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OF

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TABLE:

Halima Ahmed

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2018**





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100 NAIROBI
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND ISIOLO SOUTH
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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

KENYA NATIONAL AUDIT OFFICE
EMBU HUB

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
USIOLO SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

ISIOLO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

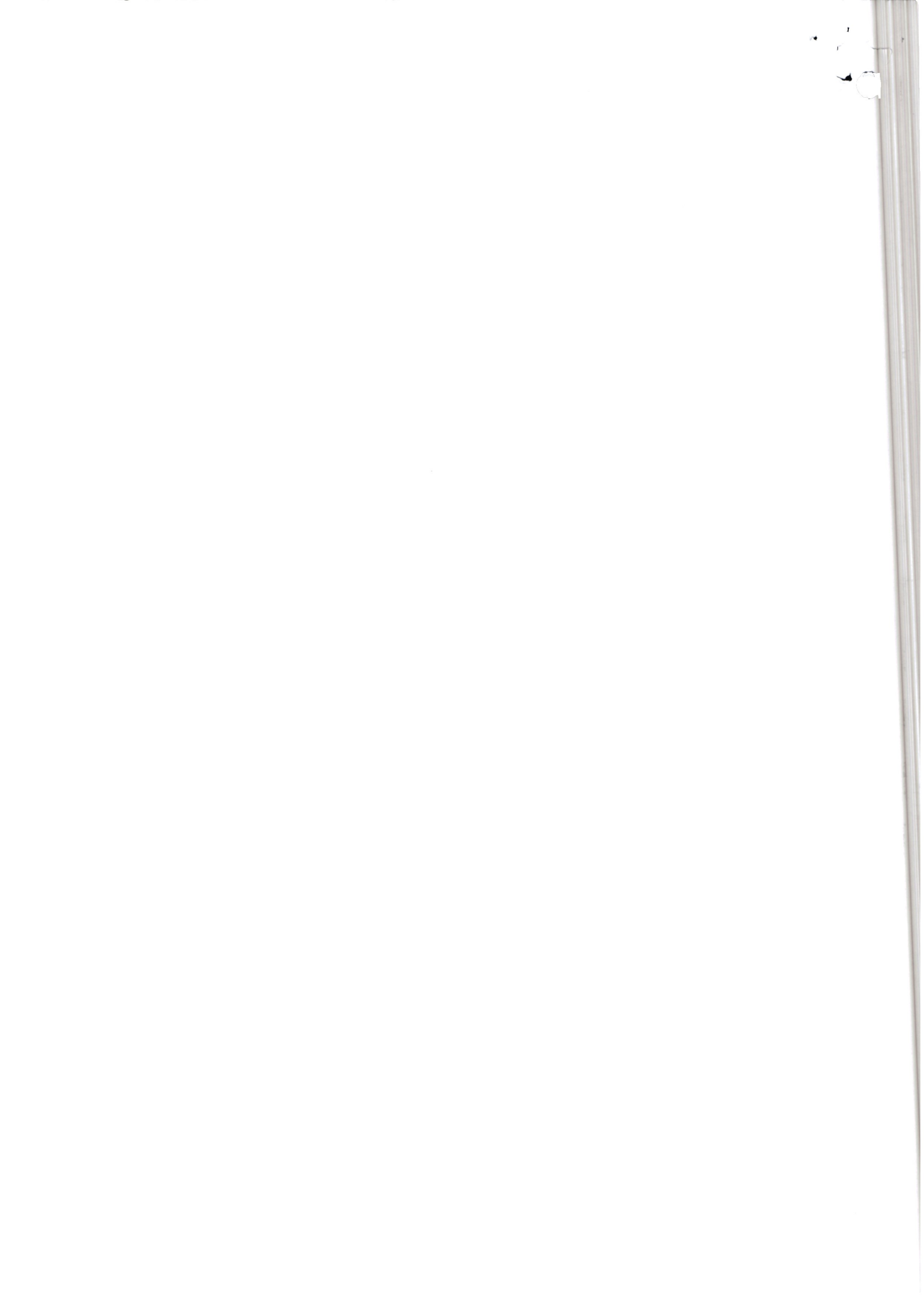
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
ISIOLO SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF GILGIL 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 (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Mwangi Chege
3.	Sub-County Accountant	Amon Thananga
4.	Chairman NGCDFC	Abdullahi Roba

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF SOUTH Constituency Headquarters

P.O. Box 11
NGCDF Building
Next to Garbatulla County Hall
Garbatulla, KENYA



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
ISIOLO SOUTH CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

(f) NGCDF ISIOLO SOUTH Constituency Contacts

Telephone: (254) 724484407
E-mail: isiolosouth@ngcdf.go.ke
Website: www.go.ke/isiolonorth.go.ke

(g) NGCDF ISIOLO SOUTH Constituency Bankers

1. Consolidated Bank
Isiolo Branch

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
ISIOLO SOUTH CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

It gives me great pleasure to provide the foreword to the Isiolo South National Government Constituencies Development Fund Annual Reports and Financial Statements for 2017-18.

During the 2017-18 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.

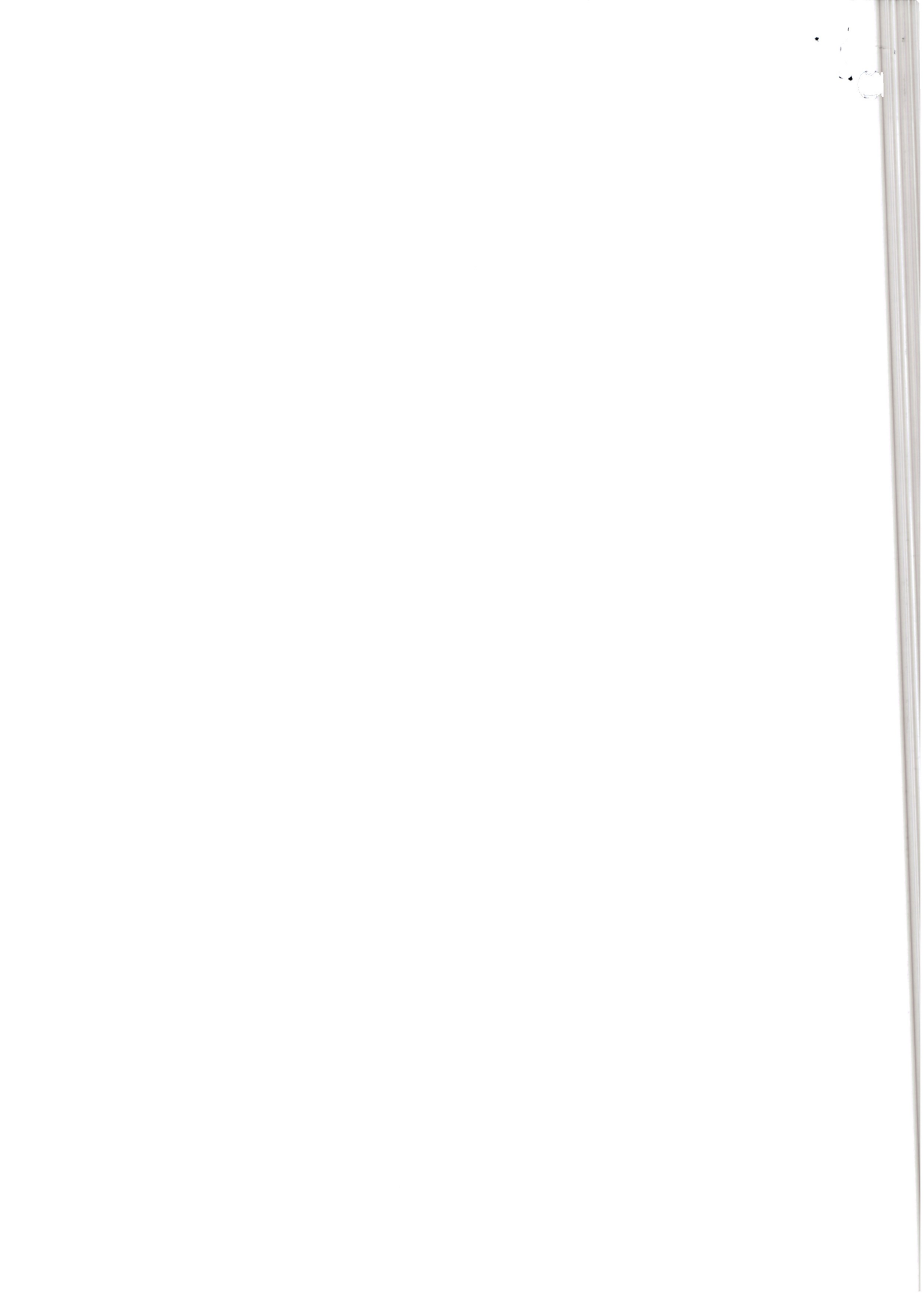
Our absorption capacity continues to improve, driven largely by forward planning and stakeholder involvement well in advance of receipt of resources from the NGCDF Board. This has helped us to kick in the rolling out of projects as soon as funds are made available by the Board.

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 ISIOLO NORTH NGCDFC



III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the NGCDF-ISIOLO SOUTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. 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 entity; (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 entity; (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 NGCDF-ISIOLO SOUTH Constituency accepts responsibility for the entity'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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 20XX, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-ISIOLO SOUTH Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the NGCDF-ISIOLO SOUTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity'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-ISIOLO SOUTH Constituency financial statements were approved and signed by the Accounting Officer on 15/09/ 2018.



Fund Account Manager
Name:



Sub-County Accountant
Name:
ICPAK Member Number:



REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - ISIOLO SOUTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund (NGCDF) - Isiolo South Constituency set out on pages 6 to 43, which comprise the statement of assets as at 30 June 2018, 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.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Isiolo South Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the National Government Constituency Development Fund Act, No.30 of 2015.

Basis for Adverse Opinion

1.0 Presentation of the Financial Statements

The Funds financial statements for the year ended 30 June 2018 did not include a separate statement of appropriation recurrent and development, budget execution by programmes and sub programmes which are requirements as per the International Public Sector Accounting Standards (Cash Basis) reporting template for Ministries, Departments and Agencies (MDAs) revised in 2018 prescribed by the Public Sector Accounting Standards Board (PSASB).

Further, the progress on follow up of auditor recommendations at annex 4 to the financial statements indicates that the issue raised on the certificate for year 2016/2017 were all resolved, but the respective documentary evidence showing how and when the issues were resolved was not provided for audit review. This is contrary to the PSASB template which

*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund-
Isiolo South Constituency for the year ended 30 June 2018*

stipulates that the progress on follow up of auditor recommendations should include status of audit issues raised and the date when the issues are expected to be resolved.

In addition, the PSASB template stipulates that the Sub County Accountant's Institute of Certified Public Accountant of Kenya (ICPAK) membership number be included in the financial statements but the same has not been included. Also, pages 10 to 23 and page 35 were missing from the financial statement while summary of fixed asset register and project management committee (PMC) bank balances have both been referred to as annex 4.

