



REPUBLIC OF KENYA

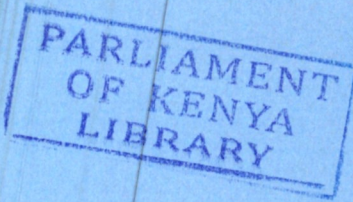


OFFICE OF THE AUDITOR-GENERAL

Paper Laid on the Table of the House by the Deputy Majority Leader on Tuesday

REPORT

28/08/2018



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
YATTA CONSITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100 NAIROBI
29 MAY 2018
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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
YATTA 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)

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (NGCDF)* was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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

(b) Key Management

The *YATTA 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 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Richard Maritim
3.	Accountant	Benjamin Makau

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of YATTA Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency 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) YATTA NGCDF Headquarters

Yatta P.O. Box 203-90119
MATUU-KATANGI ROAD
MATUU

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

Reports and Financial Statements

For the year ended June 30, 2017

(f) YATTA NGCDF Contacts

Telephone: (254) 0720 540 633

E-mail: yatta@ngngcdf.go.ke

Website: www.yatta@ngngcdf.go.ke

(g) YATTA NGCDF Bankers

EQUITY BANK

MATUU BRANCH

P.O. Box

MATUU -90119

Nairobi, Kenya

(h) Independent Auditors

Office of the Auditor

Kenya National Audit

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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

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

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

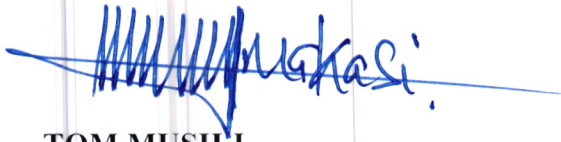
Yatta constituency development fund was allocated Kshs 81,896,551.72 for the financial year 2016/2017, of the above amount the constituency received Kshs 81,896,551.72

The constituency also received Kshs 62,359,041.00 for the financial year 2015/2016 and other previous years.

Despite the normal challenges the implementation of the projects was a success in the financial year 2016/2017 and only the implementation of Katangi TTI has stalled due to issues surrounding nomination of mentor institution and registration by the parent ministry. Hopefully the issues will be settled soon and purchase will be completed

During the financial year 2016/2017 the constituency was able to complete the NG-NGCDF Office at Matuu and start KMTC NGNGCDF funded project.

We look forward to improve efficiency in project implementation.



TOM MUSILI

CHAIRMAN NG-NGCDFC- YATTA CONSTITUENCY

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- YATTA
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 agency shall prepare financial statements in respect of that agency. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

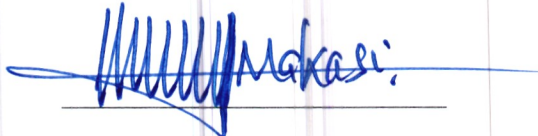
The Accounting Officer in charge of the YATTA Constituency Development Fund is responsible for the preparation and presentation of the YATTA NGCDF financial statements, which give a true and fair view of the state of affairs of the YATTA NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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.

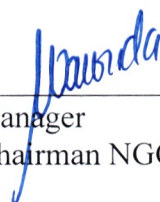
The Accounting Officer in charge of the YATTA NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). 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 YATTA 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 YATTA 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 **4th August, 2017**.





Fund Account Manager
Chairman NGCDFC

REPUBLIC OF KENYA

P.O. Box 30084-00100
NAIROBI

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-YATTA CONSITUENCY 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- Yatta Constituency set out on pages 5 to 26, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flow 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 effects of the matter 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- Yatta 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, 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. Acquisition of Assets

The statement of receipts and payments for the year ended 30 June 2017 reflects an expenditure of Kshs. 6,269,990 relating to acquisition of assets which differ with the assets movement figure of Kshs. 7,653,068 reflected under the summary of fixed assets register at annex 4 to the financial statements. The difference of Kshs.1,383,078 between the two sets of records has not been explained. Consequently, the completeness and accuracy of the expenditure of Kshs. 6,269,900 cannot be confirmed.

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

2. Net Financial Position

The statement of assets as at 30 June 2017 reflects incorrectly net liabilities instead of net financial position of Kshs.4,140,539, being the difference between the brought forward balance of Kshs.10,462,227 and the deficit for the year of Kshs.6,321,688.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund-Yatta 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 judgement, were of most significance to the audit of the financial statements for the current year. Except for matters described in 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 Performance

The Fund incurred actual expenditure totaling Kshs.150,577,280 against an approved budget of Kshs.154,717,820 or approximately 97 % of the budget resulting in under expenditure of Kshs.4,140,539 or 3%.

