

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

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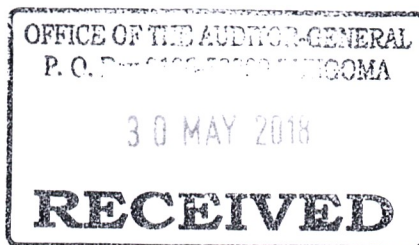
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
TESO NORTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	05 DEC 2018
	DAY. Wednesday (pm)
TABLED BY:	Hon. Aden Dunne, MP Leader of Majority Party
CLERK AT THE TABLE:	Rachel Kaimu - Principle Clerk Assistant

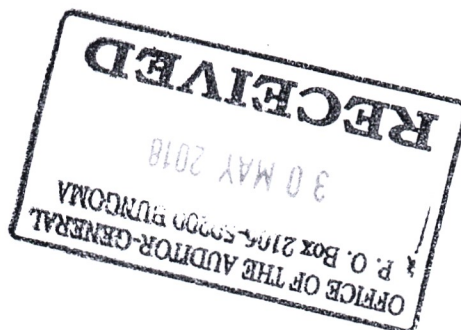


NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - TESO NORTH CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TESO NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30th 2017

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

The Teso North Constituency's day-to-day management is under the following key organs:

- i. The National Government Constituencies Development Fund Board (NG-CDFB)
- ii. The 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	Philip Odida
3	Accountant	Chrispinus Mandare

(d) Fiduciary Oversight Arrangements

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



(e) Entity Headquarters

Teso North NG-CDF office,
P O. Box 255-50244, Kamuriai,
Opposite Amagoro motel
Along Bungoma – Malaba highway
Busia County, Kenya

(f) Teso North Constituency Contacts

Telephone: (254) 0722882193
E-mail: cdftesonorth@cdf.go.ke

(g) Entity Bankers

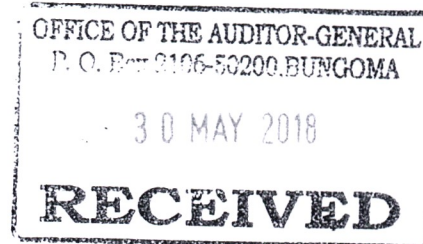
The Co-operative Bank of Kenya
Malaba Branch
A/c. No. 01141519587800
P O BOX 173-50408
KAMURIAI

(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



Reports and Financial Statements

For the year ended June 30th 2017

II FORWARD BY THE CHAIRLADY CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)

Budget performance against actual amounts for current year based on economic classification and programmes

Teso North NG-CDFC pledges that all NG-CDFC activities and decisions will be based on and guided by the following values:

- Continuous learning
- Integrity
- Service Culture
- Team Work
- Objectivity
- Good corporate citizenship

I am pleased to report that 2016/2017 was much better to us. We managed to improve our operating performance and managed to disburse 99% of the funds received from the Board to various projects within the year. No funds were still in our account awaiting wiring to the PMCs accounts and only 1% of the total budget for 2016/17 was still held by the CDF Board as at 30th June, 2017. Despite the challenges we encountered during the year, we managed to construct and complete quite a number of facilities and most of them are now in use.

Key achievements for the entity

During the year, we managed to achieve the following:

- 1 Completed our fertilizer and grains depot, one modern library at Kakoli primary school, two modern dormitories at St Josephs Kocholia sec and St. Thomas Amagoro girls secondary school
- 2 Started new projects. Some of them are complete while others are ongoing.

Emerging issues related to the entity,

Some of the emerging issues that we underwent include;

- 1 Overwhelming demand for Bursary due to increased number of needy students who need support
- 2 Need for water supply in the constituency.

Implementation challenges and recommended way forward

Some of the challenges uncouncted include increase in the prices of the items, increase in occurrences of natural calamities thus increasing demand for emergency funds. Is therefore my wish that the fund be increased to accommodate more demands at the grassroots level

On behalf of Teso North NG-CDFC and employees I assure you of our total dedication and commitment in serving the constituents of Teso North to our best. Thank you.

Rev. Isabella Inyele

CHAIRLADYNG-CDFC



III. STATEMENT OF CONSTITUENCY 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting officer in charge of the Teso North NG-CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency 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 constituency; (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 constituency; (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 Teso North NG-CDF accepts responsibility for the Constituency'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) and relevant legal framework of the Government of Kenya. The Accounting officer is of the opinion that the Teso North NG-CDF financial statements give a true and fair view of the state of CDF's transactions during the financial year ended June 30th 2017, and of the CDF's financial position as at that date. The Accounting officer in charge of the Teso North NG-CDF further confirms the completeness of the accounting records maintained for the CDF, which have been relied upon in the preparation of the CDF's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Teso North NG-CDF financial statements were approved and signed by the accounting officer on 21/7 2017



Fund Account Manager



Chairlady-NG-CDFC

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Teso North Constituency set out on pages 1 to 10, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund- Teso North Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with 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 may not have been applied lawfully and in an effective manner.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Teso North Constituency Development Fund 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. There were no Key Audit Matters to report in the year under review.

