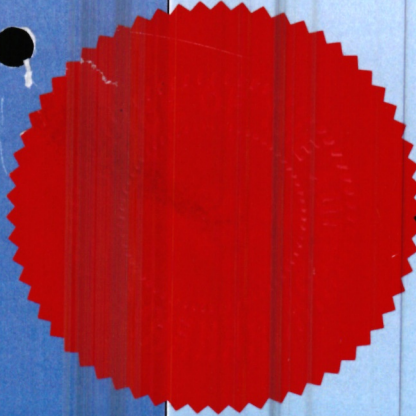


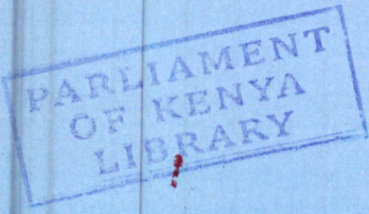
REPUBLIC OF KENYA



PAPER LAID
By the Leader
of majority party
Hon. Adam Dindi
Hon. on
Tuesday
26/9/17
[Signature]



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



KENYA NATIONAL AUDIT OFFICE
EMBU HUB
03 MAY 2017
2018
Tel: 068 - 30200
P. O. BOX 113, EMBU



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- ISIOLO SOUTH
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 –
ISIOLO SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2016. 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 South 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 Ratanya 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 Ruiru 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

CDF House
P.O Box 11
Garbatulla

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

Reports and Financial Statements

For the year ended June 30, 2016

(f) ISIOLO SOUTH NG-CDF Contacts

Telephone: (254) 0721308760

E-mail: isiolosouth@NGCDF.go.ke

Website: www.cdf.go.ke/isiolosouth.go.ke

(g) RUIRU NG-CDF Bankers

Consolidated Bank

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 SOUTH
CONSTITUENCY**

Reports and Financial Statements

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 South 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 25% 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 SOUTH
CONSTITUENCY**

Reports and Financial Statements

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 South 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 South 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 South 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 Manag



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-ISIOLO SOUTH 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 South Constituency set out on pages 5 to 15, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I 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 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 qualified audit opinion.

Basis for Qualified Opinion

1.0 Presentation of the Financial Statements

The International Public Sector Accounting Standards (Cash Basis) financial statement presentation format that the Public Sector Accounting Standards Board has prescribed requires inclusion of a report on follow-up on the previous year's audit issues. However, although the Fund received an adverse report in the previous financial year (2014/2015), the report on actions taken on the audit issues raised in the financial year has not been included in the financial statements for the year under review.

Consequently, the presentation of the financial statements does not conform to the format prescribed by the Public Sector Accounting Standards Board and further it has not been possible to verify actions, if any, taken by management to resolve the audit issues raised in the audit report for the previous year.

2.0 Unaccounted for Expenditure

2.1 Fuel, Oil and Lubricants

Note 4 to the the financial statements reflects an expenditure of Kshs. 1,000,000 in respect of fuel, oil and lubricants. However, records made available for audit review indicated that the Fund spent Kshs.2,439,637 on fuel ,oil and lubricants as analyzed below:

| Payee | Date | Description | Amount (Kshs) |
|-----------------------------------|-------------|---|----------------------|
| Stanley Ratanya | 9/2/2015 | Payment to Stanley Ratanya for surrender of imprest for purchase of fuel and transportation from Isiolo to Garbatulla | 500,000 |
| Central Isiolo Investment Limited | 8/22/2015 | Payment for the delivery of fuel to Isiolo South CDF | 272,200 |
| Central Isiolo Investment Limited | 8/24/2015 | Payment for the supply and delivery of Fuel | 169,240 |

| | | | |
|-----------------------------------|-----------|--|------------------|
| Central Isiolo Investment Limited | 8/24/2015 | Payment of Fuel to Isiolo CDF | 278,800 |
| Central Isiolo Investment Limited | 3/3/2016 | Payment made for delivery fuel | 251,600 |
| Central Isiolo Investment Limited | 4/21/2016 | Payment for delivery of fuel | 108,517 |
| Central Isiolo Investment Limited | 6/20/2016 | Payment for delivery of fuel to Isiolo South CDF | 600,000 |
| Central Isiolo Investment Limited | 1/26/2016 | Payment for supply of fuel to Isiolo South CDF | 259,300 |
| TOTAL | | | 2,439,657 |

The variance of Kshs. 1,439,657 fuel expenditure balance reflected in the financial statements resulted in understatement of the financial statement by the same amount and that of the CDF records. The management have not provided any explanation for the company. Further, the management did not provide fuel registers, detail orders and work tickets for audit verification.

