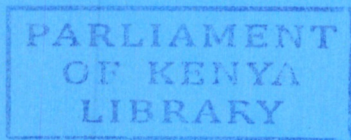


REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT




OF

**THE AUDITOR-GENERAL**

ON

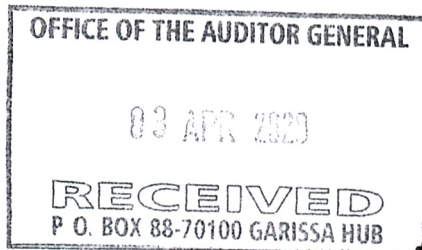
**NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – MANDERA EAST  
CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE:</b> 07 OCT 2021	
<b>DAY.</b>	
<b>TABLED BY:</b>	
<b>CLERK-AT THE-TABLE:</b>	



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -MANDERA  
EAST CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**MANDERA EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

**Mandate**

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

**Vision**

Equitable Socio-economic development countrywide

**Mission**

To provide leadership and policy direction for effective and efficient management of the Fund

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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**Core Values**

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

**(b) Key Management**

The NGCDF MANDERA EAST Constituency day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	HASSAN KASSIM
2.	Sub-County Accountant	YUNIS DAKAT
3.	Chairman NGCDFC	ABDISALAM BIRIK
4.	Member NGCDFC	HIBO ABDI ALI

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF MANDERA EAST Constituency Headquarters**

P.O. Box 197  
Mandera

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2019**

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**(f) NGCDF MANDERA EAST Constituency Contacts**

Telephone: (254) 720520268  
manderaeast@ngcdf.go.ke  
Website: www.ngcdf.go.ke

**(g) NGCDF MANDERA EAST Constituency Bankers**

1. Equity Bank,  
Mandera Branch,  
A/C no. 1000296543528

**(h) Independent Auditors**

Auditor General  
Office of the Auditor General  
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 (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

**Funds disbursements:**

MANDERA East NG-CDF has in the last financial year disbursed Kshs **140,283,779** down from Kshs 145,252,916.00 disbursed in the financial year 2017-2018. This shows a drop in the absorption of funds in the last financial year. The NG-CDF MANDERA East management received from NG-CDF Board at total of **Kshs 101,040,875** compared to **Kshs 136,684,479.25** received in the FY 2017-18. Of the total allocation received, the management were able to disburse **Kshs 140,283,779** to various projects and office operations.

**Achievements:**

The greatest achievements are in project implementation which include sports, education and security.

**Emerging issues:**

Emerging issues include high demand for bursary due to high poverty index.

**Challenges:**

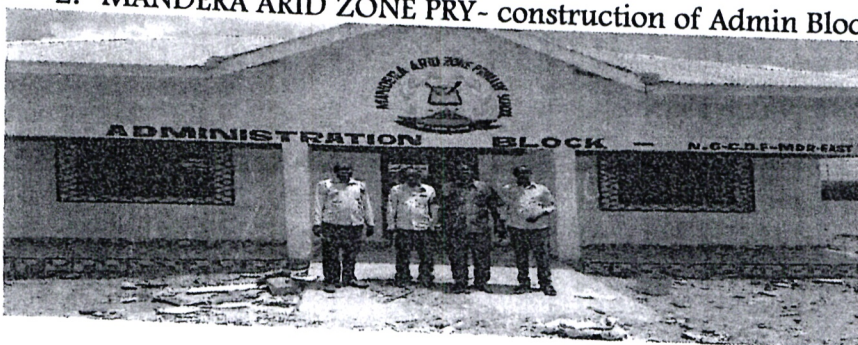
Key challenges include low capacity in the part of PMCs. Our office has tried to mitigate this by carrying out capacity building to train the PMCs on project implementation.

**Sample of Implemented Projects during the Financial Year 2018-19**

**1. Institution- activity**



**2. MANDERA ARID ZONE PRY- construction of Admin Bloc**

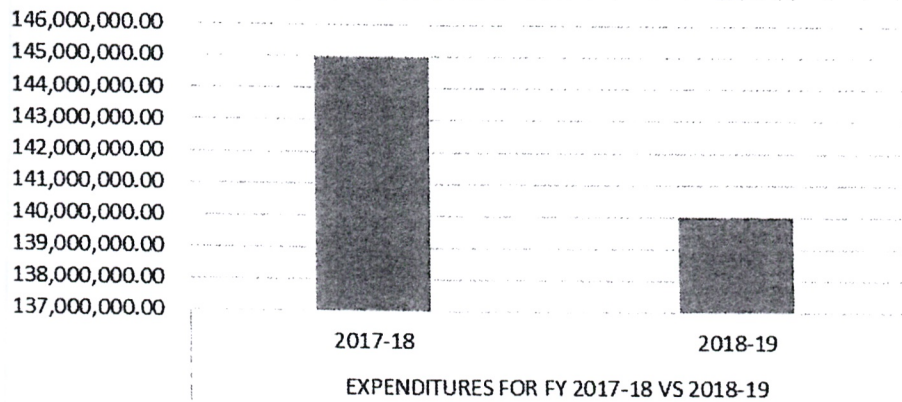
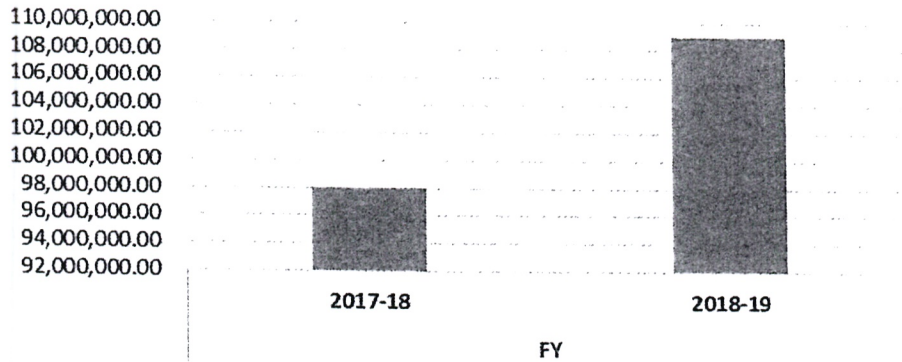




