

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BELGUT CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 18 SEP 2019

DAY: Wednesday

TABLED BY:

Majority Whip

CLERK-AT-THE-TABLE:

Grace Mdegeti

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Revised Template 30th June 2018



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
BELGUT 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)



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

Table of Content
Page

I.	KEY CONSTITUENCY INFORMATION AND MANAGEMENT	i
II.	FORWARD BY THE CHAIRMAN NGCDF COMMITTEE.....	v
III.	STATEMENT OF RECEIPTS AND PAYMENTS	2
IV.	STATEMENT OF ASSETS	3
V.	STATEMENT OF CASHFLOW	4
VI.	SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	5
VII.	SIGNIFICANT ACCOUNTING POLICIES.....	6
VIII.	NOTES TO THE FINANCIAL STATEMENTS	12

17 APR 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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;

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

- 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

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.

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

(b) Key Management

The NGCDF BELGUT 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	Sharon Kapto
3.	Sub-County Accountant	Billy Kiprotich Chemimir
4.	Chairman NGCDFC	Ngenoh Henry Kipsang
5.	Member NGCDFC	Lilian Chemutai Maritim
6.	Member NGCDFC	Tecler Chepkemoi

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF Belgut 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 BELGUT Constituency Headquarters

P.O. Box 1-20205 Sosiot
CDF Building, Sosiot
Belgut Sub- county Headquarters
Off Kapsoit- Sondu Road
Sosiot, Kericho

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

NGCDF BELGUT Constituency Contacts

Telephone:

E-mail: cdfbelgut@cdf.go.ke,

Website: www.ngcdf.go.ke

(f) NGCDF BELGUT Constituency Bankers

Co-Operative Bank of Kenya

Kericho Branch

A/c No 01136077827600

(g) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

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


II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Belgut National Government Constituency Development Fund in the financial year 2017/2018 was allocated Kshs 98,189,655 by the NG-CDFB board. During the financial year kshs: 74,853,448 was disbursed to the constituency by end of June 2017 and there was Ksh 31,448,276.1 for the previous FY (16/17) which was disbursed within this financial year. This left a balance of kshs 54,784,483 as funds due to the constituency from the NG-CDF Board to fund the various projects as per our budget. Our budget therefore was funded 45% leaving our utilization 57.8%.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds especially during upcoming elections, late approval of proposals and reallocations. Therefore the board should try to release funds in two instalments before the end of the financial year to enable the Constituencies implement its projects in time that will see 100% utilization. We therefore look forward to better performance in the next financial year 2018/2019.

We also take pride as one of the pioneer constituencies that has a program that offers full scholarship to bright and needy students in Secondary school i.e Starehe schools that offer admit students who come from less fortunate families. Our students have now reached 224 in both Starehe girls and boys. In October 2019 our first batch of 90 students will be sitting for their KCSE examination and we hope they pass to enable them to get admissions in university.

As Stated earlier during the year under review there were some emerging issues that affected the operations, this included but not limited to elections 2107, late formation of NGCDF committees, delay in training of the new CDFC The high cost of materials has made budgeting enormous tasks, this is because by the time we always receive funds from the board, and due to inflation the funds allocated are always not enough to complete a project this leads to variations and the board has not put proper mechanism on how to handle such variations.

Sign.....
**Ngenoh Henry Kipsang
CHAIRMAN NGCDFC**

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

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.

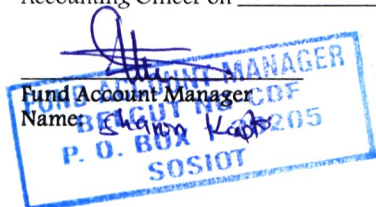
The Accounting Officer in charge of the NGCDF-constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This 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-BELGUT 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, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-BELGUT 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-BELGUT 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-BELGUT Constituency financial statements were approved and signed by the Accounting Officer on _____ 2018.



