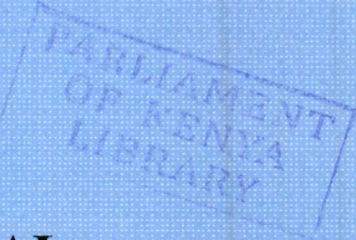
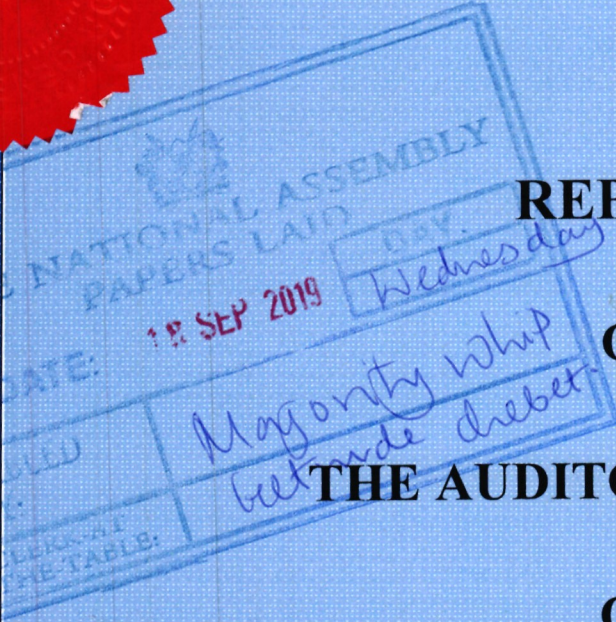


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
FAFI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**



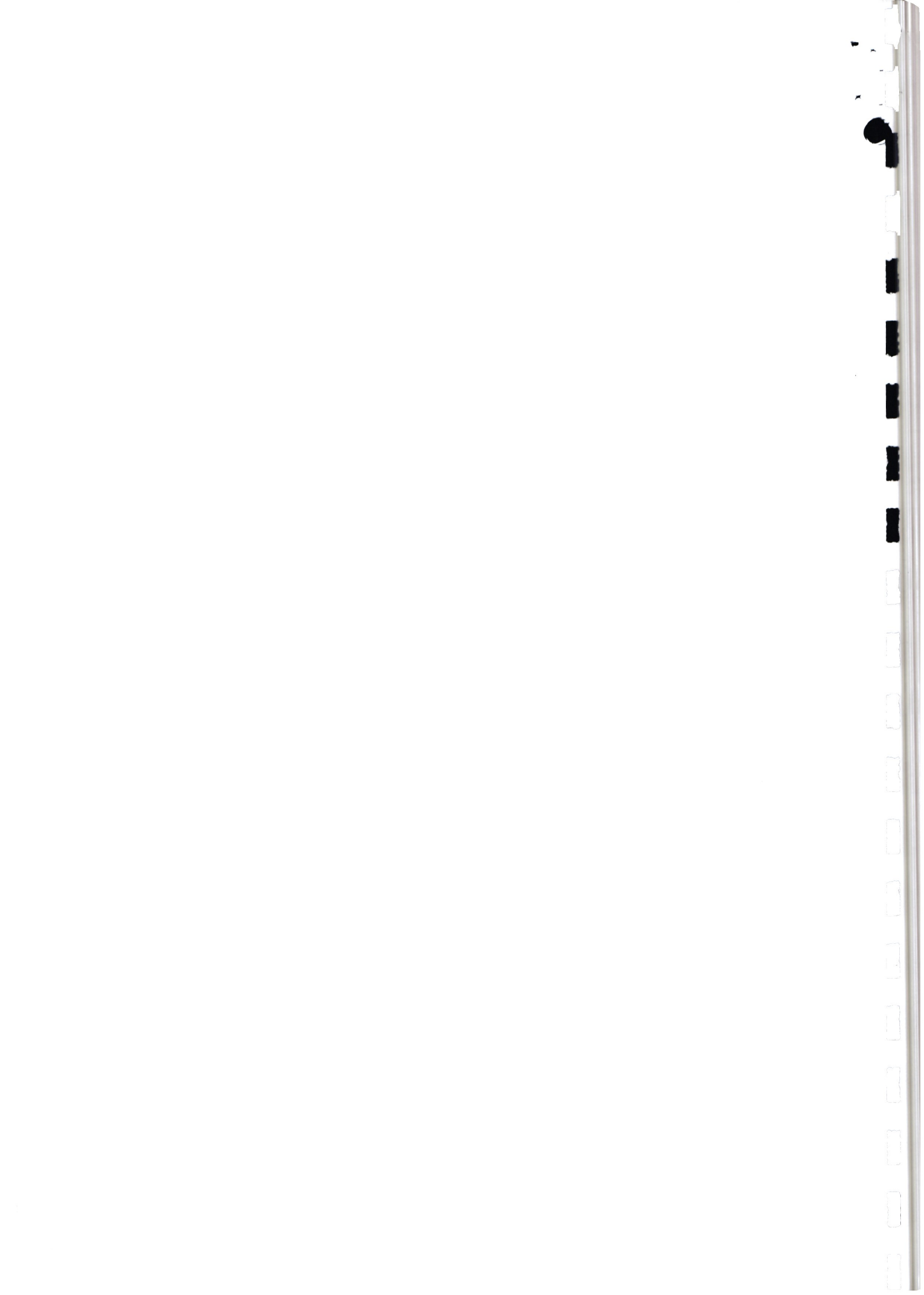


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND FAFI CONSTITUENCY

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)