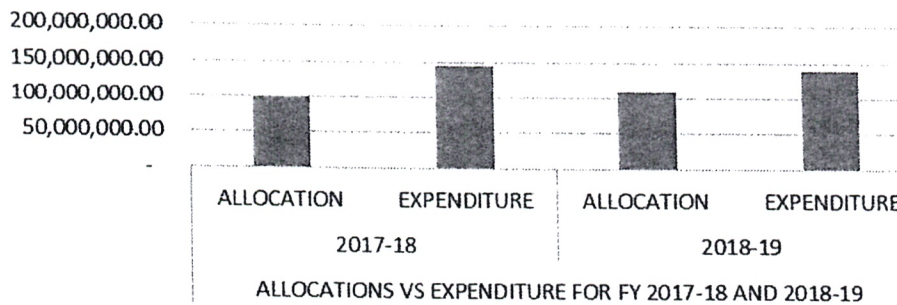
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2019**

**FUNDS ALLOCATIONS FOR FYs 2017-18 & 2018-19**



**ALLOCATIONS VS EXPENDITURE FOR FY 2017-18  
AND 2018-19**



*Signature*

**CHAIRMAN NGCDF COMMITTEE**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

**III. STATEMENT OF ENTITY 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 Entity shall prepare financial statements in respect of that entity. 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.

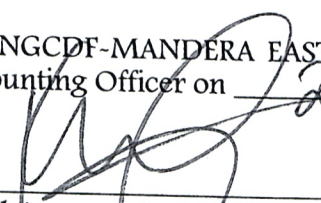
The Accounting Officer in charge of the NGCDF-MANDERA EAST Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. 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 entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

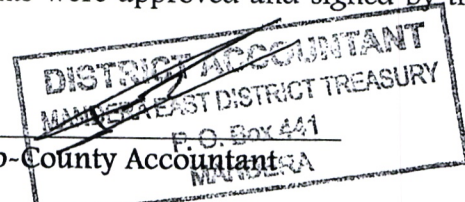
The Accounting Officer in charge of the NGCDF-MANDERA EAST Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MANDERA EAST Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-MANDERA EAST Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity'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-MANDERA EAST Constituency financial statements were approved and signed by the Accounting Officer on 20/3 2020

  
Fund Account Manager  
MANDERA EAST N.G.-C.D.F  
Name: FUND ACCOUNT MANAGER  
P.O. Box 197 - 70300, MANDERA

  
Sub-County Accountant  
Name:

ICPAK Member Number:

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MANDERA EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mandera East Constituency set out on pages 7 to 37, which comprise the statement of assets and liabilities as at 30 June, 2019 and the statement of receipts and payments, statement of cash flows and the 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 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Mandera East Constituency as at 30 June, 2019 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 and the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1. Inaccuracies in the Financial Statements**

###### **1.1 Incorrect Comparative Balances**

Comparative balances reflected in the financial statements differed with the ones reflected in the audited 2017/2018 financial statements as detailed below:

<b>Component</b>	<b>Financial Statement</b>	<b>2017/2018 Audited Account Balances (Kshs.)</b>	<b>2018/2019 Comparative Balances (Kshs.)</b>	<b>Variance (Kshs.)</b>
Outstanding Imprest	Statement of assets and liabilities	1,348,000	-	1,348,000
Total payment for cash flow statement	Statement of cash flows	104,711,910	107,690,703	(2,978,793)
Adjustment during the year	Statement of cash flows	-	3,595,200	(3,595,200)
Net cash flow from Operating Activities	Statement of cash flows	31,972,669	32,588,976	(616,307)

Further, the comparative statement of assets and liabilities reflects total financial assets of Kshs.41,206,858 which were represented by a fund balance of Kshs.41,157,413 resulting into a variance of Kshs.49,445. In addition, the cash and cash equivalents balance at the beginning of the year is shown as Kshs.41,157,413 instead of Kshs.41,206,858 in the cashflow statement.

