

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – ISIOLO NORTH
CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- ISIOLO NORTH CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
ISILOLO NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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CONSTITUENCY DEVELOPMENT FUND- ISIOLO NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015.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 Constituencies Development 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 Isiolo North 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 (NG CDFC)

(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	Stanley R. Muthuiya
3.	Accountant	Amon Thananga

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Isiolo North Constituency NDCDF. 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) Isiolo South NG-CDF Headquarters

NGCDF House
P.O Box 259
Isiolo

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
CONSTITUENCY**

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For the year ended June 30, 2016

(f) Isiolo North NG-CDF Contacts

Telephone: (254) 0721308760

E-mail: cdfisiosouth@NGCDF.go.ke

Website: www.cdf.go.ke/ Isiolo north.go.ke

(g) Isiolo North NG-CDF Bankers

Equity Bank Ltd

Isiolo Branch

(h) Independent Auditors

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 CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
CONSTITUENCY**

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For the year ended June 30, 2016

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

It gives me great pleasure to provide the foreword to the Isiolo North National Government Constituencies Development Fund Annual Reports and Financial Statements for 2015-16.

During the 2015-16 Financial Year, we set out to improve on our overall operations. On Bursary for example, we increased our allocation by 8% in order to ensure as many children as possible are assisted to complete their studies

On Education, we began to map out keenly the needs of our institutions of learning, both primary and secondary schools. This was aimed at ensuring that no single needy institution is left out in terms of infrastructural development. This has resulted in a more targeted approach to resource allocation. In doing this, we were also cognisant of the need to ensure that we don't spread our resources too thin as to make any meaningful impact.

Noting the demands of the constitution with respect to devolved functions, we found it prudent not to allocate more resources to Water and Roads sectors save for what was necessary to complete ongoing projects in those sectors. Going forward, the resources released from those devolved functions will go a long way in enhancing Security and Education projects.

Our absorption capacity continues to improve, driven largely by forward planning and stakeholder involvement well in advance of receipt of resources from the NGCDF Board. This has helped us to kick in the rolling out of projects as soon as funds are made available by the Board.

In line with our performance culture, we will continue to be responsive to the needs of our constituents and seek to be an example of best practice in the public sector.

In closing, I would like to thank all our staff for their ongoing efforts and achievement. Their dedication, from top to bottom, is extraordinary. I would also like to thank my engaged and capable NGCDF Committee Members as well as the Fund Account Manager for their tireless effort during the past year. It would not have been possible to attain the performance we have had without their support.

I look forward to a challenging and exciting year ahead.


.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
CONSTITUENCY**

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For the year ended June 30, 2016

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Isiolo North NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Isiolo North NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the Isiolo North NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Isiolo South NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 8th September 2016.



Chairman - NGCDFC



Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - ISILOLO NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the National Government Constituencies Development Fund- Isiolo North Constituency set out on pages 5 to 17, which comprise statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion

1.0 Accuracy and Presentation of the Financial Statements

1.1 Accuracy of the Financial Statements

The comparative balances in the cash flow statement for the year under review differ from the audited balances for 2014/2015 by unexplained variances in the following components:

Component	Comparative balances 2015/2016 (Kshs.)	Audited balances 2014/2015 (Kshs.)	Variance (Kshs.)
Other Receipts	1,271,652	0.00	1,271,652
Total Receipts	83,806,195	82,534,543	1,271,652
Committee expenses	0	17,299,276	17,299,276
Compensation of employees	1,190,075	1,053,298	(136,777)
Other grants and transfers	36,626,653	38,141,273	(1,514,620)
Social security benefits	Nil	8,800	8,800
Other payments	18,541,693	127,976	18,413,717
Transfer to other government entities	31,150,563	29,772,720	1,377,843

Further, the comparative balances in the statement of assets for the year under review differ from the audited balances for 2014/2015 in the following components:

Component	Comparative Balances 2015/2016 (Kshs.)	Audited Balances 2014/2015 (Kshs.)	Variance (Kshs.)
Prior year adjustments	Nil	52,012	52,012
Fund balance brought forward	(1)	50,712,900	50,712,900
Surplus/deficit for the year	29,833,172	(20,913,740)	50,746,912
Other Receipts	1,271,652	NIL	1,271,652
Cash and Bank Balances	50,598,900	NIL	50,598,900
Total Receipts	50,598,900	82,534,543	(31,935,643)

In addition, the comparative component of social Security benefits of Kshs.8800 has been omitted from the statement of receipts and payments.

Further, expenditure schedules/ ledgers to support the total expenditure for the year of Kshs.112,067,806 were not made available for audit verification.

In view of the foregoing, the accuracy, completeness and validity of the balances reported in the financial statements cannot be confirmed.