Sub-County Accountant
Name: Billy K. Chumir
ICPAK Member Number: 14500

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Belgut Constituency set out on pages 2 to 18, 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 for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

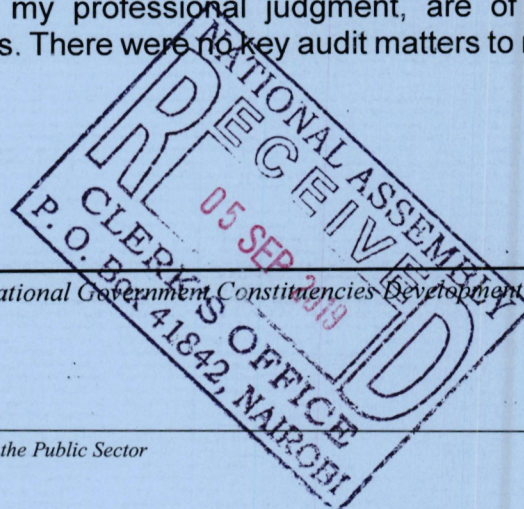
In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Belgut Constituency as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act 2015.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Belgut 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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



REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

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, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Construction of Building with Poor Workmanship

The NG-CDF Belgut Constituency on 18 May 2018, remitted Kshs.1,500,000 to Kapmaso Secondary School for the completion of an administration block. According to the approved code list, the work involved making finishing touches to the floor and walls, fixing doors and windows and painting the building. However, the activity was changed from what was initially approved to construction of an additional floor on top of the building. Apparently, the alteration in construction was not supported by approved structural and architectural designs from a government department as required by section 36 (1) of the CDF Act 2015 which requires that projects shall be implemented by the Project Implementation Committee (PMC), with the assistance of relevant government departments. Physical verification carried out on 27 March 2019 revealed that the first floor slab had caved in and new pillars were introduced to support it. Under the circumstance, besides the cost of the project rising, the structural integrity of the building is likely to be compromised.

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 for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective 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 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 Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

In addition to the responsibility for the preparation and presentation of the 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 Fund'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 of the Financial Statements

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about 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 and that public resources are applied in an effective

way, 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 non-compliance. 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 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 Fund's ability to continue 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 Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