## **1.2 Misclassification of Expenditure**

The statement of receipts and payments reflects Kshs.73,108,064 for transfers to other government units which as disclosed at Note 6 to the financial statements, included Kshs.46,890,043 transferred to secondary schools. However, examination of the schedules, payment vouchers and other supporting documents revealed that expenditure amounting to Kshs.9,440,043 related to transfers to primary schools.

Consequently, the accuracy of the transfers to other government entities balance of Kshs.46,890,043 reflected in the statement of receipts and payments and of the Kshs.26,218,021 and Kshs.46,890,043 for transfers to primary schools and secondary schools respectively, as disclosed at Note 6 to the financial statements, could not be confirmed.

## **1.3 Inconsistencies in the Financial Statements**

The summary statement of appropriation-recurrent and development combined reflects actual receipts on comparable basis of Kshs.150,198,288 which differ with the balance of Kshs.150,247,733 comprising transfers from the NGCDF Board of Kshs.109,040,875 and the opening bank balance of Kshs.41,206,858 by Kshs.49,445. Further, the summary statement of appropriation-recurrent and development combined reflects unutilized funds of Kshs.1,914,509 which is in agreement with the balance at Annex 3 where the details of the unutilized funds are provided. However, Note 15.3 to the financial statements reflects unutilized funds of Kshs.2,285,126, resulting into a variance of Kshs.370,617 which has not been explained or reconciled.

In addition, the net financial position of Kshs.1,914,509 was erroneously shown as net liabilities in the statement of assets and liabilities.

## **2. Other Grants and Transfers**

The statement of receipts and payments reflects Kshs.52,587,662 for other grants and transfers. The following observations were made regarding the expenditure:

### **2.1 Non-acknowledgement of Bursaries**

As disclosed at Note 7 to the financial statements, the payments included Kshs.30,596,662 being bursaries disbursed to various secondary schools and tertiary institutions. However, official receipts or acknowledgement letters from the beneficiary institutions were not provided.

In view of the foregoing, the accuracy and validity of the expenditure of Kshs.30,596,662 for bursaries could not be confirmed.

### **2.2 Unsupported Security Projects Expense**

The other grants and transfers balance included expenditure on security amounting to Kshs.11,500,000 as disclosed under Note 7 to the financial statements. However, tender notices, tender register, purchase orders, tax compliance certificates and the project management committees' bank statements for contractors paid a total of Kshs.7,000,000 were not provided.

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

### **2.3 Irregular Implementation of Roads Projects**

Note 7 to the financial statements reflected an amount of Kshs.5,000,000 spent on roads and bridges. However, roads construction was not a function of the National Government as provided in the Fourth Schedule of the Constitution of Kenya, 2010 and Section 24(a) of the National Government Constituencies Development Fund Act, 2015 which provides that projects should only be in respect of works and services falling within the functions of the National Government under the Constitution. Further, tender opening minutes and tender evaluation minutes as well as evidence of retention money deducted from the payments to contractors were not provided.

In addition, full payment was made without engineer's certificate of practical completion and without inspection and acceptance committee report.

Consequently, the accuracy and legality of the expenditure of Kshs.5,000,000 on roads and bridges could not be confirmed.

## **2.4 Unsupported Emergency Reserve Fund**

Note 7 to the financial statements reflects expenditure on emergency projects amounting to Kshs.2,931,000. However, evidence was not provided for audit that the emergency projects were reported to the Board within thirty (30) days after the occurrence of the emergency as provided for under Regulation 20 (2) of the National Government Constituencies Development Fund Regulations, 2016. In addition, the expenditure included an amount of Kshs.2,000,000 spent on water trucking services which was not supported by a water trucking schedule to confirm point of use or how the water was distributed across the wards. Further, the invoice for the services was not provided.

In the circumstances, the accuracy and propriety of the expenditure of Kshs.2,931,000 on emergency projects could not be confirmed.

## **2.5 Unaccounted for Sports Equipment**

The Fund released Kshs.2,280,000 to the Youth Sports Project Management Committee for the purchase and supply of sports equipment to two (2) Youth Clubs. However, the items were not taken on charge as required under Section 162 (1) of Public Procurement and Asset Disposal Act, 2015 which requires all inventory, stores and assets purchased be received, but not to be used until taken on charge to ensure that all procured items are properly accounted for and put in proper use as intended by the procuring entity. Further, the counter requisition and issue notes to show how the equipment were issued out were not provided.

Consequently, it could not be confirmed that the funds were utilized for the intended purpose.

## **3. Inaccuracy of Expenditure on Use of Goods and Services**

The statement of receipts and payments reflected Kshs.8,483,863 for use of goods and services which as disclosed at Note 5 to the financial statements included other committee expenses and committee allowances of Kshs.3,492,380 and Kshs.2,040,000 respectively both totaling to Kshs.5,532,380. However, the supporting ledger provided for audit indicated that the Fund spent a total of Kshs.4,817,380 on other committee expenses and committee allowances resulting into a variance of Kshs.715,000. Further, expenditure amounting to Kshs.1,639,000 on committees incurred and accounted for through temporary imprest was not reported. In addition, an amount of Kshs.410,000 included in the expenditure on committee allowances was not supported.

