REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MOYALE CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2017

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MOYALE CONSTITUENCY

ANNUAL 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)

Table of Content

Page

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 Moyale Constituency's day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	**Yusuf Mbuno**
2.	A.I.E holder	**Yusuf Dika**
3.	Accountant	**Nicholus Nyaga**

(d) Fiduciary Oversight Arrangements

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

(e) Moyale NGCDF Headquarters

NGCDF Office Building
P.O. Box 24- 60700
Moyale
Moyale Town

(f) MOYALE NG-CDF Contacts

Telephone: (254) 703957387
E-mail: Ywako@ngcdf.go.ke or cdfmoyale@gmail.com
Website: www.cdfmoyale.go.ke

(g) MOYALE NG-CDF Bankers

Constituency NG CDF Main Banker

Bank:	Equity Bank
Branch:	Moyale
A/c No:	1020298992601

(h) Independent Auditors

Office of the auditor general
Kenya National Audit Office
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

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG CDFC MOYALE)

Moyale constituency is among the four constituencies that make up Marsabit County. The constituency is divided into two administrative sub counties (districts): Moyale and Sololo and seven administrative wards (Butiye,Sololo,Hellu/Manyatta,Golbo,Moyale Township,Uran and Obbu).
It has a population of 80,650 people as per 2009 census but based on population growth rate of 2.4% the figure is projected at 88,676. Its inhabited mostly by pastoral peoples including: Borana, Gabra, Burji, Garre,Sakuye and others(Smart Survey-August 2013)
It has diverse physiographic conditions ranging from plateau hills rising from 800-1200m along the border with Ethiopia in the North to flats low lying plains(500-800m) on its border with Wajir North Constituency in the East, North Horr Constituency in the west and Eldas Constituency in the South.

Since the inception of NG CDF Moyale, Sectors like Education, Health, Water and Security were greatly improved across all the wards of Moyale Constituency. For Example, In Education Sector seven secondary schools was fully funded by NG CDF Moyale.

NG-CDF Moyale has assisted several needy students in the constituency by awarding bursary to all needy students since the inception of NG-CDF.

The major implementation challenges are vastness of the constituency and frequent tribal clashes i.e Insecurity.

THE CHAIRMAN MOYALE CONSTITUENCY DEVELOPMENT FUND P.O. BOX 24-60700 MOYALE

Abdi Ibrahim Boru
Chairman - NG CDFC

III. STATEMENT OF NG CDF 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 NG CDF shall prepare financial statements in respect of that NG CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Moyale NG CDF is responsible for the preparation and presentation of the NG CDF's financial statements, which give a true and fair view of the state of affairs of the NG CDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NG CDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NG CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Moyale NG CDF accepts responsibility for the NG CDF'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 NG CDF's financial statements give a true and fair view of the state of NG CDF's transactions during the financial year ended June 30, 2017, and of the NG CDF's financial position as at that date. The Accounting Officer charge of the Moyale NG CDF further confirms the completeness of the accounting records maintained for the NG CDF, which have been relied upon in the preparation of the NG CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Moyale NG CDF confirms that the NG CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG CDF'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 NG CDF'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 NG CDF's financial statements were approved and signed by the Accounting Officer on 23/08/ 2017.

Abdi Ibrahim	Yusuf Pika
Chairman - NG CDFC	**Fund Account Manager**

CHAIRMAN MOYALE CONSTITUENCY DEVELOPMENT FUND P.O. Box 24-60700 MOYALE

FUND ACCOUNT MANAGER NG CDF, MOYALE P.O. Box 24 - 60700 MOYALE

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MOYALE 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-Moyale Constituency set out on pages 5 to 18, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation : recurrent and development 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-Moyale 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