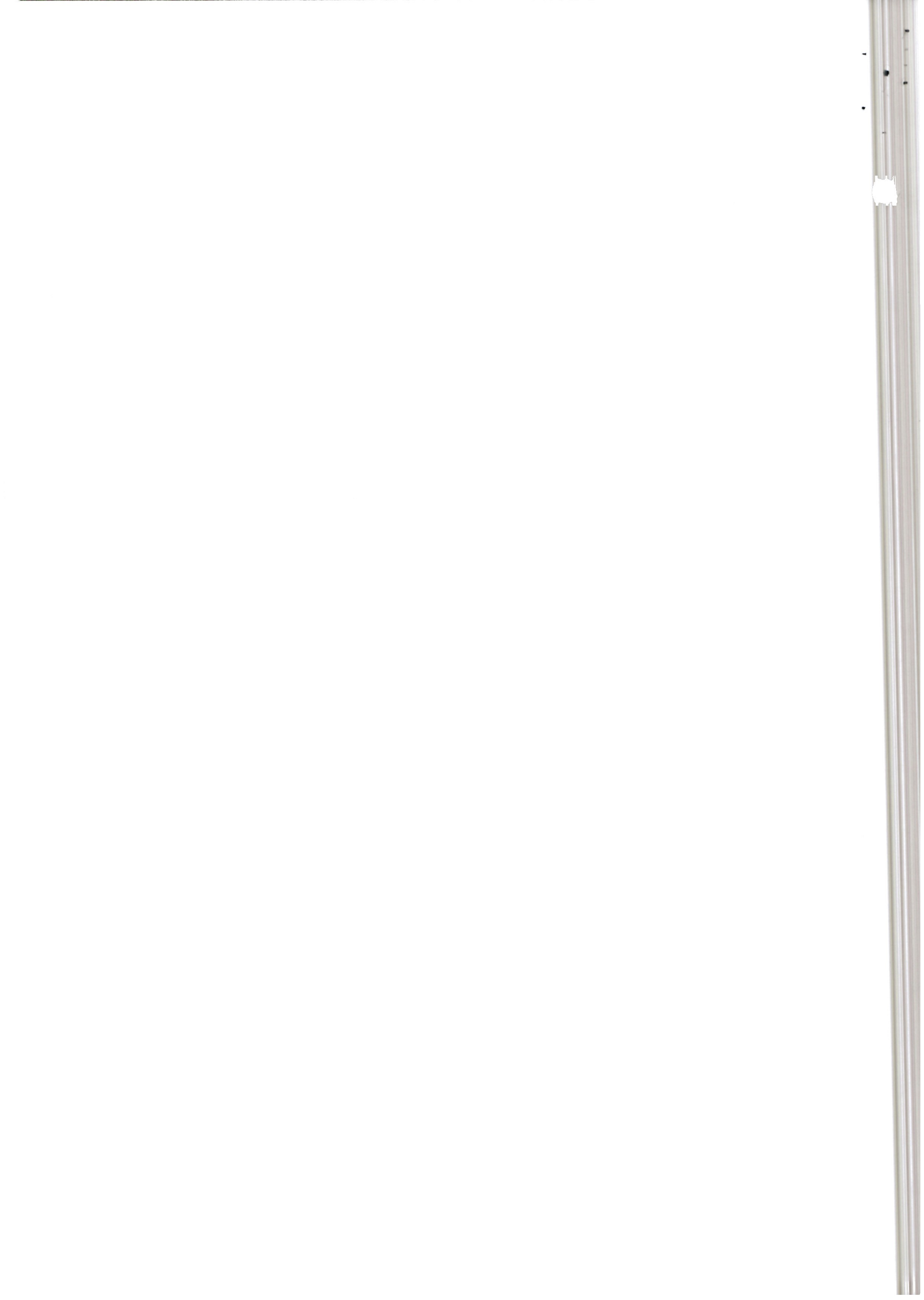
I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

14 August 2019




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

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	74,853,448	104,964,647
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	48,000	-
TOTAL RECEIPTS		74,901,448	104,964,647
PAYMENTS			
Compensation of employees	4	828,725	1,708,825
Use of goods and services	5	5,101,045	9,931,348
Transfers to Other Government Units	6	27,648,000	64,806,160
Other grants and transfers	7	27,225,955	33,164,829
Acquisition of Assets	8	5,200,000	-
Other Payments	9	-	-
TOTAL PAYMENTS		66,003,725	109,611,162
SURPLUS/DEFICIT		8,897,723	(4,646,514)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BELGUT Constituency financial statements were approved on _____ 2018 and signed by:


FUND ACCOUNT MANAGER
 NGCDF
 2018
 Name: Charvon Keph


 Sub-County Accountant
 Name: Billy K. Chumwani
 ICPAK Member Number: 14500

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

IV. STATEMENT OF ASSETS

	Note	2017- 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	9,226,241	41,486
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		9,226,241	41,486
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		9,226,241	41,486
FINANCIAL LIABILITIES			
Accounts payables -Retention	12	-	-
NET FINANCIAL ASSETS		9,226,241	41,486
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	41,486	4,189,618
Surplus/Defict for the year		8,897,723	(4,646,514)
Prior year adjustments	14	287,031	498,382
NET FINANCIAL POSITION		9,226,240	41,486


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BELGUT Constituency financial statements were approved on

2018 and signed by:

Fund Account Manager
 Name: Shiraz Kapte



Sub-County Accountant
 Name: Billy K. Chom. R.M.R
 ICPAK Member Number: 14500



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

V. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from CDF Board	1	74,853,448	104,964,647
Other Receipts	3	48,000	-
		74,901,448	104,964,647
Payments for operating expenses			
Compensation of Employees	4	828,725	1,708,825
Use of goods and services	5	5,101,045	9,931,348
Transfers to Other Government Units	6	27,648,000	64,806,160
Other grants and transfers	7	27,225,955	33,164,829
Other Payments	9	-	-
		60,803,725	109,611,162
Adjusted for:			
Adjustments during the year	14	287,031	498,382
Net cash flow from operating activities		14,384,754	(4,148,132)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(5,200,000)	-
Net cash flows from Investing Activities		(5,200,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		9,184,754	(4,148,132)
Cash and cash equivalent at BEGINNING of the year	13	41,486	4,189,619
Cash and cash equivalent at END of the year		9,226,240	41,487

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BELGUT Constituency financial statements were approved on

2018 and signed by:

**FUND ACCOUNT MANAGER
 BELGUT NG-CDF
 2018-20205
 SOSIOT**
 Sharon Kapte

Billy K. Chomira
 Sub-County Accountant
 Name: **Billy K. Chomira**
 ICPAK Member Number: **14500**

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

VI. 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 CDF Board	86,810,345	43,156,104	129,966,449	75,181,966	54,784,483	57.8%
Proceeds from Sale of Assets						
Other Receipts	-			48,000		
TOTAL	86,810,345	43,156,104	129,966,449	75,229,966	54,736,483	57.9%
PAYMENTS						
Compensation of Employees	1,400,000	700,000	2,100,000	828,725	1,271,275	39.5%
Use of goods and services	8,056,594	742,457	8,799,051	5,101,045	3,698,006	58.0%
Transfers to Other Government Units	37,150,000.00	26,182,000	63,332,000	27,648,000	35,684,000	43.7%
Other grants and transfers	33,603,751	15,531,647	49,135,398	27,225,955	21,909,443	55.4%
Acquisition of Assets	6,600,000	-	6,600,000	5,200,000	1,400,000	78.8%
Other Payments						
TOTAL	86,810,345	43,156,104	129,966,449	66,003,725	63,962,724	50.8%

- a) Under-utilization in compensation of employees; is due to the fact that there was a balance brought forward from previous FY 2016/2017
b) Under-utilization in transfer to other government units is because the constituency had only received 50% of the allocations.
c) The changes in the original budget and the final budget is due to the fact that there was an opening balance from the previous year 2016/17 of Kshs 41,486 and cheques amounting to Kshs 287,031 that were reversed back to the cash book.

The NGCDF-BELGUT Constituency financial statements were approved on 20/06/2018 2018 and signed by:

FUND ACCOUNT MANAGER
BELGUT CONSTITUENCY
Fund Account Manager
Name: Steven M Kapte

Sub-County Accountant
Name: Billy K. Ch. Daminika
ICPAK Member Number: 14502

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

VII. 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-BELGUT 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.

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

SIGNIFICANT ACCOUNTING POLICIES CONTD.....

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.

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.

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

SIGNIFICANT ACCOUNTING POLICIES CONTD.....

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.

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.

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

SIGNIFICANT ACCOUNTING POLICIES CONTD.....

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.

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

SIGNIFICANT ACCOUNTING POLICIES CONTD.....

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and 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.

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.

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

SIGNIFICANT ACCOUNTING POLICIES CONTD.....

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) –
BELGUT CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Normal Allocation	A855763	5,500,000.00	
	A892705	30,948,276.10	
	A892652	500,000.00	
	A896794	37,905,172.00	
			54,016,371.00
			36,853,449.00
			4,094,827.35
			10,000,000.00
Conditional grants			-
	AIENO...	-	
Receipt from other Constituency	AIENO...	-	
TOTAL		74,853,448	104,964,647

2. PROCEEDS FROM SALE OF ASSETS

Description	2017-2018	2016-2017
Receipts from the Sale Plant Machinery and Equipment	-	-
TOTAL	0.00	0.00

3. OTHER RECEIPTS

Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Interest Received		-	-
Rents		-	-
Sale of tender documents		48,000	-
Other Receipts Not Classified Elsewhere (specify)		-	-
Total		48,000	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	828,725	808,892
Basic wages of casual labour		146,000
Personal allowances paid as part of salary		
House allowance		90,000
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF		7,200
gratuity		656,733
Total	828,725	1,708,825