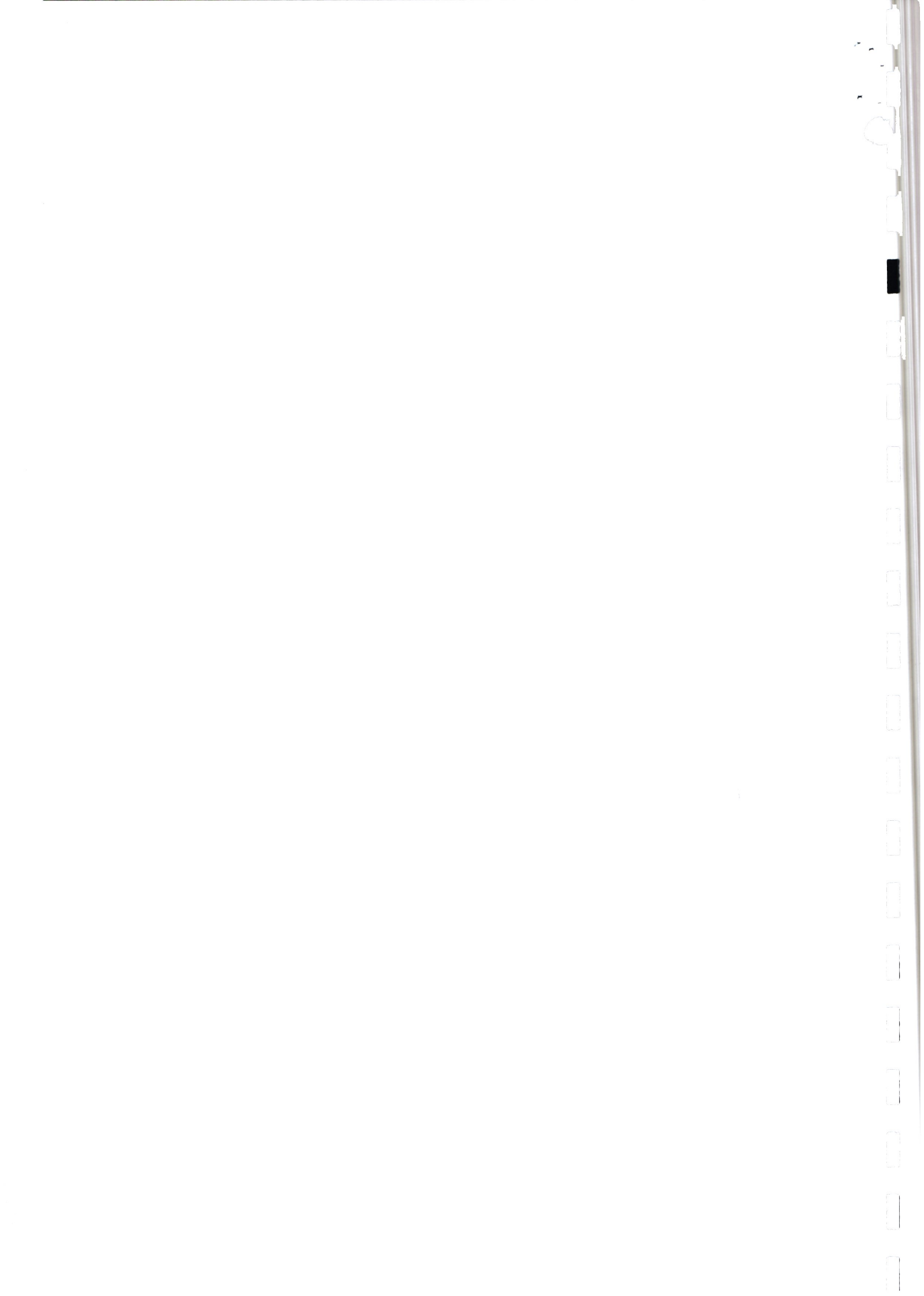


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) FAFI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
FAFI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

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 FAFI 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	Omar Hassan
3.	Sub-County Accountant	Bosco Kilonzo
4.	Chairman NGCDFC	Mohamed Aden
5.	Member NGCDFC	Halima Abdiwahab

(d) Fiduciary Oversight Arrangements

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

Ng-cdf office Building
Adjacent to Bura hospital
P.O. Box 1914
Garissa, Kenya



(f) NGCDF FAFI Constituency Contacts

Telephone: (254)722-911803

E-mail: Momar@ng-cdf.go.ke

Website: www.ng-cdf.go.ke

(g) NGCDF FAFI Constituency Bankers

Equity Bank

Garissa Branch

P.O.Box 70700-70100

Garissa-Kenya

(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



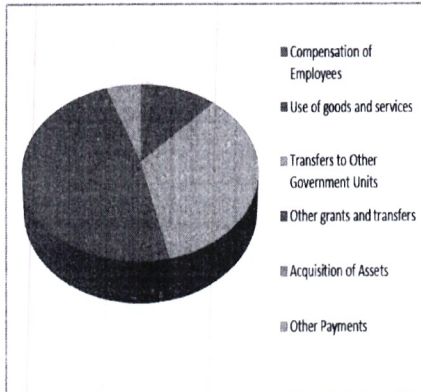
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 FAFI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2018**

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

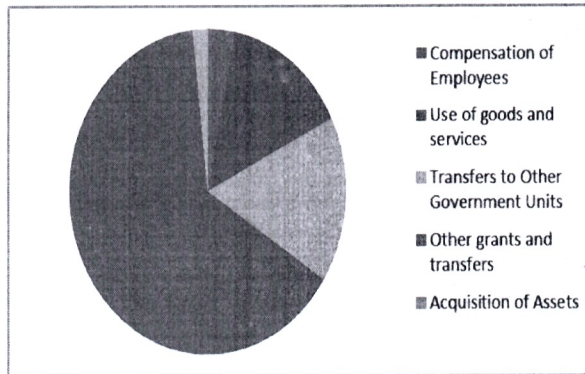
Include among others the following:

- Mention in summary the budget performance against actual amounts for current year based on economic classification and programmes, *(under this section, include graphs, pie charts, figures and tables)*

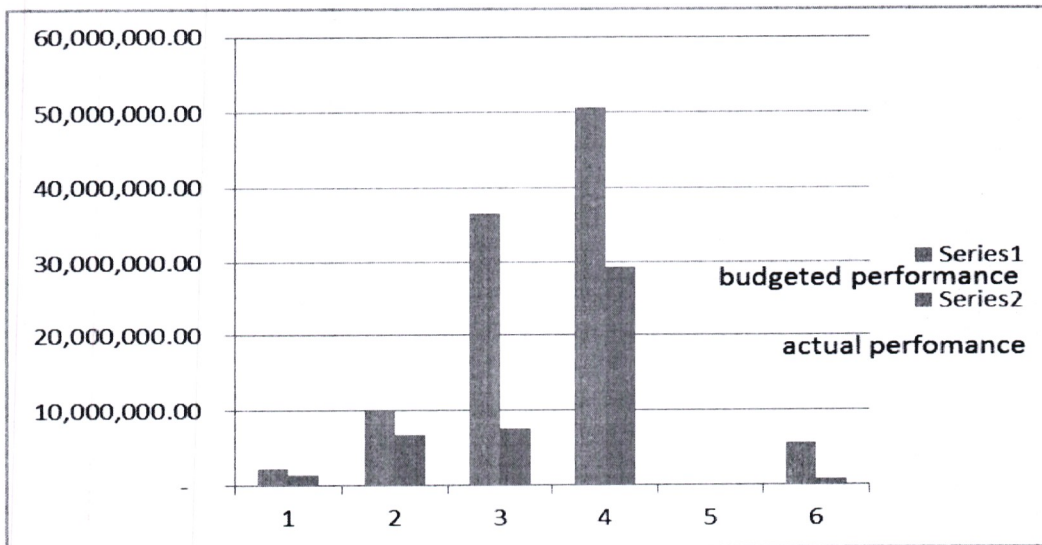
The entity (NG-CDF fafi) had a budget figure of Ksh 104,805,869.56 at the beginning of the financial 2017/2018. The management however spent Ksh 45,801,531.50 bringing the budget utilization difference to Ksh 59,004,338.06 which is attributed to delayed funding.



