

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

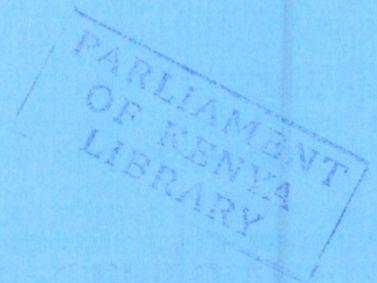
REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 08 AUG 2019 DAY: Thursday

TABLED BY: M. Mwangi Whip

CLERK-AT-THE-TABLE: G. Mwangi Clerk



OF
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
NAMBALE CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018



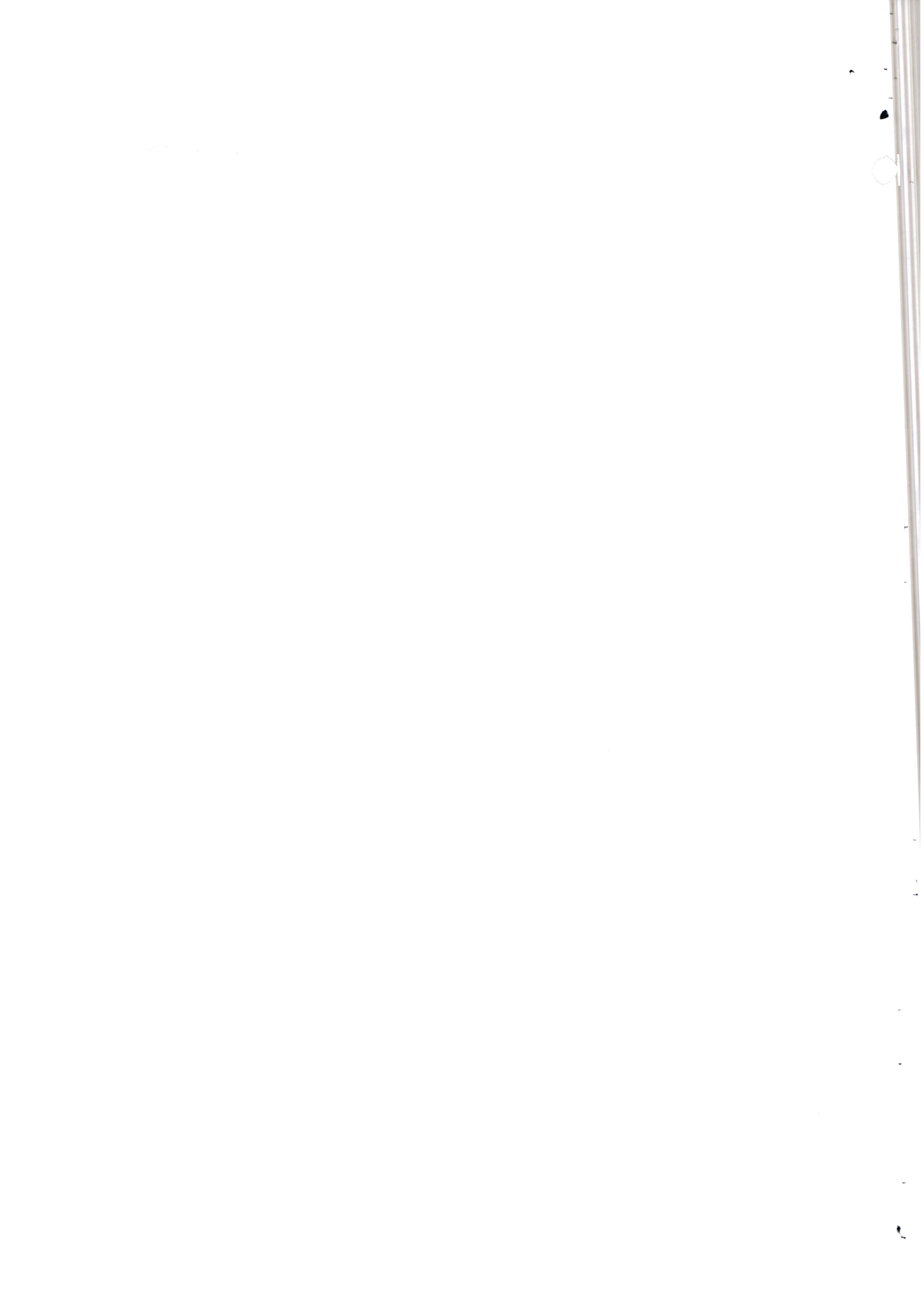


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND NAMBALE
CONSTITUENCY**

AMENDED 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)

NAMBALE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NAMBALE CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