5. USE OF GOODS AND SERVICES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	223,501	1,075,865
Office rent		
Communication, supplies and services		
Domestic travel and subsistence	182,700	485,900
Printing, advertising and information supplies & services		390,803
Rentals of produced assets		
Training expenses	892,000	1,393,400
Hospitality supplies and services		
Other committee expenses	1,796,844	2,960,494
Committee allowance	1,776,000	3,054,500
Insurance costs		
Specialised materials and services		
Office and general supplies and services		
Fuel ,oil & lubricants	230,000	130,000
Other operating expenses		296,601
Routine maintenance – vehicles and other transport equipment		143,786
Routine maintenance – other assets		
		-
Total	5,101,045	9,931,348

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BELGUT 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	2016 - 2017
	Kshs	Kshs
Transfers to primary schools	13,098,000	39,200,000
Transfers to secondary schools	14,550,000	21,155,000
Transfers to Tertiary institutions		4,451,160
Transfers to Health institutions		
TOTAL	27,648,000	64,806,160

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	14,989,750	15,816,100
Bursary -Tertiary	9,776,200	5,961,365
Bursary-Special schools		
Mocks & CAT		210,000
water		300,000
Agriculture (food security)	200,000	1,200,000
Electricity projects		
Security		1,201,803
Roads	1,100,005	5,290,211
Sports	200,000	735,350
Other capital grants and transfer	360,000	
Emergency Projects (specify)	600,000	2,450,000
Total	27,225,955	33,164,829

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BELGUT 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	-	-
Construction of Buildings		-
Refurbishment of Buildings		
Purchase of Vehicles	5,200,000	
Purchase of Bicycles & Motorcycles		
Overhaul of Vehicles		
Purchase of office furniture and fittings		
Purchase of computers ,printers and other IT equipments		
Purchase of photocopier		
Purchase of other office equipments		
Purchase of soft ware		-
Acquisition of Land	-	-
		-
Total	5,200,000	-

9. OTHER PAYMENTS

specify	-	-
specify	-	-
specify	-	-
TOTAL	-	-

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017 - 2018	2016 - 2017
	Kshs	Kshs (30/6/2017)
	Account Num	(30/6/2018)
Cooperative Bank, Kericho A/C no.01136077827600	9,226,241	41,486
	-	-
	-	-
Total	9,226,241	41,486

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

10B: CASH IN HAND

		2017 - 2018	2016 - 2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
Total		-	-

There were no cash held by the constituency, all the cash had been surrendered to the treasury.

11: OUTSTANDING IMPRESTS

Name of Officer		Amount Taken	Amount Surrendered	Balance (30/6/2018)
	Date imprest taken	Kshs	Kshs	Kshs
		-	-	-
		-	-	-
		-	-	-

The constituency had no any outstanding imprest. All imprest were dully surrendered.

12. RETENTION

Supplier/Contractor	PV no	2017 - 2018	2016 - 2017

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There was no outstanding retention held in our accounts;

13. BALANCES BROUGHT FORWARD

		2017 - 2018	2016 - 2017
		Kshs (1/7/2017)	Kshs (1/7/2016)
Bank accounts		41,486	4,089,619
Cash in hand			
Imprest			100,000.00
Total		41,486	4,189,619

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

14. PRIOR YEAR ADJUSTMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	287,031.00	498,382
Cash in hand	-	-
Imprest	-	-
Total	287,031	498,382

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017-2018	2016-2017
	Kshs	Kshs
Construction of buildings	0.00	0.00
Construction of civil works	0.00	0.00
Supply of goods	0.00	0.00
Supply of services	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0.00	0.00
Middle management	0.00	0.00
Unionisable employees	0.00	0.00
Others (<i>staff gratuity</i>)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

15.3: UNUTILIZED FUNDS (See Annex 3)