In view of the foregoing, the presentation of the financial statements for the year ended 30 June 2018 did not conform to the Public Sector Accounting Standards Board requirements.

2.0 Accuracy of the Financial Statements

2.1. Variances Between the Financial Statements and Respective Schedule Balances

The financial statements availed for audit reflects variances between the statements of receipts and payments and the respective supporting schedules amounting to Kshs.1,303,976 as summarized below;

Item	Financial Statement Balances (Kshs.)	Supporting Schedule Balances (Kshs.)	Variance (Kshs.)
Compensation of Employees	1,072,880	427,185	645,695
Use of Goods and Services	5,499,760	11,772,760	(6,273,000)
Transfer to other government entities	33,025,364	24,600,000	8,425,364
Other Grants and Other Payments	37,550,624	39,044,707	(1,494,083)
Total	77,148,628	75,844,652	1,303,976

In the circumstances, the accuracy of the financial statements balances for the year under review could not be ascertained.

2.2. Variances Between the Financial Statements Comparative Balances and the Prior Year Audited Accounts.

The financial statements for the year under review reflects a comparative 2016/2017 balance of Kshs.51,136,527 in respect to five (5) items while the audited 2016/2017 financial statements reflects a balance of Kshs.50,337,127 in respect to the five items resulting into an unexplained and unreconciled net variance of Kshs.799,400 as follows:

	Item	Current Financial Statement Comparative Balances (Kshs)	Certified Financial Statements 2016/17 (Kshs)	Variance (Kshs)
1	Transfer to Other Govt. Units (Statement of receipts and Payments)	28,025,500	12,000,000	16,025,500
2	Committee Expenses	0	16,025,500	(16,025,500)
3	Use of goods and Services (cash flow statement)	21,981,627	5,956,127	16,025,500
4	Committee Expenses (cash flow statement)	0	16,025,500	(16,025,500)
5	Compensation of employees (Note 4)	1,129,400	330,000	799,400
	Total	51,136,527	50,337,127	799,400

In the circumstances, the accuracy of the financial statements balances for the year under review could not be ascertained.

3.0 Project Management Committee (PMC) Bank Balances

Note 6 and 7 to the financial statements reflects Kshs.33,025,364 and Kshs.37,550,624 in respect to transfer to other government entities and other grants and other transfers respectively both totalling to Kshs.70,575,988 which was disbursed to various project management committee (PMC) to implement the budgeted projects. Included in the Kshs.70,575,988 is Kshs.1,500,000 which is reflected at annex 4 as the PMC bank balances. However, the respective cashbooks and bank reconciliation statements were not availed for audit review contrary to the requirement of Sections 100 and 90(1), (3) of the Public Finance Management (National Government) regulations 2015 which stipulates that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall ensure that bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month.

In the circumstances, the Fund is in breach of the law and it has not been possible to ascertain the accuracy of Kshs.1,500,000 PMC bank balances as at 30 June 2018.

4.0 Unsupported Expenditure on Projects

Note 6 and 7 to the financial statements reflects Kshs.33,025,364, Kshs.14,500,000, Kshs.1,736,207 and Kshs.4,568,966 in respect to transfer to other government entities security, sports and emergency projects respectively all totalling to Kshs.53,830,537. However, project files containing, bank statements, project management committee

minutes, Bills of Quantities (BQs), quotations/ tenders, evaluation committee minutes and inspection and acceptance committee minutes, partial and final completion certificate from the department of public works were not provided for audit contrary to Section 15(1) of the National Government Constituency Fund regulations 2016 which requires project management committee to implement projects in consultation with the relevant departments of government, maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented, account for funds, undertake project closure, labelling and handover upon completion.

In the circumstance, it has not been possible to ascertain whether the Kshs.53,830,537 expenditure was a proper charge to public funds and whether it had equivalent value for money for the year ended 30 June 2018.

5.0 Other Grants and Other Transfers

5.1 Unaccounted for Bursary

Note 7 to the financial statements reflects Kshs.37,550,624 in respect to other grants and other payments which includes Kshs.10,000,000 and Kshs.6,745,451 in respect to bursaries to secondary schools and tertiary institutions respectively both totaling to Kshs.16,745,451. However, only bursaries totaling to Kshs1,476,700 were acknowledged by the respective beneficiary schools and institutions through issuance of acknowledgement receipts while bursaries totaling to Kshs.15,268,751 were not acknowledged or accounted for by the recipient schools and institutions.

In the circumstance, it has not been possible to ascertain that the Kshs.15,268,751 bursary was disbursed to the respected institutions and whether it has been received and expended as appropriated during the year ended 30 June 2018.

5.2 Un accounted for Emergency Funds

Note 7 to the financial statements reflects Kshs.37,550,624 in respect to other grants and other payments which includes Kshs.4,568,966 in respect to emergency projects. However, the respective supporting schedules reflects an expenditure of Kshs.6,161,000 resulting to an unexplained or unreconciled variance of Kshs.1,592,034. Further, application for emergency funding and report on urgent unforeseen situation were not availed for audit review. Therefore, the expenditure appeared to have been on projects that were not emergency in nature contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which stipulates that expenditure on emergency should be for an urgent, unforeseen need for expenditure which in the opinion of the constituency committee cannot be delayed until the next financial year without harming the public interest of the constituents. Further, report on utilization of emergency funds to the board as required by Section 20(2) of the same regulation which stipulates that utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency was not provided for audit review.

Also, a review of the payment vouchers and the respective supporting documents revealed that Kshs.1,739,000, Kshs.1,842,000 and Kshs.2,580,000 all totalling to Kshs.6,161,000 were spent on tsetse fly control, construction of gabions and fuel for relief food. However, supporting documents such as muster roll, fuel registers, work tickets, tender documents, and evaluation committee minutes were not provided for audit review.

In the circumstances, the Fund was in breach of the law and it was not possible to ascertain the accuracy, propriety and value for money for the Kshs.4,568,966 emergency expenditure during the year ended 30 June 2018.

5.3 Sports

Note 7 to the financial statements reflects Kshs.37,550,624 in respect to other grants and other payments which includes Kshs.1,736,207 in respect to sports which was spent on hire of coaches, uniform, and refreshments. However, project management committee minutes, tenders, evaluation committee minutes showing how uniforms were procured and stores records showing how the uniforms were distributed were not provided for audit review.

In the circumstances, it has not been possible to ascertain whether the Kshs.1,736,207 expenditure was a proper charge to public funds and whether it has equivalent value for money in the year ended 30 June 2018.

6.0 Transfer to Other Government Entities

6.1 Transfer to Secondary Schools

Note 6 to the financial statements reflects Kshs.33,025,364 in respect to transfer to other government entities which include Kshs.16,600,000 in respect to transfers to secondary schools. However, the respective supporting schedules reflects an expenditure of Kshs.18,600,000 resulting in an unexplained variance of Kshs.2,000,000. Records made available showed that the Kshs.18,600,000 was disbursed to two secondary schools for implementation of various projects as follows:

Secondary Schools	Project					Total (Kshs)
	Four Classrooms (Kshs)	Administration block (Kshs)	Sanitation Block (Kshs)	Laboratory Block (Kshs)	Fencing (Kshs)	
Gafarsa	3,600,000	1,500,000	200,000	3,000,000	1,000,000	9,300,000
Algani Girls	3,600,000	1,500,000	200,000	3,000,000	1,000,000	9,300,000
Total	7,200,000	3,000,000	400,000	6,000,000	2,000,000	18,600,000

Further, quotations/tender documents, evaluation committee minutes showing how the contractors were procured was not provided for audit review. Also, as at the time of the audit in month of February 2019 the classrooms, the administration block, sanitation block and the laboratory in Algani Girls Secondary School and the administration block, fencing and

the laboratory in Gafarsa Secondary School were not complete and the contractors were not on site. In addition, records showing how the funds allocated has been received and expended has not been provided for audit review.

In the circumstances, it has not been possible to ascertain the accuracy, propriety and value for money for the Kshs.16,600,000 expenditure for the year ended 30 June 2018.

7.0 Use of Goods and Services

7.1 Domestic Travel and Subsistence

Note 5 to the financial statements reflects Kshs.5,499,760 in respect to use of goods and services which includes Kshs.1,000,000 in respect to domestic travel and subsistence allowance. However, approved request showing reasons/purpose of journeys, program of activities and back to office reports were not provided for audit review.

In the circumstances, it has not been possible to ascertain whether the Kshs1,000,000 expenditure was a proper charge to public funds and whether it has equivalent value for money in the year ended 30 June 2018.

7.2 Routine Maintenance Vehicle and Other Transport Costs

Note 5 to the financial statements reflects Kshs.5,499,760 in respect to use of goods and services which includes Kshs.1,000,000 in respect to routine maintenance – vehicle and other transport costs which further includes Kshs.400,000 spent on repair of a motor vehicle on 21 June 2018. However, pre inspection report showing the defects and estimated cost of repairs has not been provided for audit review.

Further, on 25 June 2018 – three (3) days after the vehicle was repaired, the regional manager ministry of public works workshop was requested to inspect and issue an evaluation report on road worthiness of the vehicle and the recommendation was that the vehicle be disposed at estimated cost of Kshs.730,000. No explanation was provided as to why repairs were made without a defect report and immediately before disposal.

In the circumstances, it has not been possible to ascertain whether the Kshs.400,000 expenditure was a proper charge to public funds and whether it has equivalent value for money in the year ended 30 June 2018.

7.3 Fuel, Oil and Lubricants

Note 5 to the financial statements reflects Kshs.5,499,760 in respect to use of goods and services which includes Kshs.1,000,000 in respect to fuel, oil and lubricants. However, fuel registers, work tickets and detailed orders showing how the fuel was consumed have not been provided for audit review.

In the circumstances, it has not been possible to ascertain the propriety and value for money for the Kshs.1,000,000 expenditure for the year ended 30 June 2018.

7.4 Committee Expenses

Note 5 to the financial statements reflects Kshs.5,499,760 in respect to use of goods and services which includes Kshs.300,000 in respect to committee allowance. However, the respective supporting schedules reflects an expenditure of Kshs.8,851,000 resulting to an unexplained and unreconciled variance of Kshs.8,551,000. Further, included in the Kshs.8,851,000 was Kshs.2,529,000 spent in respect to monitoring and evaluation. However, programme of activities showing dates projects were visited, mode of transport and back to office report have not been provided for audit review.

In the circumstances, it has not been possible to ascertain the accuracy, propriety and value for money for the Kshs.300,000 expenditure in the year ended 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituency Development Fund - Isiolo South 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 my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matters

1.0 Budgetary Control and Performance

1.1 Receipts

The summary statement of appropriation: recurrent and development combined reflects approved budgeted receipts of Kshs.100,364,563 and actual receipts of KShs.86,485,252 (86%) resulting in net under receipts of Kshs.13,879,311.