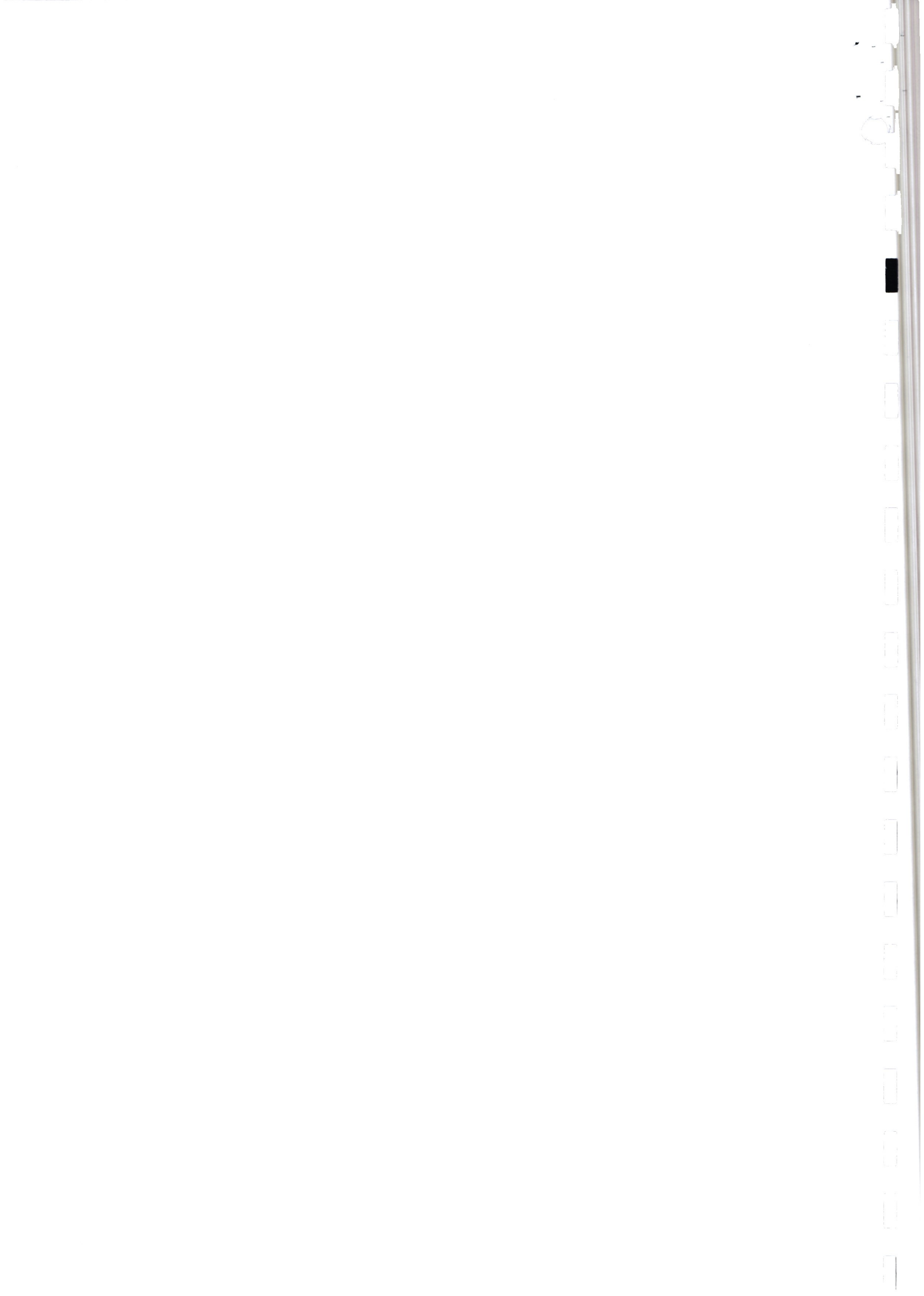
Original budget



actual performance



The committee managed to distribute Ksh 23,594,000 bursary to needy student across the entire constituency .To promote affordable health care the management granted partial scholarship to students health courses



The committee also constructed AP houses in Bura AP camp to support security agencies and promote security in the area

To upgrade and improve the learning environment the committee funded the supply of lockers, chairs and beds to various schools

Emerging issues related to NG-CDF includes; Increasing population, Upcoming/increasing settlement, Increasing school enrolment and Global climatic change

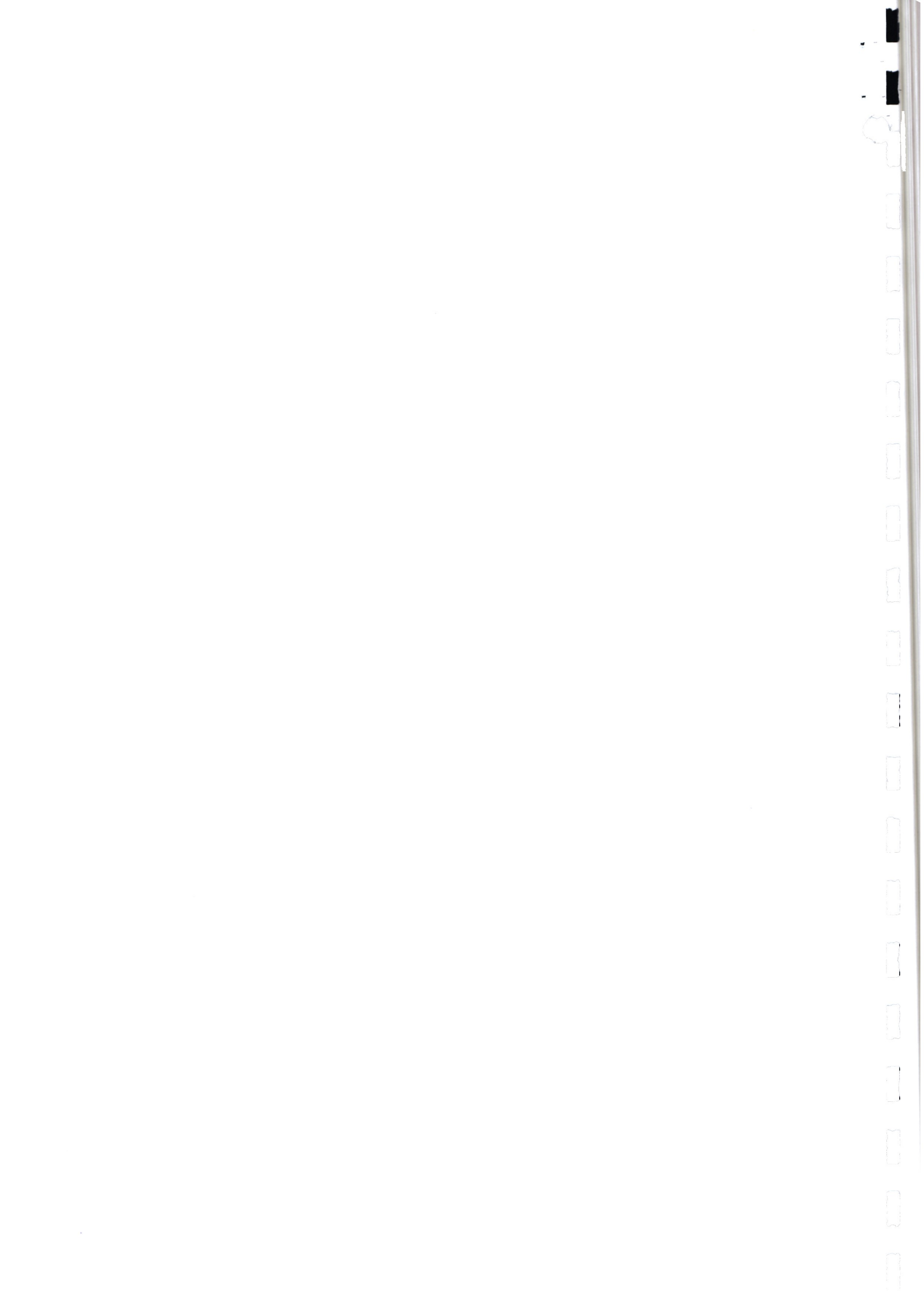
There has also been Implementation challenges such as; Security threat, Lack of clear boundary among constituencies and Political interference

For the Fund to thrive I recommend that there should be a minimum or no interference from the political figures and no projects should be undertaken in boundary conflict zone without the involvement of the concerned organs of the government

Sign



CHAIRMAN NGCDF COMMITTEE



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-FAFI 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.

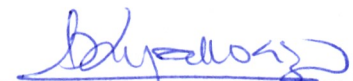
The Accounting Officer in charge of the NGCDF-FAFI Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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 in charge of the NGCDF-FAFI 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-FAFI 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-FAFI Constituency financial statements were approved and signed by the Accounting Officer on 25/2/2019 2019.