Amounts due to other Government entities (see attached list)	38,400,000	-
Amounts due to other grants and other transfers (see attached list)	20,109,277	-
Others (specify) Use of goods and services	2,454,447	-
Others (specify) Acquisition of assets	1,647,000	-
Others (specify) compensation of employees	1,400,000	-
	64,010,724	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BELGUT 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
PMC account Balances (see attached list)	12,031,526.39	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - BELGUT CONSTITUENCY
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.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - BELGUT CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018
ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees				
salaries		1,400,000		
NSSF				
Gratuity				
	Sub-Total	1,400,000		
Use of goods & services				
Committee expenses		2,454,447		
	Sub-Total	2,454,447		
Transfer To Other Government Entities				
KABOROK PRY SCH		750,000.00		
CHEBUNGUNON PRY SCH		500,000.00		
KEBEN PRY SCH		450,000.00		
KAPMASO MILIMANI PRY SCH		200,000.00		
CHEPNAGAI PRY SCH		900,000.00		
KAPSOIYO PRY SCH		400,000.00		
MAK PETER PRY SCH		850,000.00		
CHEPTENYE PRY SCH		200,000.00		
MACHORWA PRY SCH		700,000.00		
CHEPKUTBEI PRY SCH		400,000.00		
KAPRIRO PRY SCH		400,000.00		
KAPCHEBET B PRY SCH		300,000.00		
SIMOTWO PRY SCH		800,000.00		
KOITALEL PRY SCH		700,000.00		
SUSUMWET PRY SCH		650,000.00		
KIBINGEI PRY SCH		300,000.00		
CHYEMEN PRY SCH		700,000.00		
MOBEGO PRY SCH		500,000.00		

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
KAPSOYO SEC SCH		500,000.00		
TELDET SEC SCH		700,000.00		
BELGUT STAREHE GIRLS CENTRE		3,500,000.00		
NYABANGI SEC SCH		700,000.00		
CHEPKOSILEN SEC SCH		1,700,000.00		
GETUMBE SEC SCH		1,000,000.00		
KIBINGEI GIRLS SEC SCH		1,400,000.00		
CHEPTORORIET SEC SCH		1,000,000.00		
KIPTOME SEC SCH		500,000.00		
KAPLUTIET SEC SCH		300,000.00		
CHEBIRIRBEI SEC SCH		400,000.00		
KABIANGA GIRLS SEC SCH		1,000,000.00		
KAPTEBESWET GIRLS SEC SCH		800,000.00		
BELGUT STAREHE GIRLS CENTRE		1,500,000.00		
BELGUT STAREHE GIRLS CENTRE		650,000.00		
BELGUT TAPTUGEN STAREHE BOYS CENTRE		1,350,000.00		
BELGUT STAREHE GIRLS CENTRE		1,500,000.00		
CHEBIRIRBEI SEC SCH		8,500,000.00		
KAPCHEBET GIRLS SEC SCHOOL		650,000.00		
CHERONGET SECONDARY SCHOOL		1,050,000.00		
Sub-Total		38,400,000		
Amounts due to other grants and other transfers				
BURSARY		5,013,250		
EMERGENCY		4,569,000		
SPORTS		1,200,000		
STRATEGIC PLAN		3,500,000		
ICT HUBS		4,677,027		
RESOURCE CENTRE		900,000		
BELGUT TTI		250,000		
TOTALS		20,109,277		

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Acquisition of assets				
CDF OFFICE RENOVATIONS		1,347,000		
MOTOR VEHICLE- SAVINGS		300,000		
	Sub-Total	1,647,000		
Others (specify)				
	Grand Total	64,010,724		

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

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	750,000	-	-	750,000
Buildings and structures	15,000,000	-	-	15,000,000
Transport equipment	5,000,000	5,200,000-	-	10,200,000
Office equipment, furniture and fittings	140,850	-	-	140,850
ICT Equipment, Software and Other ICT Assets	594,300	-	-	594,300
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	21,485,150	5,200,000	0	26,685,150

