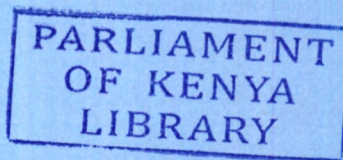


REPUBLIC OF KENYA



*Paper laid by
leader of Majority
Party
Thursday
2/8/2018
A/s*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
GARSEN CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**

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OFFICE OF THE AUDITOR GENERAL

19 SEP 2017

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
GARSEN 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)

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
GARSEN CONSTITUENCY**

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	2
II. FORWARD BY THE CABINET SECRETARY	4
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES	5
IV. STATEMENT OF RECEIPTS AND PAYMENTS	6
V. STATEMENT OF ASSETS	7
VI. STATEMENT OF CASHFLOW	8
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	9
VIII. SIGNIFICANT ACCOUNTING POLICIES	11
IX. NOTES TO THE FINANCIAL STATEMENTS	13-25



CONSTITUENCY DEVELOPMENT FUND-GARSEN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The National Government 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 Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The GARSEN 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Mwangi Chege
3.	Accountant	Vincent Musumba

(d) Fiduciary Oversight Arrangements

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

GARSEN NGCDF Office Building.
P.O Box 48-80201
Malindi-Lamu Road
GARSEN,KENYA

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

(f) GARSEN NGCDF Contacts

Telephone: (254) 704144072
E-mail: cdfGarsen@NGCDF.go.ke
Website: www.ngcdf.go.ke

(g) GARSEN NGCDF Bankers

1. Kenya Commercial Bank,
Garsen Branch
A/C NO.1107969735
P.O BOX 54-80201
GARSEN.

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

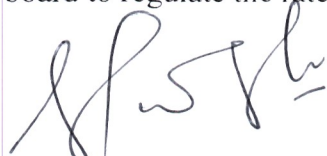
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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

The GARSEN NGCDF has utilized at most 99% of its allocated funds by undertaking its budgeted projects and allocations. The NGCDF have improved on the Education access and Security infrastructures of Garsen among others.

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

The NGCDF board to regulate the rate of ngcdfc staff turnovers in Constituencies.



Sign.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
GARSEN CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that Fund. 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.

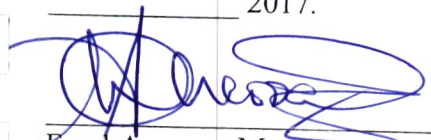
The Accounting Officer in charge of the Garsen NGCDF is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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 Fund; (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 Garsen NGCDF accepts responsibility for the Fund'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 Fund'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 Fund's financial position as at that date. The Accounting Officer in charge of the Fund further confirms the completeness of the accounting records maintained for the Fund, 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.

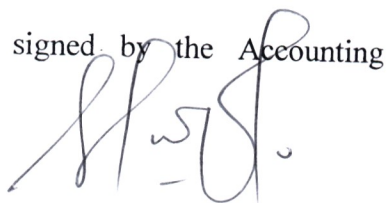
The Accounting Officer in charge of the Garsen NGCDF confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Fund'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 Fund's financial statements were approved and signed by the Accounting Officer on _____ 2017.



Fund Account Manager



Chairman

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 - GARSEN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of National Government Constituency Development Fund- Garsen Constituency set out on pages 6 to 25 which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows for the year ended, and summary statement of appropriation recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1. Presentation of Financial Statements

The financial statements for the year ended 30 June 2017 presented for audit had the following presentation issues;

- i. Table of contents on page 1 reads 'forward by the cabinet secretary' where it is 'forward by the Chairman.
- ii. Page 5, paragraph 2 of the financial statement reads 'for the year ended June 30, 2016' instead of 'for the year ended 30 June 2017.'
- iii. Date of signing the financial statement is not indicated on pages 5 to 10.

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

- iv. Page 11, paragraph 1, on significant accounting policies, indicates that all values are rounded to the nearest one shilling, but in the contrary, the figures in these financial statements are not rounded off.

In the circumstances, the financial statements presented for the year ended 30 June 2017 do not comply with International Public Sector Accounting Standards No.1 on presentation of financial statements as prescribed by the Public Sector Accounting Standards Board.

2. Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June 2017 presented for audit, had the following errors.

- 2.1. The comparative figures in the statement of receipts and payments were at variance with the last years audited financial statements as shown in the table below.

Item	Balance as per 2015/2016 Audited Account Kshs.	Balance as per the 2016/17 financial statement Kshs.	Variance Kshs.
Compensation of employees	968,242	1,056,264	(88,022)
Use of goods and services	13,326,343	8,134,844	5,191,499
Transfer to other Government units	80,820,690	75,455,110	5,365,580
Other grants and transfers	36,186,371	49,449,848	(13,263,477)
Acquisition of assets	2,794,420	-	2,794,420
Cash balance (cash at hand)	0	2,943,131	2,943,131
Outstanding imprest	2,943,131	0	2,943,131
Total	137,039,197	137,039,197	0

In the circumstances, the accuracy, validity and completeness of the financial statements presented for audit for the year ended 30 June 2017 could not be confirmed.

3. Cash and Cash Equivalents

3.1. Bank Balance

Note 10A to the financial statement reflects bank balance of Kshs.79,867 as at 30 June 2017. However, bank reconciliation statement included bank charges amounting to Kshs.58,696 which ought to have been expensed in these financial statements. Also, included in the bank reconciliation statement are payment in the bank not recorded in the cash book of Kshs.200,000 which have been long outstanding and receipts in the cash book of Kshs.10,000 was not banked. Management did not explain failure not to record the transactions in the cash book and to bank the cash intact.

Again the bank reconciliation statement as at 30 June 2017 reflects payments in cash book not in bank statement (un-presented cheques) amounting to Kshs.2,233,244.15, However, bank statements were not availed for audit to confirm when the cheques were subsequently cleared.

Consequently, the accuracy, validity and completeness of bank balance of Kshs.79,867 as at 30 June 2017 could not be confirmed.

3.2. Cash in Hand

Note 10B to the financial statements reflects cash in hand balance of Kshs.233,131 as at 30 June 2018. However, board of survey certificate on cash was not availed for audit review. Further, the comparative reflects cash balance of Kshs.2,794,420 while the 2015/2016 audited financial statement reflected nil balance. In the circumstances, the stated cash at hand could not be confirmed.

Consequently, the accuracy, validity and completeness of cash and cash equivalent balance of Kshs.312,998 as at 30 June 2017 could not be Confirmed.

3.3. Outstanding Imprest

The statement of assets reflects a nil balance in respect to outstanding imprest. However, the imprest register and imprest warrants were not availed for audit review. It was not possible to confirm the nil outstanding imprest balance as at 30 June 2017.

Further, the outstanding imprest comparative figure for the previous year reflects nil balance while the audited financial statements reflect a balance of Kshs.2,794,420 as at 30 June 2016.

Consequently, the accuracy of outstanding imprest with a nil balance as at 30 June 2017 could not be confirmed.

4. Unsupported Expenditure

Statement of receipts and payments for the year ended 30 June 2017, reflected total expenditure of Kshs.159,290,100. However, schedules to support these expenditure, were not availed for audit review as shown below.

	Expenditure Item	Note	Amount	Observation
1	Basic Wages for Contractual Employees	4	1,334,403.20	No support schedules, no payroll, no employment letters, no employees files
2	Employer Contribution to NSSF	4	143,876.00	No support schedule to support what the balance is made off, no payroll