Further, the statement of receipts and payments reflects transfer from NGCDF board of Kshs.86,310,345 however, the summary statement of appropriation: recurrent and development combined reflects Kshs.86,485,252 resulting in unexplained and unreconciled difference of Kshs.174,907.

In overall, the fund failed to actualize its budget by Kshs.13,879,311 or 14% an indication that some programmes and activities that had been planned were not implemented. There is need therefore for Constituency Development Fund management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Isiolo South Constituency.

1.2 Expenditure

The summary statement of appropriation: recurrent and development combined reflects approved budgeted payments of Kshs.100,364,563 and actual payments of KShs.77,148,628 resulting in net under expenditure of Kshs.23,215,935 as follows;

Items	Current year Final budget Figures (Kshs)	Actual Expenditure Figures (Kshs)	(Under)/Over Expenditure (Kshs)	Budget Absorption %
Expenditure				
Compensation of Employee	1,635,206	1,072,880	562,326	66%
Use of Goods and Services	9,101,506	5,499,760	3,601,746	60%
Transfer to other Government Entities	38,015,509	33,025,364	4,990,145	87%
Other Grant and other Payments	51,612,342	37,550,624	14,061,718	73%
Total	100,364,563	77,148,628	23,215,935	77%

In overall, the National Government Constituency Development Fund - Isiolo South Constituency under spent its budget by Kshs.23,215,935 or 23% of the total budget allocation. There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on priority areas which will improve service delivery to the residents of Isiolo South Constituency. This may also be an indication of improper planning and defective budgetary preparation process.

In the circumstances the residents of the Isiolo South Constituency did not get expected services equivalent to Kshs.23,215,935 under expenditure during the year ended 30 June 2018.

2.0 Project Implementation Status

Note 6 and 7 to the financial statements reflects Kshs.33,025,364 and Kshs.37,550,624 in respect to transfer to other government entities and other grants and other transfers respectively both totalling to Kshs.70,575,988 which was disbursed to various project management committee (PMC) to implement the budgeted projects.

However, the Fund management did not update the project implementation status report during the financial year. In the absence of an updated status report, the progress of work on the projects funded during the year under review and their status as at 30 June 2018 cannot be confirmed.

In the circumstance, it has not been possible to ascertain whether, the Constituency Development Fund management's prioritized and implemented projects worth Kshs.70,575,988 which would have resulted to higher impact into improving service delivery to the citizens of Isiolo South Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Conclusion on Compliance and Effectiveness section of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources has not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Reallocation of Funds

Note 7 to the financial statements reflects Kshs.37,550,624 in respect to other grants and other payments which includes Kshs.14,500,000 in respect to security which further includes Kshs.600,000 and Kshs.1,460,000 all totaling to Kshs.2,060,000 for construction of Kinna police post and for peace and conflict resolution respectively. However, the expenditure was not included in the approved budget and supplementary approval of the board for the expenditure was not provided for audit review contrary to the requirement of Section 6 (2) of the National Government Constituencies Development Fund Act, 2015 which requires that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose with the approval of the Board. No explanation was provided why funds were reallocated to other uses without the Board's Authority.

In the circumstances, the Fund was in breach of the law.

2.0 Fixed Assets

The summary of fixed assets at Annex 4 to the financial statements reflects assets totaling to Kshs.5,041,000. However, ICT equipment, software and other ICT assets valued at Kshs.41,000 were not tagged for ease of tracking and identification contrary Section 132(b) of the Public Finance Management (County Government) regulation which require accounting officer to ensure that movement and conditions of assets can be tracked.

In the circumstances, the Fund was in breach of the law

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matters described in the Adverse opinion section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the National Government Constituency Development Fund - Isiolo South Constituency's financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the National Government Constituency Development Fund - Isiolo South Constituency's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected

within a timely period by employees in the normal course of performing their assigned functions.

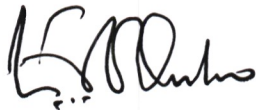
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the National Government Constituency Development Fund - Isiolo South Constituency's policies and procedures may deteriorate.

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.
- 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 National Government Constituency Development Fund - Isiolo South Constituency Fund's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituency Development Fund - Isiolo South Constituency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituency Development Fund - Isiolo South Constituency 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

16 April 2019



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

ISIOLO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Not e	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	86,310,345	106,048,506
Proceeds from Sale of Assets	2	xx	xx
Other Receipts	3	xx	xx
TOTAL RECEIPTS		86,310,345	106,048,506
PAYMENTS			
Compensation of employees	4	1,072,880	330,000
Use of goods and services	5	5,499,760	5,956,127
Transfers to Other Government Units	6	33,025,364	28,025,500
Other grants and transfers	7	37,550,624	72,574,089
Acquisition of Assets	8	xx	xx
Other Payments	9	xx	xx
TOTAL PAYMENTS		77,148,628	106,885,716
SURPLUS/(DEFICIT)		9,161,717	(837,210)

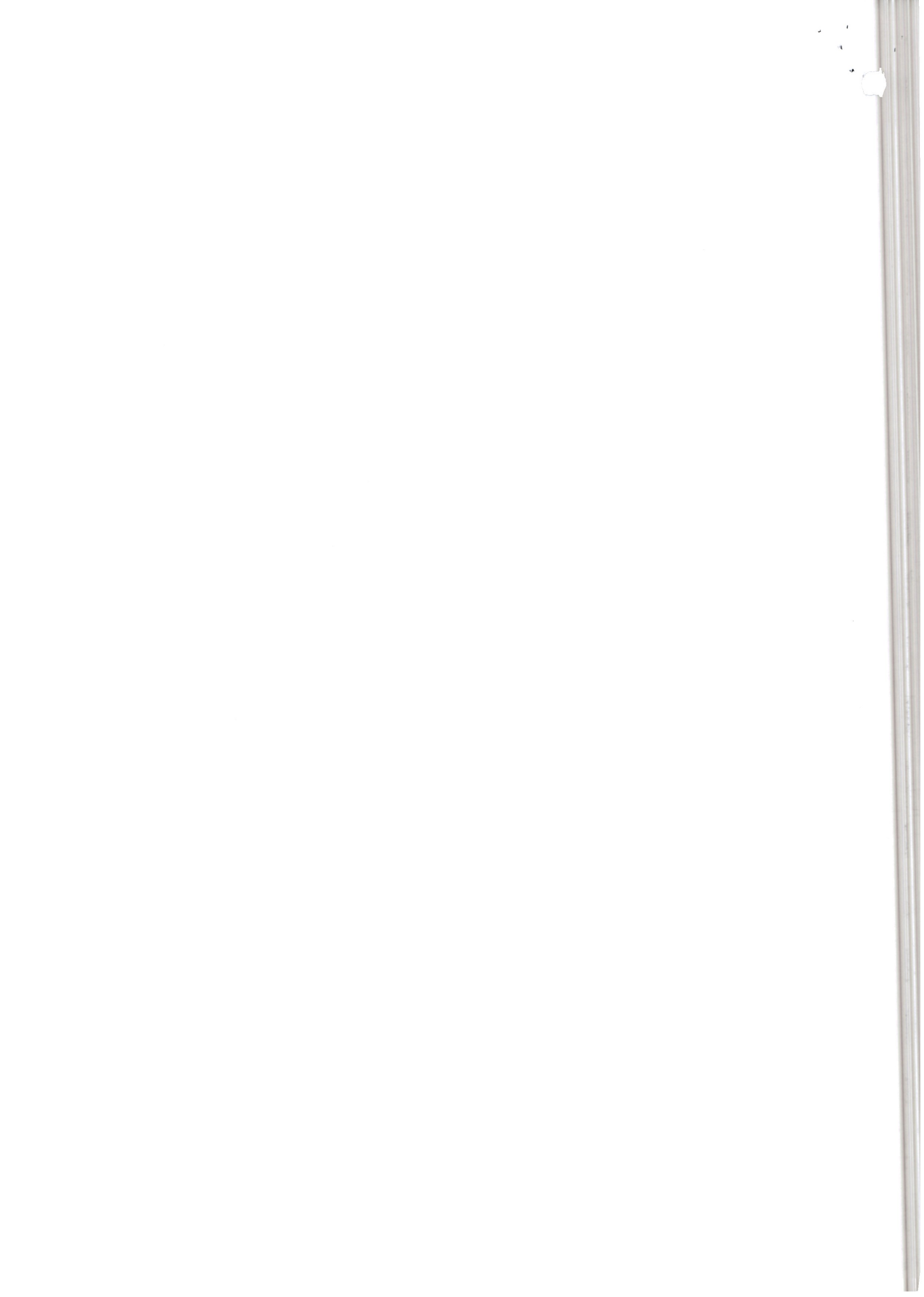
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-ISIOLO SOUTH Constituency financial statements were approved on 15 /09/ 2018 and signed by:



Fund Account Manager
Name:



Sub-County Accountant
Name:
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

ISIOLO SOUTH CONSTITUENCY

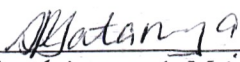
Reports and Financial Statements


For the year ended June 30, 2018

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	9,336,624.05	1174,907.25
Cash Balances (cash at hand)	10B		
Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		9,336,624.05	174,907.25
REPRESENTED BY			
Retention	12	174,907.25	1,012,117.00
Fund balance b/fwd 1st July...	13	9,161,717.23	(837,210.00)
Surplus/Deficit for the year			
Prior year adjustments	14		
NET LIABILITIES		9,336,624.05	174,907.25

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-ISIOLO SOUTH Constituency financial statements were approved on 15/09/ 2018 and signed by:


 Fund Account Manager
 Name:


 Sub-County Accountant
 Name:
 ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