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

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

S/NO	PROJECT NAME	ACCOUNT NO	ACC BAL AS AT 30TH JUNE 2018
1.	BELGUT STAREHE BOYS CENTRE	01139603245000	1,091,275.00
2.	BELGUT STAREHE GIRLS CENTRE	011345295426000	378,295.25
3.	BORBORWET PRY	01139752207700	409,045.00
4.	BORBORWET SEC SCH	01139053600400	1,014.45
5.	CHEBIRIRBEI SEC SCH	01109474446700	74,222.50
6.	CHEBUNGUNON PRY SCH	0113905417901	-
7.	CHEMAMUL A PRY SCH	01139604189500	854,112.50
8.	CHEMAMUL BOYS SEC	011396004171001	1,000,000
9.	CHEMAMUL MIXED DAY SEC SCHOOL	01109604323400	(330)
10.	CHEPKOSILEN SEC SCH	01141753173400	0
11.	CHEPNAGAI PRY SCH	01139604153600	156,892.50
12.	CHEPTENYE PRY SCH	01139053968100	1,818.86
13.	CHEPTIGIT PRY SCH	01139752082900	300,320
14.	CHEPTORORIET SEC SCH	01139335036901	91,737.67
15.	CHERIBO SEC SCH	01139077935601	1,008,915.00
16.	GETUMBE SEC SCH	01120078138900	3,646.96
17.	ITANDA PRY SCHOOL	01139752190000	199,950
18.	KABIANGA GIRLS SEC SCH	01139752124000	163,297.25
19.	KABOROK PRY SCH	01139752302000	1,445
20.	KAPCHEBET B PRI SCH	01139752069000	2,795
21.	KAPCHEBET GIRLS SEC SCH	01139604141000	1,040
22.	KAPKITONY DAY SEC SCH	01139752029500	1,550
23.	KAPLUTIET SEC SCH	01139529102601	14,275
24.	KAPMASO MILIMANI PRI SCH	0113960320120	201,382.50
25.	KAPRIRO PRY SCH	01139078065200	999.95
26.	KAPSIYWO PRY SCH	01139752135800	318,365
27.	KEBEN PRY SCH	01139752217300	451,335
28.	KIBOTTO PRY SCH	01139752131500	609,880
29.	KIPLALMAT PRY SCH	01139604244200	1,536,010
30.	KOITALEL PRY SCH	01141752349500	499,450
31.	MACHORWA PRY SCH	01139752275300	1,175
32.	MEREONIK PRIMARY SCHOOL	01139752145500	15,975
33.	MOBEGO PRY SCHOOL	01139603988900	963
34.	NYABANGI SEC SCH	01139054426701	307,734
35.	SUSUMWET PRY SCH	01139752110500	301,801
36.	TELDET SEC SCH	01139603255900	332,488
37.	TURGUITO PRIMARY SCHOOL	01141753081800	1,698,650

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

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)
3.0 Presentation of the Financial Statements	Belgut CDF has provided a statement of constituency management responsibilities indicating that the financial statements prepared conform to the format provided by the Public Sector Accounting Standards Board (PSASB) of Kenya. The Kenya requires that explanatory notes should be given for the various balances in the financial statements. However, no explanatory notes were given in respect of the adjustments of Kshs. 57,665,525 in the summary statement of appropriation. Further, the statement of assets reflects prior adjustments of Kshs. 1,640,252 which has not been explained.	Kshs. 57,665,525 in the summary statement of appropriation are funds belonging to FY 14/15 that was disbursed in FY2015/2016 (Ksh, 51,421,000) balance brought forward as at 1 st Jul 2015 (Ksh 4,604,263) and prior year adjustments (Ksh 1,640,252) thus making adjustments in the statement of appropriation. The amount was distributed to votes heads which had not received funds fully. Copy of the Cashbook showing these balances, AIEs and bank statement are attached herewith.	FAM	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - BELGUT CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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)
5.0 Statement of Receipts and Payments	The statement of receipts and payments for the financial year 2015/2016 reflects receipts balance of Kshs.105,474,010 out of which Kshs 105,421,010 are Authority to Incur Expenditure (AIE) transfers from the CDF Board. The transfers from the CDF Board include Kshs. 25,610,505 which was received vide AIE No. A759679 of 16 January 2015. However, the amount does not relate to the financial year 2015/2016 since it was received and reflected in the financial statements of the previous year 2014/2015. Therefore, the receipts balance of Kshs.105,474,010 in the statement of receipts and payments is not fairly stated.	Reversals were made to correct these adjustments and copies of folios where adjustments were made are attached. The amount Ksh. 25,610,505 was disbursed three times in two financial years, i.e FY 2014/2015 vide AIE No. A759679 and 2015/2016 vide AIE A796031 and A790770. AIE no A759679 was erroneously indicated in the financial statements for FY15/16 instead of AIE no A790770 this error will be corrected in the financial statements. Copies of bank disbursements and copies of AIEs are attached here with	FAM	Resolved	immediately
5.0 Cash and Cash	The statement of assets reflects bank balance of Kshs. 4,089,619, which is the amount held in the	State cheques have been written back to the cashbook in the month of March and May	FAM	Resolved	immediately