In the circumstances, the accuracy of the expenditure on other committee expenses and committee allowances amounting to Kshs.5,532,380 could not be ascertained.

#### **4. Incomplete Fixed Assets Register**

The summary of fixed assets register at Annex 4 to the financial statements, reflects a historical cost of Kshs.12,097,959 for assets. However, building structures and transport equipment whose cost was Kshs.21,059,098 were not recorded in the fixed assets register of the Fund.

Consequently, the accuracy of the summary of fixed assets register could not be confirmed. Further, in absence of a comprehensive and updated register of assets, it could not be confirmed that proper control systems existed for assets and that preventative mechanisms were in place to eliminate theft, security threats, losses, wastage and misuse as required under Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund-Mandera East Constituency Management 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. There were no key audit matters to report in the year under review.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

##### **1. Implementation and Management of Projects**

During the financial year under review, the Fund allocated Kshs.40,188,457 to twenty-six (26) projects in various sectors including education, security, sport, environment and

emergency. However, the implementation status of the projects could not be established since the project implementation status report provided for audit was incomplete.

Consequently, it was not possible to confirm whether value for money on the expenditure in the projects had been achieved.

## **2. Irregular Procurement of Construction Works**

Included in the transfer to other government entities balance of Kshs.73,108,064 reflected in the statement of receipts and payments and as disclosed at Note 6 to the financial statements, is Kshs.46,890,043 being transfers to secondary schools of which Kshs.19,500,000 related to construction of dining hall, administration block, staff rooms/house and multipurpose hall in various secondary schools. However, some of the contractors had no prior experience in construction despite this being a requirement in the tender evaluation criteria. Further, evidence that the contractors submitted 5% performance security as required by the tender documents and that the Fund deducted 10% retention money before making payments was not provided.

In addition, the projects management committees' bank statements and tender registers were not provided for audit.

Management was therefore in breach of Section 79 of Public Procurement and Asset Disposal Act, 2015 which provides that a tender is responsive if it conforms to all the eligibility and other mandatory requirements in the tender documents.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.



## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

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 maintaining effective 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 and for its assessment of the effectiveness of internal control.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going basis of accounting unless the Management is aware of the intention to either terminate the Fund or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the entities financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

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.

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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.

- 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.

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**14 September, 2021**

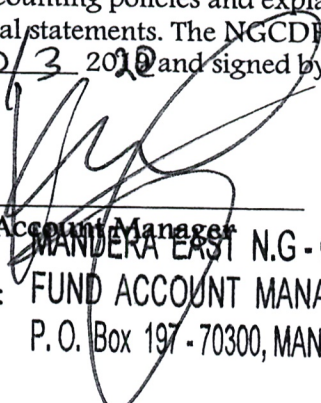
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

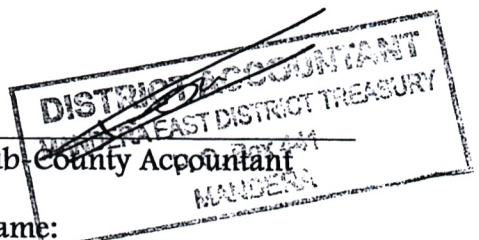
**Reports and Financial Statements  
For the year ended June 30, 2019**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	109,040,875	136,684,47
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>109,040,875</b>	<b>136,684,47</b>
<b>PAYMENTS</b>			
Compensation of employees	4	3,855,051	3,699,095
Use of goods and services	5	8,483,863	4,022,772
Transfers to Other Government Units	6	73,108,064	35,700,000
Other grants and transfers	7	52,587,662	60,768,836
Acquisition of Assets		10,249,139	
Other Payments	9	-	3,500,000
<b>TOTAL PAYMENTS</b>		<b>148,283,779</b>	<b>107,690,700</b>
<b>SURPLUS/DEFICIT</b>		<b>(39,242,904)</b>	<b>28,993,770</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA EAST Constituency financial statements were approved on 20/3/2019 and signed by:

Fund Account Manager  
  
**MANDERA EAST N.G.-C.D.F**  
 Name: **FUND ACCOUNT MANAGER**  
 P. O. Box 197 - 70300, MANDERA

Sub-County Accountant  
  
 Name:  
 ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

**V. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	1,914,509	41,206,858
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		1,914,509	41,206,858
<b>REPRESENTED BY</b>			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	41,206,858	8,568,437
Surplus/Deficit for the year		(39,242,904)	28,993,776
Prior year adjustments	14	-	3,595,200
<b>NET LIABILITIES</b>		1,914,509	41,157,413

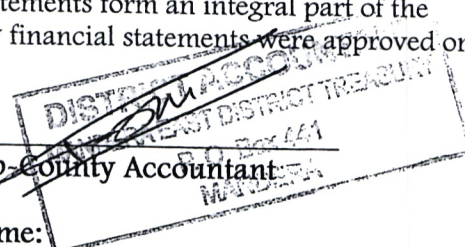
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA EAST Constituency financial statements were approved on 20/3/2019 and signed by:

Fund Account Manager  
Name: **MANDERA EAST N.G.-C.D.F  
FUND ACCOUNT MANAGER  
P.O. Box 197-70300, MANDERA**

Sub-County Accountant:

Name:

ICPAK Member Number:



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2019**

**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2018-2019	2017-2018
Transfers from CDF Board	1	109,040,875	136,684,479
Other Receipts	3	-	-
		<b>109,040,875</b>	<b>136,684,479</b>
Payments for operating expenses			
Compensation of Employees	4	3,855,051	3,699,095
Use of goods and services	5	8,483,863	4,022,772
Transfers to Other Government Units	6	73,108,064	35,700,000
Other grants and transfers	7	52,587,662	60,768,836
Acquisition of Assets	8	-	-
Other Payments	9	-	3,500,000
		<b>138,034,640</b>	<b>107,690,703</b>
Adjusted for:			
Adjustments during the year	14	-	3,595,200
<b>Net cash flow from operating activities</b>		<b>(28,993,765)</b>	<b>32,588,976</b>
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	10,249,139	-
<b>Net cash flows from Investing Activities</b>		<b>(10,249,139)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(39,242,904)</b>	<b>32,588,976</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>41,157,413</b>	<b>8,568,437</b>
<b>Cash and cash equivalent at END of the year</b>		<b>1,914,509</b>	<b>41,157,413</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA EAST Constituency financial statements were approved on 20/3/2019 and signed by:

Fund Account Manager  
**MANDERA EAST N.G.-C.D.F**  
 Name: **FUND ACCOUNT MANAGER**  
 P. O. Box 197 - 70300, MANDERA

**DISTRICT ACCOUNTANT**  
**MANDERA DISTRICT**  
 P. O. Box 441  
 Sub-County Accountant  
 Name:  
 ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY**

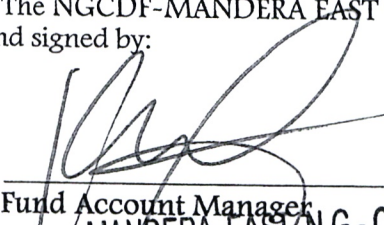
**Reports and Financial Statements**

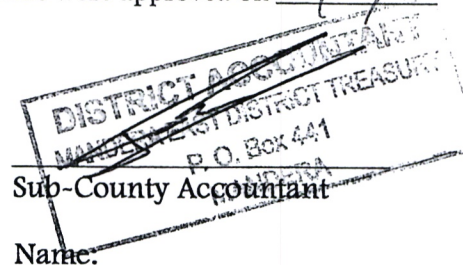
**For the year ended June 30, 2019**

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	109,040,875	41,157,413	150,198,288	150,198,288	(0)	99%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts(resubmission funding)	-	-	-	-	-	
<b>TOTAL RECEIPTS</b>	<b>109,040,875</b>	<b>41,157,413</b>	<b>150,198,288</b>	<b>150,198,288</b>	<b>(0)</b>	<b>99%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,900,000	1,000,000	3,900,000	3,855,051	44,949	99%
Use of goods and services	6,741,882	2,399,158	9,141,039	8,483,863	657,176	93%
Transfers to Other Government Units	55,600,000	18,711,703	74,311,703	73,108,064	1,203,639	98%
Other grants and transfers	43,798,993	8,797,414	52,596,407	52,587,662	8,745	100%
Other payments	-	10,249,139	10,249,139	10,249,139	-	100%
<b>TOTAL</b>	<b>109,040,875</b>	<b>41,157,414</b>	<b>150,198,288</b>	<b>148,283,779</b>	<b>1,914,509</b>	<b>99%</b>

The NGCDF-MANDERA EAST Constituency financial statements were approved on 20/3/2019 and signed by:

  
Fund Account Manager  
MANDERA EAST N.G - C.D.F  
Name: FUND ACCOUNT MANAGER  
P.O. Box 197 - 70300, MANDERA

  
DISTRICT ACCOUNTANT  
MANDERA DISTRICT TREASURY  
P.O. Box 441  
Sub-County Accountant  
Name:

ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

**VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

<b>Programme/Sub-programme</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on comparable basis</b>	<b>Budget utilization difference</b>
<b>Project Name</b>			<b>Amount Allocated</b>	<b>Current Status</b>	
Employees Salaries	2,900,000	1,000,000	3,900,000	3,855,051	44,949
Goods and Services	1,538,143	500,000	2,038,143	2,000,000	38,143
Committee Expenses	2,104,310	599,158	2,703,468	2,213,441	490,027
	<b>6,542,453</b>	<b>2,099,158</b>	<b>8,641,610</b>	<b>8,068,492</b>	<b>573,118</b>
	-		-		-
Goods and Services	604,310	400,000	1,004,310	1,000,000	4,310
Committee Expenses	995,119	900,000	1,895,119	1,770,422	124,697
CDFC/PMC Capacity Building	1,500,000	-	1,500,000	1,500,000	-
	<b>3,099,429</b>	<b>1,300,000</b>	<b>4,399,429</b>	<b>4,270,422</b>	<b>129,007</b>
	-		-		-
<b>EMERGENCY</b>	5,738,993	568,966	6,307,959	2,931,000	3,376,959
	<b>5,738,993</b>	<b>568,966</b>	<b>6,307,959</b>	<b>2,931,000</b>	<b>3,376,959</b>
<b>BURSARY</b>	-		-		-
Bursary Secondary Schools	10,000,000	4,665,129	14,665,129	14,426,668	238,461
Bursary Tertiary Schools	10,000,000	4,988,403	14,988,403	16,169,994	- 1,181,591
	<b>20,000,000</b>	<b>9,653,532</b>	<b>29,653,532</b>	<b>30,596,662</b>	<b>943,130</b>
<b>PRIMARY SCHOOL</b>	-		-		
Kamor Elle Primary school	1,000,000		1,000,000	1,000,000	
Bur-Abor Primary school	2,000,000		2,000,000	2,000,000	
Garboqoley Primary School	2,000,000		2,000,000	2,000,000	