Fund Account Manager
Name: Omar Hassan


Sub-County Accountant
Name: Basco K. Kilanzu
ICPAK Member Number:



REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Fafi Constituency set out on pages 7 to 25, which comprise the statement of financial 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Fafi 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 comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Undelivered Goods to Learning Institutions

Note 6 to the financial statements reflects an amount of Kshs.7,566,000 being transfer to other Government entities out of which Kshs.7,506,000 was transferred to secondary schools. Audit review of the expenditure and other supporting documents revealed that the management entered into a contract with a local company to supply chairs and lockers to Nanighi, Galmagala and Shill secondary schools at a contract sum of Kshs.3,456,000. However, although full payments were made to the supplier, it was noted that 60 chairs and 60 lockers meant for Galgamala secondary school had not been delivered as at the time of audit but were at the supplier's premises in Garissa Town. No proper explanation was given for paying for goods not supplied and delivered.

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

Consequently, the probity of the expenditure of Kshs.3,456,000 as at 30 June 2018 could not be confirmed.

2. Other Grants and Other Payments

2.1 Unaccounted for Bursary Expenses

Included in the other grants and other payments figure of Kshs.29,338,560 reflected under note 7 to the financial statements is an amount of Kshs.13,329,000 allocated to secondary schools as bursary transfer. However, a review of the expenditure and other supporting documents revealed that bursaries amounting to Kshs.3,735,000 were not supported with acknowledgement receipts or letters from learning Institutions that were purported to have been paid.

In the circumstances, the probity of Kshs.3,735,000 as at 30 June 2018 could not be confirmed.

2.2 Emergency Projects

Included in the other grants and other payments figure of Kshs.29,338,560 under note 7 to the financial statements is an amount of Kshs.4,544,560 meant for emergency projects which the management entered into a contract with a local self-help group to renovate 3 class rooms at Bullagol Primary School at a contract sum of Kshs.1,800,000 which was paid on 11 May 2018. However, the project file and bill of quantities (BQs) were not availed for audit review and therefore it was not possible to confirm whether the renovations were carried out as per the specifications. Further, it had not been demonstrated whether the expenditure met the requirements of Section 8(3) to be classified as an emergency.

Consequently, the probity of the expenditure of Kshs.1,800,000 as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Fafi 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 qualified 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 Qualified Opinion section of my report, I have determined that there were no Key Audit Matters to communicate in my report.

Other Matter

1. Budget Control and Performance

1.1 Budgetary Performance

A review of the statement of budget appropriation revealed that, the Fund had an approved budget of Kshs.104,805,870. Out of this figure, an amount of Kshs.3,084,352 was brought forward from the financial year 2016/2017. Budget utilization on actual receipts and expenditure is as follows:

Item	Budget Kshs.	Actual Kshs.	Difference Under Kshs.	Actual % of Budget
Receipts	104,805,870	43,405,175	61,400,698	41%
Expenditure	104,805,870	45,801,532	59,004,338	44%

The above analysis reflects actual receipts of Kshs.43,405,175 against budgeted amount of Kshs.104,805,870 resulting in a short fall of Kshs.61,400,698 representing 59% being the undisbursed funds from the National Government Constituencies Development Fund Board. Further, the Fund spent an amount of Kshs.45,801,532 representing 44% of the approved budget of Kshs.104,805,870.

1.2 Under-Expenditure on Overall Budget

The Fund recorded an overall under-expenditure of Kshs.59,004,337 during the year under review as follows: -

Item	Approved Budget Kshs	Actual Expenditure Kshs	Under Expenditure Kshs	% Under Expenditure
Compensation of employees	2,228,535	1,396,872	831,663	37%
Use of goods and services	10,020,437	6,680,100	3,340,337	33%
Transfer to other Government units	36,467,865	7,566,000	28,901,865	79%
Other grants and transfers	50,541,853	29,338,560	21,203,293	42%
Acquisition of assets	820,000	820,000	0	
Other payments	4,727,179	0	4,727,179	83%
Total	104,805,869	45,801,532	59,004,337	

From the analysis above, the Fund realized under expenditure in five (5) out of the six (6) items during the year under review.

1.3 Project Implementation and Management

During the financial year under review, the Fund allocated Kshs.30,084,207 to twenty (20) projects in various sectors including education, environment and security. Analysis as per project implementation status revealed that six (6) projects were completed, thirteen (13) had not started and one (1) project was on going as detailed below; -

Sector	Project Status	Project Cost (Kshs)	No. of Projects
Education	Complete	7,056,000	6
	Ongoing	0	0
	Not started	16,192,000	8
Security	Complete	0	0
	Ongoing	1,800,000	1
	Not started	3,300,000	2
Environment	Complete	0	0
	Ongoing	0	0
	Not started	1,736,207	3
Total		30,084,207	

In view of the foregoing, the constituents may not have obtained the expected services from the non-started and ongoing projects worth Kshs.23,028,207 budgeted for the year as at 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, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Conclusion

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 statement 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, 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.

Basis for Conclusion

My responsibility is to express a conclusion based on the review. The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal control, risk management and governance was maintained 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, 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 its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting, unless the management either intends to liquidate the Fund or to cease operations, or 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 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 statement 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 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 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 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.

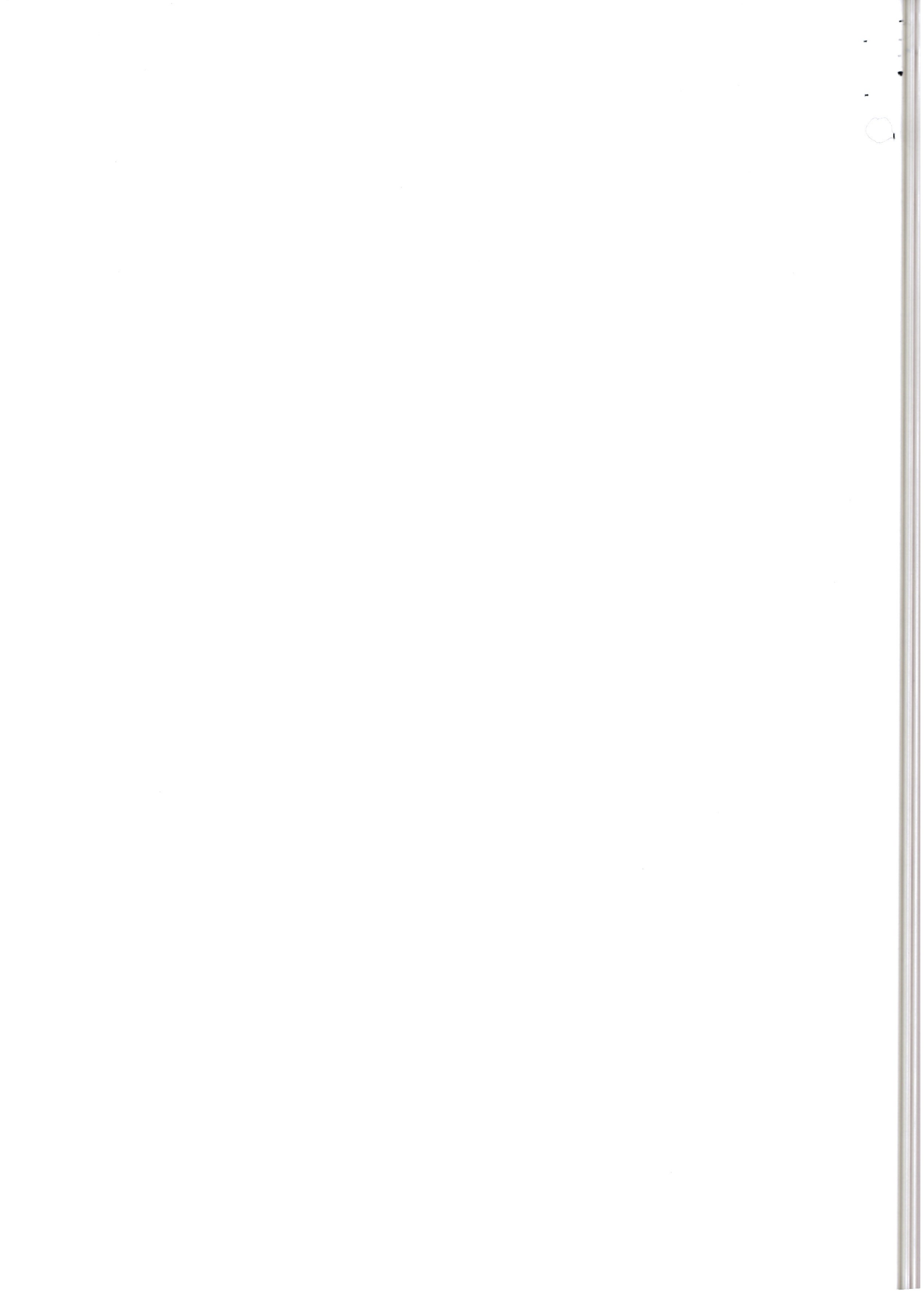
I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