1.0 Unaccounted for Bursaries

Note 5 to the financial statements for the financial year under review reflected other grants and other payments totaling Kshs.71,565,160 out of which Kshs.4,381,060 and Kshs.10,748,749 was disbursed as bursaries to Secondary schools and Tertiary institutions respectively. However, records made available indicate that only Kshs.278,500 had been acknowledged by Tertiary institutions out of the Kshs.10,748,749 disbursed leaving a balance of Kshs.10,470,249 un-acknowledged

while Secondary schools had acknowledged Kshs.1,556,000 out of the Kshs.4,381,060 disbursed leaving a balance of Kshs.2,825,090 not acknowledged. In the circumstances, the regularity of the bursaries of Kshs.13,295,339 that were not acknowledged could not be confirmed.

2.0 Irregular and Unsupported Compensation of Employees Expenditure

Note 2 to the financial statements reflects compensation of employees' balance of Kshs.3,025,920 as at 30 June 2017. However, personnel files for five (5) employees were not availed for audit review. Further the Fund recruited 9 employees, while it was legislated by the Constituency Development Fund (CDF) Act, 2013 which at the time of engagement stipulated that a CDF could employ a maximum of 5 staff members leading to an unexplained over recruitment of 4 staff.

In the circumstances, the regularity and legality of the Kshs.3,025,920 expenditure could not be confirmed.

3.0 Unsupported Expenditure on Training

Note 3 to the financial statements reflects a balance of Kshs.1,396,000 for training expenses. However, no supporting documents including training venues, attendance registers, facilitators and reports generated from trainings were availed for audit review.

In the circumstances, the regularity of the expenditure amounting to Kshs.1,396,000 could not be confirmed.

4.0 Unaccounted For Sports Project Funds

Note 5 to the financial statements reflects a balance of Kshs.1,000,175 for sports projects. Information availed revealed that the allocation was to be used to carry out a constituency sports tournament and the winning teams, schools or clubs to be awarded with trophies, balls and games kits. However, a review of supporting documents revealed that the funds remained unutilized as at the end of the financial year while the Project Management Committee (PMC) did not return the unspent funds.

In the circumstances, the value for money of Kshs.1,000,175 disbursement could not be confirmed.

5.0 Lack of Value for Money on Transfers to Roban Sigale Mixed Day Secondary Schools

Note 4 to the financial statements reflects Kshs.15,870,000 in respect of transfer to secondary schools which included Kshs.4,175,000 for construction of a dormitory and purchase of 25 double decker beds for Roban Sigale Mixed Day Secondary School. Supporting documents availed and a physical verification for the project carried out on 24 May 2018 revealed that the school was not in operation and no sign board was in

place. Further, the dormitory was complete but not in use contrary to the Project Implementation status report which indicated that the project was in use. In addition, poor workmanship was noted while procurement documents were not availed for audit review.

In the circumstances, the value for money of the Kshs.4,175,000 expenditure could not be confirmed.

6.0 Construction of a Boda Boda Shed at Sololo

Note 5 to the financial statements reflects a security projects balance of Kshs.3,260,000 which included Kshs.1,260,000 in respect to construction of a bodaboda shed at Sololo town. However, there was no Board authority for the re-allocation from the security expenditure. A physical verification carried out on 24 May 2018 revealed that the shed was being used by other businesses including sale of Khat (Miraa) instead of boda boda riders.

In the circumstances, the propriety of the Kshs.1,260,000 expenditure as at 30 June 2017 could not be confirmed.

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

1.0 Budgetary Control and Performance

The combined summary statement of appropriation reflects an original budget of Kshs.81,896,552. However, the amount received from the CDF Board was Kshs.103,457,049 which included Kshs.62,508,772 relating to the financial year 2015/2016 but received in the year under audit and Kshs.40,948,277 for the financial year 2016/2017. The Fund did not therefore receive Kshs.40,948,274 out of the Kshs.81,896,552 budget for the year under review.

In addition, the actual expenditure as at 30 June 2017 was Kshs.128,254,697 utilized to fund both recurrent and development expenditures resulting in an over expenditure of Kshs.24,797,648.