2. Projects Implementation

- (i) A review of project files and other records revealed that the Fund transferred an amount of Kshs.31,250,000 to Bank Account No. 0390271258388 held at Equity Bank for the proposed construction of Katangi Technical Training Institute. The money was still held at the bank at the time of conclusion of the audit. Management explained that the project could not start since the relevant Ministry had not given necessary approvals including the appropriate plans and designs. Further, one of the prerequisites before the project could be implemented was identification of a mentor institution but this had also not been done. The management has not provided any explanations regarding measures taken to ensure that the project is implemented without further delay.
- (ii) The status report of other projects as at 30 June 2017 is as detailed below:

Project Name	Project Activity	Financial Year	Allocations Kshs	Disbursement Kshs	Status	Remarks
Makivenzi secondary school	Construction of a Multipurpose Hall	2014-2015	2,000,000	2,000,000.00	On-going	Needs more funds
Katangi Technical Training Institute Land Purchase	Purchase Of Land for Construction of Tech Training Institute	2014-2015	7,500,000	5,000,000.00	ongoing	Title forTTI processed
Katangi Technical Training Institute	CDF Contribution to Construction of Tech Training Institute	2014-2015	10,000,000	NIL	Not started	Ministry allocations yet to be done
Matuu district hospital	Roofing,Plaster,Flo or painting & finishing	2014-2015	5,500,000	5,500,000.00	Not started	Successfully Handed over
Kinyaata tac hall	Completion of Hall from Lintel, roofing, floor,plaster & Shutters	2014-2015	1,000,000	1,000,000.00	Complete	Needs more funds
Total			26,000,000	13,500,000.00		
Conservation of Iviani seasonal river	Construction of gabions across the river	2015-2016	500,000	NIL	Not started	registering of pmc
Katangi Technical Training Institute	Construction of Tech Training Institute	2015-2016	21,250,000	NIL	Not started	Ministry allocations yet to be done
Kyasioni Primary school	Construction of a dormitory	2015-2016	800,000	800,000.00	On-going	On-going
Kalandini Primary School	Construction of 4door pit latrines	2015-2016	240,000	240,000.00	ongoing	ongoing
Ndalani Primary School	Renovation of 3NO. Classroom: Reroofing ,flooring and painting	2015-2016	500,000	500,000.00	On-going	Project activity changed to construction of a classroom
Installation of CCTV camera for boarding secondary school	Installation of CCTV camera for 10 boarding secondary school:	2015-2016	3,000,000	NIL	Not started	Funds not yet received from the board
Mwambathana Secondary School	Construction of a laboratory	2015-2016	1,200,000	1,200,000.00	On-going	works in progress
Ilumanthi Secondary School	Construction of 1NO. Classroom	2015-2016	700,000	700,000.00	Complete	Successfully Handed over
			28,190,000.00	3,440,000.00		
Mbembani police post	re roofing of blown roof	2016-2017		100,000.00	new	
Muusini Secondary School	purchase of nitety lockers and chairs , two tables	2016-2017		374,137.90	new	complete

Kondo Primary school	Renovation (Roofing, flooring, doors and windows, plastering, painting and keying 5 classrooms	2016-2017	905,750.00	905,750.00	New	complete
Kangemi Primary School	Renovation (Roofing, flooring, doors and windows, Plastering, painting and keying 2 classrooms	2016-2017	500,000.00	500,000.00	New	complete
Ivutu Primary School	Construction of one Classroom	2016-2017	700,000.00	700,000.00	New	complete
Nguswini Primary School	Construction of one Classroom	2016-2017	700,000.00	700,000.00	New	complete
Kikeneani Primary School	Renovation (Roofing, flooring, doors and windows, painting, plastering and keying 8 classrooms	2016-2017	1,005,750.00	1,005,750.00	New	complete
Naivasa Primary School	Renovation (Roofing, flooring, doors and windows, painting, plastering and keying 2 classrooms	2016-2017	500,000.00	500,000.00	New	complete
Kinyaata Primary School	Construction of Toilet	2016-2017	305,750.00	305,750.00	New	complete
Kenya Medical Training College -Yatta Campus	Construction of the Institute (4 Classrooms-kshs 5m, Administration Block plus furniture kshs 5.5m, Gate and security hse kshs 1.5m, 50 Computers @ 3m	2016-2017	15,000,000.00	15,000,000.00	New	On-going
Total Amount Ksh.			73,807,250.00	37,031,387.90		

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 sustain services, disclosing, as applicable, matters related to sustainability of service and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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.

