

REPUBLIC OF KENYA



*Paper laid by  
Leader of Majority Party  
Tuesday 7/8/2018  
Ags*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

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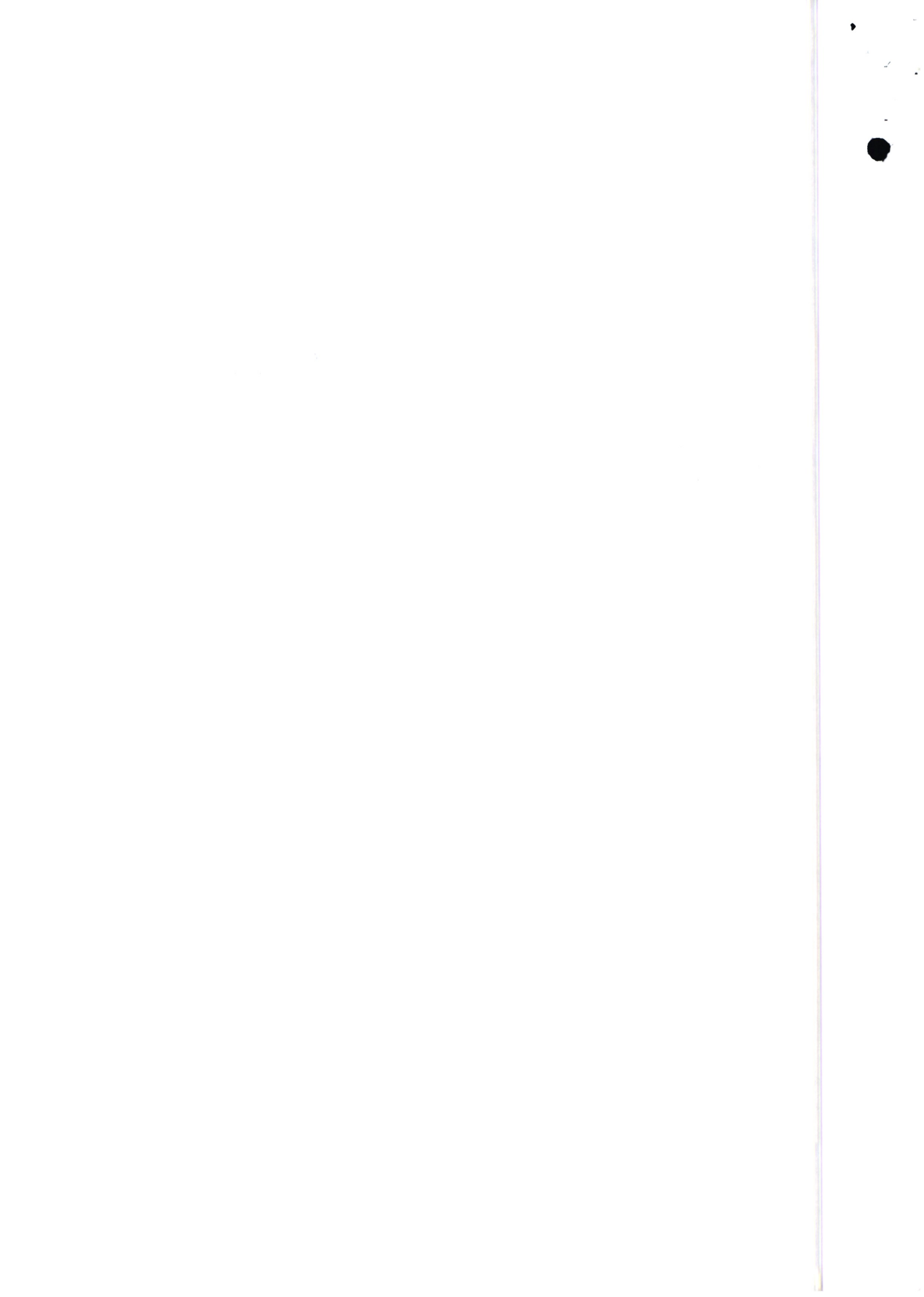
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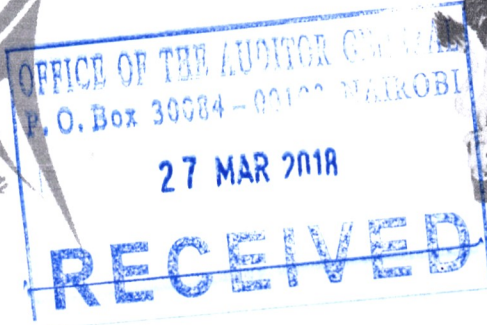
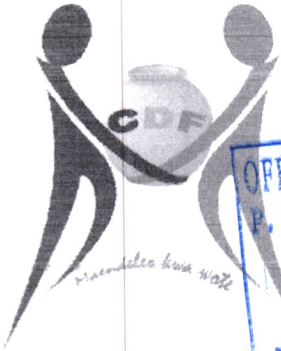
**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2017**





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

**AMENDED**

**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)**

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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 NGCDF Act, 2015. The 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 national 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 WAJIR NORTH Constituency's day-to-day management is under the following key organs:

- National Constituencies Development Fund Board (NGCDFB)
- NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

### c. Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Yusuf Daud
3.	Accountant	Rashid Ahmed

### d. Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NG-CDFC WAJIR NORTH Constituency. 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. WAJIR NORTH NGCDF Headquarters**