1.2 Presentation of the Financial Statements

The International Public Sector Accounting Standards (cash basis) financial statement presentation format prescribed by Public Sector Accounting Standards Board requires the inclusion of a progress report on follow-up of previous year's audit issues. However,

although the Fund had an adverse report in the year 2014/2015. The report on follow-up of audit issues raised was not included in the financial statements for the year under review.

Consequently, the presentation of the financial statements for the year under review does not conform to the IPSAS (Cash Basis) format prescribed by the Public Sector Accounting Standards Board.

2.0 Unaccounted for Expenditure

2.1 Fuel, Oil and Lubricants

During the year under review, the Fund spent Kshs.15, 661,985 toward use of goods and services. Included in this amount was Kshs.597,000 spent towards fuel, oil and lubricants. However, the Fund did not provide fuel registers, detail orders and work tickets for audit verification.

In the circumstance, the propriety of the expenditure of Kshs.597,000 reportedly incurred on fuel, oil and lubricant during the year under review cannot be confirmed.

2.2 Domestic Travel and Subsistence Allowances

Included in the expenditure of Kshs.15,661,985 on use of goods and services is an amount of Kshs.1,420,000 incurred on domestic travel and subsistence allowances. However, the Fund did not provide imprest warrants, travelling documents, bus tickets/ work tickets and back-to-office reports for audit verification.

As a result, the propriety of the expenditure of Kshs.1,420,000 reportedly incurred on travel and subsistence during the year under review cannot be confirmed.

2.3 Sport Activities

During the year under review, the Fund incurred an expenditure of Kshs.4,084,162 in respect of sporting activities. However, no documents were availed for audit verification to support the expenditure.

Consequently, the propriety of the expenditure of Kshs.4,084,162 could not be confirmed.

2.4 Purchase of ICT Equipment and Office General Supplies

The Fund incurred Kshs.700,000 and Kshs1,494,482 in respect of purchase of ICT equipment and office supplies respectively. However the items were not taken-on-charge contrary to Section 162(1) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstance, it has not been possible to confirm the propriety and whether value-for-money was obtained from expenditure of Kshs.2,194,482 incurred on purchase of ICT equipment and office supplies during the year under review.

3.0 Non-Response to Draft Audit Report

A draft audit report was issued for management comments on 19 April 2017. However, management did not respond to the report. No explanation has been provided for the anomaly.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund- Isiolo North Constituency as at 30 June 2016, 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budgetary Control and Performance

During the financial year under review, Isiolo North CDF approved a budget of Kshs.116,137,724 with a further adjustment of Kshs.57,344,687 thus raising the final total budget to Kshs.173,482,411. However, only Kshs.112,067,807 (65%) was spent resulting to an under – expenditure of Kshs. 61,414,604 as shown below:

BUDGET ANALYSIS				
Sub Head	Budget (Kshs.)	Actual (Kshs.)	Budget Utilization Difference(Kshs)	Absorption Rate%
Compensation of Employees	2,140,000	1,206,108	933,892	56%
Use of goods and services	16,683,996	15,661,986	1,022,010	94%
Transfer to other government entities	65,965,924	43,152,415	22,813,509	65%
Other grants and transfers	79,307,401	43,126,013	36,181,388	54%
Acquisition of assets	5,001,174	4,537,369	463,805	90%
Other payments	4,383,916	4,383,916		
Totals	173,482,411	112,067,807	61,414,604	65%

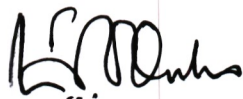
The residents of Isiolo North Constituency therefore did not receive services equivalent to the under-expenditure of Kshs.61,415,109 incurred during the year under review.

2. Project Management and Implementation

In addition, during the year under review, Isiolo North (NGCDF) allocated Kshs.72,181,928 to projects in various sectors including primary schools, secondary schools, health institutions, water projects, security, road, sports and environment. Analysis as per the project implementation status indicated that twenty six (26) projects with a total allocation of Kshs.46,981,928 had been completed as at 30 June 2016. Further as analysed below, four (4) projects with a total allocation of Kshs.17,800,000 were on going while five (5) projects with a total allocation of Kshs.7,400,000 had not started.