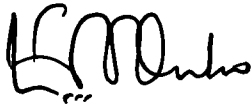
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the fund to cease sustaining 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 activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

25 July 2018

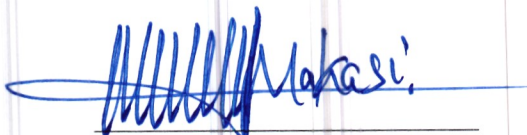
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- YATTA
CONSTITUENCY**


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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board-AIEs' Received	1	144,255,593	123,705,922
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	191,000
TOTAL RECEIPTS		144,255,593	123,896,922
PAYMENTS			
Compensation of employees	4	3,167,606	2,020,801
Use of goods and services	5	10,535,178	5,485,636
Transfers to Other Government Units	6	85,733,922	58,267,620
Other grants and transfers	7	43,388,085	40,348,103
Acquisition of Assets	8	6,269,990	12,203,185
Other Payments	9	1,482,500	-
TOTAL PAYMENTS		150,577,280	118,325,345
SURPLUS/DEFICIT		(6,321,688)	5,571,578

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The YATTA NGCDF financial statements were approved on **4th August, 2017** and signed by:


Chairman - NGCDFC


Fund Account Manager

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

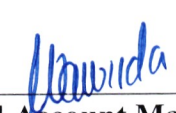
**Reports and Financial Statements
For the year ended June 30, 2017**

V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	4,090,539	10,079,227
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	10C	50,000	383,000
TOTAL FINANCIAL ASSETS		4,140,539	10,462,227
REPRESENTED BY			
Retention	-	-	-
Fund balance b/fwd 1st July...	11	10,462,227	4,890,649
Surplus/Deficit for the year		(6,321,688)	5,571,578
Prior year adjustments	12	-	-
NET LIABILITIES		4,140,539	10,462,227

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The YATTA NGCDF financial statements were approved on **4th August, 2017** and signed by:


Chairman NGCDF


Fund Account Manager

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

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

VI. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from NGCDF Board	1	144,255,593	123,705,922
Other Receipts	3	-	191,000
		144,255,593	123,896,922
Payments for operating expenses			
Compensation of Employees	4	3,167,606	2,020,801
Use of goods and services	5	10,535,178	5,485,636
Transfers to Other Government Units	6	85,733,922	58,267,620
Other grants and transfers	7	43,388,085	40,348,103
Other Payments	9	1,482,500	-
		144,307,291	106,122,160
Adjusted for:			
Adjustments during the year	12	-	-
Net cash flow from operating activities		(51,698)	17,754,763
 CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	6,269,990	12,203,185
Net cash flows from Investing Activities		6,269,990	12,203,185
 NET INCREASE IN CASH AND CASH EQUIVALENT		(6,321,688)	5,551,578
Cash and cash equivalent at BEGINNING of the year	11	10,462,227	4,890,649
Cash and cash equivalent at END of the year		4,140,539	10,462,227

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The YATTA NGCDF financial statements were approved on **4th August, 2017** and signed by:


Chairman NGCDFC


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATA CONSTITUENCY

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	81,896,552	72,821,268	154,717,820	154,717,820	-	100
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
				-	-	
				-	-	
PAYMENTS						
Compensation of Employees	2,237,010	2,133,670	4,370,680	3,167,606	1,203,074	72
Use of goods and services	5,133,680	5,401,499	10,535,178	10,535,178	-	100
Transfers to Other Government Units	42,509,785	43,224,137	85,733,922	85,733,922	-	100
Other grants and transfers	28,644,828	17,680,723	46,325,550	43,388,085	2,937,465	94
Acquisition of Assets	3,371,250	2,898,740	6,269,990	6,269,990	-	100
Other Payments	-	1,482,500	1,482,500	1,482,500	-	100
TOTALS	81,896,552	72,821,268	154,717,820	150,577,280	4,140,539	


The constituency had an opening balance of kshs 10,642,227 and received K.shs 62,359,041.00 for the financial year 2015/2016 and other Previous years.