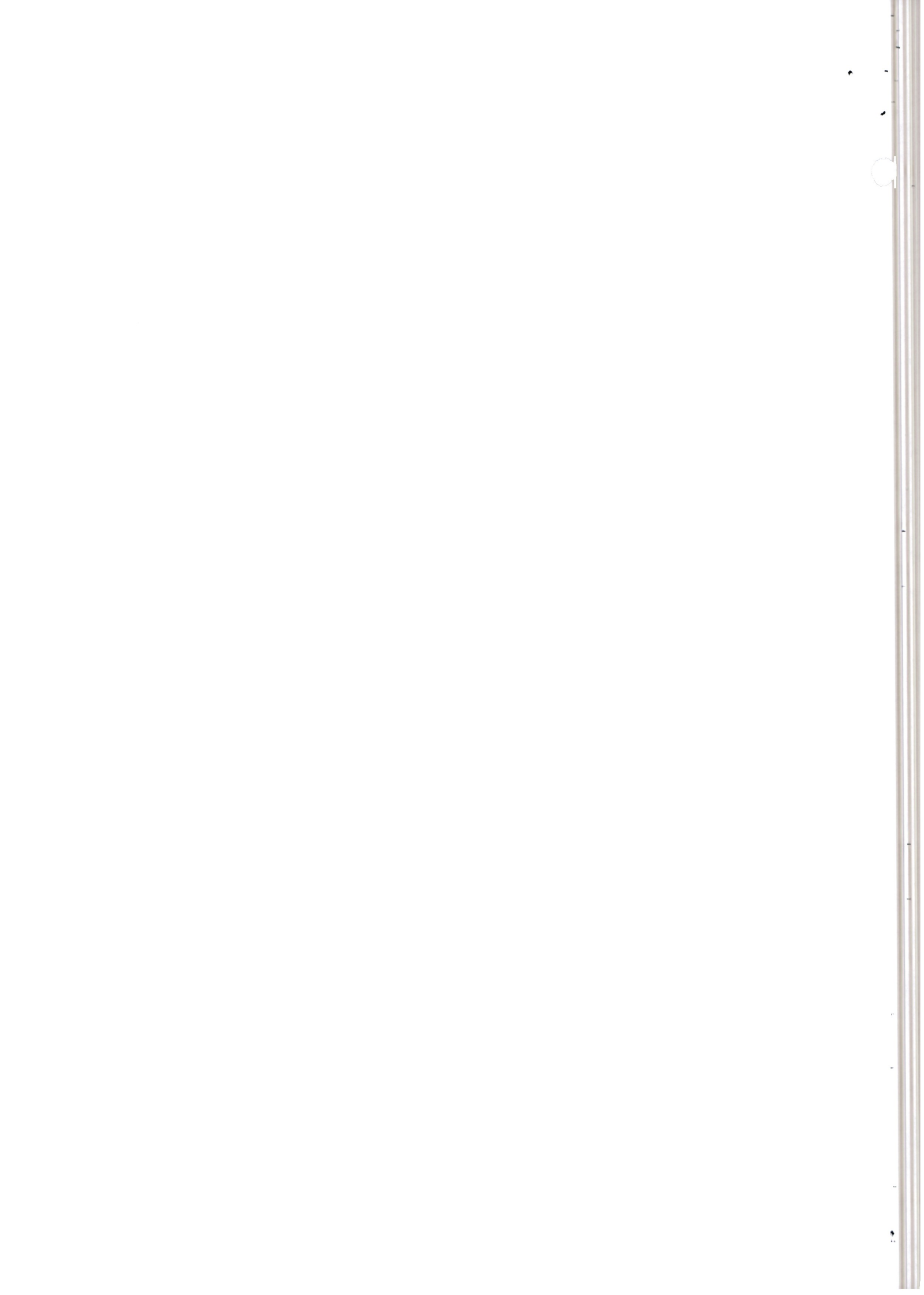
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide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

Vision

Equitable Socio-economic development countrywide

Mission

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

NAMBALE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

Core Values

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

(b) Key Management

The NGCDF NAMBALE 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	Allan R. Chemayiek
3.	Sub-County Accountant	Jorim Ogola
4.	Chairman NGCDFC	Okochil J. Alfred
5.	Member NGCDFC	Judith Murwayi

(d) Fiduciary Oversight Arrangements

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

P.O. Box 27-50409
Nambale CDF Building
Off Busia Road, Opposite Nambale Sub County Headquarters
Nambale, KENYA



(f) NGCDF NAMBALE Constituency Contacts

Telephone: (254) 721800337
E-mail: cdfnambale@ngcdf.go.ke
Website: www.nambale.co.ke

(g) NGCDF NAMBALE Constituency Bankers

1. Co-operative Bank of Kenya
Busia Branch
P.O. Box 326-50400
Busia, 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



II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

This financial year the transfers from the board was slightly above half of the allocation registering 52%. Out of this the committee focused more on full implementation of bursary and a few projects in Primary, Secondary and Security sectors.