NGCDF Office Building.  
P.O BOX 149-60700  
MOYALE

**f. WAJIR NORTH NGCDF Contacts**

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E-mail: [yahmed@cdf.go.ke](mailto:yahmed@cdf.go.ke)

**g. WAJIR NORTH NGCDF Bankers**

1. KCB  
P.O Box 149-60700  
MOYALE, Kenya
2. FIRST COMMUNITY BANK  
P.O.BOX 426-70100  
WAJIR  
...  
...

**h. Independent Auditors**

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

**i. Principal Legal Adviser**

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



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

The NGCDFC wish to have in summary the budget performance against actual amounts for current year based on economic classification and programs. The NGCDF have improved the Education and Security infrastructures of Wajir North Constituency.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NG-CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations and the four month transition period from CDF to NG- CDF.

Sign.....  
CHAIRMAN NGCDFC  
WAJIR NORTH CONSTITUENCY



### 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 NG-CDF 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.

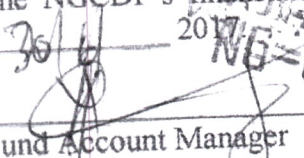
The Accounting Officer in charge of the Wajir North NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility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

The Accounting Officer in charge of the Wajir North NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Wajir North NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the Wajir North 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

  
Fund Account Manager

2017  
NG-CDF  
WAJIR NORTH

  
Chairman

CHAIRMAN  
WAJIR NORTH  
NG-CDF



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Wajir North Constituency set out on pages 7 to 23, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis of Opinion section of my report, the financial statements presents, in all material respects, the financial position of the National Government Constituency Development Fund – Wajir North Constituency as at 30 June 2017, and of its financial performance and its cash flow for the year then ended, in accordance with International Public Sector Accounting Standards Board and complies with the National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, 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. Irregular Procurement of Water Projects

During the year ended 30 June 2017, Wajir North Constituency procured and implemented water projects amounting to Kshs.38,970,741. The Contracts for the projects were awarded by Project Management Committees to various contractors in respect of excavation and desilting of water pans within the Constituency. However, the following anomalies were noted: -

- (i) Contracts for desilting of Korondile Mega Water pan, construction of new Qarsa Abula water pan and excavation of Kobole water pan amounting to Kshs.9,995,405,

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

Kshs.7,992,000 and Kshs.7,993,336 respectively were procured through local tender notice. However, the tender notices did not set the criteria to be used for the evaluation of tenders for the projects. The projects were not procured through open tender as required by Section 96(2) of the Public Procurement and Asset Disposal Act, 2015 and the threshold matrix as contained in the Public Procurement and Disposal Regulations, 2006.

- (ii) Projects amounting to Kshs.12,990,000 were procured through request for quotations. The quotations were however not made available for audit review.
- (iii) Some of the BQs for the winning bidders had arithmetical errors which were not detected and corrected by the evaluation committees, an indication that there were no proper evaluation carried out for the projects.
- (iv) Contingencies and supervision cost amounting to Kshs.1,639,004.50 which have been provided for in the BQs were paid to the contractors. The same were however not supported with payment schedules.

Under the circumstances, it has not been possible to ascertain whether the Fund got value for money for the projects implemented costing Kshs.25,980,741 as at 30 June 2017.

## **2. Unaccounted for Bursary**

The NG- CDFC for Wajir North Constituency disbursed bursaries amounting to Kshs.33,092,897 to various institutions for the benefit of needy students. However, examination of records available revealed that an amount of Kshs.7,179,000 disbursed to various institutions has not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions. It was therefore not possible to confirm whether the bursary funds were spent for the intended purpose and for the benefit of the needy students. The expenditure of Kshs.7,179,000 remained unaccounted for as at 30 June 2017.

## **3. Unsupported Emergency Expenses**

An amount of Kshs.1,420,000 was used for emergency activities in Wajir North Constituency. However, audit review of available records that were used to support the payments revealed that the expenditure was not properly supported with minutes of NG-CDF Committee to confirm the emergencies were identified and deliberated contrary to Section 12(5) of NG CDF Act 2015.

Under the circumstances, it has not been possible to ascertain the propriety of the expenditure of Kshs.1,420,000 as at 30 June 2017.

## **4. Procurement of Primary Schools Projects**

During the year under review, Wajir North Constituency procured Primary School projects amounting to Kshs.43,686,340. However, examination of payment vouchers, projects files, BQs and other tender documents revealed that the payments were not supported with



certificate of practical completion, the BQs were not signed by the tender opening committee and in some cases contract agreement were not signed between the contractors and the project management committees (PMCs).

In the circumstance, it has not been possible to ascertain the propriety of the expenditure of Kshs.43,686,340 as at 30 June 2017.

#### **5. Unsupported Committee Allowance**

The NG-CDF Wajir North spent an amount of Kshs.693,000 on payment of committee allowances during Monitoring and Evaluation (M&E) exercise. The payments were however not supported with lists of the projects visited and monitoring and evaluation reports for the projects purported to have been visited and the work tickets of vehicles used during the exercise. Payment of allowances to Constituency Development Fund Committee amounting to Kshs.134,000 was not supported with Minutes of the CDFC meeting held. It was further noted that some of the CDFC members who were not in the monitoring and evaluation exercise were irregularly paid allowances.

Under the circumstances, the propriety of the expenditure of Kshs.827,000 could not be ascertained.