In the circumstances, the propriety, accuracy and validity of the expenditure of Kshs.2,439,657 could not be confirmed as at 30 June 2016.

2.2 Domestic Travel and Subsistence Allowances

Included in expenditure of Kshs.3,200,000 on use of goods and services is the sum of Kshs.1,500,000 incurred on domestic travel and subsistences. However, records including payment vouchers and other records made available for audit verification were for expenditures totaling Ksh.995,000 resulting to unaccounted for expenditure fund of Kshs.505,000. Further, documents such as, back-to-office reports that would have validated the travel were made available for audit scrutiny.

Under the circumstance, the propriety of the expenditure of Kshs.1,500,000 reported to have been incurred on official travel cannot be confirmed.

2.3 Sport Activities

Note 6 to the the financial statements reflects expenditure of Kshs.2, 083,000 in respect of sport activities held during the year under review. However, records made available for audit review reflected expenditure of Kshs.3,983,039 on sport activities for the year thus resulting to an unexplained variance of Kshs.1,990,039 from the balance reflected in the financial statements. Further, no CDF Committee Minutes and project files were made available for audit verification.

Consequently, the propriety and accuracy of the Kshs.2,083,000 reflected in the financial statements for the year under review cannot be confirmed.

3.0 Procurement of School Bus- Garbatula

The Fund paid Kshs.10,836,640 through payment vouchers number 273074 and 275066 for purchase of a school bus for Garbatula High School from Associated

Motors. However, no procurement documents were presented for audit to confirm how the supplier was identified.

In the circumstance, it has not been possible to confirm whether procurement procedures were followed in purchase of the bus, and whether the Fund obtained value-for-money on the sum of the Kshs.10,836,640 paid for the bus.

4.0 Fixed Assets

The comparative fixed assets balance of Kshs.5,027,000 shown in Note 11 to the financial statements differs from the audited 2014/2015 balance for of Kshs.4,441,000 by Kshs.586,000 which difference has not been explained.

As a result, of the discrepancy, the accuracy and validity of the fixed assets comparative balance of Kshs.5,027,000 as at 30 June 2016 cannot be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Isiolo South 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 comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Other Matter

1.0 Budgetary Control and Performance

During the financial year under review, Isiolo South CDF had an approved budget of Kshs.102,151,955. However, only Kshs.101,950,209 (99.8%) was spent resulting to an under – expenditure of Kshs. 201,746. Further, three (3) projects budgeted to cost of Kshs.27,844,554 in aggregate incurred Kshs.42,988,162 instead thus in resulting over – expenditure of Kshs.15,143,608 as shown below:

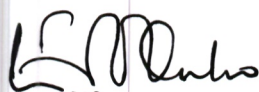
| Sub Head | Budget (Kshs) | Actual (Kshs) | Budget Utilization Difference (Kshs) | Absorption Rate % |
|---------------------------|---------------|---------------|--------------------------------------|-------------------|
| Water Projects | 15,000,000 | 17,000,000 | (2,000,000) | 113% |
| Secondary School Projects | 12,900,000 | 15,000,000 | (2,100,000) | 116% |
| Health Projects | - | 1,400,000 | (1,400,000) | 100% |
| Road Projects | 7,300,000 | 12,000,000 | (4,700,000) | 164% |
| Security Projects | 7,644,554 | 15,988,162 | (8,343,608) | 209% |

| | | | | |
|-------------------------|--------------------|--------------------|-------------------|--------------|
| Sub-Total | 42,844,554 | 61,388,162 | 18,543,608 | 143% |
| Sports activities | 2,083,039 | 2,083,000 | 39 | 100% |
| Environmental Projects | 2,083,039 | 0.00 | 2,083,039 | 0% |
| Bursary | 15,000,000 | 3,582,000 | 11,418,000 | 24% |
| Primary School Projects | 24,300,000 | 21,000,000 | 3,300,000 | 86% |
| Other payments | 700,000 | - | 700,000 | 0% |
| Totals | 102,151,955 | 101,950,209 | 201,746 | 99.8% |

Management has not provided any evidence to confirm that a supplementary budget covering the over-expenditure of Kshs.18,543,608 was approved by the parliament.

2.0 Project Management and Implementation

During the year under review, the CDF management did not update the project implementation status report. In the absence of an updated status report, progress of work on projects funded during the year under review and their status at the close of the year on 30 June 2016 cannot be confirmed.