ISIOLO SOUTH CONSTITUENCY

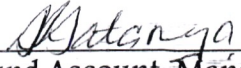
Reports and Financial Statements


For the year ended June 30, 2018

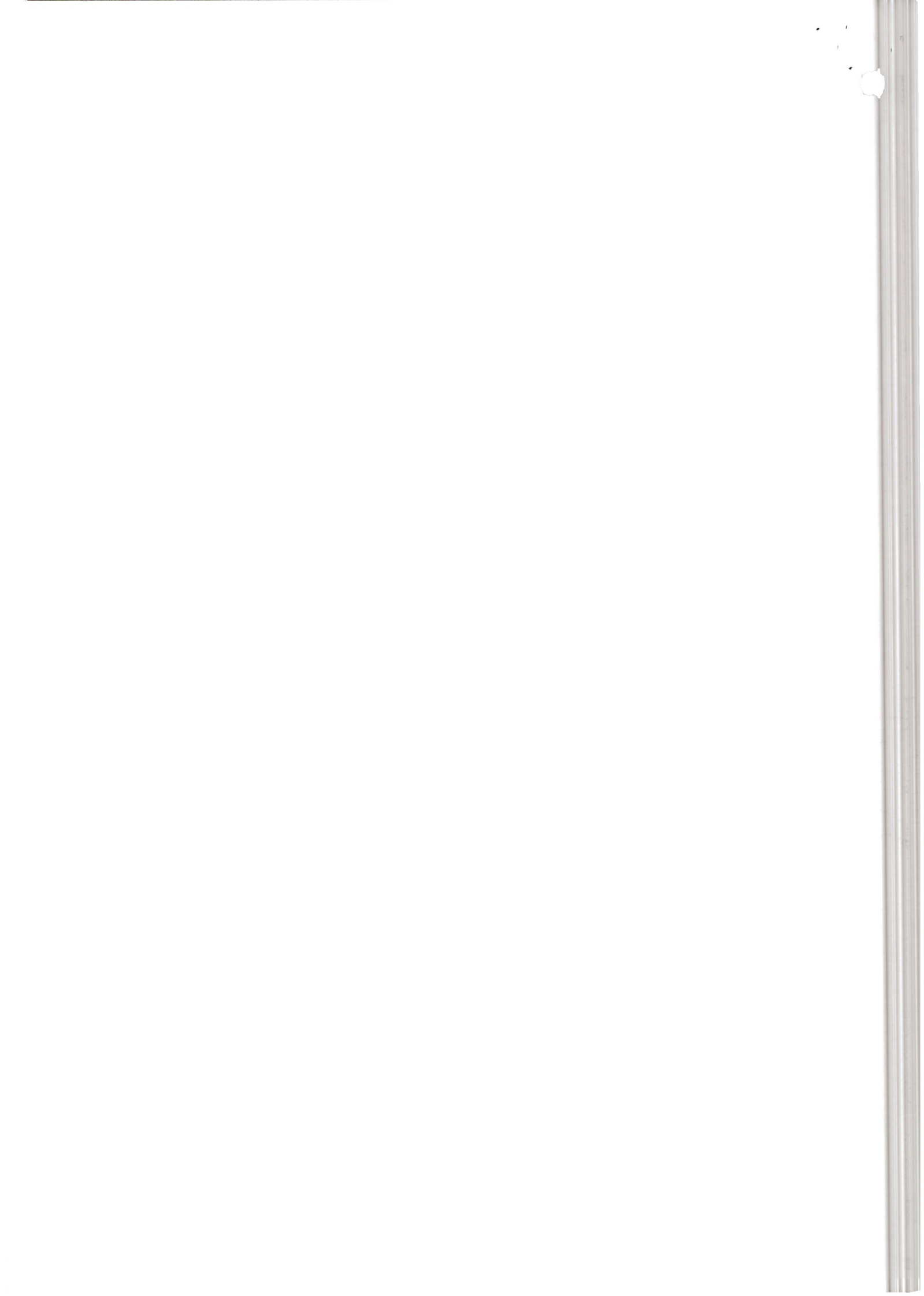
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from NGCDF Board	1	86,310,344.80	106,048,506.00
Other Receipts	3	0.00	0.00
		86,310,344.80	106,048,506.00
Payments for operating expenses			
Compensation of Employees	4	1,072,880.00	330,000.00
Use of goods and services	5	5,499,760.00	21,981,627.00
Transfers to Other Government Units	6	33,025,363.95	12,000,000.00
Other grants and transfers	7	37,550,623.62	72,574,089.00
Other Payments	9	0.00	0.00
		77,148,627.57	106,885,716.00
Adjusted for:			
Adjustments during the year	14	0.00	0.00
Net cash flow from operating activities			
		9,161,717.23	-837,210.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	9	0	0
Net cash flows from Investing Activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		9,161,717.23	-837,210.00
Cash and cash equivalent at BEGINNING of the year	13	174,907.00	1,012,117.00
Cash and cash equivalent at END of the year		9,336,624.05	174,907.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-ISIOLO SOUTH Constituency financial statements were approved on 15/09/ 2018 and signed by:


Fund Account Manager
Name:


Sub-County Accountant
Name:
ICPAK Member Number:



Reports and Financial Statements
For the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,346	13,554,217	100,364,563	86,485,252	13,879,311	86.17
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	1,072,880	562,326	1,635,206	1,072,880	562,326	65.61
Use of goods and services	5,499,760	3,601,746	9,101,506	5,499,760	3,601,746	60.43
Transfers to Other Government Units	33,025,364	4,990,145	38,015,509	33,025,364	4,990,145	86.87
Other grants and transfers	47,212,342	4,400,000	51,612,342	37,550,624	14,061,718	72.76
Acquisition of Assets						
Other Payments						
TOTALS	86,810,346	13,554,217	100,364,563	77,148,628	23,215,935	76.87

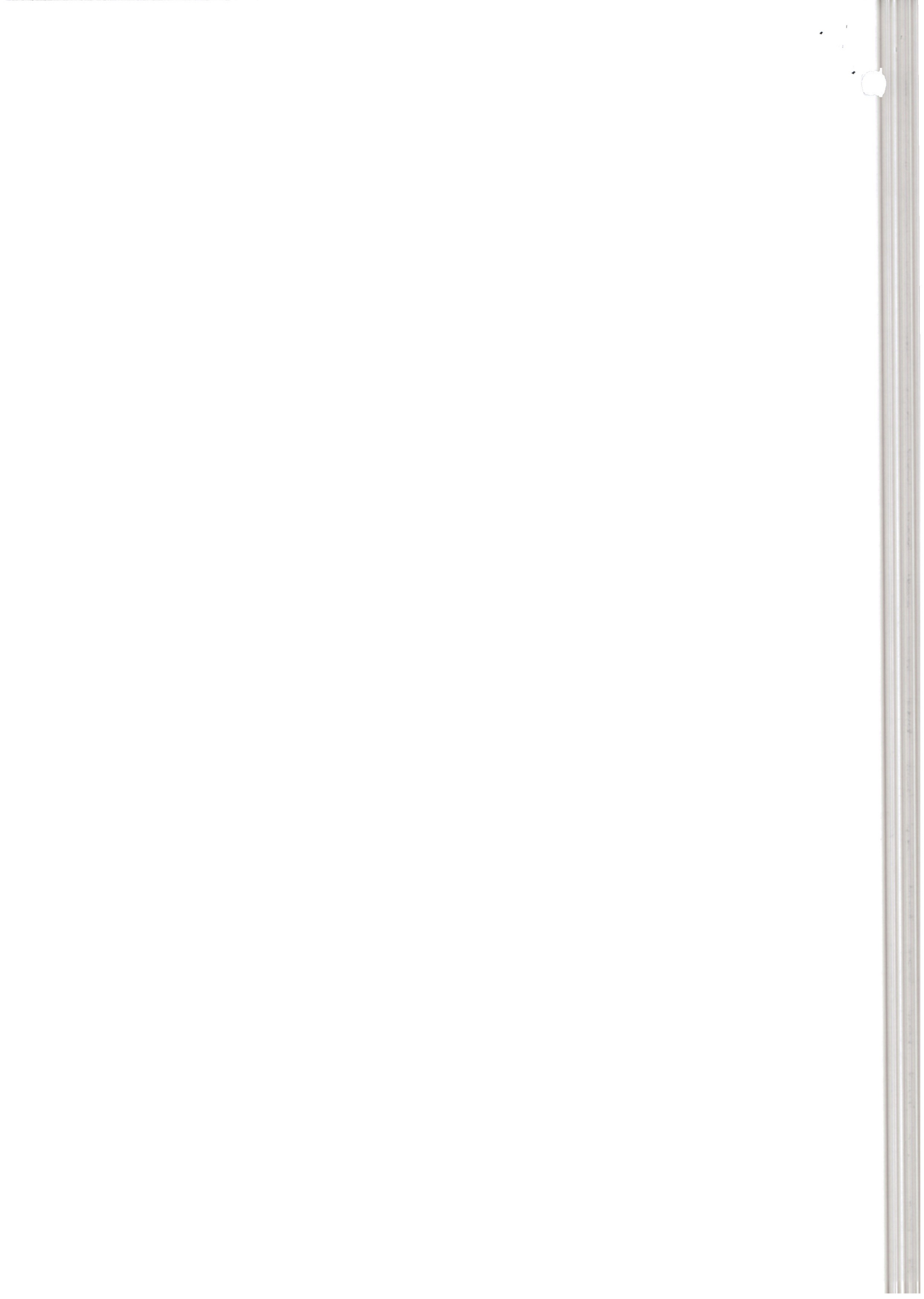
The NGCDF-ISIOLO SOUTH Constituency financial statements were approved on 15/09/ 2018 and signed by:

Abatanga

Fund Account Manager
Name:

Aka

Sub-County Accountant
Name:
ICPAK Member Number:



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
ISIOLO SOUTH CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-ISIOLO SOUTH Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.



· ISIOLO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. 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.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

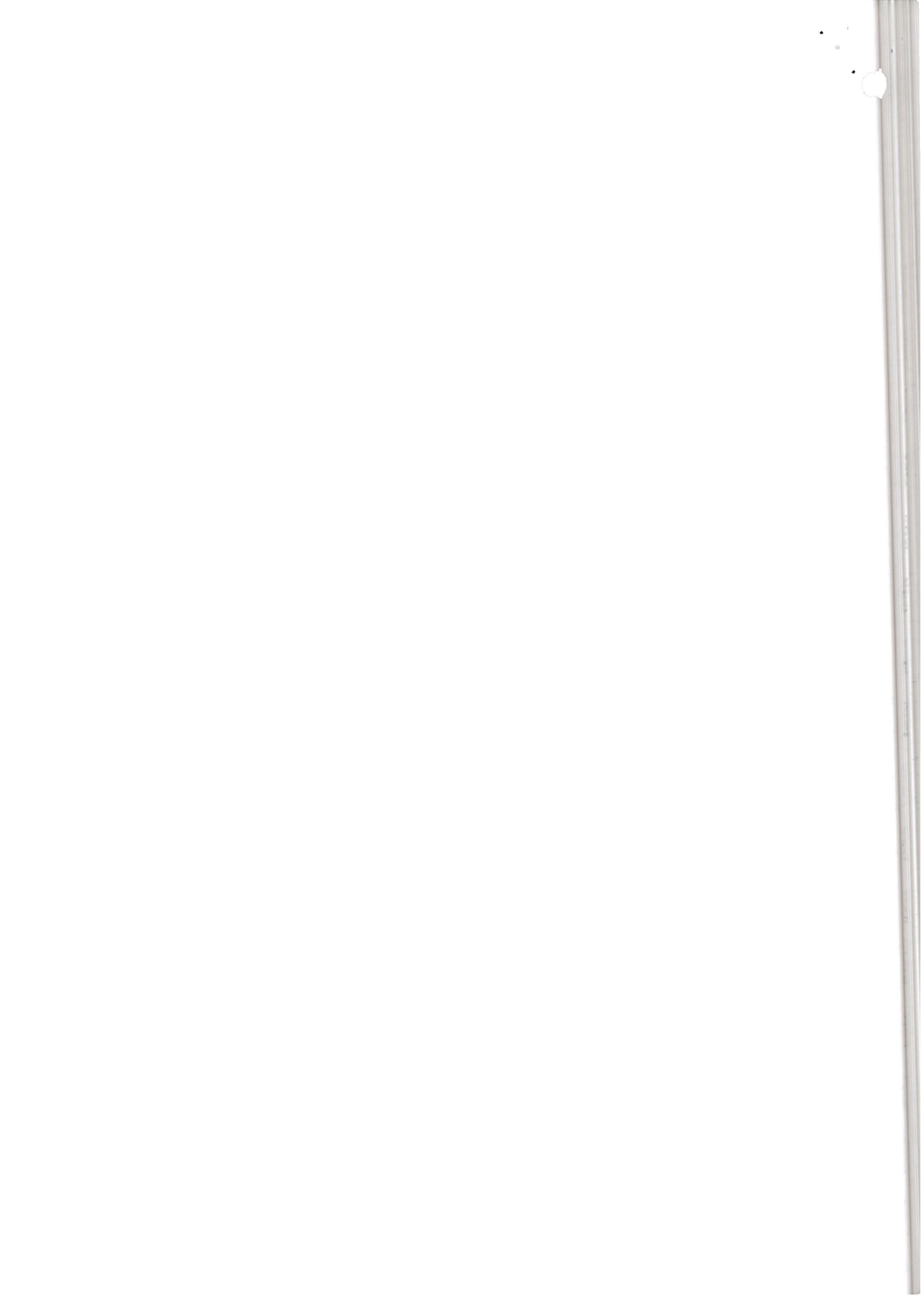
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. 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 Entity 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.