The committee prioritize on-going projects which enabled us complete Twenty four (24) classrooms in both Primary and Secondary Schools. A total of Seven Thousand Seven hundred and Seventy Four (7,774) students benefited from bursary. The Committee also embarked on review of The Constituency Strategic Plan which had come to an end and further developed one for the next five years which is 80% complete.

Some of the emerging issues the Fund is facing include; over dependence of Fund due to high poverty index in the constituency which is estimated to be 68%, and secondly is high enrolment in upcoming schools thus creating high demand of infrastructures.

Major challenges faced by the Fund include; delay in disbursement of funds from the board, infrastructural demands is higher than the amount allocated, and the incomplete devolved projects which have not been given any attention by the county government.

As a way forward, the Board need to release funds in good time, secondly the Board needs to lobby for increase of funding to every constituency and finally the Board to create a linkage with the county government with a view of completing the devolved projects.



CHAIRMAN NGCDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
NAMBALE CONSTITUENCY**

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

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.

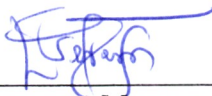
The Accounting Officer in charge of the NGCDF-NAMBALE Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-NAMBALE 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-NAMBALE 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-NAMBALE 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-NAMBALE Constituency financial statements were approved and signed by the Accounting Officer on 24th August, 2018.



**Fund Account Manager
Edwin Serem**



**Sub-County Accountant
Jorim Ogola**



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 - NAMBALE 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 – Nambale Constituency set out on pages 7 to 27, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts 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 – Nambale 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 Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Nambale 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 - Nambale 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 procedures performed, except for the matters described in the Report on Lawfulness and Effectiveness in Use of Public Resources 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

1. Construction of Double Houses at Tangakona AP Camp

The Fund transferred Kshs.668,000 to Tangakona AP camp for the construction of double room houses to completion. During the field inspection, it was noted that the project remained incomplete despite the allocated amount having been fully spent. Further, the floors were cracking, an indication of poor workmanship. Painting, gutter installation and doors were also not installed.

In the circumstances, value for money was not obtained in the implementation of the project.

2. Unverifiable Expenditure on Purchased Land

During the year under review, the Fund disbursed Kshs.2,977,200 to Khwirale Secondary School and Mungatsi TTI for purchase of land. However, the procurement records relating to the two parcels of land procured were not available for audit review an indication that the schools did not have title deeds to proof ownership of the parcels of land. In addition, the project management committees did not provide land survey and valuation reports, detailing how the purchase price was arrived at. The analysis is as indicated below;

No.	Particulars	Date	PV No.	Chq No.	Amount Kshs.
1	Khwirale Secondary School	13/04/2018	98	6115	800,000
2	Mungatsi TTI	23/03/2018	70	6079	2,177,200
	Total				2,977,200

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as 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 procedures performed, except for the matters described in the 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 overall governance were not effective.

Basis for Conclusion

1. Project Implementation Status

Nambale NG-CDF was to implement a total of 84 projects/programmes by different sectors during the financial year with a budget cost of Kshs.130,547,415 through various project management committees. However, analysis of the project implementation status reports revealed that 32 or 39% of the projects had not been started, 43 or 52% of the projects were still on going and 9 or 11% of the projects had been completed as at the time of audit in February 2019 as tabulated below;

Nambale NG-CDF			Implementation Status								
Sector	Budgeted projects		Not Started			Ongoing			Completed		
	No.	Kshs	No.	Kshs	%	No.	Kshs	%	No.	Kshs	%
Primary School Infrastructure Project	44	50,526,000	21	17,250,000	48%	23	14,500,000	52%		8,476,000	0%
Secondary School Project	21	34,850,000	3	6,000,000	14%	11	9,100,000	52%	9	14,350,000	43%
Tertiary School Projects	1	500,000	1	500,000	100%	0	0	0%	-	0	0%
Security Projects	9	8,768,000	4	1,518,000	44%	5	2,000,000	56%		4,550,000	10%
Sports Activities	1	936,206	-	0	0%	1	936,206	100%		0	0%
Environmental Activities	1	901,216	-	0	0%	1	901,216	100%		0	0%
Emergency Activities	1	4,568,966	1	4,568,966	100%	-	0	0%		0	0%
Constituency Innovation Hubs Project (CIH)	1	4,677,027	1	4,677,027	100%	-	0	0%		0	0%
Constituency Strategic Plan	1	1,800,000	1	1,800,000	100%	-	0	0%		0	0%
Bursaries	2	23,020,000	-	0	0%	2	1,000,000	100%		0	0%
TOTAL	82	130,547,415	32	36,313,993	39%	43	28,437,422	52%	9	27,376,000	11%

Consequently, the Fund failed to complete/operationalize projects after investing some funds in them thus denying the constituents crucial services that would have accrued from the projects.