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	34,300,000.00	24,300,000.00	18
	Ongoing	13,900,000.00	13,900,000.00	3
	Not started	3,900,000.00	0.00	3
	Sub Total	52,100,000.00	38,200,000.00	24
Other CDF office works	Completed	3,001,174.00	3,001,174.00	3
	Ongoing	0.00	0.00	0
	Not started	2,000,000.00	0.00	1
	Sub Total	5,001,174.00	3,001,174.00	4
Security	Completed	7,348,000.00	7,348,000.00	4
	Ongoing	0.00	0.00	0
	Not started	1,500,000.00	0.00	1
	Sub Total	8,848,000.00	7,348,000.00	5
Roads Bridges	Completed	0.00	0.00	0
	Ongoing	3,900,000.00	1,200,000	1
	Not started	0.00	0.00	0
	Sub Total	3,900,000.00	1,200,000.00	1
Environment	Completed	2,332,754.00	2,332,754.00	1
	Ongoing	0.00	0.00	0
	Not started	0.00	0.00	0
	Sub Total	2,332,754.00	2,332,754.00	1
	Grand Total	72,181,928.00	52,081,928.00	35

Failure to complete all planned projects denied Isiolo North Constituents benefits due from the monies invested therein.



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

Nairobi

15 August 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

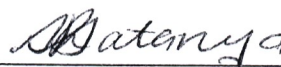
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	85,511,514.50	82,534,543.50
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	1,271,651.50
Cash and bank balances			50,598,900
TOTAL RECEIPTS		85,511,514.50	50,598,900
PAYMENTS			
Compensation of employees	4	1,206,108.00	1,053,298
Use of goods and services	5	15,661,985.50	4,834,285.00
Committee expenses			17,299,276.80
Transfers to Other Government Units	6	43,504,415.00	29,772,720
Other grants and transfers	7	43,504,669.00	38,141,273
Acquisition of Assets	8	4,537,369.44	12,228,654.20
Other Payments	9	5,935,204.00	127,976.40
TOTAL PAYMENTS		113,997,750.94	103,457,483
SURPLUS/DEFICIT		(28,486,236.44)	(20,913,740.50)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Isiolo North NGCDF financial statements were approved on 8th September 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	85,511,515.00	82,534,544.00
Other Receipts	3	00	1,271,652.00
		85,511,515.00	83,806,195.00
Payments for operating expenses			
Compensation of Employees	4	1,296,108.0	1,190,075.00
Use of goods and services	5	15,661,986	4,834,285
Transfers to Other Government Units	6	43,152,415	31,150,563.00
Other grants and transfers	7	43,504,669	36,626,653.00
Other Payments	9	5,935,204	18,541,693.
		101,950,209.00	115,884,035.00
Adjusted for:			
Adjustments during the year	14		
Net cash flow from operating activities		(22,050,867)	(8,537,071)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0.00	
Acquisition of Assets	9	(4,537,369)	(12,228,654)
Net cash flows from Investing Activities		(4,537,369)	(12,228,654)
NET INCREASE IN CASH AND CASH EQUIVALENT		(28,486,236)	(20,765,728)
Cash and cash equivalent at BEGINNING of the year	13	(29,833,172)	(50,598,900)
Cash and cash equivalent at END of the year		1,346,936	29,833,172

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
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For the year ended June 30, 2016

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Isiolo North NGCDF financial statements were approved on 8th September 2016 and signed by:


Chairman-NGCDF


Fund Account Manager

**1. SUMMARY STATEMENT OF APPROPRIATION: RECCURENT 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	116,137,724	62,670,486	178,808,210	85,511,515	93,296,695	47.1%
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	116,137,724	62,670,486	178,808,210	85,511,515	93,296,695	47.8%
PAYMENTS						
Compensation of Employees	1,206,108	22,775	1,228,883	1,206,108	22,775	98.1%
Use of goods and services	15,661,986	22,477	15,684,463	15,661,986	22,477	99.9%
Transfers to Other Government Units	43,504,669	5,694,624	48,847,039	43,152,415	5,694,624	88.3%
Other grants and transfers	4,537,368	(2,869)	43,501,800	43,504,669	(2,869)	100.0%
Acquisition of Assets	4,537,369	1,004,500	5,541,869	4,537,369	1,004,500	81.9%
Other Payments	5,935,204		5,935,204		5,935,204	
TOTAL	113,997,751	6,741,507	120,739,258	108,062,547	12,676,711	89.5%

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
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Reports and Financial Statements

For the year ended June 30, 2016

- (a) During the year under review, there were no other revenue items other than ordinary receipts from the NGCDF Board. There was no income generated from sale of assets either.
- (b) During the year under review, no significant underutilization (below 50% of utilization) or overutilization (above 100%) was reported.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Isiolo South NGCDF financial statements were approved on 8th September 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

below:

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - ISIOLO NORTH
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Reports and Financial Statements

For the year ended June 30, 2016

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.

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, 2016.