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.



ISIOLO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

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

13. 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 30th June 2018.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

ISILOLO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

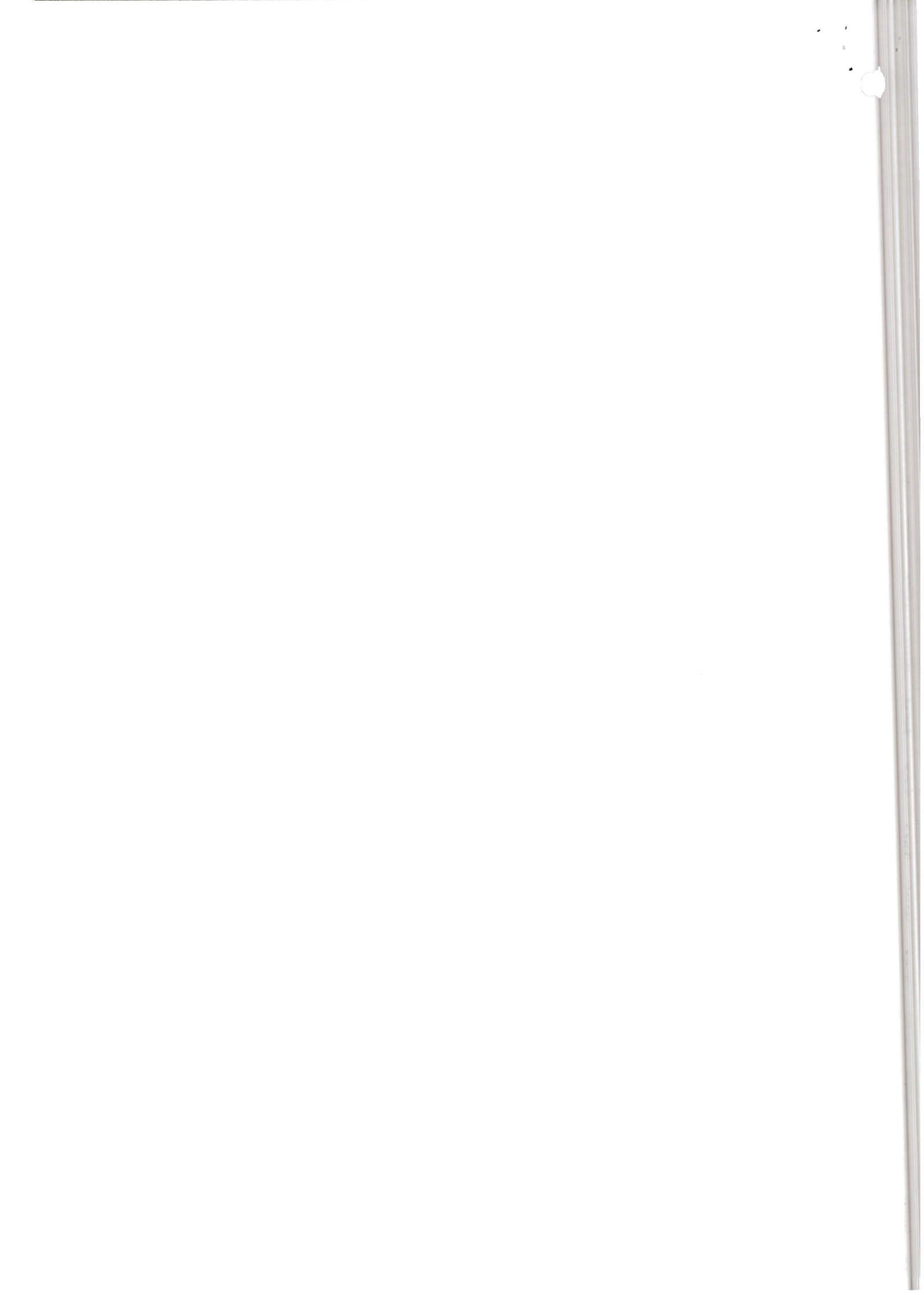
IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A855824	5,500,000	
AIE NO	A825560	2,000,000	
AIE NO	A896800	37,905,172	
AIE NO	A896930	40,905,173	
AIE NO	A825673		24,151,955
AIE NO	A829566		4,094,827
	A85119		36,853,449
	A839670		40,948,275
TOTAL		86,310,345	106,048,506

2. PROCEEDS FROM SALE OF ASSETS

	2017-2018	2016-2017
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	xxx	xxx
Receipts from sale of office and general equipment	xxx	xxx
Receipts from the Sale Plant Machinery and Equipment	xxx	xxx
Total	xxx	xxx



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

ISILO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	xxx	xxx
Rents	xxx	xxx
Receipts from Sale of tender documents	xxx	xxx
Other Receipts Not Classified Elsewhere	xxx	xxx
Total	xxx	xxx

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	729,120	330,000
Basic wages of casual labour		-
Personal allowances paid as part of salary	180,000	-
House allowance		-
Transport allowance		-
Leave allowance	60,760	10,000
Other personnel payments		784,600
Employer contribution to NSSF gratuity	103,000	4,800
Total	1,072,880	1,129,400



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – ISIOLO
SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	150,000	
Office rent		
Communication, supplies and services	259,000	
Domestic travel and subsistence	1,000,000	1,974,400
Printing, advertising and information supplies & services	450,000	900,767
Rentals of produced assets		
Training expenses	980,000	
Hospitality supplies and services		
Other committee expenses		10,000,000
Committee allowance	300,000	6,025,500
Insurance costs	160,760	
Specialised materials and services		
Office and general supplies and services	500,000	
Fuel ,oil & lubricants	1,000,000	2,551,100
Other operating expenses		
Routine maintenance – vehicles and other transport equipment	1,000,000	529,860
Routine maintenance – other assets		-
		-
	<u>5,499,760</u>	<u>21,981,627</u>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 ISIOLO SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	16,425,364	5,400,000
Transfers to secondary schools (see attached list)	16,600,000	6,600,000
Transfers to tertiary institutions (see attached list)		-
Transfers to health institutions (see attached list)		
TOTAL	33,025,364	12,000,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018 Kshs	2016- 2017 Kshs
Bursary -Secondary	10,000,000	16,579,054
Bursary -Tertiary	6,745,451	5,031,000
Bursary-Special schools		-
Mocks & CAT		4,840,000
water		12,440,000
Agriculture (food security)		
Electricity projects		
Security	14,500,000	1,200,000
Roads		10,237,931
Sports	1,736,207	4,193,104
Other capital grants and transfer		
Emergency Projects	4,568,966	18,053,000
Total	37,550,624	72,574,089



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 ISIOLO SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