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

Other Matter

1.0 Budgetary Performance

The Fund revenue was budgeted at Kshs.124,462,537 against actual receipt of Kshs.108,256,286,296,552 representing an overall under collection of Kshs.38,165,985 (31%). Further, the Fund spent a total Kshs.122,735,843 against a budget of Kshs.124,462,537 representing under expenditure of Kshs.1,726,694 (1.4%) as tabulated below:

Overall Budgetary Performance (Recurrent and Development expenditure)				
Receipt/Expense Item	Budgeted	Actual	Variance	
	Kshs	Kshs	Kshs	%
Receipts				
Transfers from CDF Board	124,462,537	86,296,552	38,165,985	30.7%
Sub-total	124,462,537	86,296,552	38,165,985	30.7%
Payments				
Compensation of Employees	2,883,979	2,843,979	40,000	1.4%
Use of goods and services	12,282,544	12,272,544	10,000	0.1%
Transfers to Other Government Units	50,169,965	49,457,448	712,517	1.4%
Other grants and transfers	49,534,142	48,569,965	964,177	1.9%
Acquisition of Assets	9,591,907	9,591,907	-	0.0%
Sub-total	124,462,537	122,735,843	1,726,694	1.4%

2. Project Performance

The Fund was to implement a total of 106 projects/programmes by different sectors during the financial year 2016/17. Further analysis indicated that 4 or 4% of the projects had not been started, 16 or 15% of the projects were still on going and 86 or 81% of the projects had been completed as at the time of audit in May 2018 as detailed below:

Implementation Status

Sector	Budgeted projects		Not Started		Ongoing			Completed			
	No.	Kshs	No.	Kshs	%	No.	Kshs	%	No.	Kshs	%
Primary School Infrastructure Project	52	21,060,400	3	1,100,000	6	4	1,730,000	8	45	18,230,400	87
Secondary School Project	14	9,700,000	-	-	0	6	4,172,074	43	8	5,527,926	57

Tertiary School Projects	1	2,000,000	-	-	0	1	2,000,000	100	-	-	0
63	16	7,750,000	1	700,000	6	5	2,100,000	31	10	4,950,000	
Sports Activities	1	1,417,248	-	-	0	-	-	0	1	1,417,248	100
Environmental Activities	2	1,273,248	-	-	0	-	-	0	2	1,273,248	100
Acquisition of Assets	3	1,756,000	-	-	0	-	-	0	3	1,756,000	100
Emergency Services	16	4,094,828	-	-	0	-	-	0	16	4,094,828	100
Bursaries	1	25,474,138	-	-	0	-	-	0	1	25,474,138	100
Total	106	74,525,862	4	1,800,000	4	16	10,002,074	15	86	62,723,788	81

Further, the Fund incurred expenditure on two projects costing Kshs.9,289,917 that were not budgeted for in the approved project proposal in respect of roads projects and mocks and examinations amounting to Kshs.8,289,917 and Kshs.1,000,000 respectively.

In the circumstances, the public did not receive services from the planned and budgeted projects.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern/ sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the corporation 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

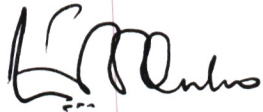
Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, 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 as a going concern. 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 consolidated/ 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 as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 August 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Transfers from CDF board	1	86,296,552	141,815,871
TOTAL RECEIPTS		86,296,552	141,815,871
PAYMENTS			
Compensation of Employees	2	2,843,979	1,388,990
Use of goods and services	3	12,272,544	6,121,352
Transfers to Other Government Units	4	49,457,448	45,330,567
Other grants and transfers	5	48,569,965	54,131,044
Acquisition of Assets	6	9,591,907	12,191,872
TOTAL PAYMENTS		122,735,843	119,163,825
SURPLUS/DEFICIT		(36,439,291)	22,652,046

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Teso North NG-CDF financial statements were approved on 27/7/2017 and signed by:


Fund Account Manager


Chairlady-NG-CDFC



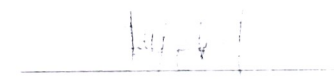
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TESO NORTH CONSTITUENCY
Reports and Financial Statements
 For the year ended June 30th 2017

