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OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
SAMBURU EAST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**

[30TH SEPTEMBER 2017]



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
29 SEP 2017
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NATIONAL GOVERNMENT NGCDF DEVELOPMENT FUND – SAMBURU EAST NGCDF

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU

EAST NGCDF

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

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I KEY NGCDF INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the constituencies development fund (CDF) act, 2003, amended in 2007 and repealed by the cdf act of 2013. in 2017, the cdf act of 2013 was declared unconstitutional and a new act was enacted in 2017, being the national government constituencies development fund act, NG-CDF act, 2017. the national government constituencies development fund (Ng-cdf) is under the ministry of devolution and planning. The objective of the fund is to provide mechanisms for supplementing implementation of the national government development agenda at the NGCDF level.

(b) Key Management

The NGCDF's day-to-day management is under the following key organs:

- i. National government Constituencies Development Fund Board (NGCDFB)
- ii. National government NGCDF Development Fund Committee (NGCDFC)

(c) Fiduciary Management

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

| No. | Designation | Name |
|-----|-------------------------|---------------|
| 1. | Chief Executive Officer | Yusuf Mbuno |
| 2. | Fund Account Manager | Simon kipaika |
| 3. | District Accountant | Simon marwa |

(d) Fiduciary Oversight Arrangements

The audit and risk management committee (armc) of ngcdf board provide overall fiduciary oversight on the activities of Samburu east NGCDF. the reports and recommendation of armc when adopted by the ngcdfc board are forwarded to the national government NGCDF 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 and national assembly

Reports and Financial Statements

for the year ended June 30, 2017 (Kshs'000)

(e) SAMBURU EAST NGCDF HEADQUARTERS

NGCDF OFFICE BUILDING
P.O. Box 21-20603
WAMBA

(f) SAMBURU EAST NGCDF CONTACTS

Provide telephone number and email of the NGCDF CDF office

Telephone: (254) 713470998
E-mail: cdf.samburu.east@cdf.go.ke
Website: www.go.ke

(g) SAMBURU EAST NGCDF BANKERS

1. Equity Bank Ltd
Maralal Branch
1100261742735
...

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

II CHAIRMAN BY THE CHAIRMAN NATIONAL GOVERNMENT NGCDF DEVELOPMENT FUND COMMITTEE (NGCDFC)

The ngcdfcs wish to have in summary the budget performance against actual for current year based on economic classification and programmes .the ngcdf have improved the education infrastructure and enhance access of education to the needy children attending various institutions across the country.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of ngcdf project that ngcdf has continued to overcome when implementing its agendas .


SIGN. _____
CHAIRMAN NGCDFC

**EAST NGCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs'000)

II. 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 entity 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Fund Account Manager in charge of the Samburu east NGCDF is responsible for the preparation and presentation of the NGCDF financial statements, which give a true and fair view of the state of affairs of the NGCDF as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Fund Account Manager in charge of the Samburu east NGCDF accepts responsibility for the NGCDF 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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the NGCDF financial statements give a true and fair view of the state of NGCDF transactions during the financial year ended June 30, 2017, and of the NGCDF financial position as at that date. The Fund Account Manager in charge of the samburueastNGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the Samburu east NGCDF confirms that the entity has complied fully with applicable Government Regulations 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 Fund Account Manager confirms that the NGCDF 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 financial statements were approved and signed on _____ 2017.


Fund Account Manager


Chairman NG-CDFC

**FUND ACCOUNT MANAGER
SAMBURU EAST CONSTITUENCY
CONSTITUENCIES DEVELOPMENT FUND**

REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-SAMBURU EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Samburu East set out on pages 6 to 33, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Samburu East as at June 30, 2017, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Other Matter section of my report, based on the procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Statement of Financial Assets

The statement of financial assets and liabilities as at 30 June 2017 reported bank balances of Kshs.3,925,607 which has not been supported by a bank reconciliation statement. In addition, Annex 4 to the financial statements reported project management committees bank balances of Kshs.5,580,112.41 for nine (9) projects which has not been supported by any bank reconciliations and bank certificates. In

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

the circumstance, the accuracy and validity of the reported bank balance of Kshs.3,925,607 could not be confirmed.

2.0 Use of Goods and Services

2.1 Office and General Supplies and Services

Note 5 to the financial statements reflects office and general supplies and services expenditure of Kshs.751,770. However, payment vouchers and schedule provided for audit verification show an expenditure of Kshs.241,970 resulting into unsupported variance of Kshs.509,800. In the circumstance, the reported expenditure of Kshs.751,770 could not be confirmed as properly supported and that it is a proper charge to public funds.