#### **6. Unsupported Communications, Supplies and Services Expenditure**

During the year ended 30 June 2017, the National Government Constituencies Development Fund-Wajir North Constituency incurred Kshs.674,000 on Communications, Supplies and Services. The expenditure was utilized on CDFC sitting allowances, Monitoring and Evaluation allowances and car hire services. Examination of payment vouchers and other supporting documents revealed that the expenditure was not supported with payment schedules indicating names, details and signature of the CDFC and monitoring and evaluation team, lists of the projects visited and monitoring and evaluation reports for the projects visited and the mode of transport used by the committee during the monitoring and evaluation was not indicated since the payment vouchers were not supported with work ticket/bus tickets. Further, car hire service worth Kshs.200,000 paid vide voucher No.84 of 17/1/2017 was not supported with temporary work tickets showing the areas visited. In addition, there was no valid contract agreement between the service provider and the CDFC Wajir North.

Under the circumstances, it has not been possible to ascertain the authenticity of the expenditure of Kshs.674,000 as at 30 June 2017.

#### **7. Procurement Of Secondary School Projects**

An amount of Kshs.5,280,000 was used to procure projects for the Secondary School in the constituency. However, examination of payment vouchers and other records such as project files and bills of Quantities revealed the following anomalies:-

- (i) Although the bill of quantities from the bidders were provided, they were neither signed

nor stamped by the tenderers, further the tenderers names were not indicated in the summary page of the bill of quantities, thus it was difficult to ascertain the firms which participated in the tender

- (ii) One or more pages of the bill of quantities were not signed by the tender committee (PMCs) as required by section 78(9) of the Public Procurement and Asset Disposal Act 2015.
- (iii) Full payments were made to contractors for some of the projects. The payments were however not approved by the CDFCs.
- (iv) Project file for the renovation of 4no. classrooms, Dormitory and administration block for Korondile Secondary School was not availed for audit verification. It was therefore not possible to ascertain whether procurement of the projects was done in a fair and competitive manner.

Consequently, the propriety of the expenditure of Kshs.5,280,000 could not be ascertained.

## **8. Outstanding Prior Years Audit Issues 2015/2016**

The management of NG-CDF Wajir North Constituency did not respond to all the issues raised in the report for 2015/2016 financial year and therefore they remained unresolved.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Wajir North Constituency 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 adverse opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budget and Budgetary Control**

During the year under review, National Government Constituencies Development Fund - Wajir North had a budget of Kshs.166,590,543 consisting Kshs.152,006,443 for the financial year 2016/2017 and unspent balance of Kshs.12,984,100 from the financial year 2015/2016. The analysis of budget against actual expenditure for the year under review is as below:-

## Under/Over Expenditure

Item	Budgeted (Kshs)	Actual (Kshs)	Under (Kshs.)
Compensation to Employees	2,770,607.00	2,770,607.00	-
Use of goods and services	6,431,085.20	6,431,085.20	-
Transfers to Other Government Units	67,085,051.02	64,889,840.00	2,195,211.02
Other grants and transfers	90,303,800.50	89,788,923.50	514,877.00
<b>Total</b>	<b>166,590,543.72</b>	<b>163,880,455.70</b>	<b>2,710,088.02</b>

The NG-CDFs for Wajir North spent an amount of Kshs.163,880,455 or 98% of the total budgeted allocation for the period under review. This means the management under spent Kshs.2,710,088 or 2% of the budgetary allocation.

No explanation was given for not fully utilizing the funds allocated to benefit the constituents.

### **Responsibility 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 Accrual 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 its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting.

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, but not 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 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 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**

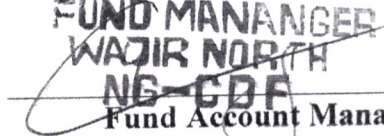
**26 July 2018**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>RECEIPTS</b>			
Transfers from NG-CDF board-AIEs' Received	1	152,006,443.70	71,000,000.00
Other Receipts	2	15,056.56	
<b>TOTAL RECEIPTS</b>		152,021,500.26	71,000,000.00
<b>PAYMENTS</b>			
Compensation of employees	3	2,770,607.00	2,827,800.00
Use of goods and services	4	6,431,085.20	4,809,952.00
Transfers to Other Government Units	5	64,889,840.00	27,024,200.00
Other grants and transfers	6	89,788,923.50	69,264,066.00
Other Payments	7		
<b>TOTAL PAYMENTS</b>		163,880,455.70	103,926,018.00
<b>SURPLUS/DEFICIT</b>		(11,858,955.44)	(32,926,018.00)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir North NGCDF financial statements were approved on 30/6 2017 and signed by:

  
**CHAIRMAN**  
**WAJIR NORTH**  
**NGCDF**  
 Chairman - NGCDF


  
**FUND MANAGER**  
**WAJIR NORTH**  
**NGCDF**  
 Fund Account Manager




V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8	1,125,144.81	12,984,100.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>1,125,144.81</b>	<b>12,984,100.00</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd. 1st July...	9	12,984,100.25	45,910,118.00
Surplus/Deficit for the year		(11,858,955.44)	(32,926,018.00)
<b>NET FINANCIAL POSITION</b>		<b>1,125,144.81</b>	<b>12,984,100.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir North NGCDF financial statements were approved on 21/6 2017 and signed by:

 **CHAIRMAN**  
**WAJIR NORTH**  
**NGCDF**

  
**FUND MANAGER**  
**WAJIR NORTH**  
**NGCDF**



1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

**VI. STATEMENT OF CASHFLOW**

**Receipts for operating income**

|  |   | 2016 - 2017      | 2015 - 2016      |
|--|---|------------------|------------------|
| Transfers from NG- CDF Board                   | 1 | 152,006,443.70   | 71,000,000.00    |
| Other receipts                                 | 2 | 15,056.56        |                  |
|  |   | 152,021,500.26   | 71,000,000.00    |
| <b>Payments for operating expenses</b>         |   |                  |                  |
| Compensation of Employees                      | 3 | (2,770,607.00)   | (2,827,800.00)   |
| Use of goods and services                      | 4 | (6,431,085.20)   | (4,809,952.00)   |
| Transfers to Other Government Units            | 5 | (64,889,840.00)  | (27,024,200.00)  |
| Other grants and transfers                     | 6 | (89,788,923.50)  | (69,264,066.00)  |
| Other Payments                                 | 7 |                  |                  |
|  |   | (163,880,455.70) | (103,926,018.00) |
| <b>Net cash flow from operating activities</b> |   | (11,858,955.44)  | (32,926,018.00)  |

**CASHFLOW FROM INVESTING ACTIVITIES**

**Net cash flows from Investing Activities**


**NET INCREASE IN CASH AND CASH**

**EQUIVALENT**

|   |   |               |               |
|---|---|---------------|---------------|
| Cash and cash equivalent at BEGINNING of the year | 8 | 12,984,100.25 | 45,910,118.00 |
|---|---|---------------|---------------|

|   |  |              |               |
|---|--|--------------|---------------|
| Cash and cash equivalent at END of the year |  | 1,125,144.81 | 12,984,100.00 |
|---|--|--------------|---------------|

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir North NGCDF financial statements were approved on 31/6/ 2017 and signed by:

Chairman NGCDF  
  
**CHAIRMAN  
 WAJIR NORTH  
 NG-CDF**

**FUND MANAGER  
 WAJIR NORTH  
 NG-CDF**  
 Fund Account Manager



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

| Receipt/Expense Item                | Original Budget      | Adjustments          | Final Budget          | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|-------------------------------------|----------------------|----------------------|-----------------------|----------------------------|-------------------------------|------------------|
|                                     | a                    | b                    | c=a+b                 | d                          | e=c-d                         | f=d/c %          |
| <b>RECEIPTS</b>                     |                      |                      |                       |                            |                               |                  |
| Transfers from CDF Board            | 81,896,551.72        | 84,693,992.00        | 166,590,543.72        | 164,990,543.70             | 1,600,000.02                  | 99.04%           |
| Proceeds from Sale of Assets        |                      |                      |                       |                            |                               |                  |
| Other Receipts                      |                      |                      |                       | 15,056.56                  | (15,056.56)                   |                  |
| <b>TOTAL</b>                        | <b>81,896,551.72</b> | <b>84,693,992.00</b> | <b>166,590,543.72</b> | <b>165,005,600.26</b>      | <b>1,584,943.46</b>           | <b>99.05%</b>    |
| <b>PAYMENTS</b>                     |                      |                      |                       |                            |                               |                  |
| Compensation of Employees           | 2,770,607.00         |                      | 2,770,607.00          | 2,770,607.00               |                               | 100%             |
| Use of goods and services           | 2,706,984.26         | 3,724,100.94         | 6,431,085.20          | 6,431,085.20               |                               | 100%             |
| Transfers to Other Government Units | 48,550,000.00        | 18,535,400.43        | 67,085,051.02         | 64,889,840.00              | 2,195,560.43                  | 96.73%           |
| Other grants and transfers          | 27,868,960.46        | 62,434,490.63        | 90,303,800.50         | 89,788,923.50              | 514,527.59                    | 99.43%           |
| Acquisition of Assets               |                      |                      |                       |                            |                               |                  |
| Other Payments                      |                      |                      |                       |                            |                               |                  |
| <b>TOTAL</b>                        | <b>81,896,551.72</b> | <b>84,693,992.00</b> | <b>166,590,543.72</b> | <b>163,880,455.70</b>      | <b>2,710,088.02</b>           | <b>98.37%</b>    |

The Wajir North NGCDF financial statements were approved on 30/6/2017 2017 and signed by:

*[Signature]*  
 Chairperson NGCDF

*[Signature]*  
 Fund Account Manager

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## 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 recognizes transactions and events only when cash is received or paid by the NGCDF.

### 2. Recognition of revenue and expenses

The NGCDF recognizes 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 recognizes all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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



impressts and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### **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, 2017.



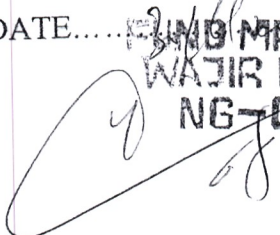


**IX: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

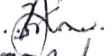
The following is the *summary* of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown low with the associated time frame within which we expect the issues to be resolved.

The NG.CDF Wajir North appreciates the facts that the cash basis of accounting method under the International public sector accounting standards (IPSAS) requires an inclusion of progress on follow up of auditor recommendations as part of the financial statements. as at the time of audit in December 2016, the auditor general report for financial year 2014/2015 was not received .however we had received a management letter which we satisfactorily addressed all the issues raised by the audit team .