V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2016-2017 Kshs.	2015-2016 Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	126,694	36,565,985
TOTAL FINANCIAL ASSETS		126,694	36,565,985
REPRESENTED BY			
Fund balance b/fwd 1st July...	7	36,565,985	13,913,939
Surplus for the year		(36,439,291)	22,652,046
NET LIABILITIES		126,694	36,565,985

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Teso North NG-CDF financial statements were approved on 27/7 2017 and signed by


 Fund Account Manager


 Chairlady-NG-CDFC



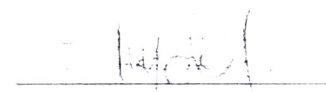
Reports and Financial Statements

For the year ended June 30th 2017

VI. STATEMENT OF CASHFLOW			
Receipts for operating income		2016 – 2017	2015 – 2016
Transfers from CDF Board	1	86,296,552	141,815,871
Other Payments for operating expenses			
Compensation of Employees	2	2,843,979	1,388,990
Use of goods and services	3	12,272,544	6,121,352
Transfers to Other Government Units	4	49,457,448	45,330,567
Other grants and transfers	5	48,569,965	54,131,044
		113,143,936	106,971,953
Adjusted for:			
Net cash flow from operating activities		(26,847,384)	34,843,918
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(9,591,907)	12,191,872
Net cash flows from Investing Activities		(9,591,907)	(12,191,872)
NET INCREASE IN CASH AND CASH EQUIVALENT		(36,439,291)	22,652,046
Cash and cash equivalent at BEGINNING of the year	7	36,565,985	13,913,939
Cash and cash equivalent at END of the year	8	126,694	36,565,985

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Teso North NG-CDF financial statements were approved on 27/7/2017 and signed by:


Fund Account Manager


Chairlady-NG-CDFC



VII: SUMMARY STATEMENT OF APPROPRIATION

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget C= a+b	Actual on Comparable Basis d	Budget Utilization Difference e=d-c	% of Utilization Difference to Final Budget f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552(AIE)	42,565,985	124,462,537	122,862,537	1,600,000	99%
Other receipts						
Sub total	81,896,552	42,565,985	124,462,537	122,862,537	1,600,000	99%
PAYMENTS						
Compensation of Employees	2,311,000	572,979	2,883,979	2,843,979	40,000	99%
Use of goods and services	5,059,690	7,222,854	12,282,544	12,272,544	10,000	99%
Transfers to Other Government Units	32,760,400	18,297,048	51,057,448	49,457,448	1,600,000	97%
Other grants and transfers	40,009,462	8,637,197	48,646,659	48,569,965	76,694	99%
Acquisition of Assets	1,756,000	7,835,907	9,591,907	9,591,907		100%
TOTALS	81,896,552	42,565,985	124,462,537	122,735,843	1,726,694	99%

The Teso North NG-CDF financial statements were approved on 27/7/2017 and signed by



Fund Account Manager

Chairlady-NG-CDFC



VIII. 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 Constituency and all values are rounded to the nearest thousand (Kshs). 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 Constituency.

b) Recognition of revenue and expenses

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

c) In-kind contributions

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

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



Reports and Financial Statements

For the year ended June 30th 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

e) Pending bills

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

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 NG-CDF's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NG-CDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements

g) Comparative figures

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

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 - TESO NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30th 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARD

Description		2016 – 2017 Kshs	2015 – 2016 Kshs
CDF Board			
AIE NO	A796232	5,500,000	-
AIE NO.	A839510	4,094,828	-
AIE NO.	A724057	36,853,449	-
AIE NO.	A855569	27,948,275	-
AIE NO	A839715	11,900,000	-
AIE NO.	A796232	-	18,163,232
AIE NO.	A724057	-	10,000,000
AIE NO.	A724160	-	10,000,000
AIE NO.	A796376	-	10,000,000
AIE NO.	A820650	-	10,000,000
AIE NO.	A820796	-	29,000,000
AIE NO.	A825611	-	30,000,000
AIE NO.	A825778	-	24,652,639
		86,296,552	141,815,871

2. COMPENSATION OF EMPLOYEES

	2016 – 2017 Kshs	2015 – 2016 Kshs
Basic salaries of permanent employees	1,514,106	1,262,990
Gratuity	1,236,003	
Personal allowances paid as part of salary		
Employer contribution to NSSF	73,620	126,000
Employer contribution to NHIF	20,250	
Total	2,843,979	1,388,990