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –**

**MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

Odha primary school	800,000		800,000	800,000	-
Odha primary school	2,000,000		2,000,000	2,000,000	-
Hegalow Primary school	1,500,000		1,500,000	1,500,000	-
Dawa intergrated Primary School	1,000,000		1,000,000	1,000,000	-
Dawa intergrated Primary School	1,000,000		1,000,000	1,000,000	-
Nurul islam primary school	4,500,000		4,500,000	4,500,000	-
BP1 primary school	1,000,000		1,000,000	1,000,000	-
Sunnah intergrated primary school	500,000		500,000	500,000	-
Shafshafey primary school	1,000,000		1,000,000	1,000,000	-
Boystown primary school	3,000,000		3,000,000	3,000,000	-
Mandera DEB Primary School	2,000,000		2,000,000	2,000,000	-
Qurac deer primary	2,000,000		2,000,000	2,000,000	-
Qurac deer primary	250,000		250,000	250,000	-
Qumbiso primary school	1,600,000		1,600,000	1,600,000	-
Qumbiso primary school	500,000		500,000	500,000	-
Omar Jillow pry		1,300,000	1,300,000	1,300,000	-
H/Hostle Pry		3,603,448	3,603,448	3,603,448	-
Mandera T/wship Pry		1,000,000	1,000,000	1,000,000	-
	<b>27,650,000</b>	<b>5,903,448</b>	<b>33,553,448</b>	<b>33,553,448</b>	-
<b>SECONDARYSCHOOLS</b>	-			-	-
Khalalio Boys Sec	3,500,000		3,500,000	3,500,000	-
Arabia Secondary	2,500,000		2,500,000	2,500,000	-
Barwaqo secondary school	1,200,000		1,200,000	1,200,000	-
Barwaqo secondary school	2,000,000		2,000,000	2,000,000	-
Moi Girls secondary school	1,500,000		1,500,000	1,500,000	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY**

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**For the year ended June 30, 2019**

Duse Sec school	2,000,000		2,000,000	2,000,000	-
Duse Sec school	250,000		250,000	250,000	-
Hareri secondary	5,000,000		5,000,000	5,000,000	-
Aresa Girls sec	4,000,000		4,000,000	4,000,000	-
Aresa Girls sec	4,000,000		4,000,000	4,000,000	-
Aresa Girls sec	2,000,000		2,000,000	2,000,000	-
Aresa sec		2,200,000	2,200,000	2,200,000	-
Khalalio Boys Sec		4,000,000	4,000,000	4,000,000	-
Aresa sec		500,000	500,000	500,000	-
Mandera Dimtu		2,000,000	2,000,000	2,000,000	-
	<b>27,950,000</b>	<b>8,700,000</b>	<b>36,650,000</b>	<b>36,650,000</b>	-
<b>ROAD</b>	-		-	-	-
Dariqa-Dawa river access road	5,000,000		5,000,000	5,000,000	-
	<b>5,000,000</b>		<b>5,000,000</b>	<b>5,000,000</b>	-
<b>SECURITY</b>	-		-	-	-
Khalalo Location chiefs office	2,000,000		2,000,000	2,000,000	-
Bella Location Chiefs Office	2,000,000		2,000,000	2,000,000	-
Arabia DCs office	2,500,000		2,500,000	2,500,000	-
Mandera Central Police Station	2,000,000		2,000,000	2,000,000	-
Central Location Cheifs office	2,000,000		2,000,000	2,000,000	-
Arabuia DC office		1,000,000	1,000,000	1,000,000	-
	<b>10,500,000</b>	<b>1,000,000</b>	<b>11,500,000</b>	<b>11,500,000</b>	-
<b>ENVIRONMENT</b>	-		-	-	-
environment	280,000		280,000	280,000	-
	<b>280,000</b>		<b>280,000</b>	<b>280,000</b>	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