FUND MANAGER-NG-CDFC

DATE.....  
  
FUND MANAGER  
WAJIR NORTH  
NG-CDF

CHAIRMAN –NG-CDFC

DATE.....  
  
CHAIRMAN  
WAJIR NORTH  
NG-CDF

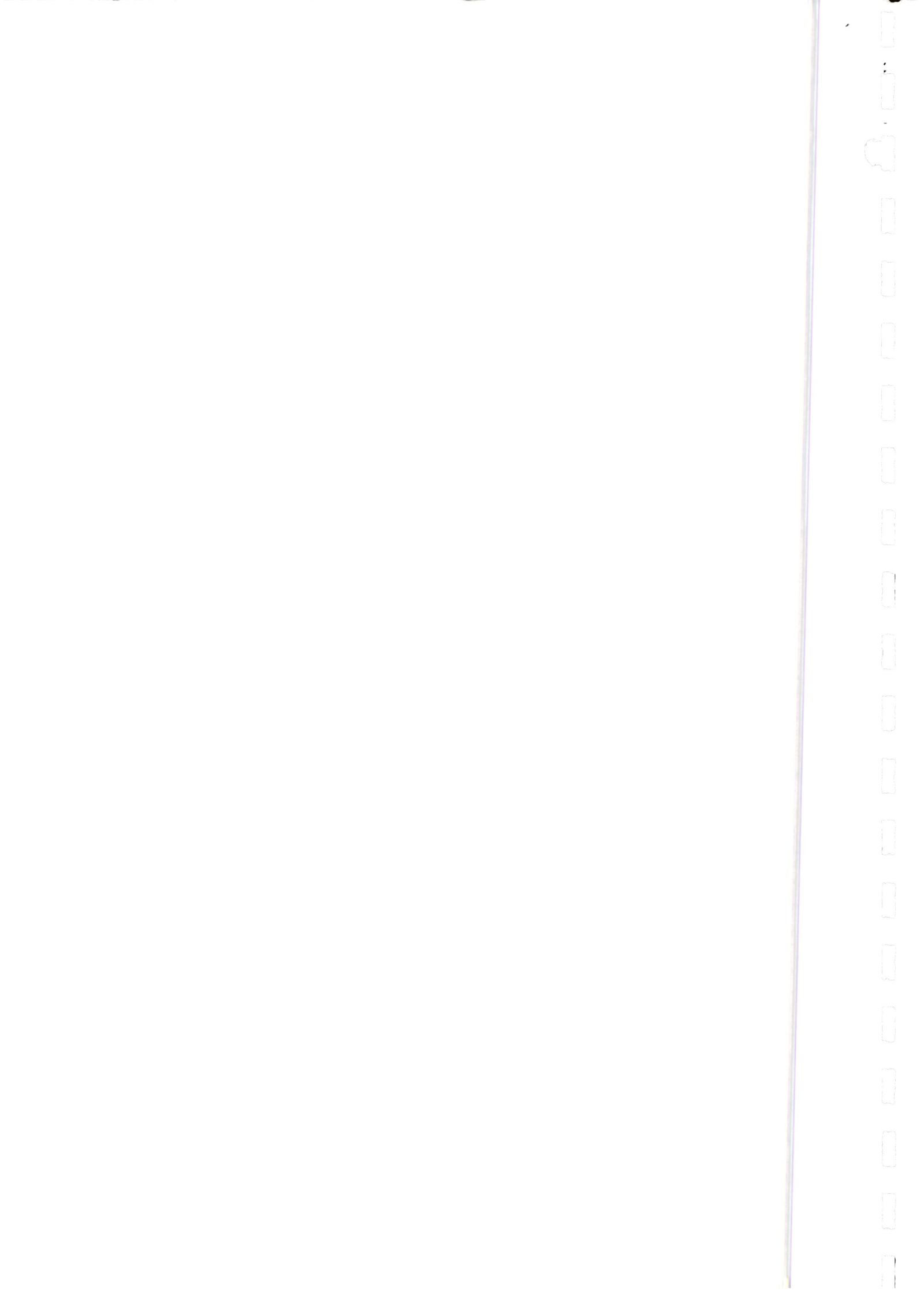


**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

| Description              |          | 2016 – 2017           | 2015 - 2016          |
|--------------------------|----------|-----------------------|----------------------|
|                          |          | Kshs                  | Kshs                 |
| <b>Normal allocation</b> |          |                       |                      |
|                          | A825905  | 51,000,000.00         | 10,000,000.00        |
|                          | A825953  | 20,709,892.00         | 10,000,000.00        |
|                          | A 839531 | 4,094,827.60          | 20,000,000.00        |
|                          | A 855109 | 36,853,449.00         | 20,000,000.00        |
|                          | A855745  | 39,348,275.10         |                      |
|                          |          |                       |                      |
|                          |          |                       |                      |
| <b>TOTAL</b>             |          | <b>152,006,443.70</b> | <b>71,000,000.00</b> |

| <b>2 OTHER RECEIPTS</b>                           |                  |            |
|---|------------------|------------|
| Description                                       | 2016 - 2017      | 2015- 2016 |
|   | Kshs             | Kshs       |
| Interest Received                                 | 15,056.56        | -          |
| Rents   | -                | -          |
| Sale of tender documents                          | -                | -          |
| Other Receipts Not Classified Elsewhere (specify) | -                | -          |
| <b>Total</b>                                      | <b>15,056.56</b> | <b>-</b>   |