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

The YATTA NGCDF financial statements were approved on 4th August, 2017 and signed by:



Chairman NGCDF



Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *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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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 CONSTITUENCIES DEVELOPMENT FUND – YATTA
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
			1,600,000.00
AIE NO	A825896	62,359,041	40,694,744
AIE NO	A839539	4,094,828	16,809,740
AIE NO	A885245	36,853,449	1,601,438
AIE NO	A855727	39,310,344	20,000,000
AIE NO	A839719	1,637,931	20,000,000
AIE NO		-	23,000,000
TOTAL		144,255,593	123,705,922

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	-	-
Total	-	-

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

3. OTHER RECEIPTS

	2016- 2017	2015 - 2016
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	191,000.00
Other Receipts Not Classified Elsewhere	-	-
Total	-	191,000.00

4. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,790,010	1,780,201
Basic wages of casual labour	291,100	168,000
Personal allowances paid as part of salary		
House allowance		6,000
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	66,600
Gratuity	1,086,496	-
Total	3,167,606	2,020,801

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

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	71,675	9,901
Office rent	-	270,000
Communication, supplies and services	269,500	27,000
Domestic travel and subsistence	42,000	-
Printing, advertising and information supplies & services	524,070	71,665
Rentals of produced assets	-	-
Training expenses	1,912,900	1,851,500
Hospitality supplies and services	161,410	-
Insurance costs	184,527	189,462
Specialised materials and services	-	-
Office and general supplies and services	46,583	-
Fuel ,oil & lubricants	350,000	200,000
Other operating expenses	596,871	93,656
Routine maintenance – vehicles and other transport equipment	383,413	215,852
Routine maintenance – other assets	-	-
Other committee expenses	3,457,830	1,259,600
Committee allowance	2,534,400	1,297,000
	-	-
Total	10,535,178	5,485,636

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

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016- 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	7,509,784.00	17,510,000.00
Transfers to secondary schools	26,174,138.00	24,033,579.00
Transfers to Tertiary institutions	52,050,000.00	16,724,041.00
Transfers to Health institutions	-	-
TOTAL	85,733,922.00	58,267,620.00

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary –Secondary	10,071,400.00	6,245,600.00
Bursary –Tertiary	17,693,922.00	9,091,000.00
Bursary-Special schools	-	-
Mocks & CAT	2,144,721.00	1,136,696.00
Water	-	13,313,838.00
Agriculture (food security)	-	-
Electricity projects	-	-
Security	900,000.00	2,005,000.00
Roads	-	-
Sports	4,145,111.00	209,000.00
Environment	4,137,931.00	-
Emergency Projects (specify)	4,295,000.00	8,346,969.00
Total	43,388,085.00	40,348,103.00

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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2016- 2017	2015- 2016
	Kshs	Kshs
Purchase of Buildings	-	
Construction of Buildings	5,786,769.00	11,785,585
Refurbishment of Buildings	-	
Purchase of Vehicles	-	
Purchase of Bicycles & Motorcycles	-	
Overhaul of Vehicles	-	
Purchase of Office furniture and fittings	471,221.00	417,600
Purchase of computers ,printers and other IT equipments	-	
Purchase of photocopier	-	
Purchase of other office equipments	12,000.00	
Purchase of soft ware	-	
Acquisition of Land	-	
Total	6,269,990	12,203,185

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

9. OTHER PAYMENTS

	2016-2017	2015-2016
	Kshs	Kshs
strategic plan	1,482,500.00	
TOTAL	1,482,500.00	-

10A: Bank Accounts (cash book bank balance)

	Kshs (30/6/2017)	Kshs (30/6/2016)
<i>EQUITY BANK, MATUU Branch A/C no. 03390263964339 KSH</i>	4,090,539	10,079,2267.00
Total	4,090,539	10,079,227.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA
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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 (<i>specify</i>)	-	-
Total	-	-

[Provide cash count certificates for each]

10C: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Fund Account Manager</i>	-	50,000.00	-	50,000.00
Total				50,000.00

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA
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For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs (1//7/2016)	Kshs (1//7/2015)
Bank accounts	10,079,227	4,890,649
Cash in hand	-	
Imprest	383,000	
Total	10,462,227	4,890,649

[Provide short appropriate explanations as necessary]

12. PRIOR YEAR ADJUSTMENTS

	2016 - 2017	Kshs
	Kshs	
Bank accounts		-
Cash in hand	-	-
Imprest	-	-
	-	-
Total	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA
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13. OTHER IMPORTANT DISCLOSURES

13.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 – 2016
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-
	-	-

13.2: PENDING STAFF PAYABLES (See Annex 2)

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

13.3: OTHER PENDING PAYABLES (See Annex 3)

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

13.4: PMC account balances (See Annex 4)

	Kshs	Kshs
PMC account Balances (see attached list)	53,154,080	-
	53,154,080	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPEMMENT FUND - (YATTA CONSTITUENCY)
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	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.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA CONSTITUENCY
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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 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA 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 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

