		29,577.95	511,388

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir East NGCDF financial statements were approved on 30-6-2017 and signed by:


Chairman - NGCDFC


Fund Account Manager





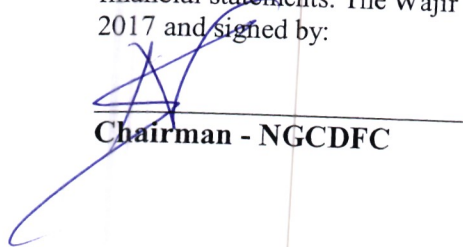
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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IV. STATEMENT OF ASSETS

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	Note	2016-2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	29,577.95	899,527.95
Outstanding Imprests	9	869,949.00	840,600.00
TOTAL FINANCIAL ASSETS		<u>899,526.95</u>	<u>1,740,127.95</u>
REPRESENTED BY			
Fund balance b/fwd. 1st July...	10	1,740,128	1,228,740.15
Surplus/Deficit for the year		29,577.95	511,388 .00
Prior year adjustments	11	(870,179)	-
NET FINANCIAL POSITION		<u>899,526.95</u>	<u>1,740,128 .15</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir East NGCDF financial statements were approved on 30-6-2017 and signed by:


 Chairman - NGCDFC


 Fund Account Manager

**FUND ACCOUNT MANAGER
 WAJIR EAST NG-CDF
 P.O. Box 417-70200 WAJIR**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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VI. STATEMENT OF CASHFLOW


Receipts for operating income		2016 - 2017	2015-2016
Transfers from CDF Board	1	84,296,551.70	127,882,004
		84,296,551.70	127,882,004
Payments for operating expenses			
Compensation of Employees	2	1,998,500	1,423,344
Use of goods and services	3	4,382,044	9,839,874
Transfers to Other Government Units	4	37,614,811.9	84,488,691
Other grants and transfers	5	32,771,617.85	31,431,766
Other Payments	7	7,500,000.00	-
		84,266,973.75	127,183,675
Adjusted for:			
Adjustments during the year	11	(870,179)	-
Net cash flow from operating activities		(840,601.05)	698,329
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6		(186,941)
Net cash flows from Investing Activities			(186,942)
NET INCREASE IN CASH AND CASH EQUIVALENT		(840,601.05)	511,388
Cash and cash equivalent at BEGINNING of the year	10	1,740,128	1,228,740
Cash and cash equivalent at END of the year		899,526.95	1,740,128

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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Reports and Financial Statements

For the year ended June 30, 2017

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir East NGCDF financial statements were approved on 30/6 2017 and signed by:


Chairman - NGCDFC


Fund Account Manager



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- WAJIR EAST CONSTITUENCY
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VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	84,296,551.70	1,740,128.00	86,036,679.70	84,296,552	1,740,128.10	98%
Proceeds from Sale of Assets			-			
Other Receipts			-			
TOTAL	84,296,551.70		-	84,296,552		
PAYMENTS			-			
Compensation of Employees	1,800,000.00	200,344	2,000,344	1,998,500	11,844	101%
Use of goods and services	4,000,000.00	750,000	4,750,000	4,382,044	358,000	108%
Transfers to Other Government Units	37,200,000.00	752,180	37,952,180	37,614,811.90	337,318	101%

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST CONSTITUENCY
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Other grants and transfers	32,000,000.00	1,000,154	33,000,154	32,771,617.85	228,542	101%
Acquisition of Assets	0	0	0	0	-	0%
Other Payments	7,000,000.00	500,000	7,500,000.00	7,500,000.00	0.00	100%
TOTAL	82,000,000.00	1,740,128.00	85,202,678.00	84,266,973.75		

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

VII. 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.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the 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, 2017.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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Reports and Financial Statements

For the year ended June 30, 2017

VIII. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM CDF BOARD

	2016-2017	2015-2016
AIE NO 855535	4,400,000.00	3,000,000.00
AIE NO 855108	36,853,449.00	25,000,000.00
AIE NO 855635	38,948,275.10	25,000,000.00
AIE NO 839530	4,094,827.60	14,000,000.00
		32,000,000.00
		28,882,000.00
TOTAL	84,296,551.70	127,882,004.00

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2'. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,000,000.00	976,452
Basic wages of casual labour		-
Personal allowances paid as part of salary		-
House allowance		-
Transport allowance		142,212
Leave allowance		-
Other personnel payments		-
Employer contribution to NSSF		25,920
gratuity	998,500	278,760
Total	1,998,500	1,423,344