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – WAJIR NORTHCONSTITUENCY**  
**Reports and Financial Statements For the year ended June 30, 2017**

**3. COMPENSATION OF EMPLOYEES**

| Description                                | 2016 - 2017         | 2015 - 2016         |
|--|---------------------|---------------------|
|  | Kshs                | Kshs                |
| Basic wages of contractual employees       | 2,762,207.00        | 1,913,400.00        |
| Basic wages of casual labor                | -                   | -                   |
| Personal allowances paid as part of salary | -                   | -                   |
| House allowance                            | -                   | -                   |
| Transport allowance                        | -                   | -                   |
| Leave allowance                            | -                   | -                   |
| Other personnel payments                   | -                   | -                   |
| Employer contribution to NSSF              | 8,400.00            | 14,400.00           |
| gratuity                                   | -                   | 900,000.00          |
| <b>Total</b>                               | <b>2,770,607.00</b> | <b>2,827,800.00</b> |



NOTES TO THE FINANCIAL STATEMENTS (Continued)

**4. USE OF GOODS AND SERVICES**

| Description  | 2016 - 2017         | 2015 - 2016         |
|--|---------------------|---------------------|
|  | Kshs                | Kshs                |
| Utilities, supplies and services                             |                     |                     |
| Office rent  |                     |                     |
| Communication, supplies and services                         | 735,000.00          | 1,083,952.00        |
| Domestic travel and subsistence                              |                     |                     |
| Printing, advertising and information supplies & services    |                     |                     |
| Rentals of produced assets                                   |                     | -                   |
| Training expenses  |                     | 415,000.00          |
| Hospitality supplies and services                            |                     |                     |
| Other committee expenses                                     | 80,000.00           |                     |
| Committee allowance  | 3,686,085.20        | 1,706,000.00        |
| Insurance costs  |                     |                     |
| Specialized materials and services                           | 500,000.00          |                     |
| Office and general supplies and services                     | 570,000.00          |                     |
| Fuel ,oil & lubricants                                       | 504,000.00          | 545,000.00          |
| Other operating expenses                                     | 356,000.00          | 600,000.00          |
| Routine maintenance – vehicles and other transport equipment |                     | 460,000.00          |
| Routine maintenance – other assets                           |                     |                     |
| <b>Total</b>   | <b>6,431,085.20</b> | <b>4,809,952.00</b> |



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**5. TRANSFER TO OTHER GOVERNMENT ENTITIES**

| Description                        | 2016 - 2017          | 2015 - 2016          |
|------------------------------------|----------------------|----------------------|
|                                    | Kshs                 | Kshs                 |
| Transfers to primary schools       | 43,686,340.00        | 16,771,000.00        |
| Transfers to secondary schools     | 11,203,500.00        | 10,253,200.00        |
| Transfers to tertiary institutions | 10,000,000.00        |                      |
| Transfers to health institutions   |                      |                      |
| <b>TOTAL</b>                       | <b>64,889,840.00</b> | <b>27,024,200.00</b> |

**6. OTHER GRANTS AND OTHER PAYMENTS**

|                                 | 2016 - 2017          | 2015 - 2016          |
|---------------------------------|----------------------|----------------------|
|                                 | Kshs                 | Kshs                 |
| Bursary – secondary schools     | 12,749,897.00        | 125,000.00           |
| Bursary – tertiary institutions | 20,343,000.00        | 737,000.00           |
| Bursary – special schools       |                      |                      |
| Mock & CAT                      |                      |                      |
| Water projects                  | 38,970,741.50        | 14,347,617.00        |
| Agriculture projects            |                      |                      |
| Electricity projects            |                      |                      |
| Security projects               | 14,145,285.00        | 7,670,000.00         |
| Roads projects                  |                      | 40,779,119.00        |
| Sports projects                 |                      |                      |
| Environment projects            |                      |                      |
| Other Projects                  |                      |                      |
| Emergency Projects              | 3,580,000.00         | 5,605,330.00         |
|                                 |                      |                      |
| <b>Total</b>                    | <b>89,788,923.50</b> | <b>69,264,066.00</b> |

19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

**7. ACQUISITION OF ASSETS**

| <b>Non-Financial Assets</b>                                  | <b>2016 - 2017</b> | <b>2015 - 2016</b> |
|--|--------------------|--------------------|
|  | <b>Kshs</b>        | <b>Kshs</b>        |
| Purchase of Buildings  | -                  | -                  |
| Construction of Buildings                                    | -                  | -                  |
| Refurbishment of Buildings                                   | -                  | -                  |
| Purchase of Vehicles and Other Transport Equipment           | -                  | -                  |
| Overhaul of Vehicles and Other Transport Equipment           | -                  | -                  |
| Purchase of Household Furniture and Institutional Equipment  | -                  | -                  |
| Purchase of Office Furniture and General Equipment           | -                  | -                  |
| Purchase of ICT Equipment, Software and Other ICT Assets     | -                  | -                  |
| Purchase of Specialized Plant, Equipment and Machinery       | -                  | -                  |
| Rehabilitation and Renovation of Plant, Machinery and Equip. | -                  | -                  |
| Acquisition of Land  | -                  | -                  |
| Acquisition of Intangible Assets                             | -                  | -                  |
| <b>Total</b>   | <b>-</b>           | <b>-</b>           |