07 August 2019



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
FAFI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

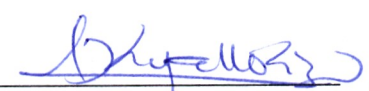
	Note	2017/2018	2016/2017
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	43,405,172	78,964,689.60
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS			
PAYMENTS			
Compensation of Employees	4	1,396,872	1,297,352.00
Use of goods and services	5	6,680,100	6,924,808.00
Transfers to Other Government Units	6	7,566,000	65,613,188.33
Other grants and transfers	7	29,338,560	40,844,331.00
Acquisition of Assets	8	820,000	300,000
Other Payments	9		
TOTAL PAYMENTS		45,801,532	114,979,679.33
SURPLUS/DEFICIT		(2,396,360)	(36,014,989.73)

(a)The deficit figure resulted from utilization of balances brought forward from the previous year

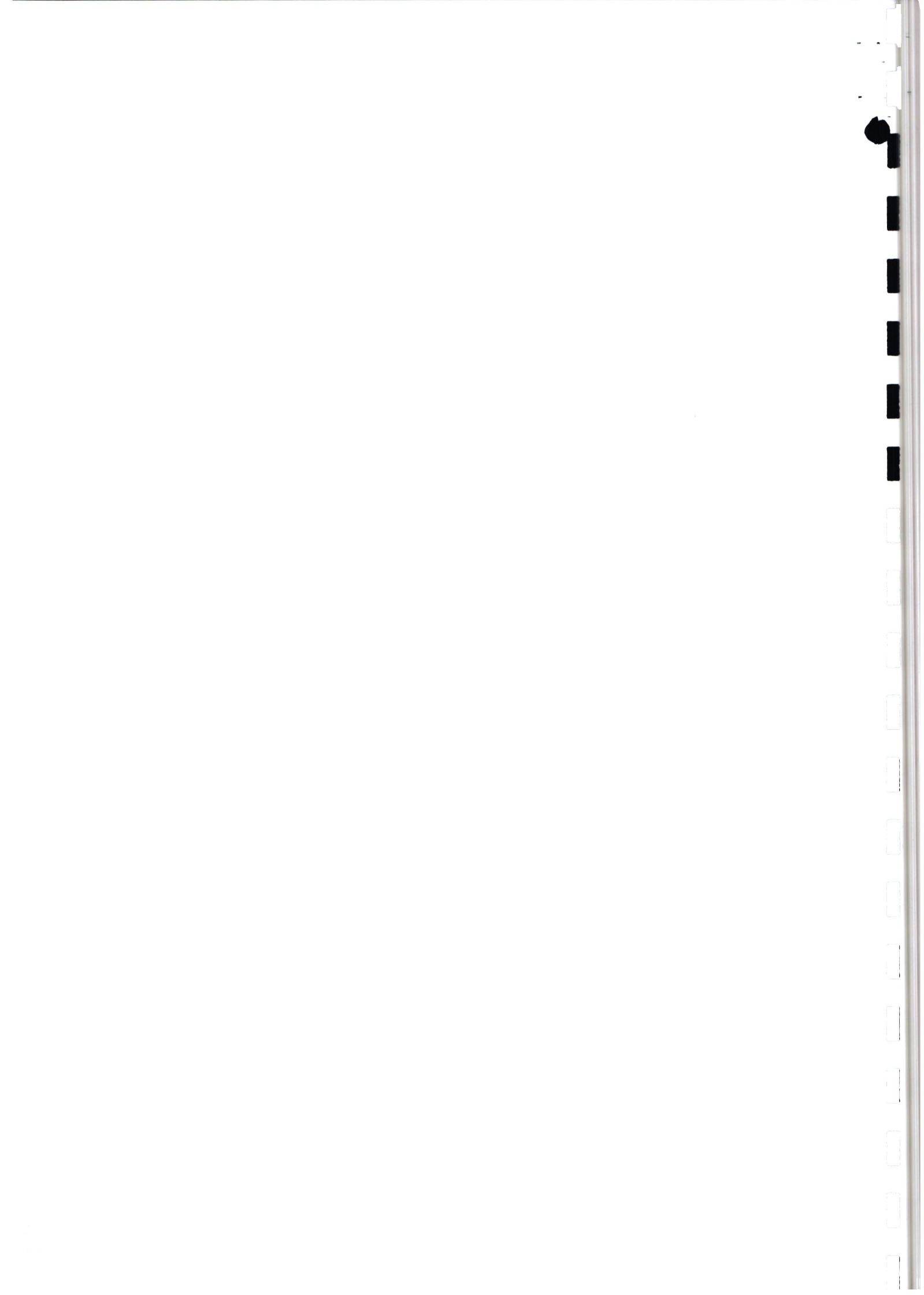
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-FAFI Constituency financial statements were approved on 25/2/2019 and signed by:


Fund Account Manager

Name: Omar Hassan


Sub-County Accountant

Name: Bocco Ki Kilonzo
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

FAFI CONSTITUENCY


Reports and Financial Statements

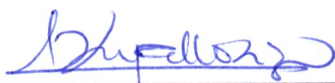
For the year ended June 30, 2018

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	687,993	3,084,352.27
Cash Balances (cash at hand)	10B		
Cash and cash Equivalent			
Current Receivables			
Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS			
		687,993	3,084,352.27
REPRESENTED BY			
Current Payables			
Gratuity			
Retention	12		
Fund balance b/fwd 1st July...	13	3,084,352	39,099,342
Surplus/Defict for the year		(2,396,360)	(36,014,989.73)
Prior year adjustments	14		
NET LIABILITIES		687,993	3,084,352.27

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-FAFI Constituency financial statements were approved on 25/2/2019 and signed by:


 Fund Account Manager
 Name: Omar Hassan


 Sub-County Accountant
 Name: Basco Ki Kilanzo
 ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