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

Nairobi

16 June 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- ISIOLO SOUTH
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 | 103,808,025 | 130,661,361 |
| | | | |
| TOTAL RECEIPTS | | 103,808,025 | 130,661,361 |
| | | | |
| PAYMENTS | | | |
| | | | |
| Compensation of employees | 2 | 1,129,400 | 526,000 |
| Committee Expense | 3 | 3,800,000 | 7,527,500 |
| Use of goods and services | 4 | 3,200,000 | 4,049,183 |
| Transfers to Other Government Units | 5 | 37,400,000 | 30,194,680 |
| Other grants and transfers | 6 | 56,420,809 | 72,626,600 |
| | | | |
| TOTAL PAYMENTS | | 101,950,209 | 114,923,963 |
| | | | |
| SURPLUS/DEFICIT | | 1,857,816 | 15,737,398 |

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

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

**Reports and Financial Statements
For the year ended June 30, 2016**

V. STATEMENT OF ASSETS

| | Note | 2015 - 2016 Kshs | 2014 - 2015 Kshs |
|---------------------------------------|-------------|-----------------------------|-----------------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 7 | 1,012,117 | 25,922,486 |
| TOTAL FINANCIAL ASSETS | | <u>1,012,117</u> | <u>25,922,486</u> |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1st July... | 8 | 25,922,486 | 10,185,088 |
| Surplus/Deficit for the year | 9 | 1,857,816 | 15,737,398 |
| Retention | 10 | (26,768,185) | - |
| NET LIABILITIES | | <u>1,012,117</u> | <u>25,922,486</u> |

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

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

Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

| | | 2015 - 2016 | 2014 - 2015 |
|--|-----------|--------------------|--------------------|
| Receipts for operating income | | | |
| Transfers from CDF Board | 1 | 103,808,025 | 130,661,361 |
| | | 103,808,025 | 130,661,361 |
| Payments for operating expenses | | | |
| Compensation of Employees | 2 | 1,129,400 | 526,000 |
| Committee Expenses | 3 | 3,800,000 | 7,527,500 |
| Use of goods and services | 4 | 3,200,000 | 4,049,183 |
| Transfers to Other Government Units | 5 | 37,400,000 | 30,194,680 |
| Other grants and transfers | 6 | 56,420,809 | 72,626,600 |
| | | 101,950,209 | 114,923,963 |
| Net cash flow from operating activities | | 1,857,816 | 15,737,398 |
| Adjusted for: | | | |
| Adjustments during the year – Retention | 10 | -26,768,185 | - |
| | | -24,910,369 | - |
| Cash flow from Investing Activities | | | |
| Proceeds from Sale of Assets | | - | - |
| Acquisition of Assets | | - | - |
| Net cash flows from Investing Activities | | 0.00 | 0.00 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | 8 | -24,910,369 | 15,737,398 |
| Cash and cash equivalent at BEGINNING of the year | 9 | 25,922,486 | 10,185,000 |
| Cash and cash equivalent at END of the year | 7 | 1,012,117 | 25,922,486 |

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

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|-------------------------------------|------------------------|--------------------|---------------------|-----------------------------------|--------------------------------------|-------------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| RECEIPTS | | | | | | |
| Transfers from CDF Board | 104,151,955 | 2,000,000 | 102,151,955 | 103,808,025 | -1,656,070 | -2% |
| Proceeds from Sale of Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Receipts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 104,151,955 | 2,000,000 | 102,151,955 | 103,808,025 | -1,656,070 | -2% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 1,670,000 | 0.00 | 1,670,000 | 1,129,400 | 540,600 | 68% |
| Use of goods and services | 7,703,676 | 0.00 | 7,703,676 | 7,000,000 | 703,676 | 91% |
| Transfers to Other Government Units | 37,200,000 | 0.00 | 37,200,000. | 37,400,000 | -200,000 | 101% |
| Other grants and transfers | 55,378,279 | 500,000 | 54,878,279 | 56,420,809 | -1,542,530 | 103% |
| Acquisition of Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | - |
| Other Payments | 2,200,000 | 1,500,000 | 700,000 | 0 | 700,000 | 0% |
| TOTAL | 104,151,955 | 2,000,000 | 102,151,955 | 101,950,209 | 201,746 | 100% |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- ISIOLO
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

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

- (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 Isiolo South NGCDF financial statements were approved on 15th September 2016 and signed by:



Chairman NGCDF



Fund Account Manager

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

**Reports and Financial Statements
For the year ended June 30, 2016**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- ISIOLO
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

can be reliably determined, the NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- ISIOLO
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

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.