**8. OTHER PAYMENTS**

|   | <b>2016- 2017</b> | <b>2015- 2016</b> |
|---|-------------------|-------------------|
|   | <b>Kshs</b>       | <b>Kshs</b>       |
| Specify   |                   |                   |
| CONSTRUCTION OF DFOFFICE, WATER TANK, GREEN HOUSE AND STRATEGIC PLAN) |                   |                   |
| COMMUNITY SOCIAL HALL   |                   |                   |
|   |                   |                   |
|   |                   |                   |
|   |                   |                   |
|   |                   |                   |
|   |                   |                   |

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**9: Bank Accounts (cash book bank balance)**

| Name of Bank, Account No. & currency   | 2016 - 2017         | 2015 - 2016          |
|--|---------------------|----------------------|
|  | Kshs                | Kshs                 |
| First community bank A\C NO.8000787701 | 1,125,144.81        | -                    |
| KCB WAJIR A\C NO. 1105253643           | -                   | 12,984,100.00        |
|  | -                   | -                    |
|  | -                   | -                    |
|  | <b>1,125,144.81</b> | <b>12,984,100.00</b> |

**10. BALANCES BROUGHT FORWARD**

|               | 2016 - 2017          | 2015 - 2016          |
|---------------|----------------------|----------------------|
|               | Kshs                 | Kshs                 |
| Bank accounts | 12,984,100.25        | 45,795,118.00        |
| Cash in hand  |                      |                      |
| Imprest       |                      | 115,000.00           |
| <b>Total</b>  | <b>12,984,100.25</b> | <b>45,910,118.00</b> |



**11. OTHER IMPORTANT DISCLOSURES**

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

|                             | 2016- 2017 | 2015 – 2016          |
|-----------------------------|------------|----------------------|
|                             | Kshs       | Kshs                 |
| Construction of buildings   | -          | 2,984,100.00         |
| Construction of civil works | -          | 9,000,000.00         |
| Supply of goods/services    |            | 500,000.00           |
| Supply of services          |            | 500,000.00           |
|                             |            | <b>12,984,100.00</b> |

**11.2: OTHER PENDING PAYABLES (See Annex 2)**

|   | Kshs                | Kshs |
|---|---------------------|------|
| Amounts due to other Government entities (see attached list)        | 2,195,560.43        |      |
| Amounts due to other grants and other transfers (see attached list) | 514,527.59          |      |
| Others (community social hall/acquisition of assets)                |                     |      |
| <b>Totals</b>   | <b>2,710,088.02</b> |      |

**11.3: PMC ACCOUNT BALANCES (See Annex 3)**

|   | 2016- 2017      | 2015 – 2016     |
|---|-----------------|-----------------|
|   | Kshs            | Kshs            |
| Pmc account Balance( see attached list) | 5,300.80        | 4,770.80        |
|   | <b>5,300.80</b> | <b>4,770.80</b> |

**11.4: AMOUNT DUE TO THE HEAD OFFICE**

|                           | 2016- 2017          | 2015 – 2016          |
|---------------------------|---------------------|----------------------|
|                           | Kshs                | Kshs                 |
| Amount due to head office | 1,600,000.02        | 72,209,892.00        |
|                           | <b>1,600,000.02</b> | <b>72,209,892.00</b> |



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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY  
Reports and Financial Statements For the year ended June 30, 2017

ANNEXES

ANNEX 1.

| Amounts due to other government entities | DESCRIPTION                      | OPENING BAL/AIE RECIEVED | AMOUNT PAID  | BALANCES(PAY ABLES) |
|--|----------------------------------|--------------------------|--------------|---------------------|
| Transfer to primary school               |                                  |                          |              |                     |
| Suraya primary school                    | Construction of one classroom    | 800,000.00               | 760,000.00   | 40,000.00           |
| Kunjure primary school                   | Construction of two classrooms   | 2,000,000.00             | 1,900,000.00 | 100,000.00          |
| Batalu primary school                    | Construction of fence            | 3,000,000.00             | 2,999,940    | 60.00               |
| Ololdile primary school                  | Construction of fence            | 4,450,000.00             | 4,402,500.00 | 47,500.00           |
| Garasabula primary school                | Construction of three classrooms | 2,400,000.00             | 2,320,000.00 | 80,000.00           |
| Basakurow primary school                 | Construction of two classrooms   | 1,100,000.00             | 1,056,942.08 | 43,057.22           |
| Basanicha primary school                 | Construction of two classrooms   | 1,884,943.21             | 0            | 1,884,943.21        |
| <b>Totals</b>                            |                                  |                          |              | <b>2,195,560.43</b> |

ANNEX 2.

| Other grants and payments | DESCRIPTION | OPENING BALANCE/AIE RECIEVED | AMOUNT PAID  | BALANCES(PAY ABLES) |
|---------------------------|-------------|------------------------------|--------------|---------------------|
| Emergency                 |             | 4,094,827.60                 | 3,580,000.00 | 514,527.59          |
| <b>TOTAL</b>              |             |                              |              | <b>514,527.59</b>   |

ANNEX 3.