FAFI CONSTITUENCY

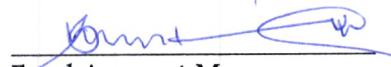
Reports and Financial Statements

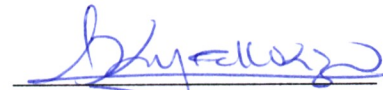
For the year ended June 30, 2018

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	43,405,172	78,364,689.60
Other Receipts	3		
Payments for operating expenses			
Compensation of Employees	4	1,396,872	1,297,352.00
Use of goods and services	5	6,680,100	6,924,808.00
Transfers to Other Government Units	6	7,566,000	65,613,188.33
Other grants and transfers	7	29,338,560	40,844,331.00
Acquisition of Assets	8	820,000	300,000
Other Payments	9		
		45,801,532	114,079,679.33
Adjusted for:			
Adjustments during the year	14		
Net cash flow from operating activities		(2,396,360)	(35,714,989.73)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	9		0
Net cash flows from Investing Activities			300,000.00
			(300,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		(2,396,360)	(36,014,989.73)
Cash and cash equivalent at BEGINNING of the year	13	3,084,352	39,099,342.00
Cash and cash equivalent at END of the year		687,993	3,084,352.27

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-FAFI Constituency financial statements were approved on 25/2 2019 and signed by:


Fund Account Manager
 Name: Omar Hassan


Sub-County Accountant
 Name: Bosco K. Kilenzo
 ICPAK Member Number:



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

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

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF board-AIEs' Received	86,810,345	17,995,525	104,805,870	43,405,172	61,400,698	41
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	86,810,345	17,995,525	104,805,870	43,405,172	61,400,698	41
PAYMENTS						
Compensation of Employees	1,916,800	311,735	2,228,535	1,396,872	831,664	63
Use of goods and services	6,896,131	3,124,306	10,020,437	6,680,100	3,340,337	67
Transfers to Other Government Units	26,256,000	10,211,865	36,467,865	70,566,000	28,901,865	21
Other grants and transfers	46,222,835	4,319,018	50,541,853	29,338,560	21,203,293	58
Acquisition of Assets	820,000		820,000	820,000		
Other Payments	4,698,579	28,600	4,727,179	0	4,727,179	-
TOTALS	86,810,345	17,995,525	104,805,870	45,801,532	59,004,338	44

(a) [There is underutilization across each item due to delayed disbursement from the board.]

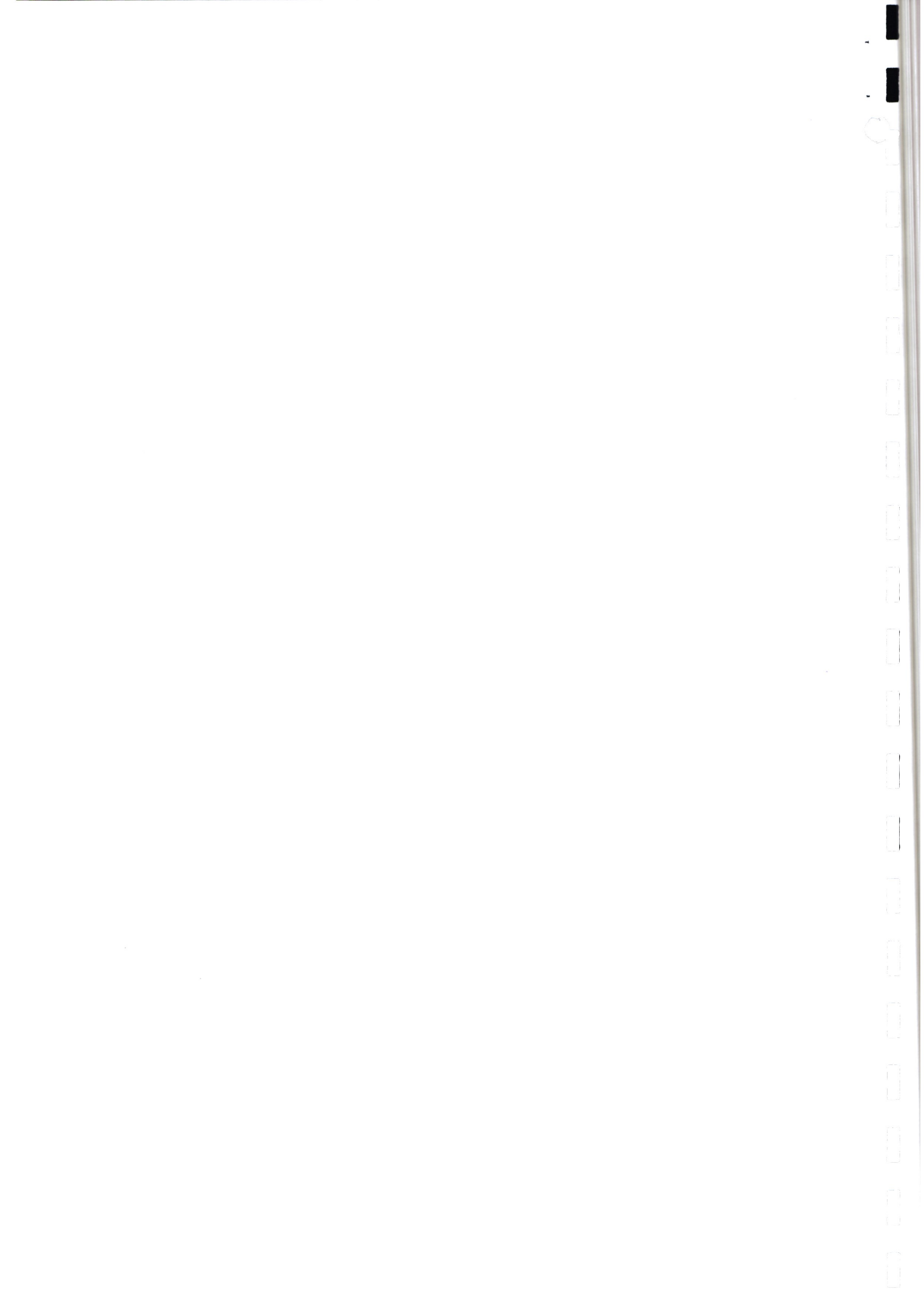
The NGCDF-FAFI Constituency financial statements were approved on _____ 2019 and signed by:

Fund Account Manager

Name: Omar Hassan

Sub-County Accountant

Name: Dosco Kyalo Kilomzi
ICPAK Member Number: _____



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-FAFI 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.