2.2 Other Committee Expenses

Note 5 reported other committee expenses of Kshs.2,580,000 which could not be agreed to the expenditure schedule figure of Kshs.3,166,093 by Kshs.586,093. However, the variance has not been reconciled.

3.0 Other Grants and Transfers – Bursaries

The statement of receipts and payments reflects other grants and transfers of Kshs.37,760,934. Out of this amount Kshs.8,000,000 was allocated to the needy students in secondary schools while Kshs.13,000,000 was allocated to those in tertiary institutions both totaling Ksh.21,000,000 out of which actual disbursements made totalled Kshs.18,756,399. However, only Kshs.10,429,101 were acknowledged leaving a balance of Kshs.8,327,399 unacknowledged. It was therefore not possible to ascertain if the funds actually benefited the students they were intended. In addition, note 7 reflects disbursements of Kshs.22,447,500 yet records provided revealed disbursements of Kshs.18,756,399 resulting to unexplained difference of Kshs.3,691,101. In the circumstance, the disbursement of Kshs.22,447,500 could not be confirmed as a proper charge to public funds.

4.0 Summary of Fixed Assets

Annex 4 to the financial statement reported summary of fixed assets register indicating as at 30 June 2017 of Kshs.6,366,973, representing an increase of Kshs.520,000 from the balance of Kshs.5,846,973 as at 30 June 2016. However, the statement of receipts and payments does not reflect any expenditure on acquisition of assets during the year. Consequently, the reported figure of Kshs.6,366,973 could not be confirmed as fairly stated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund-Samburu East in accordance with ISSAI 30 on

Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0 Transfers to Secondary Schools

Note 6 to the financial statements reported transfers to secondary schools of Kshs.2,200,000. During the year under review, Samburu East Constituency budgeted Kshs.300,000 for Wamba Mixed Secondary School and payment was made vide voucher number 67 for completion of laboratory. However, audit verification revealed that although the laboratory was in use it was incomplete as electrical installation, gas installation, plumbing and drainage have not been done.

2.0 Incomplete Projects

2.1 Incomplete Project Samburu East DCIO' Office

The construction of the District Criminal Investigation Officer's office was allocated Kshs.1,700,000 for construction to completion. An audit visit showed that the walling and roofing of the office had been done and the allocated funds exhausted. The doors, windows and the facial board are yet to be done. It appears that the funds allocated to the project were not adequate enough to see the project to completion. As the project stands now, the residents are not getting value for their money.

2.2 Incomplete Project - Waso West Location Chief's office

The construction of Waso West Chief's office was allocated Kshs.1,100,000. The project has been completed except for the equipping of the furniture and fittings and other office equipment. As the office is for now, it is just a room and not an office that cannot serve the intended purpose.

2.3 Non-Equipping of the Office - Sereolipi Location Chief's office

The construction of Waso West Chief's office was allocated Kshs.1,100,000. The funds allocated were meant to enable the works be done to completion. As at the time of the audit in the month of May 2018, though the walling and roofing had

been done, plastering, doors and windows had not been done and fixed. The office as it is cannot be put into use. No value for money has been achieved.

2.4 Non-Equipping of Office - Waso East Location Chief's office

Waso East Location Chief's Office was allocated Kshs.1,000,000 for the construction to completion. All the construction works on the project have been carried satisfactorily. As it stands, the office cannot be put into use until furniture and fittings and other office equipment have been put into it.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

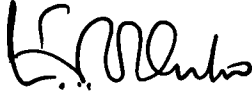
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

13 July 2018

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU
 EASTNGCDF
 Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

| STATEMENT OF RECEIPTS AND PAYMENTS | | | |
|-----------------------------------------|------|--------------------|---------------------|
| | Note | 2016 - 2017 | 2015 - 2016 |
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from CDF board-AIEs' Received | 1 | 66,296,852 | 105,286,954 |
| Proceeds from Sale of Assets | 2 | - | |
| Other Receipts | 3 | - | |
| TOTAL RECEIPTS | | 66,296,852 | 105,286,954 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 2,121,975 | 3,208,071 |
| Use of goods and services | 5 | 7,175,648 | 6,998,750 |
| Transfers to Other Government Units | 6 | 24,030,000 | 44,606,114 |
| Other grants and transfers | 7 | 37,760,934 | 59,895,571 |
| Acquisition of Assets | 8 | - | - |
| Other Payments | 9 | - | 1,000,000 |
| TOTAL PAYMENTS | | 71,088,557 | 115,708,506 |
| SURPLUS/DEFICIT | | (4,791,705) | (10,421,552) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 5/27 2017 and signed by:

FUND ACCOUNT MANAGER
 SAMBURU EAST CONSTITUENCY
 CONSTITUENCIES DEVELOPMENT FUND

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU
EASTNGCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs'000)

II. STATEMENT OF FINANCIAL ASSETS


| | Note | 2016 - 2017 Kshs | 2015 - 2016 Kshs |
|---------------------------------------|------|---------------------|---------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 10A | 3,925,607 | 8,717,312 |
| Cash Balances (cash at hand) | 10B | - | - |
| Outstanding Imprests | 11 | | 20,000.00 |
| TOTAL FINANCIAL ASSETS | | 3,925,607 | 8,737,312 |
| REPRESENTED BY | | | |
| Retention | 12 | | |
| Fund balance b/fwd 1st July... | 13 | 8,717,312 | 19,158,864 |
| Surplus/Deficit for the year | | (4,791,705) | (10,421,552) |
| Prior year adjustments | 14 | - | - |
| NET LIABILITIES | | 3,925,607 | 8,737,312 |

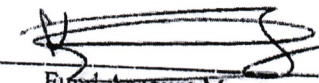
TOTAL ASSETS 8,737,312
SAMBURU EAST CONSTITUENCY
CONSTITUENCIES DEVELOPMENT FUND

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SAMBURU
EASTNGCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs'000)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Samburu East NGCDF financial statements were approved on 05/07 2017.


Chairman, NGCDF


Fund Account Manager

**FUND ACCOUNT MANAGER
SAMBURU EAST CONSTITUENCY
CONSTITUENCIES DEVELOPMENT FUND**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU
EASTNGCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs'000)


II CASHFLOW STATEMENT

| | | 2016 - 2017 | 2015 - 2016 |
|---------------------------------------------------|----|--------------------|---------------------|
| Receipts for operating income | | | |
| Transfers from CDF Board | 1 | 66,296,852 | 105,286,954 |
| Other Receipts | 3 | - | - |
| | | 66,296,852 | 105,286,954 |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 2,121,975 | 3,208,071 |
| Use of goods and services | 5 | 7,175,648 | 6,998,750 |
| Transfers to Other Government Units | 6 | 24,030,000 | 44,606,114 |
| Other grants and transfers | 7 | 37,760,934 | 59,895,571 |
| Other Payments | 9 | - | 1,000,000 |
| | | 71,088,557 | 115,708,506 |
| Adjusted for: | | | |
| Adjustments during the year | 14 | - | (20,000) |
| Net cash flow from operating activities | | (4,791,705) | (10,441,552) |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 9 | - | - |
| Net cash flows from Investing Activities | | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | (4,791,705) | (10,441,552) |
| Cash and cash equivalent at BEGINNING of the year | 13 | 8,717,312 | 19,158,864 |
| Cash and cash equivalent at END of the year | | 3,925,607 | 8,717,312 |


EAST NGCDF
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 20/07 2017 and signed by:


Cdf chairman

FUND ACCOUNT MANAGER
SAMBURU EAST CONSTITUENCY
CONSTITUENCIES DEVELOPMENT FUND


Fund account manager

NATIONAL GOVERNMENT NCDF DEVELOPMENT FUND - SAMBUKU KASI NCDF
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

V: SUMMARY STATEMENT OF APPROPRIATION


| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|-------------------------------------|-------------------|-------------------|-------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| RECEIPTS | | | | | | |
| Transfers from CDF Board | 81,896,552 | 11,317,312 | 93,213,864 | 75,014,164 | 18,199,700 | 80.5% |
| Proceeds from Sale of Assets | | | | | | |
| Other Receipts | - | | | | | |
| TOTAL | 81,896,552 | 11,317,312 | 93,213,864 | 75,014,164 | 18,199,700 | |
| PAYMENTS | | | | | | |
| Compensation of Employees | 2,149,600 | 277,497 | 2,427,097 | 2,121,975 | 305,122 | 87.4% |
| Use of goods and services | 5,221,090 | 2,043,093 | 7,264,183 | 7,175,648 | 88,535 | 98.8% |
| Transfers to Other Government Units | 34,935,172 | 1,100,000 | 36,035,172 | 24,030,000 | 12,005,172 | 66.7% |
| Other grants and transfers | 29,870,690 | 7,896,722 | 37,767,412 | 37,760,934 | 6,478 | 100.0% |
| Acquisition of Assets | | | | | | #DIV/0! |
| Other Payments | 9,720,000 | | 9,720,000 | - | 9,720,000 | 0.0% |
| TOTAL | 81,896,552 | 11,317,312 | 93,213,864 | 71,088,557 | 22,125,307 | |