<b>SPORTS</b>	-		-	-	-
Sports	2,280,000		2,280,000	2,280,000	-
	<b>2,280,000</b>		<b>2,280,000</b>	<b>2,280,000</b>	-
<b>OTHERS</b>			-		-
collants		653,000	653,000	653,000	-
public toilets		1,000,000	1,000,000	1,000,000	-
		<b>1,653,000</b>	<b>1,653,000</b>	<b>1,653,000</b>	-
<b>ACQUISITION OF ASSETS</b>			-		-
NG-CDF OFFICE		10,279,310	10,279,310	10,279,310	-
		<b>10,279,310</b>	<b>10,279,310</b>	<b>10,279,310</b>	-
<b>TOTAL</b>	<b>109,040,875</b>	<b>41,157,414</b>	<b>150,198,289</b>	<b>148,283,779</b>	<b>1,914,509</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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**IX. 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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

**2. Reporting Entity**

The financial statements are for the NGCDF-MANDERA EAST Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

**3. Reporting Currency**

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

**4. Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

**a) Recognition of Receipts**

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

**Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

**Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

**External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY**

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**For the year ended June 30, 2019**

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

**b) Recognition of payments**

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

**Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

**Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

**Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

**5. In-kind contributions**

In-kind contributions are donations that are made to the Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**6. 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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**7. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**8. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

**9. 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 Entity 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.

**10. Unutilized Fund**

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015.

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

**12. Comparative Figures**

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

**13. 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 30<sup>th</sup> June 2018.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MANDERA EAST CONSTITUENCY**

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**For the year ended June 30, 2019**

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**14. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

**15. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Normal Allocation	AIE'S NO		
	B030095	10,000,000.00	
	B042794	10,000,000.00	
	A724470	11,000,000.00	
	B030493	23,000,000.00	
	B006440	6,000,000.00	
	B0475515	49,040,875.00	
	A855917		5,500,000.00
	A892781		37,905,172.00
	A892754		40,948,275.10
	A896863		32,372,966.80
	A896982		11,458,065.35
	A896927		8,500,000.00
Receipt from other Constituency			-
<b>TOTAL</b>		<b>109,040,875.00</b>	<b>136,684,479.25</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2018-2019	2017-2018
	Kshs	Kshs
<b>Total</b>	<b>0</b>	<b>0</b>



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2018-2019 Kshs	2017-2018 Kshs
Interest Received	-	-
Rents	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	3,585,051.00	3,355,635.00
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	92,900.00
Employer contribution to NSSF	270,000.00	250,560.00
Gratuity-contractual employees	-	-
<b>TOTAL</b>	<b>3,855,051.00</b>	<b>3,699,095.00</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Utilities, supplies and services	273,121.00	204,328.00
Electricity	10,000.00	-
Water & sewerage charges		-
Office rent		640,000.00
Communication, supplies and services		278,000.00
Domestic travel and subsistence		-
Printing, advertising and information supplies & services	1,394,014.00	-
Rentals of produced assets		-
Training expenses		-
Hospitality supplies and services		-
Other committee expenses	3,492,380.00	1,651,000.00
Committee allowance	2,040,000.00	-
Insurance costs		-
Specialised materials and services		-
Office and general supplies and services		1,102,340.00
Fuel , oil & lubricants	287,767.00	123,786.00
Other operating expenses	927,124.00	-
Bank service commission and charges	-	-
Security operations		-
Routine maintenance - vehicles and other transport equipment	59,457.00	23,318.00
Routine maintenance- other assets		-
<b>TOTAL</b>	<b>8,483,863.00</b>	<b>4,022,772.00</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to Primary schools	26,218,021.00	14,800,000.00
Transfers to Secondary schools	46,890,043.00	20,900,000.00
Transfers to Tertiary institutions	-	-
<b>TOTAL</b>	<b>73,108,064.00</b>	<b>35,700,000.00</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

Description	2018-2019	2017-2018
	Kshs	Kshs
Bursary -Secondary	14,426,668.00	14,286,269.00
Bursary -Tertiary	16,169,994.25	13,910,155.00
Bursary-Special schools	-	-
Mocks & CAT	-	-
Water	-	-
Food security	-	-
Electricity	-	-
Security	11,500,000.00	8,600,000.00
Roads and Bridges	5,000,000.00	14,500,000.00
Sports	2,280,000.00	1,736,206.00
Environment	280,000.00	1,736,206.00
Cultural Projects	-	-
Agriculture	-	-
Emergency Projects	2,931,000.00	6,000,000.00
<b>TOTAL</b>	<b>52,587,662.25</b>	<b>60,768,836.00</b>

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

**8. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings		
Construction of Buildings-NGCDF OFFICE	10,249,139.00	
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 equipment	-	
Purchase of photocopier		
Purchase of other office equipment		
Purchase of soft ware		
Acquisition of Land		
<b>TOTAL</b>	<b>10,249,139.00</b>	<b>-</b>

**9. OTHER PAYMENTS**

<b>7 Other Payments</b>		
Strategic Plan		3,500,000.00
<b>TOTAL</b>		<b>3,500,000.00</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
<i>Name of Bank, Account No. 1000296543528</i>	1,914,508.90	41,206,858.00
<b>Total</b>	<b>1,914,508.90</b>	<b>41,206,858.00</b>
<b>10B: CASH IN HAND</b>		
Location 1	-	-
<b>Total</b>	-	-
<i>[Provide cash count certificates for each]</i>		