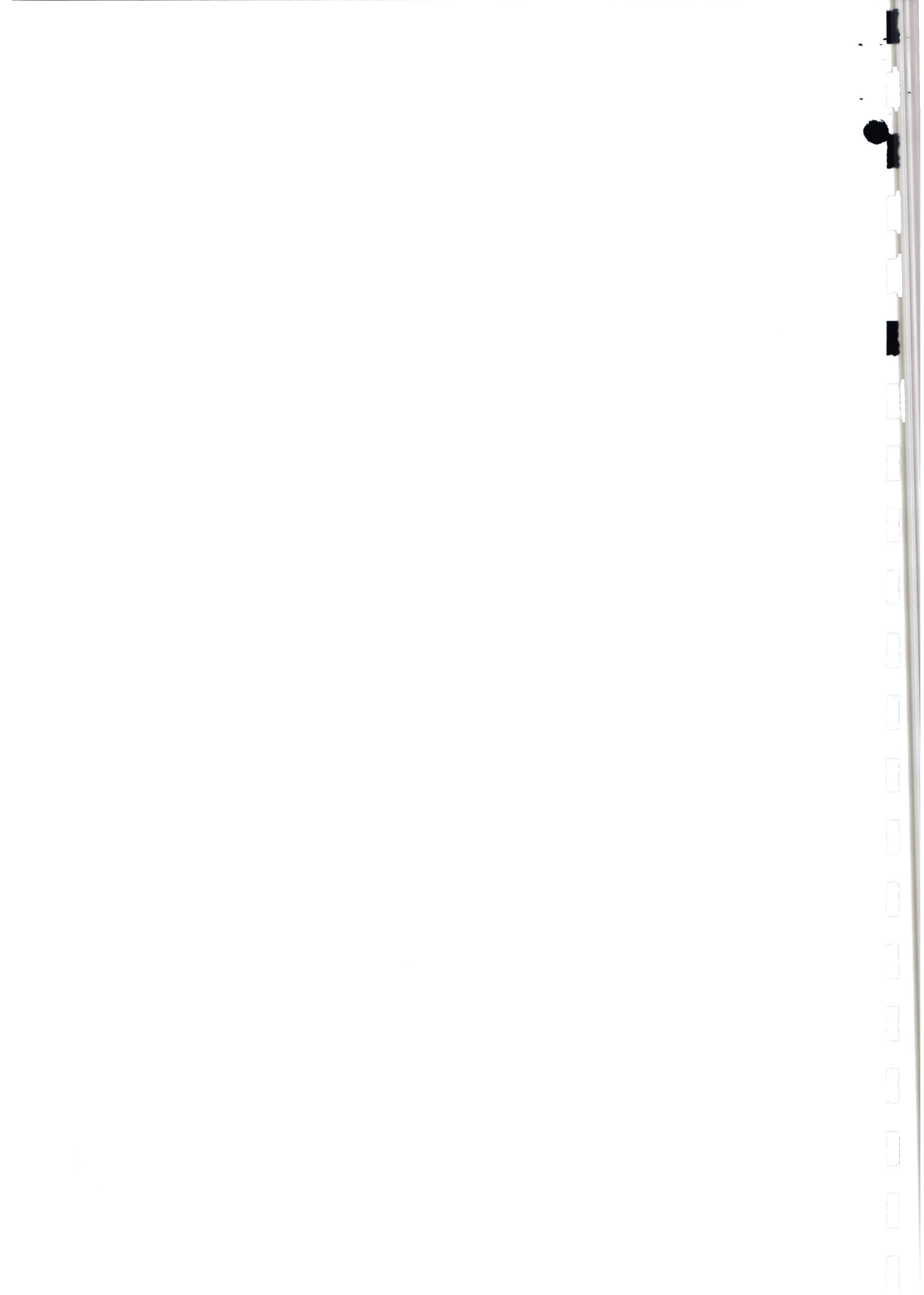
Use of Goods and Services

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.



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.



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) – FAFI
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
NGCDF Board			
A.I.E NO.855799	1	5,500,000	4,094,827.60
A.I.E NO.892820	2	37,905,172	36,853,449
AIE NO	3		29,616,413
AIE NO	4		7,800,000
TOTAL		43,405,172	78,364,689.60

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		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Total		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
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Reports and Financial Statements

For the year ended June 30, 2018

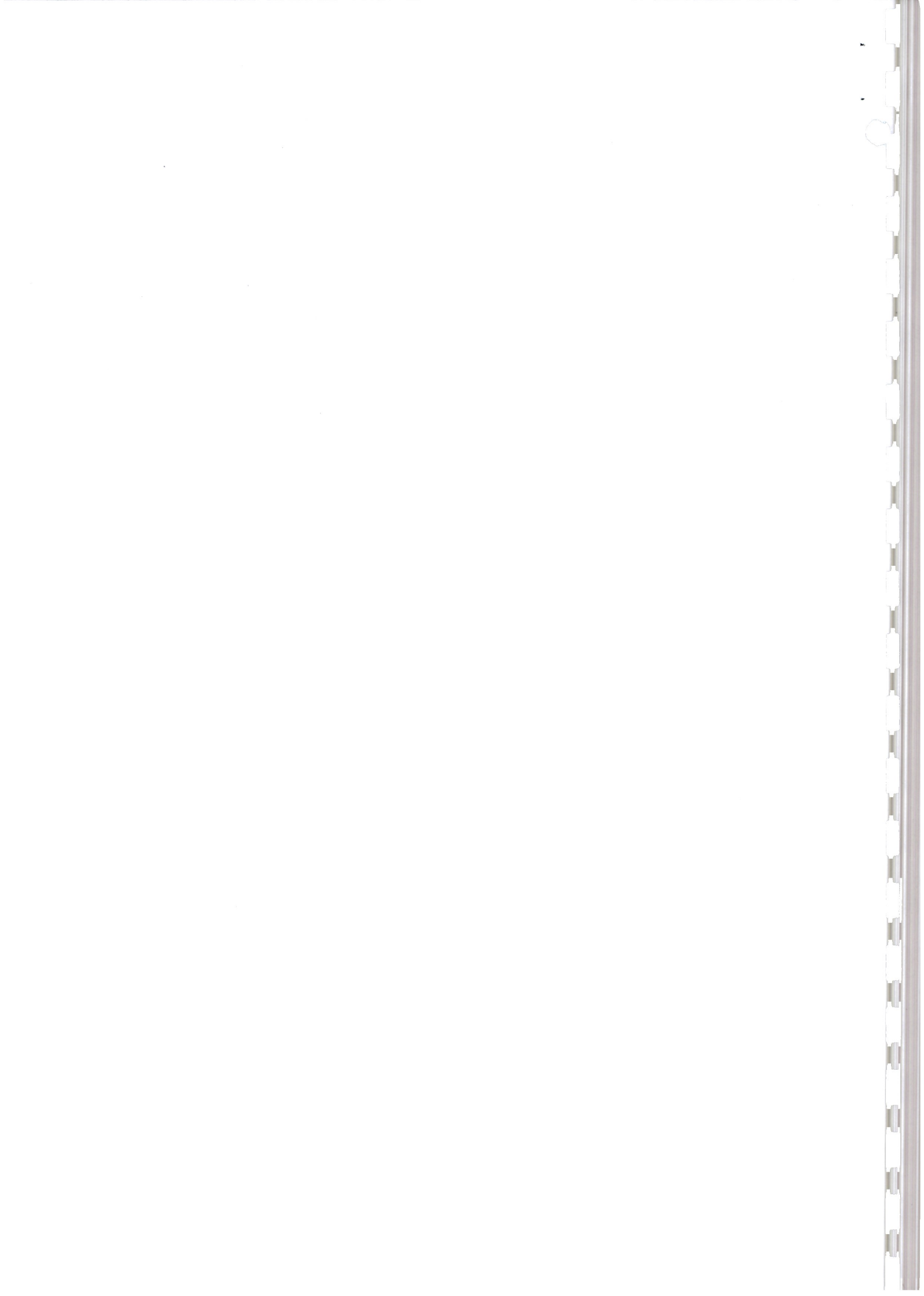
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
Basic wages of contractual employees	1,211,446	1,268,552.00
Basic wages of casual labour		
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Employer contribution to NSSF	26,800	28,800.00
Other personnel payments		
gratuity	158,625	
Total	1,396,872	1,297,352.00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
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
Utilities, supplies and services		43,500.00
Office rent		
Communication, supplies and services		23,200.00
Domestic travel and subsistence		589,000.00
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses	820,000	300,000.00
Hospitality supplies and services		68,700.00
Other committee expenses	2,000,000	1,235,936.45
Committee allowance	1,741,400	1,556,896.55
Insurance costs		
Specialised materials and services		
Office and general supplies and services		123,000.00
Fuel ,oil & lubricants	505,600	830,000.00
Other operating expenses	1,313,100	1,697,931.00
Routine maintenance – vehicles and other transport equipment	300,000	432,044.00
Routine maintenance – other assets		24,600.00
Total	6,680,100	6,924,808.00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
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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
Transfers to primary schools	60,000	34,205,250.00
Transfers to secondary schools	7,506,000	30,807,938.33
Transfers to Tertiary institutions		
Transfers to Health institutions		
TOTAL	7,566,000	65,013,188.33