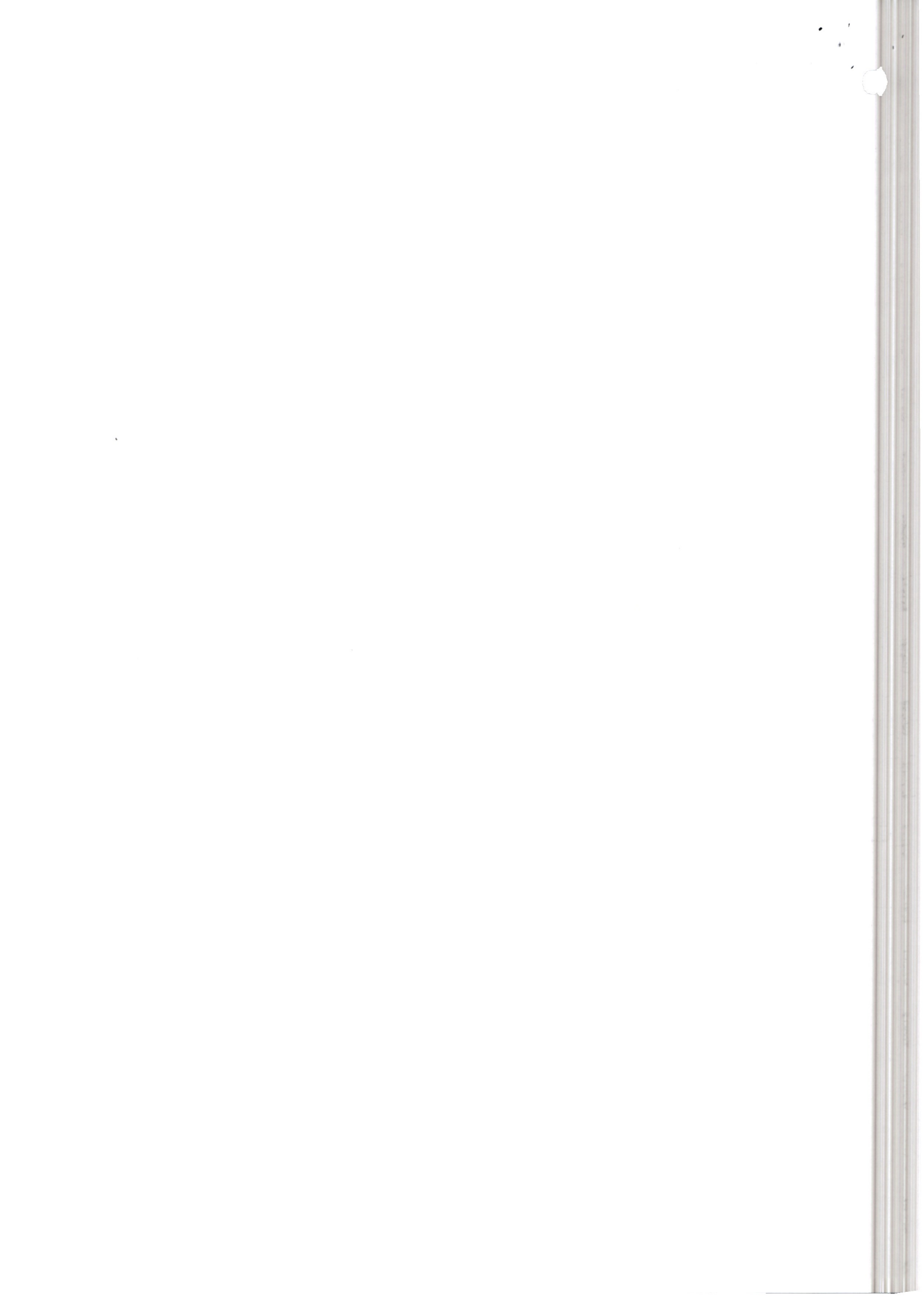
8. ACQUISITION OF ASSETS

Non Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	XX	XX
Construction of Buildings	XX	XX
Refurbishment of Buildings	XX	XX
Purchase of Vehicles and Other Transport Equipment	XX	XX
Overhaul of Vehicles and Other Transport Equipment	XX	XX
Purchase of Household Furniture and Institutional Equipment	XX	XX
Purchase of Office Furniture and General Equipment	XX	XX
Purchase of ICT Equipment, Software and Other ICT Assets	XX	XX
Purchase of Specialised Plant, Equipment and Machinery	XX	XX
Rehabilitation and Renovation of Plant, Machinery and Equip.	XX	XX
Acquisition of Land	XX	XX
Acquisition of Intangible Assets	XX	XX
Total	XX	XX

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	XX	XX
ICT Hub	XX	XX
TIVET	XX	XX
	XXX	XXX



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 ISIOLO SOUTH CONSTITUENCY**

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Consolidated Bank, Isiolo</i>	9,336,624	174,907
<i>Account No. 10111200000072</i>		
<i>Name of Bank, Account No.</i>		
Total	9,336,624	174,907
10B: CASH IN HAND		
Location 1	xxx	xxx
Location 2	xxx	xxx
Location 3	xxx	xxx
Other Locations (<i>specify</i>)	xxx	xxx
Total	xxx	xxx
<i>[Provide cash count certificates for each]</i>		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 JSI LOLO SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
Total				xxx

[Include an annex of the list is longer than 1 page.]

12 RETENTION

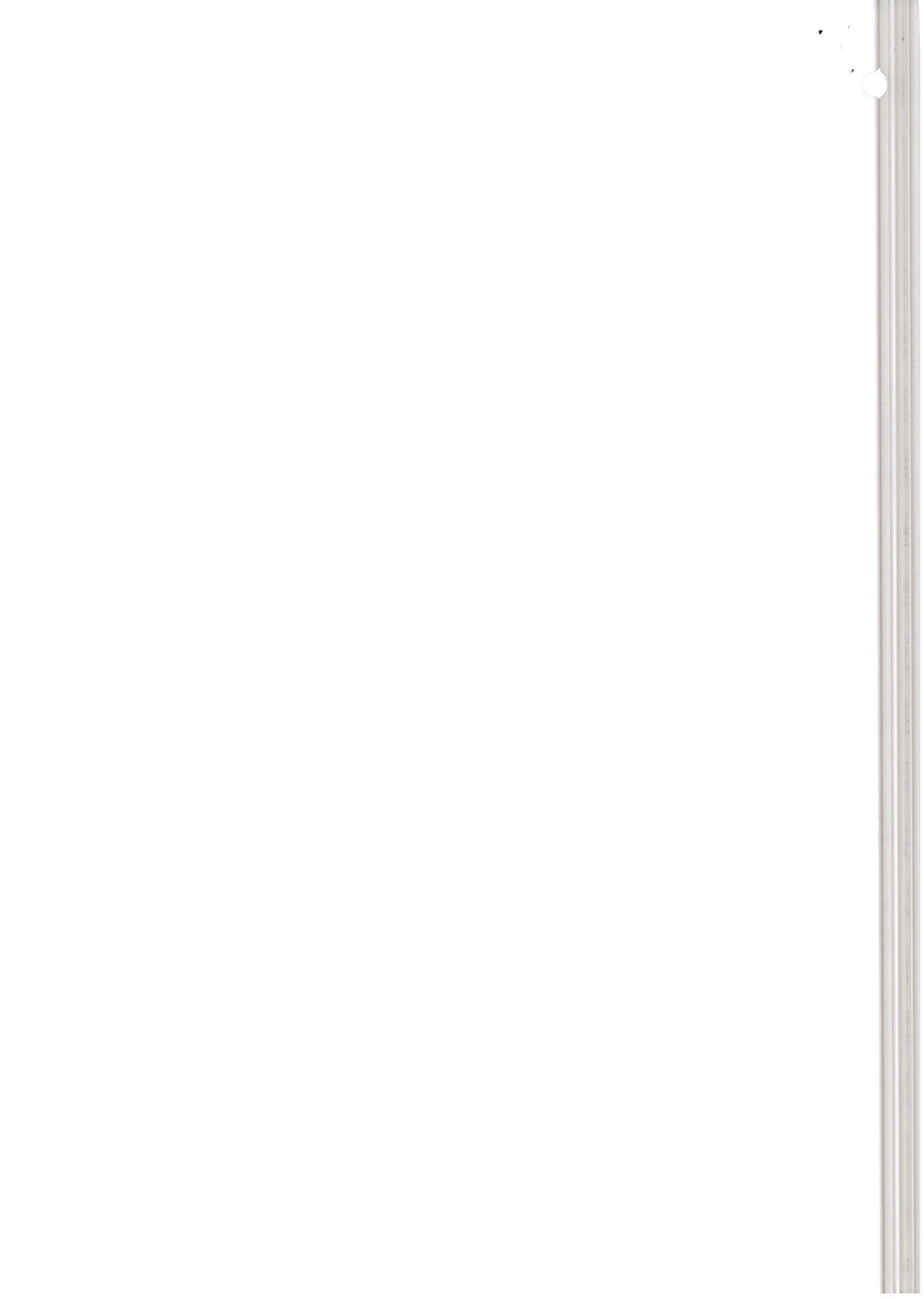
	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1	xx	xx
Supplier 2	xx	xx
Supplier 3	xx	xx
Total	xx	xx

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	9,336,624	25,922,486
Cash in hand		
Imprest		
Total	9,336,624	25,922,486

[Provide short appropriate explanations as necessary]



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 ISIOLO SOUTH CONSTITUENCY**

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	XX	XX
Cash in hand	XX	XX
Imprest	XX	XX
Total	XX	XX

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

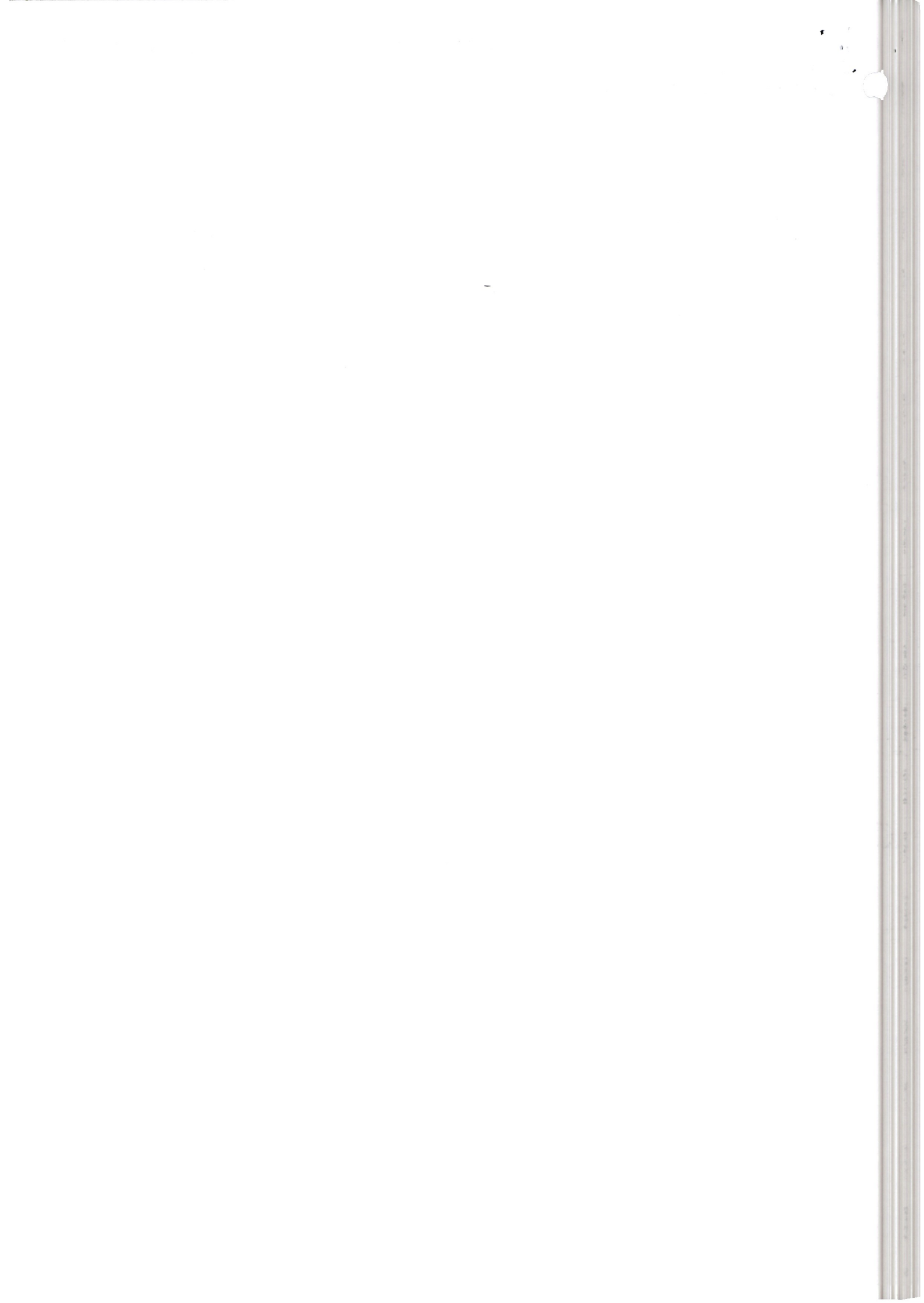
	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	XX	XX
Construction of civil works	XX	XX
Supply of goods	XX	XX
Supply of services	XX	XX
	XX	XX