3. USE OF GOODS AND SERVICES

	2016 – 2017 Kshs	2015 – 2016 Kshs
Utilities, supplies and services	-	80,330
Domestic travel and subsistence	910,000	664,000
Training expenses	1,380,000	-
Other committee expenses	1,042,412	554,550
Committee allowances	6,574,570	3,343,000
Office and general supplies and services	924,366	1,147,613



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NOTES TO THE FINANCIAL STATEMENTS...CONTD

Fuel, oil & Lubricants	165,000	
Other operating expenses	1,244,580	201,180
Routine maintenance – vehicles and other transport equipment	31,616	130,679
Total	12,272,544	6,121,352

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 – 2017 Kshs	2015 – 2016 Kshs
Transfers to Primary schools	29,410,400	19,280,000
Transfers to Secondary schools	18,047,048	13,350,567
Transfers to Tertiary institutions	2,000,000	12,700,000
TOTAL	49,457,448	45,330,567

5. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 – 2017 Kshs	2015 – 2016 Kshs
Bursary-Secondary schools	12,561,593	7,270,075
Bursary –Tertiary institutions	15,481,875	11,177,336
Water	2,500,000	7,257,028
Agriculture (food security)	2,300,000	7,000,000
Security projects	8,200,000	4,900,000
Roads projects	-	9,937,145
Sports	1,417,248	2,000,000
Environment	2,273,249	-
Emergency projects	3,836,000	4,589,460
Total	48,569,965	54,131,044

6. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2016 – 2017 Kshs.	2015 – 2016 Kshs.
Construction of Buildings	2,991,907	12,191,872
Purchase of Office Furniture	1,100,00	-
Purchase of vehicles	5,500,000	-
Total	9,591,907	12,191,872



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7. BALANCES BROUGHT FORWARD AT THE BEGINING OF THE FINANCIAL YEAR

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Bank accounts	36,565,985	13,913,939
Total	36,565,985	13,913,939

8. BANK BALANCES (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2016 – 2017	2015 – 2016
	Kshs	Kshs
<i>Cooperative Bank, Malaba Branch</i> <i>A/c no. 01141519587800</i>	126,694	36,565,985
Total	126,694	36,565,985



9. OTHER IMPORTANT DISCLOSURES

9.1: OTHER PENDING PAYABLES (See Annex 2)

	Kshs 2016/17	Kshs 2015/16
Amounts due to other Government entities (see attached list)	1,600,000	5,500,000
	1,600,000	5,500,000

9.2: PMC account balances (See Annex 3)

	Kshs	Kshs
PMC account Balances (see attached list)	1,220,413	2,260,532
	1,220,413	2,260,532



X. ANNEXURES

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016-17	Historical Cost (Kshs) 2015-16
Land		
Buildings and structures	15,183,779	12,191,872
Office equipment, furniture and fittings	1,795,000	695,000
Purchase of vehicle	5,500,000	
Total	22,478,779	12,886,872





ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Aterait Chief's office	Co-operative	01141519426300	4701	
Aloet Chief's office	Co-operative	01141519165200	355	
Chamasiri Sec School	Co-operative	01141519421700	238	113
Amagoro Police Division HQ'S	Co-operative	01141569028200	38,915	
Teso North NG-CDF PMC	Co-operative	01141519632600	3,775	
Osajai Chief's Office	Co-operative	01141519235500	4,578	3028
Kamololo Chief's Office	Co-operative	01141519071000	573	
Kamurial Chief's Office	Co-operative	01141519048800	1,275	
Angurai Ass. County Commissioner Office	Co-operative	01141519632500	1,365	
Akadetwai Chief's Office	Co-operative	01141519522800	28,626	450
Kakapel Chief's Office	Co-operative	01141519371900	25,748	38,913
Amagoro Chief's Office	Co-operative	01141519632900	37,325	
Teso North County DCC-Residence	Co-operative	01141519111000	325	
Moding Chief's Office	Co-operative	01141519623100	776	
Kakapel Water Project	Co-operative	01141519814300	775	
Katotoi Chief's Office	Co-operative	01141519561300	863	500,000
Kisiombe Primary School	Co-operative	01141049262301	204,325	