3	Gratuity	4	487,149.70	No support schedule, no list of beneficiaries, no contracts, no employee files
4	Utilities, Supplies and Services	5	218,778.40	No support schedules to support what the balance is constitutes off
5	Domestic Travel and Subsistence	5	75,000.00	No support schedules to support what the balance is constitutes off, no invitation letters, no work tickets
6	Hospitality Supplies and Services	5	99,100.00	No support schedules to support what the balance is constitutes off
7	Other Committee Expenses	5	7,017,960.70	No support schedule to support the balance, no invitation letters, no minutes, no attendance register
8	Committee Allowance	5	267,932.50	No support schedule to support the balance, no invitation letters, no minutes, no attendance register
9	Office and General Supplies and Services	5	475,094.00	No support schedules to support what the balance is constitutes off
10	Fuel, Oil and Lubricants	5	1,594,383.00	No support schedule to support the balance, no work tickets, no fuel register, no fuel detail orders, no minutes of procurement
11	Other Operating Expenditure	5	218,683.30	No support schedules to support what the balance is constitutes off
12	Routine Maintenance - Vehicles and Other Transport Equipment	5	145,330.00	No support schedules to support what the balance is constitutes off, no maintenance log books, no certificate of repairs, no minutes of procurement
13	Transfers to Primary School	6	43,600,000.00	No support schedule to support what the balance constitutes off, no PMC files
14	Transfers to Secondary School	6	48,900,000.00	No support schedule to support what the balance constitutes off, no PMC files
15	Bursary - Secondary	7	17,199,957.30	No support schedule to support what the balance constitutes off, no acknowledgement receipts, no criteria to identify need of students, no minutes of the bursary committee

16	Bursary - Tertiary	7	10,501,590.00	No support schedule to support what the balance constitutes off, no acknowledgement receipts, no criteria to identify need of students, no minutes of the bursary committee
17	Mocks and CAT	7	3,000,000.00	No support schedule to support what the balance constitutes off
18	Security	7	8,300,000.00	No support schedule to support what the balance constitutes off, no PMC files
19	Sports	7	3,637,931.00	No support schedule to support what the balance constitutes off, no PMC files
20	Environment	7	3,637,931.00	No support schedule to support what the balance constitutes off, no PMC files
21	Other Capital Grants and Transfers	7	4,435,000.00	No support schedule to support what the balance constitutes off, no PMC files
22	Emergency Projects	7	4,000,000.00	No support schedule to support what the balance constitutes off, no PMC files
	TOTAL		159,290,100.10	

Consequently, the accuracy, validity and completeness of expenditure of Kshs. 159,290,100 for the year ended 30 June 2017 could not be confirmed.

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 National Government Constituency Development Fund- Garsen Constituency's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to 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

My responsibility is to conduct an audit of the National Government Constituency Development Fund - Garsen Constituency's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of National Government Constituency Development Fund- Garsen 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.



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

Nairobi

06 July 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
GARSEN CONSTITUENCY**

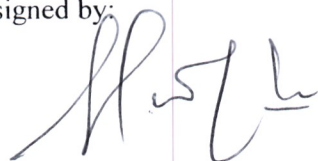
Reports and Financial Statements

For the year ended June 30, 2017

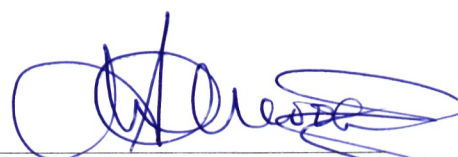
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	142,577,442.00	118,805,328.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		142,577,442.00	118,805,328.00
PAYMENTS			
Compensation of employees	4	1,965,428.80	1,056,264.00
Use of goods and services	5	10,112,261.90	8,134,844.00
Transfers to Other Government Units	6	92,500,000.00	75,455,110.00
Other grants and transfers	7	54,712,409.30	49,449,848.00
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		159,290,100.00	134,096,066.00
SURPLUS/DEFICIT		(16,712,658.00)	(15,290,738.00)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GARSEN NGCDF financial statements were approved on _____ 2017 and signed by:



Chairman - NGCDFC



Fund Account Manager

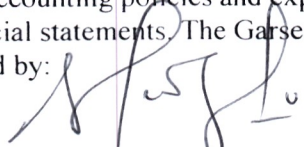


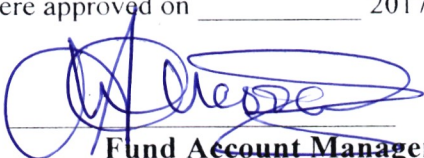
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
GARSEN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

V. STATEMENT OF ASSETS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	79,867.00	14,082,525.00
Cash Balances (cash at hand)	10B	233,131.00	2,943,131.00
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		312,998.00	17,025,656.00
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	17,025,656.00	32,316,394.00
Surplus/Deficit for the year		(16,712,658.00)	(15,290,738.00)
Prior year adjustments	14	-	-
NET LIABILITIES		312,998.00	17,025,656.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Garsen NGCDF financial statements were approved on _____ 2017 and signed by:


Chairman - NGCDFC


Fund Account Manager



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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from CDF Board	1	142,577,442.00	118,805,328.00
Other Receipts	3	-	-
		142,577,442.00	118,805,328.00
Payments for operating expenses			
Compensation of Employees	4	1,965,428.80	1,056,264.00
Use of goods and services	5	10,112,261.90	8,134,844.00
Transfers to Other Government Units	6	92,500,000.00	75,455,110.00
Other grants and transfers	7	54,712,409.30	49,449,848.00
Other Payments	9	-	-
		159,290,100.00	134,096,066.00
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(16,712,658.00)	(15,290,738.00)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(16,712,658.00)	(15,290,738.00)
Cash and cash equivalent at BEGINNING of the year	13	17,025,656.00	32,316,394.00
Cash and cash equivalent at END of the year		312,998.00	17,025,656.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Garsen NGCDF financial statements were approved on _____ 2017 and signed by:


Chairman NGCDF


Fund Account Manager



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	78,106,547.00	160,003,098.72	159,603,098.70	400,000.02	100%
Proceeds from Sale of Assets					-	
Other Receipts					-	
TOTAL	81,896,551.72	78,106,547.00	160,003,098.72	159,603,098.70	400,000.02	100%
PAYMENTS						
Compensation of Employees	1,992,368.34	-	1,992,368.34	1,965,428.80	26,939.54	99%
Use of goods and services	5,378,321.31	5,419,999.77	10,798,321.08	10,112,261.90	686,059.18	94%
Transfers to Other Government Units	36,800,000.00	55,700,000.00	92,500,000.00	92,500,000.00	-	100%
Other grants and transfers	37,725,862.07	16,986,547.23	54,712,409.30	54,712,409.30	-	100%
Acquisition of Assets					-	0%
Other Payments					-	0%
TOTAL	81,896,551.72	78,106,547.00	160,003,098.72	159,290,100.00	312,998.70	100%



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

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

- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.] There were no revenue items during the year
- (b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]
- i. There were no under or over utilisation during the year.

The Garsen NCCDF financial statements were approved on _____ 2017 and signed by:



Chairman NCCDF



Fund Account Manager



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

Reports and Financial Statements

For the year ended June 30, 2017

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

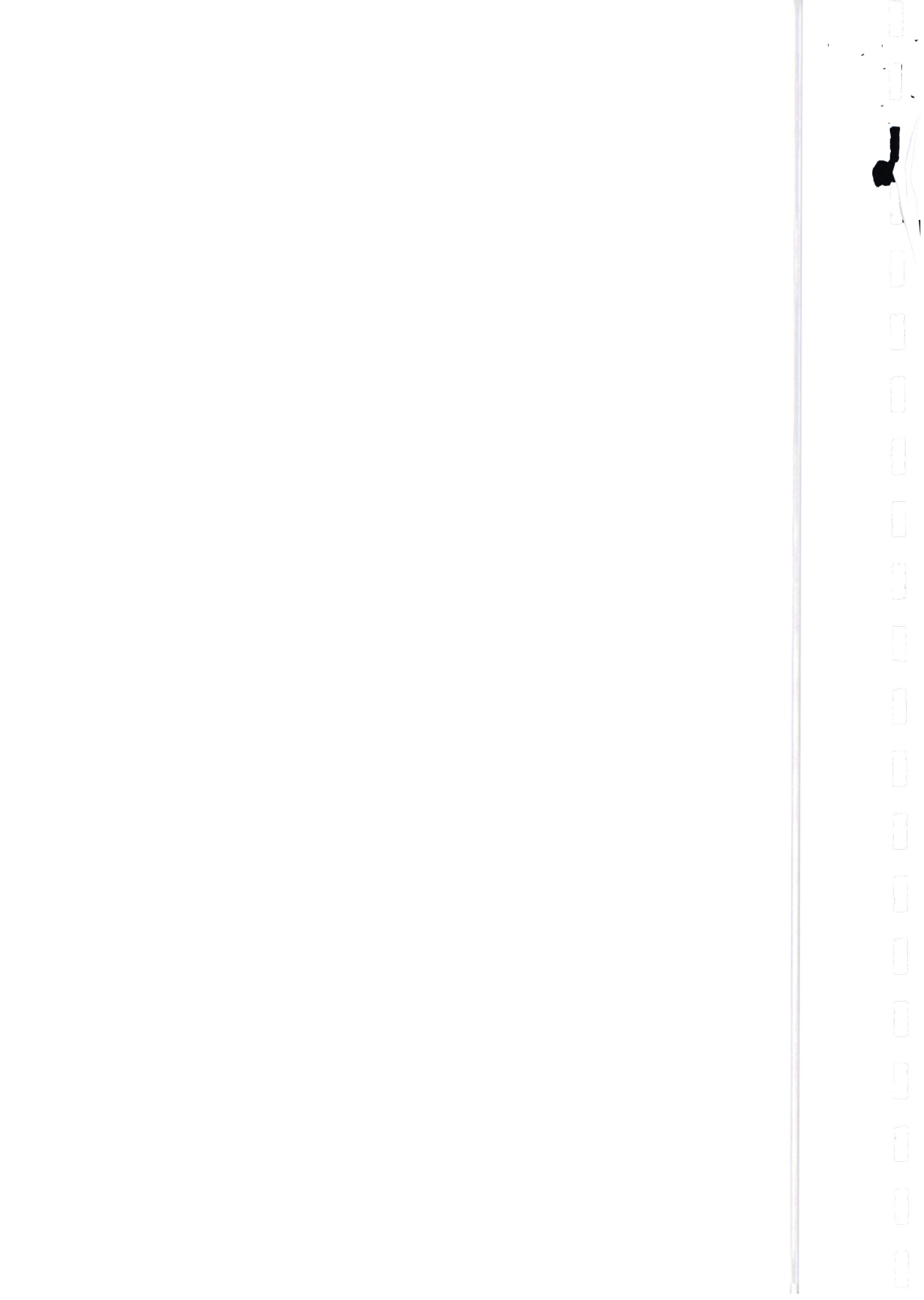
The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

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.



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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation	AIE NO. A825848	61,080,891.00	118,805,328.00
	AIE NO. A829549	4,094,827.00	
	AIE NO. A855165	36,853,449.00	
	AIE NO. A855673	40,548,275.00	
Conditional grants			-
	AIE NO...	-	
Receipt from other Constituency	AIE NO...	-	
TOTAL		142,577,442.0	118,805,328.0

2. PROCEEDS FROM SALE OF ASSETS

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Receipts from the Sale of Buildings		-	
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	
Receipts from the Sale of office and general equipment		-	
		-	-
	Total	-	-



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Interest Received	-	-
Other Receipts Not Classified Elsewhere (Tenders)	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,334,403.2	1,056,264.0
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF gratuity	143,876.0 487,149.7	.
Total	1,965,428.8	1,056,264.0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
 GARSEN CONSTITUENCY
 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	218,778.4	
Office rent	-	-
Communication, supplies and services	-	
Domestic travel and subsistence	75,000.0	
Printing, advertising and information supplies & services		
Rentals of produced assets	-	-
Training expenses	-	
Hospitality supplies and services	99,100.0	-
Other committee expenses	7,017,960.7	5,877,739.0
Committee allowance	267,932.5	408,400.0
Insurance costs		-
Specialised materials and services		-
Office and general supplies and services	475,094.0	832,005.0
Fuel ,oil & lubricants	1,594,383.0	516,700.0
Other operating expenses-Website	-	-
Other operating expenses-Strategic Plan		
Other operating expenses-Bank charges	218,683.3	
Routine maintenance – vehicles and other transport equipment	145,330.00	500,000.00
Routine maintenance – other assets		
Total	10,112,261.9	8,134,844.0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
 GARSEN CONSTITUENCY
 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	43,600,000.0	34,937,931.0
Transfers to secondary schools	48,900,000.0	36,034,420.0
Transfers to Tertiary institutions		
Transfers to Health institutions		4,482,759.0
TOTAL	92,500,000.0	75,455,110.0