| PMC NAME                   | ACCOUNT NUMBER | BRANCH NAME | BALANCE AS AT 30 <sup>TH</sup> JUNE 2016 | BALANCE AS AT 30 <sup>TH</sup> JUNE 2017 |
|----------------------------|----------------|-------------|--|--|
| Buna boys Secondary Pmc    | 1199058491     | KCB WAJIR   | 0  | 480.00                                   |
| Korrondile social hall pmc | 1171222734     | KCB WAJIR   | 400                                      | 85.00                                    |
| Wajir North PMC            | 1135103216     | KCB WAJIR   | 4,370.80                                 | 4735.80                                  |
| <b>TOTAL</b>               |                |             | <b>4,770.80</b>                          | <b>5,300.80</b>                          |



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY  
Reports and Financial Statements For the year ended June 30, 2017

ANNEX 4. FIXED ASSETS REGISTERS FOR WAJIR NORTH CONSTITUENCY AS AT 30<sup>TH</sup> JUNE 2017

| DATE OF ACQUISITION | TYPE OF FURNITURE                | ASSET SERIAL NO       | ASSET NUMBER            | COST                   | TOTAL            | CUR Stat |
|---------------------|----------------------------------|-----------------------|-------------------------|------------------------|------------------|----------|
| 15/09/2008          | 3cabinets                        | -                     | CDF/WJR/CBNT/001-003    | 24000                  | 72000            | GOOD     |
| 15/09/2008          | Executive Table                  |                       | CDF/WN/EXT -001         | 32000                  | 32000            | GOOD     |
| 15/09/2008          | 12 Seminar Chairs                |                       | CDF /WN /SM/CH/-01-12   | 5500                   | 66000            | GOOD     |
| 15/09/2008          | Printer (4*1)                    | Cn81e525mz            | CDF/WN/034/PR/01        | 20,000                 | 20,000           | GOOD     |
| 15/09/2008          | Digital Camera                   | 4137008               | CDF/WN/034/DGT/01       | 16000                  | 16000            | GOOD     |
| 15/09/2008          | Solar Panel                      | 0745ch0391            | CDF/WN/034/SP/011       | 26000                  | 26000            | GOOD     |
| 15/09/2008          | Solar Power Controller           | 12 Vol-6a             | CDF/WN/034/SP-001       | 5000                   | 5000             | GOOD     |
| 15/09/2008          | One Computer And Its Accessories | 00045425-476-015      | CDF/WN/034/CP/01        | 46000                  | 46000            | GOOD     |
| 15/09/2008          | 7 Plastic Chair                  |                       | CDF/WJR/NRTH-01-07      | 700                    | 4900             | GOOD     |
| 15/09/2008          | <u>One Cabinet</u>               |                       | CDF/WN/034-004          | 25000                  | 25000            | GOOD     |
| 15/09/2008          | Two Executive Table              |                       | CDF/WN/034-EXT -001-002 | 10,000                 | 20,000           | GOOD     |
| 16/4/2010           | Printer                          | CNC JGU43887          | CDF/WN/034/PRT/01       | Procur ed By CDF Board |                  | GOOD     |
| 16/06/2010          | Generator2200                    | SH 4600EX             | CDF/WN/GNRT/001         | 124000                 | 124000           | GOOD     |
| 16/06/2010          | One Cabinet                      |                       | CDF/WN/CBT/005          | 25000                  | 25000            | GOOD     |
| 16/06/2010          | Safaricom Modem                  | HSPA/USBTICK /-E1750  | CDF/WN/MDM/001-002      | 6000                   | 12000            | GOOD     |
| 16/06/2010          | 1Laptops                         | 250GB TOSHIBA X90198R | CDF/WN/LPT/01-02        | 90,000                 | 90,000           | GOOD     |
| 16/06/2010          | 1 Laptops                        | 250GB TOSHIBA X90198R | CDF/WN/LPT/01-02        | 90,000                 | 90,000           | GOOD     |
| 15/10/2010          | Digital Camera                   | 40886857              | CDF/WN/DCM/01           | Procur ed By           | Procur ed By CDF | GOOD     |



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – WAJIR NORTH CONSTITUENCY  
 Reports and Financial Statements For the year ended June 30, 2017

|            |  |          |                               | CDF Board | Board     |     |
|------------|--|----------|-------------------------------|-----------|-----------|-----|
| 10/06/2010 | Toyotta Land Cruiser   | GK A063V | CDF/WN/01/10                  | 3400,000  | 3400000   | GOO |
| 20/5/2012  | THREECABINETS  | -        | CDF/WN/CBNT/005-008           | 52,000    | 156,000   | GOO |
| 20/5/2012  | Ten OFFICE CHIARS  | -        | CDF/WN /CH/2011/20-12/001-010 | 7500      | 75000     | GOO |
| 20/5/2012  | Two EXECUTIVE CHAIRS   | -        | CDF/WN/ECH/001-002            | 75,000    | 150,000   | GOO |
| 20/5/2012  | Two OFFICE DESK  | -        | CDF/WN/DESKS/001-002          | 35,000    | 70,000    | GOO |
| 20/5/2012  | One CONFERENCE TABLE   | -        | CDF/WN/CT/001                 | 65000     | 65000     | GOO |
| 20/07/2009 | Modern office standing on one acre land with four office block and conference and one store and one underground water tank | -        | CDF/WN/033/0                  |           | 5,300,000 | GOO |

PREPARED BY

YUSSUF DAUD AHMED  
 FUND MANAGER  
 WAJIR NORTH  
 FUND ACCOUNT MANAGER