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

Reports and Financial Statements

For the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

| 1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES | | | | |
|---|---------|--|--------------------|--------------------|
| Description | | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| Normal Allocation | A825700 | | 1,219,123 | 22,469,779 |
| | A724227 | | 10,000,000 | 24,588,902 |
| | A820558 | | 10,000,000 | 9,835,561 |
| | A724089 | | 10,000,000 | 14,753,341 |
| | A820735 | | 22,000,000 | 7,300,000 |
| | A790781 | | 26,000,000 | 17,288,902 |
| | | | 24,588,902 | 34,424,875 |
| TOTAL | | | 103,808,025 | 130,661,361 |
| 2. COMPENSATION OF EMPLOYEES | | | | |
| Description | | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| Basic wages of contractual employees | | | 1,129,400 | 526,000 |
| Total | | | 1,129,400 | 526,000 |
| 3. COMMITTEE EXPENSES | | | | |
| Description | | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| Committee Allowances | | | 3,800,000 | 7,527,500 |
| 4. USE OF GOODS AND SERVICES | | | | |
| Description | | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| Utilities, supplies and services | | | 100,000 | 42,080 |
| Domestic travel and subsistence | | | 1,500,000 | 1,263,500 |
| Printing, advertising and information supplies & services | | | 100,000 | 0 |
| Fuel, oil & Lubricants | | | 1,000,000 | 2,191,803 |
| Routine Maintenance | | | 500,000 | 551,800 |
| Total | | | 3,200,000 | 4,049,183 |
| 5. TRANSFER TO OTHER GOVERNMENT ENTITIES | | | | |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- ISIOLO
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| Description | | 2015 - 2016 | 2014 - 2015 |
|---|--|-------------------------|-------------------------|
| | | Kshs | Kshs |
| Transfers to primary schools | | 21,000,000 | 17,794,680 |
| Transfers to secondary schools | | 15,000,000 | 8,000,000 |
| Transfers to Health institutions | | 1,400,000 | 4,400,000 |
| TOTAL | | 37,400,000 | 30,194,680 |
| 6. OTHER GRANTS AND OTHER PAYMENTS | | | |
| Description | | 2015 – 2016 | 2014 - 2015 |
| | | Kshs | Kshs |
| Bursary -Secondary | | 513,900 | 9,906,600 |
| Bursary -Tertiary | | 1,068,100 | 7,331,900 |
| Mock & CAT | | 2,000,000 | 404,000 |
| Water projects | | 17,000,000 | 3,000,000 |
| Electricity projects | | - | - |
| Security projects | | 15,988,162 | 13,176,500 |
| Roads projects | | 12,000,000 | 17,500,000 |
| Sports projects | | 2,083,000 | 4,967,000 |
| Environment projects | | - | 2,500,000 |
| Emergency projects | | 5,767,647 | 13,840,350 |
| Total | | 56,420,809 | 72,626,600 |
| 7. Bank Balances (cash book bank balance) | | | |
| Name of Bank, Account No. & currency | | 2015 – 2016 | 2014 - 2015 |
| | | Kshs (30/6/2016) | Kshs (30/6/2015) |
| Consolidated bank Isiolo branch A/C No. 10111200000072 | | 1,012,117 | 25,922,486 |
| Total | | 1,012,117 | 25,922,486 |
| 8. Balances Brought Forward | | | |
| | | 2015 – 2016 | 2014 - 2015 |
| | | Kshs | Kshs |
| Bank accounts | | 25,922,486 | 10,185,000 |
| Total | | 25,922,486 | 10,185,000 |
| 9. Surplus/ Deficit | | | |
| | | 2015 – 2016 | 2014 - 2015 |

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

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| | | Kshs | Kshs |
|----------------------|--|---------------------|--------------------|
| Surplus | | 1,857,816 | 15,737,398 |
| 10. Retention | | | |
| | | 2015 – 2016 | 2014 - 2015 |
| | | Kshs | Kshs |
| Retention | | (26,768,185) | 0.00 |
| Total | | (26,768,185) | 0.00 |

11. OTHER IMPORTANT DISCLOSURES

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

| Assets | Historical Cost (Kshs) 2015/16 | Historical Cost (Kshs) 2014/15 |
|------------------|---|---------------------------------------|
| Office Equipment | 27,000 | 27,000 |
| Motor Vehicle | 5,000,000 | 5,000,000 |
| Total | 5,027,000 | 5,027,000 |