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Utilities, supplies and services	998,000	5,158,594
Office rent		
Communication, supplies and services		
Domestic travel and subsistence	2,000,000	1,720,100
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses	582,000	
Hospitality supplies and services		
Other committee expenses		
Committee allowance	404,000	1,192,900
Insurance costs		
Specialized materials and services		
Office and general supplies and services		
Fuel ,oil & lubricants		
Other operating expenses	398,044	1,768,280
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
TOTAL	4,382,044	9,839,874

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	18,414,861.9	52,388,852
Transfers to secondary schools	18,200,000	32,099,839
Transfers to Tertiary institutions	1,000,000	-
Transfers to Health institutions		-
TOTAL	37,614,811.9	84,488,691

5. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	5,000,000	482,060
Bursary -Tertiary	13,999,500	14,675,000
Bursary-Special schools		-
Mocks & CAT		-
water		4,599,680
Agriculture (food security)		-
Electricity projects		-
Security	9,560,289.70	3,590,026
Roads		-
Sports	1,211,827.85	150,000
Other capital grants and transfer		-
Emergency Projects (specify)	3,000,000	7,935,000
Total	32,771,617.85	31,431,766

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2016-2017 Kshs	2015 - 2016 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		186,941
Purchase of Office Furniture and General Equipment		-
Purchase of ICT Equipment, Software and Other ICT Assets		-
Purchase of Specialized Plant, Equipment and Machinery		-
Rehabilitation and Renovation of Plant, Machinery and Equip.		-
Acquisition of Land		-
Acquisition of Intangible Assets		-
Total		186,941

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Others	7,500,000.00	0

7,500,000.00

**8: Bank Accounts
(cash book bank balance)**

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
Kenya Commercial Bank A/c 1102763853	29,577.95	899,527.95
		-
		-
		-
	29,577.95	899,527.95

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Abdinasir saman ali	14.04.2017	250,000.00	0.00	250,000
Mohamed abdi	20.05.17	250,00.00	0.00	250,000
Abdisalan billow abdi	28.5.2017	369,949.05	0.00	369,949.05
		869,949		869,949

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND WAJIR EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	899,527.95	1,228,740
Cash in hand		
Imprest	840,600	
Total	1,740,127.95	1,228,740

11. PRIOR YEAR ADJUSTMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts		
Cash in hand		
Imprest	(870,179)	
Total	(870,179)	

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

12. OTHER IMPORTANT DISCLOSURES

12.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017 Kshs	2015 - 2016 Kshs
Construction of buildings	-	1,200,000
Construction of civil works	-	-
Supply of goods	29,578	-
Supply of services	-	28,740
	29,578	1,228,740

12.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0.00	0.00
Middle management	0.00	0.00
Unionisable employees	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	0.00	0.00

12.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	0.00	0.00
Amounts due to other grants and other transfers (see attached list)	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	0.00	0.00

12.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	50,000	0.00
	50,000	0.00

NATIONAL GOVERNMENT ENTITY - (Wajir East CDF)
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE


Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	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. Supply of stationaries	29577.95	15.05.2017	0.00	29,577.95	0.00	
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

**NATIONAL GOVERNMENT ENTITY - (WAJIR EAST NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)**

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	N/A	N/A
Buildings and structures	5,000,000	5,000,000
Transport equipment	-	-
Office equipment, furniture and fittings	3,186,941	3,186,941
ICT Equipment, Software and Other ICT Assets	500,000	500,000
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	8,686,941	8,686,941

Prepared by:


ABDISSALAN BILLOW ABDI
 Fund Account Manager
WAJIR EAST

FUND ACCOUNT MANAGER
WAJIR EAST NG-CDF
 P. O. Box 417-70200 WAJIR

WAJIR EAST NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND.

TRIAL BALANCE AS AT 30TH JUNE 2017			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	29,578	
	Cash Balances	-	
	Outstanding Imprest	869,949	
Payments			
	Compensation of Employees	1,998,500	
	Use of goods and services	4,382,044	
	Committee Expenses		
	Transfers to Other Government Units	37,614,812	
	Other grants and transfers	32,771,618	
	Social Security Benefits		
	Acquisition of Assets		
	Other Payments	7,500,000	
Receipts			
	Transfers from the Board		84,296,552
	Proceeds from sale of assets		-
	Others receipts		-
	Prior Year Adjustment	870,179	
	Fund Balance b/f		1,740,128
	TOTAL	86,036,680	86,036,680