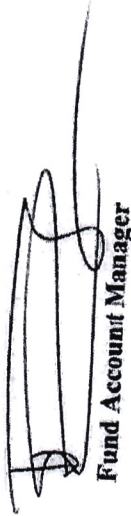
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -- SAMBURU EAST NGCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs'000)

Regarding to above summary of appropriation we find that there is high absorption of funds reasons being the all allocation was received within the year hence utilization difference is above 50% .however funds were received on time and subsequently disburse to the project management committees.

The SAMBURU EAST CDF financial statements were approved on 27/7/2017 and signed by:


Chairman - CDFC


Fund Account Manager

FUND ACCOUNT MANAGER
SAMBURU EAST CONSTITUENCY
CONSTITUENCIES DEVELOPMENT FUND

NATIONAL GOVERNMENT NGCDF DEVELOPMENT FUND - SAMBURU EAST NGCDF

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

VI. SIGNIFICANT ACCOUNTING POLICIES

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

- a) **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 and relevant legal framework of the Government of Kenya. 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 thousand (Kshs'000). 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.
- b) **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.
- c) **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.
- d) **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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)
SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Receivables and payables

Receivables are funds due to the NGCDF at the end of the financial year from the CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are 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 receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

f) 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.

g) Comparative figures

This is the first year the NGCDF is preparing financial statements and hence we did have comparative figures.

h) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

| | | | | | |
|---------|---------------------------------------------------|-------------|-------------|--|--|
| 1410405 | Rents | | | | |
| 1420601 | Interest Received | | | | |
| 1450207 | Other Receipts Not Classified Elsewhere (specify) | | | | |
| | Total | | | | |
| 2110000 | A COMPENSATION OF EMPLOYEES | | | | |
| | Description | 2017 - 2017 | 2017 - 2017 | | |
| | | Kshs | Kshs | | |
| 2110201 | Basic wages of contractual employees | 1,831,372 | 2,972,708 | | |
| 2110202 | Basic wages of casual labour | | | | |
| | Personal allowances paid as part of salary | | | | |
| 2110301 | House allowance | | | | |
| 2110314 | Transport allowance | | | | |
| 2110320 | Leave allowance | | | | |
| 2110326 | Other personnel payments(nhif) | 62,750 | | | |
| 2120101 | Employer contribution to NSSF | 123,200 | 144,800 | | |
| 2710120 | Gratuity | 104,653 | 90,563 | | |
| | Total | 2,121,975 | 3,208,071 | | |
| 2200000 | USE OF GOODS AND SERVICES | | | | |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs '000)

| | Description | 2017 - 2017 | |
|---------|---------------------------------------------------------------|-------------|-----------|
| | | Kshs | Kshs |
| 2210100 | Utilities, supplies and services | | |
| 2210104 | Office rent | 496,900 | |
| 2210200 | Communication, supplies and services. | | |
| 2210300 | Domestic travel and subsistence | 339,115 | 244,070 |
| 2210500 | Printing, advertising and information supplies & services | | |
| 2210600 | Rentals of produced assets | | |
| 2210700 | Training expenses | 216,000 | 478,500 |
| 2210800 | Hospitality supplies and services | | |
| 2210802 | Other committee expenses | 2,580,000 | 3,559,300 |
| 2210809 | Committee allowance | 890,000 | 671,500 |
| 2210900 | Insurance costs | | |
| 2211000 | Specialised materials and services | | |
| 2211100 | Office and general supplies and services | | 279,944 |
| 2211200 | Fuel, oil & lubricants | 751,770 | |
| 2211300 | Other operating expenses | 707,360 | 1,226,755 |
| 2220100 | Routine maintenance -- vehicles and other transport equipment | 1,214,503 | 538,681 |
| 2220200 | Routine maintenance -- other assets | | |
| | Total | 7,1195,648 | 6,998,750 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
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For the year ended June 30, 2017 (Kshs'000)