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

**11: OUTSTANDING IMPRESTS**

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>
	<b>Date imprest taken</b>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
			-	-

**12A. RETENTION**

	2018 - 2019 Kshs	2017-2018 Kshs
Supplier 1	-	-
<b>Total</b>	-	-

**12B. STAFF GRATUITY OUTSTANDING**

	2018 - 2019 Kshs	2017-2018 Kshs
Name 1	-	-
Add as appropriate		
<b>Total</b>	-	-

**13. BALANCES BROUGHT FORWARD**

	2018-2019 Kshs (1/7/2018)	2017-2018 Kshs (1/7/2017)
Bank accounts	41,206,858.00	8,568,436.92
Cash in hand	-	-
Imprest	-	1,109,000.00
<b>TOTAL</b>	<b>41,206,858.00</b>	<b>9,677,436.92</b>

**14. PRIOR YEAR ADJUSTMENTS**

	2018-2019 Kshs	2017-2018 Kshs
Bank accounts		
Cash in hand	-	-
Imprest	-	3,595,200.00
<b>TOTAL</b>	-	<b>3,595,200.00</b>

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

**15. OTHER IMPORTANT DISCLOSURES**

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

	2018-2019 Kshs	2017-2018 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

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

**15.3: UNUTILIZED FUND (See Annex 3)**

Compensation of employees	415,566.00	811,658.00
Use of Goods and Services	370,617.00	399,157.00
Transfer to other Gov. Units	-	22,810,344.00
other grants and transfers	1,498,943.00	9,310,391.00
Acquisition of Assets	-	10,279,310.00
Other Payments		
	<b>2,285,126.00</b>	<b>43,610,860.00</b>

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

15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	30,083	15,947
	30,083	15,947



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MANDERA EAST CONSTITUENCY**  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
	a	b	c	d=a-c	
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					
10.					
11.					
12.					
<b>Sub-Total</b>					
<b>Grand Total</b>					

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MANDERA EAST 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 2019	Comments
		a	b	c	d=a-c	
<b>Senior Management</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Middle Management</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Unionisable Employees</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Others (<i>specify</i>)</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MANDERA EAST CONSTITUENCY**  
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**ANNEX 3 – UNUTILIZED FUNDS**

Programme/Sub-programme	Description	Outstanding	Outstanding	Comments
		2018-19	2017-18	
Employees Salaries	Payment of NG-CDF staff salary	44,949.00	-	Ongoing
Administration	Payment of NG-CDFC allowances	370,617.00	-	Ongoing
		<b>786,183.00</b>	-	
<b>EMERGENCY</b>	To cater for unforeseen circumstances	1,490,198	-	Ongoing
		<b>1,490,198</b>	-	
<b>BURSARY</b>		-	-	
Bursary Tertiary Schools	To pay bursary for needy students	8,743	-	Ongoing
		<b>8,743</b>	-	
<b>TOTAL</b>		<b>1,914,509.00</b>	-	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MANDERA EAST CONSTITUENCY**  
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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost	Additions	Disposal	Historical Cost
	(Kshs)	During the	During the	(Kshs)
	2018-2019	Year(Ksh)	Year (kshs)	2017-2018
Land	-			-
Buildings and structures	4,000,000.00	10,249,139.00		14,249,139
Transport equipment	6,809,959			6,809,959
Office equipment, furniture and fittings	1,115,000.00			1,115,000.00
ICT Equipment, Software and Other ICT Assets	173,000			173,000
Other Machinery and Equipment	-			-
Heritage and cultural assets	-			-
Intangible assets	-			-
<b>Total</b>	<b>12,097,959</b>	<b>10,249,139.00</b>		<b>22,347,098</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2019**

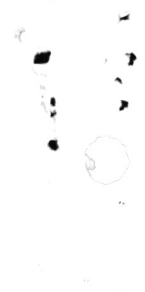
<b>S/NO</b>	<b>INSTITUTION</b>	<b>BANK</b>	<b>A/C NO</b>	<b>2018-2019</b>	<b>2017-2018</b>
1	ARESA GIRLS	EQUITY	265528400	13,814.00	
3	KHALALIO SEC	EQUITY	1773466994	4,305.00	
5	KAMOR SEC	EQUITY	277445257	215.00	
6	NEBOI SEC	EQUITY	176849607	815.00	
8	HARERI PMC	EQUITY	26587933	10,933.90	
				<b>30,082.90</b>	

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MANDERA EAST/CDF/13	Cash & Cash Equivalent - Kshs. 448768	Stale cheques has been receipted back in the cashbook	Hassan Kassim-FAM	Resolved	Resolved
MANDERA EAST/CDF/13	Unimplemented Projects – Kshs. 6,177,027.00	ICT Hub funds reallocated to construction of NG-CDF office and strategic plan has been implemented	Hassan Kassim-FAM	Resolved	Resolved
MANDERA EAST/CDF/13	Irregular Allocation of Bursary Funds	NG-CDFC has through a minuted resolution developed criteria for the award of bursary. Bursary award done at the sub-locational level	Hassan Kassim-FAM	Resolved	Resolved



1911  
1912  
1913  
1914