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - BELGUT CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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)
Equivalents – Kshs. 4,089,619	Kericho Branch of Co-operative Bank of Kenya Account No. 01136077827600 as at 30 June 2016. The bank reconciliation statement for the account as at that date reflected unrepresented cheques totaling to Kshs. 7,488,471. However, out of this amount, Kshs. 861,549 were stale cheques that were raised in the period between 28 February 2004 and 23 December 2015 and have not been reversed in the cashbook; see Appendix I . Further, the dates for some cheques listed in the schedule of unrepresented cheques were not indicated. Therefore it was not possible to determine the value of the stale cheques.	2017, attached is copy of cashbook folio showing the reversals. All unrepresented cheques dates and cheque numbers have been indicated as shown in the attached latest bank reconciliation			
5.2 Payments in Bank not recorded in Cashbook –	The bank reconciliation statement for the account as at 30 June 2016 reflected payments made in the bank totaling to Kshs. 225,650 that had not been recorded in the cashbook. The transactions	These payments were bank charges and other cheques which were erroneously not paid in the cashbook but has however been corrected as a shown in the attached folio 90	FAM	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - BELGUT CONSTITUENCY

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

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)
Kshs. 225,650	occurred in the period between 4 December 2012 and 29 June 2016. The nature of these payments has not been explained; see Appendix II .				
6.0 Outstanding Imprest – Kshs. 100,000	The statement of assets reflects cash and cash equivalents balance of Kshs. 4,189,619 out of which Kshs. 100,000 was imprest outstanding as at 30 June 2016. Note 11 to the financial statements indicate that the imprest was issued to an officer, Tom Omawana on 30 June 2015. However, it was not possible to confirm the propriety of the imprest issued since the warrant was not provided for audit verification. Under the circumstance, therefore, the correctness of the cash and cash equivalents balance of Kshs. 4,189,619 in the statement of assets could not be confirmed.	The imprest of Ksh 100,000 was however surrendered on the subsequent financial year. Attached is the copy of imprest warrant.	FAM	Resolved	
7.0 Compensation	The statement of receipts and payments for the financial year 2015/2016 reflects a balance of Kshs. 983,634 in respect of	The variance of Ksh. 73,819 was brought by erroneously omitting salary for the month of June 2015 which was paid on	FAM	Resolved	

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

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)
of Employees	Compensation of Employees. However, a computation of monthly payrolls and documents supporting casual workers amounted to Kshs 902,015, leading to a variance of Kshs 73,819 which has not been explained	7 th Jul 2016. Attached are the payrolls.			
12.0 Acquisition of Assets	Annex 4 to the financial statements gives a summary of the assets owned by the Belgut CDF. However, it was noted that the value of these assets was not indicated. Therefore, it is not possible to correctly estimate the financial worth of the Fund.	The value of assets has been indicated, attached in the current asset register	FAM	Resolved	

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