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

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	1,500,000.00	1,500,000.00
Buildings and structures	19,871,250.00	12,218,182.00
Transport equipment	5,069,647.00	5,069,647.00
Office equipment, furniture and fittings	426,200.00	426,200.00
ICT Equipment, Software and Other ICT Assets	252,600.00	252,600.00
Other Machinery and Equipment	1,850.00	1,850.00
Heritage and cultural assets		
Intangible assets		
Total	27,121,547.00	19,468,479

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

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Makivenzi Abc girls secondary school	KCB	1168381703	4074.00	-
Ngumbulu secondary school	KCB	1121495680	46,861.95	-
Fr Makewa secondary school	KCB	1169867715	-	-
Bishop paul mutua secondary school.	KCB	1208911546	2,000,415.00	-
Ndalani primary school	EQUITY	0390166330434	2,434.00	
Kondo primary school	EQUITY	0390170884732	210,730.00	
Nguumo primary school	EQUITY	0390171747718	90.00	
Kangemi primary school	EQUITY	0390270843879	200,000.00	
Ikombe day & boarding school	EQUITY	0390192286314	0.00	
Mbanda salama primary school	EQUITY	0390271506874	340.00	
Ivutu primary school	EQUITY	0390166312273	1,660.00	
Nguswini primary school	EQUITY	0390166613201	2,960.00	
Kikeneani primary school	EQUITY	0390270822973	820.00	
Naivasa primary school	EQUITY	0390170839115	120.00	
Kinyaata primary school	EQUITY	0390171791816	305,0257.00	
Kitheuni primary school	EQUITY	0390192421132	384.00	
Kwosau primary school	EQUITY	0390171460299	110.00	
Muusini Secondary school.	EQUITY	0390271495769	187.90	
Mbembani secondary school	EQUITY	0390270821460	280.00	
Muusini secondary school	EQUITY	0390271495769	187.00	
Mangweti secondary school	EQUITY	0390267234157	1,660.00	
St marys Yatta secondary school	EQUITY	0390299856733	3,221.45	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA
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Kaluluini secondary school	EQUITY	090193352961	24,513.50	
Kyua secondary school	EQUITY	0390272417802	1,500,000.00	
Kmtc-yatta campus	EQUITY	0390272948184	14,651,065.00	
Mamba police post	EQUITY	0390171845730	1,780.00	
Yatta ng-NGCDF office	EQUITY	0390270735617	193,018.75	
Sports activities.	EQUITY	0390270735656	3,121.00	
Kwamwenge and Ivutu earth dam	EQUITY	0390173206862	3,789.00	
Katangi T.T.I	EQUITY	0390271258388	31,250,000.00	
TOTAL			53,154,079.55	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA
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For the year ended June 30, 2017**

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)	Time frame: (Put a date when you expect the issue to be resolved)
NGC DF/N H/YA TT/5/ 2015-2016 (4)	PRESENTATION AND DISCLOSURE	I. The necessary adjustments has been made in the financial statements II. The financial statements has the name Yatta NG-NGCDF as per the header III. The financial statements has been amended to read Ksh IV. The notes numbering has been amended and are matched with the financial statements.	FAM	RESOLVED	
NGC DF/N H/YA	INACCURACIES	Amended financial statement presented captures the true financial	FAM	RESOLVED	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA
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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)
TT/5/2015-2016 (4)		position			
NGC DF/NH/YA TT/5/2015-2016 (4)	Compensation to employees	<p>. Ksh 6,000 paid out as transport allowance is erroneously reflected as a staff allowance which are field allowances for the driver of GK B940F PV-244-25/4/2016- position now has been corrected</p> <p>i. 2. Social security of Ksh 105,000 is analyzed in the expenditure returns as</p> <ul style="list-style-type: none"> • NSSF-KSH 38400 • NHIF-KSH 66,600 <p>105,000</p>	FAM	RESOLVED	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – YATTA
 CONSTITUENCY
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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)	Time frame: (Put a date when you expect the issue to be resolved)
NGC DF/N H/YA TT/5/ 2015-2016 (4)	Cash and cash equivalents.	<p>The delay in effective presentation of cheques was caused by suspension of NG-NGCDF committee operations or repeal and replacement of the NGCDF act 2013, bursary cheques were issued and the NGCDFC vacated the office on 19th February 2016 and constituted at the end of June 2016</p> <p>The status of bank reconciliation presented after audit</p>	FAM	RESOLVED	