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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
SDA Kaujakito Primary School	Co-operative	01141519293400	19,965	
Kokeri Primary School	Co-operative	01141519476900	67,405	
Opaare Primary School	Co-operative	01141519878300	60,660	685
Kolait Girls Primary School	Co-operative	01141130102800	3,800	2,480
Kolanya Girls Primary School	Co-operative	01141049833700	488	3,373
Aleles Primary School	Co-operative	01130519502800	44,573	
Goromait Primary School	Co-operative	01141050211100	126,354	501,090
Kagutio Primary School	Co-operative	01141519260200	1,780	375
Akibui Primary School	Co-operative	01139050189703	1,074	501,011
Akiriame Primary School	Co-operative	01141058667600	7,155	
Kakurikit Primary School	Co-operative	01141519852500	12,661	2,431
Kakoli Primary School	Co-operative	01141050757500	14,463	201,463
Kamuriai Primary School	Co-operative	01141058624501	257,425	
Kalalaran Primary School	Co-operative	01139519663900	8,643	251
ACK St.Peter's Primary School	Co-operative	01141519563100	17,473	249,463
Amagoro Primary School	Co-operative	01141011899100	78,845	
Kengatunyi Primary School	Co-operative	01141519761400	41,933	201,713
Kokare Primary School	Co-operative	01141050652400	2,770	2,575
Osopotoit Primary School	Co-operative	01141519368000	8,803	1,123
Osasame Primary School	Co-operative	01141130188800	2,245	49,995
St.Thomas Amagoro Girls Sec School	Co-operative	01141050789401	87,360	
			1,220,413	2,260,532



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XI. PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS

Reference No. on the external audit report	Issue/ Observations from Auditor	Management Comment	Focal point to resolve the issue (Name and designation)	Status: (Resolved/ Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	During the year under review, the fund purchased land amounting to ksh. 5,150,000 for various institutions in the constituency as detailed below, Moding Girls sec sch, St Benards Kakurit sec sch, St Johns Kajei mixed sec sch, Kolaite Girls sec sch, Albert Ekirapa sec sch, Gara secondary sch, Ekisegere primary sch, Osajai Talent Centre, Kakapel resource Centre, Moding Police Station, Akadetewai chiefs office, Awata primary school, Kagutio pr sc However, the title deeds are yet to be processed hence the ownership of these lands could not be verified.	Acquisition of title deeds of the above projects is in the process. Most of the projects listed above have under gone succession since the owners of the lands were deceased. However, the office is following the matter closely to ensure that the title deeds are obtained in order to ascertain ownership. Attached find copies of few title deeds already acquired, copies of letters sent to Pmc's reminding them of the need to acquire title deeds	Fund account manager	Partly resolved	
2.0	A local company was paid Kshs 1,500,000 in December 2015 for refurbishment and furnishing of Amagoro lands registry. However, a site visit of the project revealed that the project is complete and that the office has not been opened to serve the citizens since the land registrar had not been	There was pressure from the lands office Busia whereby we were to complete the work within the shortest time possible for them to post the lands registrar to the mentioned office. It is unfortunate that to date the lands office has not sent the officer in order for the	Fund account manager	Not Resolved	



REPORT ON THE GOVERNMENT ACCOUNTS AND FINANCIAL STATEMENTS
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<p>3.0</p>	<p>posted. In view of this, the constituents of Teso North are being denied service delivery from this project.</p>	<p>community to benefit with the service the project could have brought. However the Ng-cdfc is following the matter with the relevant authority to make sure that the project achieves the intended purpose. For instance the management has written letters to county lands registry office as a reminder for occupation of the office.</p>	<p>NG-CDF Board</p>	<p>Resolved</p>	<p>July 2016</p>
<p></p>	<p>The fund had an approved budget of ksh. 161,729,808 and spent kshs. 119,163,825 resulting into under expenditure of ksh.42,565,984 or overall budget utilization of 74%. Further, all budgetary expenditure items incurred absorption rating of below 90%. Consequently, the budget target was not met and various projects budgeted for were not implemented within the financial year. Under the circumstances, it is not clear how the cdf intended to clear the backlog of projects as low</p>	<p>The under expenditure in the approved fund was caused by the delay in the disbursement of funds by the National board for instance the AIE received on 28th June 2016 two days to the closure of the financial year, thus making it difficult for the management to utilize the fund before the closure of the financial year. However, the management disbursed the funds at the beginning of the financial year 2016/17 in specific during the month of July 2016</p>	<p></p>	<p></p>	<p></p>



<p>4.0</p>	<p>budget absorption will negatively affect service delivery.</p>	<p>During the year under review, the fund had not commenced implementation of various projects and programmes amounting to ksh. 45,329,798 representing 32% of the fund received during that year. Therefore, the fund did not fully meet the budget target and effective delivery of service.</p>	<p>The delay for implementation was due to delay in disbursement of funds from the NG-CDF Board thus causing delays in procurement logistics that were necessary to enable the project take off. However, the mentioned projects have been fully implemented and are being utilized</p>	<p>NG-CDFC</p>	<p>Resolved</p>	<p>July 2016</p>
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