| | | | 2017 - 2017 | 2017 - 2017 |
|---------|-----------------------------------------|-------------|-------------|-------------|
| | Description | | Kshs | Kshs |
| 2630200 | 6 TRANSFER TO OTHER GOVERNMENT ENTITIES | | | |
| | | | | |
| | | | | |
| 2630204 | Transfers to primary schools | 19,830,000 | 30,906,114 | |
| 2630205 | Transfers to secondary schools | 2,200,000 | 12,450,000 | |
| 2630206 | Transfers to Tertiary institutions | - | - | |
| 2630207 | Transfers to Health institutions | 2,000,000 | 1,250,000 | |
| | TOTAL | 24,030,000 | 44,606,114 | |
| | | | | |
| 2640000 | 7 OTHER GRANTS AND OTHER PAYMENTS | | | |
| | | | | |
| | | | | |
| | Description | 2017 - 2017 | 2017-2017 | |
| | | Kshs | Kshs | |
| 2640101 | Bursary -Secondary | 9,439,500 | 8,556,419 | |
| 2640102 | Bursary -Tertiary | 13,008,000 | 11,174,710 | |
| 2640104 | Bursary-Special schools | | | |
| 2640105 | Mocks & CAT | | | |
| 2640504 | water | | 17,193,220 | |
| 2640505 | Agriculture (food security) | | | |
| 2640506 | Electricity projects | | | |
| 2640507 | Security | 5,155,172 | 1,440,000 | |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SAMBURU EAST NGCDF
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

| | | | | |
|---------|---------------------------------------------------------|------------|-------------|-------------|
| 2640508 | Roads | | | 14,034,342 |
| 2640509 | Sports | 1,637,931 | | 1,600,000 |
| 2640510 | Other capital grants and transfer | | | |
| 2640200 | Emergency Projects (specify) | 3,737,931 | | 5,896,880 |
| | Total | 4,782,400 | | 59,895,571 |
| | | 37,760,934 | | |
| 3100000 | 8 ACQUISITION OF ASSETS | | | |
| | Non-Financial Assets | | 2017 - 2017 | 2017 - 2017 |
| | | | Kshs | Kshs |
| 3110102 | Purchase of Buildings | | | |
| 3110202 | Construction of Buildings | | | |
| 3110302 | Refurbishment of Buildings | | | |
| 3110701 | Purchase of Vehicles | | | |
| 3110704 | Purchase of Bicycles & Motorcycles | | | |
| 3110801 | Overhaul of Vehicles | | | |
| 3111001 | Purchase of Office furniture and fittings | | | |
| 3111002 | Purchase of computers, printers and other IT equipments | | | |
| 3111005 | Purchase of photocopier | | | |
| 3111009 | Purchase of other office equipments | | | |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
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For the year ended June 30, 2017 (Kshs'000)

| | | | | | |
|---------|---------------------------------------------|-----------------------|------------------|------------------|--|
| 3111112 | Purchase of soft ware | | | | |
| 3130101 | Acquisition of Land | | | | |
| | Total | | | | |
| | 9 Other Payments | | | | |
| | strategic plan | | | 1,000,000 | |
| | specify | | | - | |
| | specify | | | - | |
| | TOTAL | | | 1,000,000 | |
| | 10A: Bank Balances (cash book bank balance) | | | | |
| | Name of Bank, Account No. & currency | | 2017 - 2017 | 2017 - 2017 | |
| | | Account Number | Kshs (30/6/2017) | Kshs (30/6/2017) | |
| | <i>EQUITY SAMBURU EAST</i> | 1,100,261, 742,735 | 3,925,607 | 8,717,312 | |
| | | | | | |
| | | | | | |
| | | | | | |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs'000)

| | | | | |
|----|---------------|-------------------------------------------------------------|-------------|-------------|
| | Total | | 3,925,607 | 19,158,864 |
| | | <i>[Provide short appropriate explanation as necessary]</i> | | |
| 14 | | PRIOR YEAR ADJUSTMENTS | | |
| | Bank accounts | | 2017 - 2017 | 2017 - 2017 |
| | Cash in hand | | Kshs | Kshs |
| | Imprest | | - | - |
| | Total | | - | - |
| 15 | | | | |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