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary - Secondary	17,199,957.3	14,984,535.0
Bursary - Tertiary	10,501,590.0	13,013,100.0
Bursary-Special schools	-	
Mocks & CAT	3,000,000.0	2,000,000.0
water		
Agriculture (food security)	-	
Electricity projects		3,000,000.0
Security	8,300,000.0	3,500,000.0
Roads		
Sports	3,637,931.0	2,312,213.0
Environment	3,637,931.00	
Other capital grants and transfer	4,435,000.0	
Emergency Projects	4,000,000.00	10,640,000.00
	-	
	-	
		-
		-
Total	54,712,409.3	49,449,848.0



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
 GARSEN CONSTITUENCY
 Reports and Financial Statements
 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		.	
Refurbishment of Buildings		-	-
Purchase of Vehicles			-
Purchase of Bicycles & Motorcycles			-
Overhaul of Vehicles		-	-
Purchase of Office furniture and fittings			.
Purchase of computers ,printers and other IT equipments			
Purchase of photocopier		-	-
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
			-
Total		-	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

No other payments		-	-
specify		-	-
specify		-	-
TOTAL		-	-

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2016 - 2017 Kshs (30/6/2017)	2015 - 2016 Kshs (30/6/2016)
KCB Bank Garsen Branch	1107969735	79,867.00	14,082,525.00
Total		79,867.00	14,082,525.00
10B: CASH IN HAND)			
		2016 - 2017 Kshs (30/6/2017)	2015 - 2016 Kshs (30/6/2016)
TANA DELTA SUB COUNTY TREASURY		233,131.0	2,943,131.0
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
Total		233,131.0	2,943,131.0



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2017)</i>
	Date imprest taken	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
			-	-
			-	-
			-	-
		-	-	-
		-	-	-
		-	-	-
				-
12 Retention				
Supplier/Contractor	PV no	2016 - 2017	2015 - 2016	
		N/A	N/A	



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

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

		2016 - 2017	2015 - 2016
		Kshs (1/7/2016)	Kshs (1/7/2015)
Bank accounts		14,082,525.00	29,507,394.00
Cash in hand		2,943,131.00	2,809,000.00
Imprest			
Total		17,025,656.00	32,316,394.00

14. PRIOR YEAR ADJUSTMENTS

		2016 - 2017	2015 - 2016
		Kshs	Kshs
Bank accounts			
Cash in hand		-	-
Imprest		-	-
		-	-
Total		-	-



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

15. OTHER IMPORTANT DISCLOSURES

15.1: 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		-	-
TOTAL		-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

		Kshs	Kshs
Senior management		-	-
Middle management		-	-
Unionisable employees		-	-
Others (specify)		-	-
		-	-

15.3: OTHER PENDING PAYABLES (See Annex 3)

		Kshs	Kshs		Outstanding Balance 2017	comments
Amounts due to other Government entities (see attached list)		-	-			
Amounts due to other grants and other transfers (see attached list)		-	-			
Others (specify)		-	-			
		-	-			



ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. N/A						
2.						
3.						
Sub-Total						
Construction of civil works						
4. N/A						
5.						
6.						
Sub-Total						
Supply of goods						
7. N/A						
8.						
9.						
Sub-Total						
Supply of services						
10. N/A						
11.						
12.						
Sub-Total						
Grand Total						



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

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		A	b	c	d=a-c		
Senior Management							
1. N/A							
2.							
3.							
Sub-Total							
Middle Management							
4. N/A							
5.							
6.							
Sub-Total							
Unionisable Employees							
7. N/A							
8.							
9.							
Sub-Total							
Others (specify)							
10. N/A							
11.							
12.							
Sub-Total							
Grand Total							



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

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.	N/A						
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.	N/A						
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.	N/A						
8.							
9.							
	Sub-Total						
	Grand Total						




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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016-2017	Historical Cost (Kshs) 2015-2016
Land	1,000,000.00	1,000,000.00
Buildings and structures	5,000,000.00	5,000,000.00
Transport equipment	6,000,000.00	6,000,000.00
Office equipment, furniture and fittings	250,000.00	250,000.00
ICT Equipment, Software and Other ICT Assets	365,000.00	365,000.00
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	12,615,000.00	12,615,000.00

Prepared by:



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GARSEN CONSTITUENCY