In the circumstances, the Fund did not operate within the approved budget during the financial year.

2.0 Project Implementation Status

The Fund had planned to implement 38 projects during the financial year under review at a cost of Kshs.74,525,863. However, 26 projects worth Kshs.20,816,897 had not started while 4 projects with a cost of Kshs.23,389,138 were ongoing and only 8 projects worth Kshs.30,319,828 had been completed as analyzed below;

Project Status	Sector	Amount Allocated (Ksh.)	Amount Disbursed (Ksh.)	No. of Projects
Completed	Education	1,655,000	1,655,000	2
	Roads	24,570,000	24,570,000	5
	Emergency	4,094,828	4,094,828	1
	Sub Total	**30,319,828**	**30,319,828**	**8**
Ongoing	Education	2,915,000	2,915,000	3
	Bursary	20,474,138	20,474,138	1
	Sub Total	**23,389,138**	**23,389,138**	**4**
Not Started	Education	12,204,500	0	15
	Security	6,982,500	0	8
	Sports	600,000	0	1
	Environment	500,000	0	1
	Others-CDF office	529,897	0	1
	Sub-Total	**20,816,897**	**0**	**26**
Grand Total		**74,525,863**	**53,708,966**	**38**

In the circumstances, the residents of Moyale Constituency did not get services worth Kshs.20,816,897 being the budgeted but not started projects as at 30 June 2017.

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 as a going concern, disclosing, as applicable, matters related

to sustainability of services and using the applicable 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. 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 scepticism 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 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 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

18 July 2018

VI. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from NG CDF board-AIEs' Received	1	103,457,049	122,410,465
TOTAL RECEIPTS		**103,457,049**	**122,410,465**
PAYMENTS			
Compensation of employees	2	3,025,920	2,608,617
Use of goods and services	3	9,475,825	7,142,956
Transfers to Other Government Units	4	44,187,792	32,537,931
Other grants and transfers	5	71,565,160	60,136,601
Other Payments	6	-	3,604,600
TOTAL PAYMENTS		**128,254,697**	**106,030,706**
SURPLUS/DEFICIT		**(24,797,648)**	**16,379,760**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The **MOYALE** NG CDF financial statements were approved on 23/08/2017 and signed by:

THE CHAIRMAN MOYALE CONSTITUENCY DEVELOPMENT FUND P.O. BOX 24-60700 MOYALE

Abdi Ibrahim
Chairman - NG CDFC

FUND ACCOUNT MANAGER NG - CDF, MOYALE P.O. BOX 24 - 60700 MOYALE

Yusuf Dida
Fund Account Manager

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	3,086,150	27,883,798
TOTAL FINANCIAL ASSETS		**3,086,150**	**27,883,798**
REPRESENTED BY			
Fund balance b/fwd 1st July... 2016	8	27,883,798	11,504,038
Surplus/Defict for the year		(24,797,648)	16,379,760
NET LIABILITIES		**3,086,150**	27,883,798

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MOYALE NG CDF financial statements were approved on 22/08/ 2017 and signed by:

THE CHAIRMAN MOYALE CONSTITUENCY DEVELOPMENT FUND P.O. BOX 24-60700 MOYALE

FUND ACCOUNT MANAGER NG - CDF, MOYALE P.O. BOX 24-60700 MOYALE

Abdi Ibrahim
Chairman - NG CDFC

Yusuf Bida
Fund Account Manager

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from NG CDF Board	1	103,457,049	122,410,465
		103,457,049	**122,410,465**
Payments for operating expenses			
Compensation of Employees	2	(3,025,920)	(2,608,617)
Use of goods and services	3	(9,475,825)	(7,142,956)
Transfers to Other Government Units	4	(44,187,792)	(32,537,931)
Other grants and transfers	5	(71,565,160)	(60,136,601)
Other Payments	6	-	(3,604,600)
		(128,254,697)	**(106,030,706)**
Net cash flow from operating activities		**(24,797,648)**	**16,379,760**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**(24,797,648)**	**16,379,760**
Cash and cash equivalent at BEGINNING of the year	8	**27,883,798**	**11,504,038**
Cash and cash equivalent at END of the year	7	**3,086,150**	**27,883,798**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MOYALE NG CDF financial statements were approved on 13/08/ 2017 and signed by:

Chairman NG CDFC

Fund Account Manager

FUND ACCOUNT MANAGER
NG - CDF, MOYALE
P.O. Box 24 - 60700
MOYALE

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 %
RECEIPTS						
Transfers from CDF Board	81,896,551.72	62,508,772.00	144,405,323.72	103,457,049.00	40,948,274.72	72%
TOTAL	**81,896,552**	**62,508,772**	**144,405,324**	**103,457,049**	**40,948,275**	72%
PAYMENTS						
Compensation of Employees	2,583,240.00	-	2,583,240.00	3,025,920.00	(442,680.00)	117%
Use of goods and services	4,787,450.00	-	4,787,449.65	9,475,825.00	(4,688,375.35)	198%
Transfers to Other Government Units	16,774,500.00	38,833,421.00	55,607,921.00	44,187,792.00	11,420,129.00	79%
Other grants and transfers	57,221,465.50	23,675,351.00	80,896,816.50	71,565,160.00	9,331,656.50	88%
Other Payemnts	529,896.58	-	529,896.58		529,896.58	0
TOTAL	**81,896,552**	**56,638,494**	**144,405,324**	**128,254,697**	**16,150,627**	89%

The Moyale NG CDF financial statements were approved on 23/08/ 2017 and signed by:

THE CHAIRMAN MOYALE CONSTITUENCY DEVELOPMENT FUND P.O. BOX 24-60700 MOYALE

FUND ACCOUNT MANAGER NG-CDF MOYALE P.O. BOX 24 - 60700 MOYALE

Abdi Ibrahim
Chairman - NG CDFC

Yusuf Dika
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 NG CDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

   The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NG CDF.

2. **Recognition of revenue and expenses**

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

3. **In-kind contributions**

   In-kind contributions are donations that are made to the NG CDF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the NG CDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. **Cash and cash equivalents**

   Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the NG CDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NG CDF'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 NG CDF'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.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM NG CDF BOARD

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation			
	AIE NO…2015/2016/1051	62,508,772.00	
	AIE NO…2016/2017/188	4,094,827.60	
	AIE NO.....2016/2017/354	36,853,449.00	
	AIE NO…2014/2015/1273		46,898,978
	AIE NO…2014/2015/1379		12,511,487
	AIE NO.....2015/2016/260		10,000,000
	AIE NO....2015/2016/403		20,000,000
	AIE NO.....2015/2016/527		20,000,000
	AIE NO....2015/2016/551		13,000,000
TOTALS		**103,457,049**	**122,410,465**

2. COMPENSATION OF EMPLOYEES

Description	**2016 - 2017**	**2015 - 2016**
	Kshs	**Kshs**
Basic wages of contractual employees	2,113,050	1,729,944
Employer contribution to NSSF	21,600	21,600
Gratuity	891,270	857,073
Total	**3,025,920**	**2,608,617**

3. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	120,000	321,920
Training expenses	1,396,000	1,400,000
Commitee allowances	5,512,000	2,745,600
Fuel ,oil & lubricants	1,203,090	1,626,807
Other operating expenses	75,085	51,865
Routine maintenance – vehicles and other transport equipment	1,169,650	996,764
Total	**9,475,825**	**7,142,956**

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	28,317,792	19,617,931
Transfers to secondary schools	15,870,000	12,920,000
Transfers to Tertiary institutions	-	
Transfers to Health institutions	-	
TOTAL	**44,187,792**	**32,537,931**

5. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	4,381,060	13,740,037
Bursary -Tertiary	10,748,749	14,242,000
Mocks & CAT		2,070,763
Water Projects	-	16,430,000
Roads Projects	44,985,000	5,478,537
Sports Projects	1,000,175	1,703,264
Environment Project	1,000,176	2,282,000
Emergency Projects	6,190,000	4,190,000
Security Projects	3,260,000	-
Total	**71,565,160**	**60,136,601**

6. OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Manyatta Chiefs Office	-	830,000
Sololo Makutano Stage Shade(Dhambef Construction co.)	-	1,199,600
Hellu Security Camp	-	1,575,000
Total	**-**	**3,604,600**

7: Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2016 - 2017	2015 - 2016
		Kshs (30/6/2017)	Kshs (30/6/2016)
Equity Bank –Moyale Branch	1020298992601	3,086,150	27,883,798
Total		**3,086,150**	**27,883,798**

8. BALANCES BROUGHT FORWARD

Description	2016 - 2017	2015 - 2016
	Kshs (1//7/2017)	Kshs (1/7/2016)
Bank accounts	27,883,798	11,504,038
Total	27,883,798	**11,504,038**

15.1 OTHER IMPORTANT DISCLOSURES

15.1: PMC Account Balances (See Annex 5)

Description	2016 - 2017	2015 - 2016
	Kshs (1//7/2017)	Kshs (1/7/2016)
PMC Account Balances	5,931,558	-
Total	5,931,558	-

15.2: Amount due from the Board

Description	2016 - 2017	2015 - 2016
	Kshs (1//7/2017)	Kshs (1/7/2016)
Amount due from the Board	40,948,275	-
Total	**40,948,275**	-

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016-2017	Historical Cost (Kshs) 2015-2016
Land	N/A	N/A
Buildings and structures	7,976,000	7,976,000
Transport equipment	4,550,000	4,550,000
Office equipment, furniture and fittings	1,328,750	1,328,750
ICT Equipment, Software and Other ICT Assets	133,500	133,500
Total	**13,988,250**	**13,988,250**

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balances 2016/17	Bank Balances 2015/16
Anona Primary School Cdf Account	Equity-Moyale	1020264486704	525,085	0
Madho Adhi Primary School Cdf Account	Equity-Moyale	1020272288002	525,000	0
Waye Godha Primary School Cdf Account	Equity-Moyale	1020272454691	279,890	0
Township Mixed Day Secondary School Cdf Account	Equity-Moyale	102027231015	905,340	0
Gadha Korma Primary School Cdf Account	Equity-Moyale	1020264464556	981,215	0
Kukub Primary School Cdf Account	Equity-Moyale	1020272454691	279,890	0
Antut Primary School Cdf Account	Equity-Moyale	1020273252882	630,000	0
Moyale Cdf Sport Committee	Equity-Moyale	1020265364933	1,002,174	0
Total			**5,128,594.00**	**0**

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)*
EH/AUD/MOYALE CDF/2015-2016/2	Accuracy of the financial statements. The following differences were noted between the financial statements and supporting documents and schedules. Item:Mocks , Financial statements Kshs 2,010,401,Supporting Schedule Kshs 2,070,763 Item: Transfer to primary Schools Kshs 19,417,931,Supporting Schedule Kshs 19,617,931 Item: Transfer to Secondary School Kshs 13,122,000,Supporting Schedule Kshs 12,920,000	Moyale National Government Constituency Development Fund (NG CDF) will make the necessary amendments in the Financial Statements to reflect the correct balances.	Yusuf Dika Wako Moyale Ng-Cdf Fund Account Manager	**RESOLVED**	**RESOLVED ON 25TH JANUARY 2017.**

Prepared by:

FUND ACCOUNT MANAGER
NG - CDF, MOYALE
P.O. Box 24 - 60700
MOYALE

Yusuf Dika
Fund Account Manager
Moyale NGCDF