| | OTHER IMPORTA NT DISCLOS URES | 2017 - 2017 Kshs | 2017 - 2017 Kshs |
|-------------------------------------------------|-------------------------------------------|---------------------|---------------------|
| 15.1: PENDING ACCOUNTS PAYABLE (See Annex 1) | | | |
| Construction of buildings | | - | - |
| Construction of civil works | | - | - |
| Supply of goods | | - | - |
| Supply of services | | - | - |
| TOTAL | | - | - |
| 15.2: PENDING STAFF PAYABLES (See Annex 2) | | | |
| Senior management | | - | - |
| Middle management | | - | - |
| Unionisable employees | | - | - |
| Others (specify) | | - | - |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2015 | Outstanding Balance 2014 | Comments |
|-------------------------------|-----------------|-----------------|---------------------|--------------------------|--------------------------|----------|
| | | | | | | |
| | <u>a</u> | <u>b</u> | <u>c</u> | <u>d=a-c</u> | | |
| Construction of buildings | | | | | | |
| 1. _____ | | | | | | |
| 2. _____ | | | | | | |
| 3. _____ | | | | | | |
| <u>Sub-Total</u> | | | | | | |
| Construction of civil works | | | | | | |
| 4. _____ | | | | | | |
| 5. _____ | | | | | | |
| 6. _____ | | | | | | |
| <u>Sub-Total</u> | | | | | | |
| Supply of goods | | | | | | |
| 7. _____ | | | | | | |
| 8. _____ | | | | | | |
| 9. _____ | | | | | | |
| <u>Sub-Total</u> | | | | | | |
| Supply of services | | | | | | |
| 10. _____ | | | | | | |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST NGCDF
 Reports and Financial Statements

For the year ended June 30, 2017 (Kshs '000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | (Kshs) 2017/17 | (Kshs) 2017/16 |
|----------------------------------------------|-------------------|-------------------|
| Land | 0 | 0 |
| Buildings and structures | 0 | 0 |
| Transport equipment | 3,744,473 | 3,744,473 |
| Office equipment, furniture and fittings | 2,622,500 | 2,102,500 |
| ICT Equipment, Software and Other ICT Assets | 0 | 0 |
| Other Machinery and Equipment | 0 | 0 |
| Heritage and cultural assets | 0 | 0 |
| Intangible assets | 0 | 0 |
| Total | 6,366,973 | 5,846,973 |

Prepared By: Simon Kipaika

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND --- SAMBURU EASTINGCDF
 Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

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

| PMC | Bank | Account number | Bank Balance 2016/17 | Bank Balance 2015/16 |
|--------------------------------------------|--------|----------------|-------------------------|-------------------------|
| Waso muslim primary school | Equity | 0410263778363 | 74910 | - |
| Lderkesi primary school | Equity | 0410263856796 | 30 | - |
| Ntital primary school | Equity | 0410272990113 | 200,000 | - |
| Lopesevuo primary school | KCIB | 1137074116 | 250,000 | - |
| Samburu east district investigation office | Equity | 0410272622266 | 900,000 | - |
| Wamba west chief office | Equity | 1100173515130 | 1,255,172.41 | - |
| Sarara primary school | Equity | 0410273413162 | 900,000 | - |
| Nkare narok primary school | Equity | 0410273413162 | 1100,000 | - |
| Sasaab primary school | Equity | 0410273035839 | 900,000 | - |
| Total | | | 5,580,112.41 | - |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SAMBURU EAST/NCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs'000)

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) |
|--------------------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------|
| SMR/EAST/CDF/VOL.1/6 | Financial statements reported cashbook closing balance discrepancies with cashbook balance | Discrepancies explained on the double entry of same payment to the cashbook | District accountant | Resolved | |
| SMR/EAST/CDF/VOL.1/6 | Failure to present board of survey reports | Report availed | District accountant | resolved | |
| SMR/EAST/CDF/VOL.1/6 | Compensation of employees reported variance with annual budget | Variance explained | Fund manager | Resolved | |
| SMR/EAST/CDF/VOL.1/6 | Lalkuniyani pry school claiming accountability documents | Records availed | Fund manager | Resolved | |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SAMBURU EAST NGCDF
Reports and Financial Statements**

For the year ended June 30, 2017 (Kshs '000)

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (<i>Name and designation</i>) | Status: | Timeframe: <i>(Put a date when you expect the issue to be resolved)</i> |
|--------------------------------------------|----------------------------------------|--------------------------------------------|-------------------------------------------------------------------------|----------|----------------------------------------------------------------------------|
| SMR/EAST/CDF/VOL..1/6 | Emergency accountability | Accountability documents availed | Fund manager | resolved | |
| SMR/EAST/CDF/VOL..1/6 | Supporting documents for pending bills | Explanation was given on the pending bills | Fund manager | Resolved | |