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	XX	XXX
Middle management	XX	XXX
Unionisable employees	XX	XXX
Others (<i>specify</i>)	XX	XXX
	XX	XXX

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs 2017-2018	Kshs 2016-2017
Compensation of employees	XX	XX
Use of goods and services	XX	XX
Amounts due to other Government entities (see attached list)	11,800,000	XX
Amounts due to other grants and other transfers (see attached list)	11,415,935	XX
Acquisition of assets	XX	XX
Others (<i>specify</i>)	XX	XX
	23,215,935	XXX



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
. ISIOLO SOUTH CONSTITUENCY**

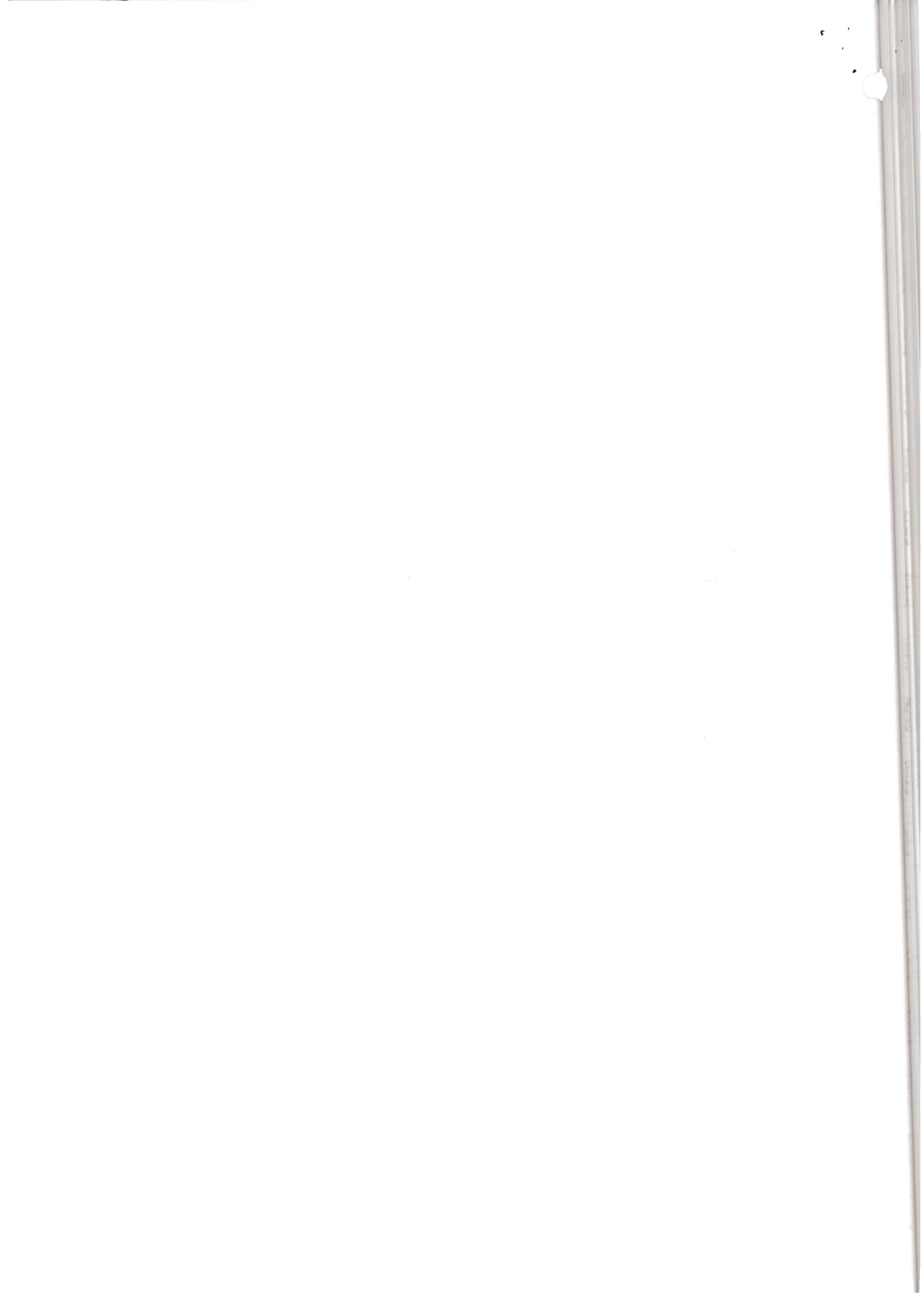
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
Aligan Girls primary School	1,500,000	15,000
	1,500,000	15,000



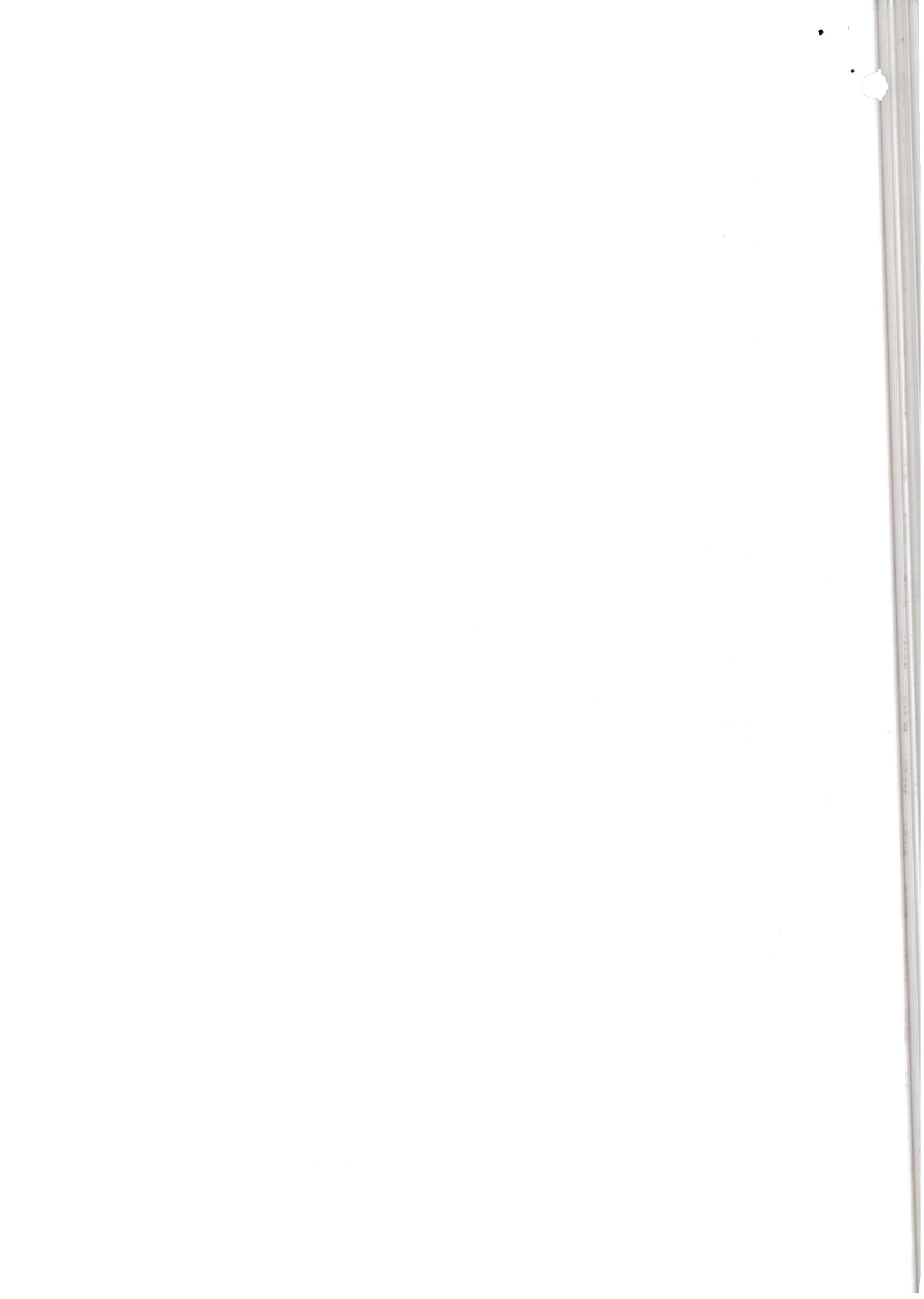
NATIONAL GOVERNMENT ENTITY - ILOLO SOUTH

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.		N/A				
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						N/A
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