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016-2017
Bursary -Secondary	13,329,000	15,148,000.00
Bursary -Tertiary	10,265,000	9,527,000.00
Bursary-Special schools		
Mocks & CAT		
water		
food security		
Electricity projects		
Security	1,200,000	10,572,000.00
Roads		
Sports		
Environment		1,637,931.00
Emergency Projects.	4,544,560	3,959,400.00
Total	29,338,560	40,844,331.00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
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
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings	820,000	
Purchase of Vehicles		
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		300,000
Purchase of soft ware		
Acquisition of Land		
Total	820,000	300,000

9. OTHER PAYMENTS

Other Payments	2017-2018	2016/2017
Capital transfer to private financial institution		
Other expenes		
Total		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
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Reports and Financial Statements

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
<i>Equity Bank-Garissa branch</i>	<i>687,993</i>	<i>3,084,352.27</i>
Total	687,993	3,084,352.27
Total	687,993	3,084,352.27

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>

Total

00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
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Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 RETENTION

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

13. BALANCES BROUGHT FORWARD

	207-2018	2016/2017
Bank accounts	3,084,352	39099342
Cash in hand		
Cash equivalents (short-term deposits)		
Imprest		
Total	3,084,352	39,099,342

14. PRIOR YEAR ADJUSTMENTS

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
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Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE

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

15.2: PENDING STAFF PAYABLE

	2017- 2018	2016-2017
	Kshs	Kshs
Senior management		
Middle management		
Unionisable employees		
Staff Gratuity		

15.3: UNUTILIZED FUNDS

	2017- 2018(Kshs)	2016-2017(Kshs)
Compensation of employees	82,713.28	287,335.32
Use of goods and services	77,925	71.45
Amounts due to other Government entities (see attached list)	83,196.76	1,680,003
Amounts due to other grants and other transfers (see attached list)	337,102.97	1,063,845.95
Acquisition of assets		
Committee Expenses	24,703	96.55
Social Security Benefits	50800	24400
Acquisition of Assets		
Other Payments	31,551.72	28,600
Total	687,992.73	3,084,352.27



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – FAFI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

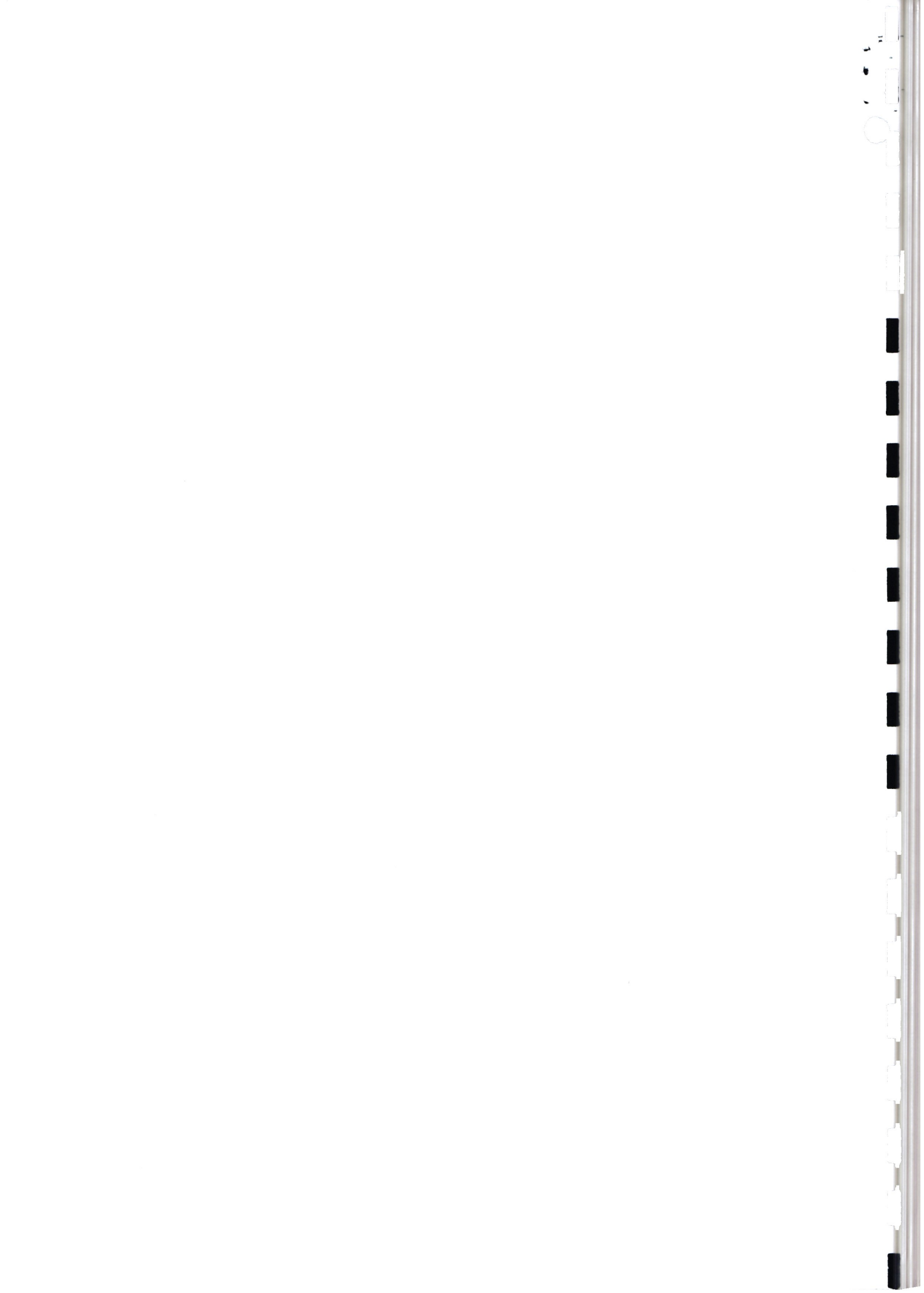
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	6,779.35	
Total	6,779.35	

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	4,716,000			4,716,000
Buildings and structures	5,897,843	820,000		6,717,843
Transport equipment	468,140.00			468,140.00
Office equipment, furniture and fittings	268,500			268,500
ICT Equipment, Software and Other ICT Assets	308,850			308,850
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	11,659,333			12,479,333



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-FAFI
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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
Warfa youth group	Equity	0580177094822	1,280
Ruka self help group	Equity	0580165866319	2,669.35
Neema furnitures and welders SHG	Equity	0580170093160	2,230
Nanighi secondary school pmc	Equity	0580173078552	450
Bura secondary Pmc group	Equity	0580172872924	50
Uftis Classrooms Pmc	Equity	0580173247554	100
Total			6,779.35



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-FAFI
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)
1.	Unaccounted for Bursary	Management to follow up with institutions where the acknowledgment letters were not received	Omar Hassan-FAM	Not resolved	Before 30 th July 2017
2	Irregular award of contract	Chairman of the NG-CDFC to liaise with Pmcs to trace documents in question	Chairman	Not resolved	Before 30 th July 2017

Name..... Omar Hassan
 Designation..... Fund APC manager

Name..... Mohamed Ader Ishtar
 Signature..... [Signature]

Signature and Stamp

NG-CONSTITUENCY DEVELOPMENT FUND
 FAFI
 Date: 25/2/2018
 Sign: [Signature]
 P. O. Box 1914-70100, GARISSA