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VII. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES				

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1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
1330407	Normal Allocation	A796236	25,511,514.50	25,511,514.50
		A796269	10,000,000	16,506,909.00
		A796467	10,000,000	13,004,605.50
		A724219	10,000,000	27,511,514.50
		A82559	28,000,000	
1330408	Conditional grants			0
		AIE NO...	0	0
1330409	Receipt from other Constituency	AIE NO...	0	0
	TOTAL		85,511,514.50	82,534,543.50
2. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
3510000	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
3. OTHER RECEIPTS				
1400000	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
1450207	Other Receipts Not Classified Elsewhere		-	1,271,651.56
	Total		0.00	1,271,651.56
4. COMPENSATION OF EMPLOYEES				
2110000	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,196,508	1,190,075
2110202	Basic wages of casual labour		-	-
	Personal allowances paid as part of salary		-	-
2110320	Leave allowance			-

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2110326	Other personnel payments			-
2120101	Employer contribution to NSSF		9,600	8,800
2710120	gratuity		724,600	-
	Total		1,206,108	1,198,875
2200000	5. USE OF GOODS AND SERVICES			
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2210100	Utilities, supplies and services		769,941	-
2210104	Office rent		60,000	280,000
2210300	Domestic travel and subsistence		1,420,000	-
2210500	Printing, advertising and information supplies & services		85,972	223,761
2210700	Training expenses		1,727,277	-
2210800	Hospitality supplies and services		-	3,507,194
2210809	Committee allowance		6,547,155	11,839,676.80
2211100	Office and general supplies		2,570,,380.50	-
2211200	Fuel ,oil & lubricants		597,109	442,450
2211300	Other operating expenses			
2220100	Routine maintenance – vehicles and other transport equipment		403,151	380,880
	Total		15,661,985.50	21,969,561.80
2630200	6. TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2630204	Transfers to primary schools		24,448,415	24,850,563
2630205	Transfers to secondary schools		18,704,000	5,200,000
2630207	Transfers to Health institutions			1,100,000
	TOTAL		43,152,415	31,150,563

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2640000	7.OTHER GRANTS AND OTHER PAYMENTS			
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2640101	Bursary -Secondary		12,854,638	7,322,700
2640102	Bursary -Tertiary		11,517,213	9,450,900
2640105	Mocks & CAT		378,656	1,392,119
2640504	water		500,000	1,889,920
2640505	Agriculture(food security)		-	1,100,000
2640507	Security		6,000,000	3,400,000
2640508	Roads		1,200,000	5,200,000
2640509	Sports		4,084,162	1,081,967
2640510	Other capital grants and transfer		1,300,000	-
2640200	Emergency Projects		5,670,000	54,347,380
	Total		43,504,669	35,184,986
3100000	8.ACQUISITION OF ASSETS			
	Non Financial Assets		2015 - 2016	2014 - 2015
			Kshs	Kshs
3110202	Construction of buildings(NGCDF)		3,879,369.44	9,548,979
3111002	Purchase of computers ,printers and other IT equipments		658,000.00	400,000.00
	Total		4,537,369.44	12,228,654.20
	9.Other Payments			
	PAYE 113,460 & NHIF 18,380		131,840.00	127,976.40
	Environment			1,441,667.00

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			3,195,916.00	
	Replaced Cheques		2,607,448.00	1,269,639.55
	TOTAL		5,935,204.00	2,839,282.95
	10A: Bank Balances (cash book bank balance)			
	Name of Bank, Account No. & currency		2015 - 2016	2014 - 2015
			Kshs (30/6/2016)	Kshs (30/6/2015)
	<i>Equity Bank, Isiolo Branch</i>		2,532,761.72	29,833,172
	<i>Account No.1011120000007 2</i>			
	Total		2,532,761.72	29,833,172
	10B: CASH IN HAND)			
			2015 - 2016	2014 - 2015
			Kshs (30/6/2015)	Kshs (30/6/2015)
	N/A	N/A	N/A	N/A
	Total		N/A	N/A
	11: OUTSTANDING IMPRESTS			
<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>
	Date imprest taken	Kshs	Kshs	Kshs
	N/A	N/A	N/A	N/A
	12 Retention			
	Supplier/Contractor	PV No.	2015 - 2016	2014 - 2015
	13. BALANCES BROUGHT FORWARD			

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		2015 - 2016	2014 - 2015
		Kshs (1//7/2015)	Kshs (1/7/2014)
	Bank accounts	29,833,172	0
	Cash in hand	0	0
	Imprest	0	0
	Total	29,833,172	0
14. PRIOR YEAR ADJUSTMENTS			
		2015 - 2016	2014 - 2015
	Bank accounts	Kshs	Kshs
	Total	N/A	N/A

15. OTHER IMPORTANT DISCLOSURES

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Assets	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Office Equipment		27,000
Motor vehicle		5,000,000