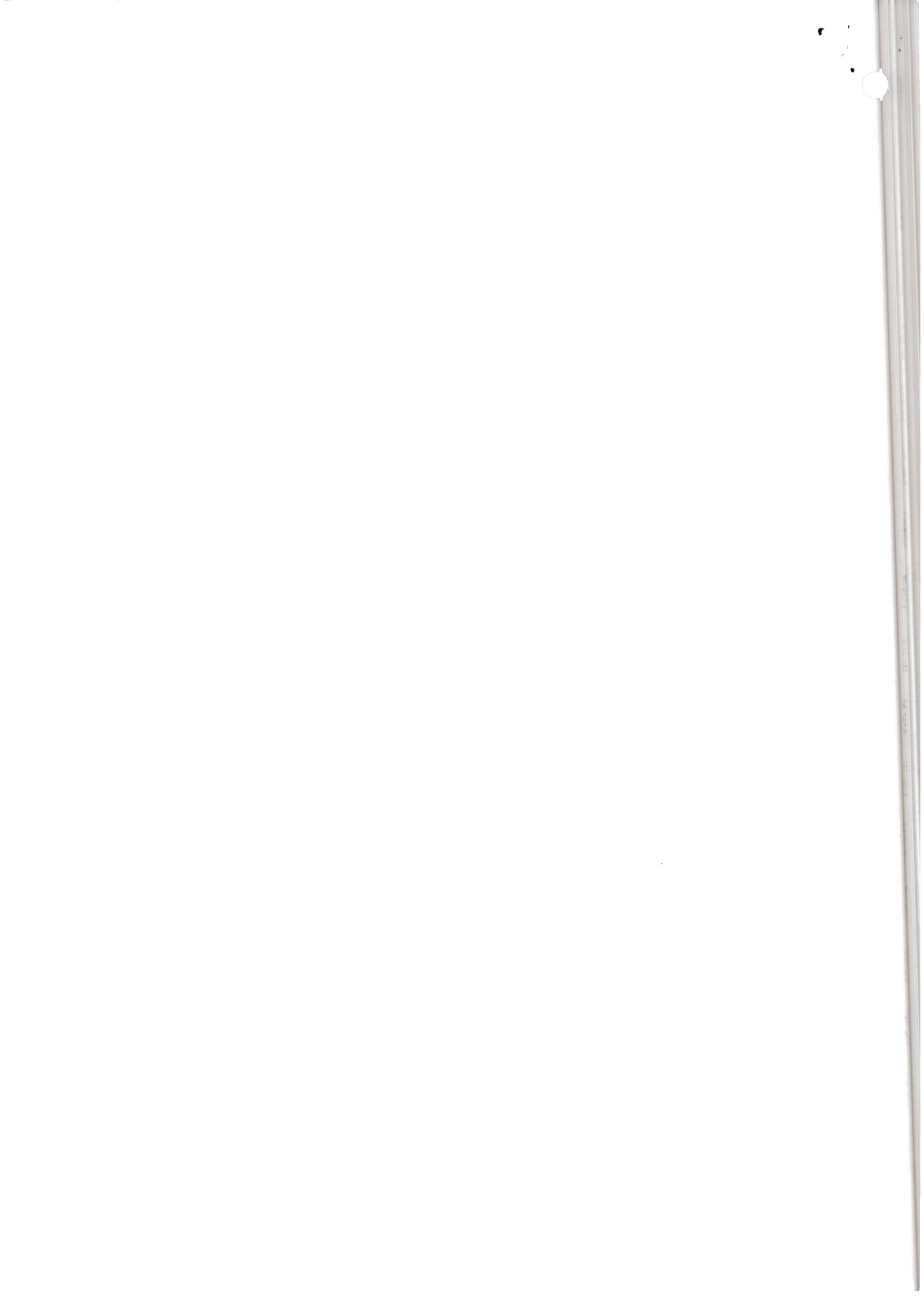


NATIONAL GOVERNMENT ENTITY - ILOLO SOUTH
Reports and Financial Statements
For the year ended June 30, 2018 (Kshs'000)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.		N/A					
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							N/A
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

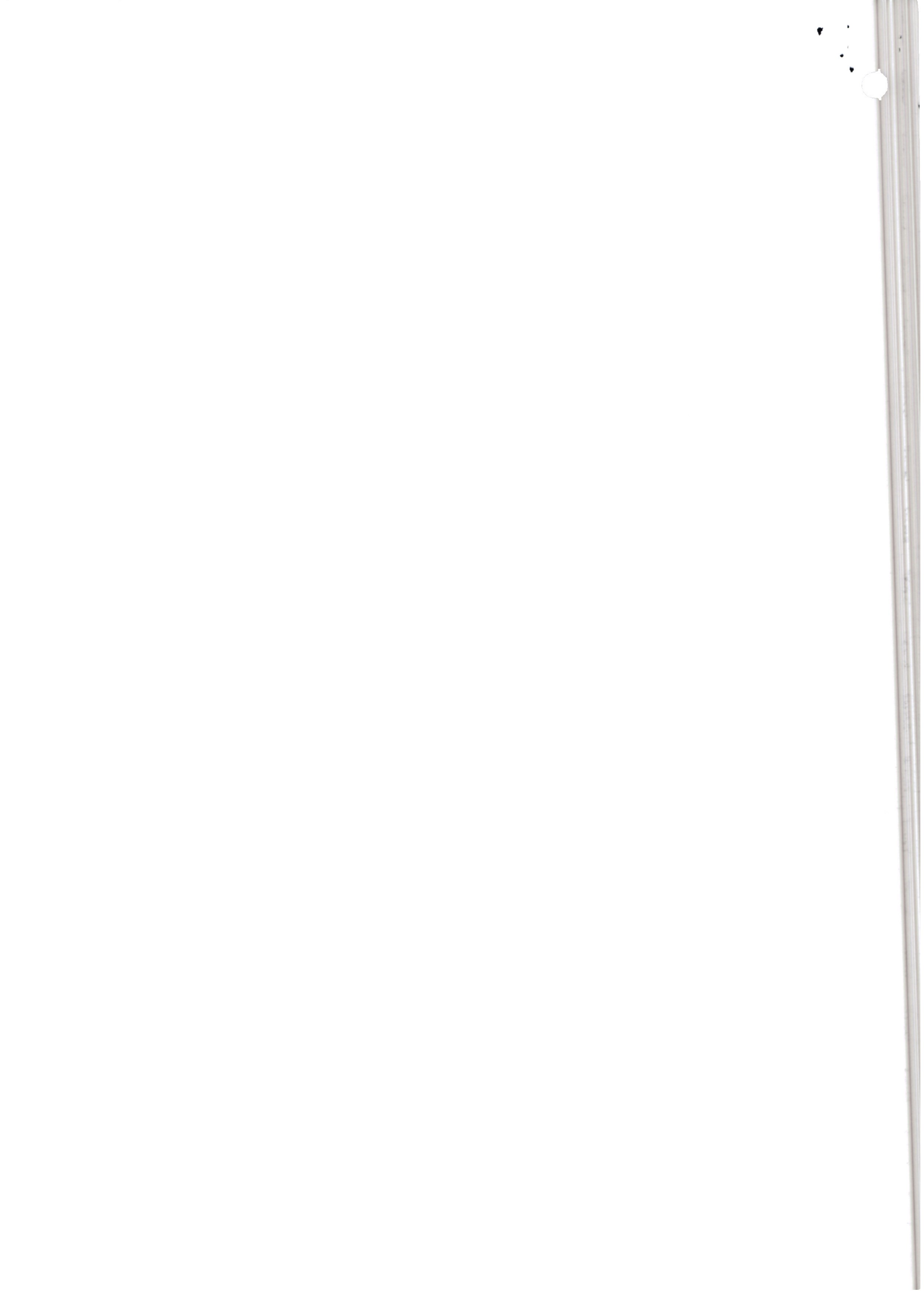




NATIONAL GOVERNMENT ENTITY **MOLO SOUTH**
 Reports and Financial Statements
 For the year ended June 30, 2018 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

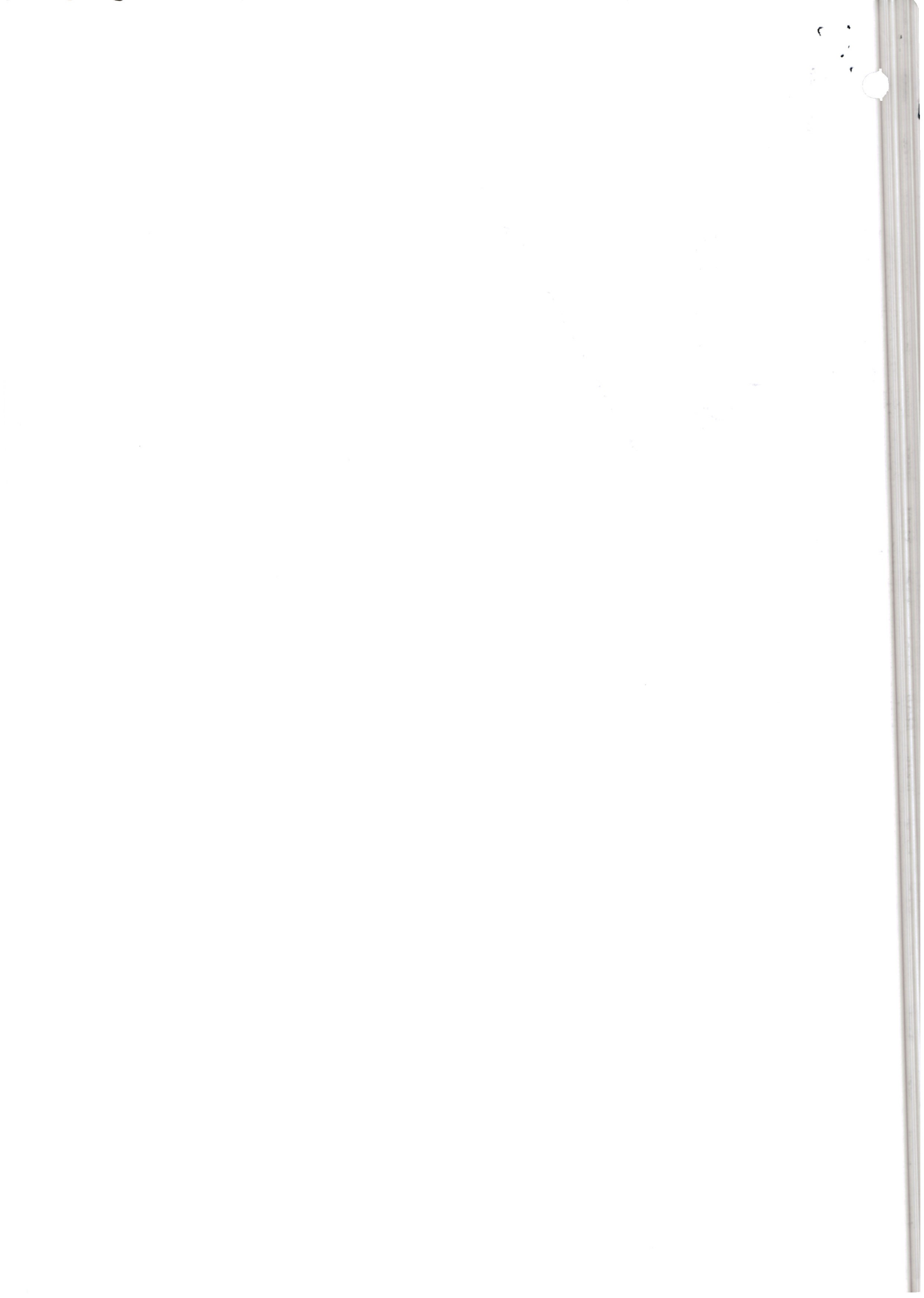
Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land				
Buildings and structures				
Transport equipment	5,000,000			5,000,000
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets	41,000			41,000
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	5,041,000			5,041,000



NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH
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For the year ended June 30, 2018 (Kshs'000)

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Aligan Girls Primary School	Consolidated	10111301000259	1,500,000	15,000
Total			1,500,000	15000



NATIONAL GOVERNMENT ENTITY – ISIOLO SOUTH

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs'000)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Representation of Financial statement	Financial statement not as per format	Issue not included have been included to conform with format	FUND ACCOUNT MANAGER	RESOLVED	N/A
Unaccounted for Expenditure Fuel oil and Lubricants	Variance of Kshs.1,439,657 Fuel registers, work tickets and detailed order	Variance has been explained Fuel register, work tickets and detailed orders are available	FUND ACCOUNT MANAGER	RESOLVED	
Domestic Travel	Back to office report	Back to office report is now available	FUND ACCOUNT MANAGER	RESOLVED	
Reports Activities	CDFC Minutes and projects files	CDFC Minutes and projects files are available	FUND ACCOUNT MANAGER	RESOLVED	
Procurement of School bus	Procurement documents not provided	Procurement documents are available	FUND ACCOUNT MANAGER	RESOLVED	
Fixed Assets	Discrepancy in fixed Assets	Fixed assets register has been updated	FUND ACCOUNT MANAGER	RESOLVED	

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