2. Budget Performance

During the year under review, the Fund revenue was budgeted at Kshs.114,253,219 against actual receipt of Kshs.46,082,302 representing underfunding of Kshs.68,170,917. Further, the Fund spent a total of Kshs.57,842,030.00 against a budget of Kshs.114,253,219 presenting under expenditure of Kshs.56,411,189 or 51% as shown in the table below:

Budgetary Performance				
	Budget	Actual	Variance	
Item	Kshs.	Kshs.	Kshs.	% Actual Vs Budget
Receipts				
Transfers from CDF board	114,253,218	59,468,735	54,784,483	52%
Total Receipts	114,253,218	59,468,735	54,784,483	52%
Payments				
Compensation of Employees	2,517,700	2,516,674	1,026	100%
Use of goods and services	10,227,525	10,124,310	103,215	99%
Transfers to Other Government Units	56,053,130	15,688,536	40,364,594	28%
Other grants and transfers	43,654,864	28,073,000	15,581,864	64%
Other Payments	1,800,000	1,439,510	360,490	80%
Total Payments	114,253,219	57,842,030	56,411,189	51%

Consequently, the Fund failed to implement projects and programmes amounting to Kshs.56,411,189 thus denying the constituents the services that would have been derived.

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the 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 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 money is applied in an effective manner.

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

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 review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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.

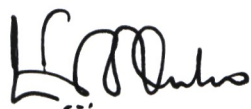
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the 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 as a going concern or 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

24 June 2019

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

NAMBALE CONSTITUENCY

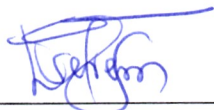
Reports and Financial Statements

For the year ended June 30, 2018

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	46,082,302	139,182,411
TOTAL RECEIPTS		46,082,302	139,182,411
PAYMENTS			
Compensation of employees	2	2,516,674	1,879,368
Use of goods and services	3	10,124,310	8,567,637
Transfers to Other Government Units	4	15,688,536	41,300,657
Other grants and transfers	5	28,073,000	74,343,713
Other Payments	6	1,439,510	-
TOTAL PAYMENTS		57,842,031	126,091,375
SURPLUS/(DEFICIT)		(11,759,729)	13,091,036

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAMBALE Constituency financial statements were approved on 24th August, 2018 and signed by:



Fund Account Manager
Edwin Serem



Sub-County Accountant
Jorim Ogola



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

VI. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	1,626,704	13,386,433
Total Cash and Cash Equivalents		<u>1,626,704</u>	<u>13,386,433</u>
TOTAL FINANCIAL ASSETS		<u>1,626,704</u>	<u>13,386,433</u>
NET FINANCIAL ASSETS		<u>1,626,704</u>	<u>13,386,433</u>
REPRESENTED BY			
Fund balance b/fwd 1st July...	8	13,386,433	295,397
Surplus/Deficit for the year		(11,759,729)	13,091,036
NET LIABILITIES		<u>1,626,704</u>	<u>13,386,433</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAMBALE Constituency financial statements were approved on 24th August, 2018 and signed by:

Fund Account Manager
Edwin Serem

Sub-County Accountant
Jorim Ogola



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

NAMBALE CONSTITUENCY

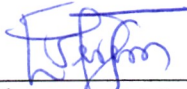
Reports and Financial Statements

For the year ended June 30, 2018

VII. STATEMENT OF CASHFLOW

Receipts for operating income		2017 – 2018	2016 - 2017
Transfers from NGCDF Board	1	46,082,302	139,182,411
		46,082,302	139,182,411
Payments for operating expenses			
Compensation of Employees	2	2,516,674	1,879,368
Use of goods and services	3	10,124,310	8,567,637
Transfers to Other Government Units	4	15,688,536	41,300,657
Other grants and transfers	5	28,073,000	74,343,713
Other Payments	6	1,439,510	-
		57,842,031	126,091,375
Net cash flow from operating activities		(11,759,729)	13,091,036
NET INCREASE IN CASH AND CASH EQUIVALENT		(11,759,729)	13,091,036
Cash and cash equivalent at BEGINNING of the year	7	13,386,433	295,397
Cash and cash equivalent at END of the year		<u>1,626,704</u>	<u>13,386,433</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAMBALE Constituency financial statements were approved on 24th August, 2018 and signed by:



Fund Account Manager
Edwin Serem



Sub-County Accountant
Jorim Ogola

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VIII. 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 Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,345	27,442,873	114,253,218	59,468,735	54,748,483	52.0%
TOTAL	86,810,345	27,442,873	114,253,218	59,468,735	54,748,483	52.0%
PAYMENTS						
Compensation of Employees	2,301,200	216,500.00	2,517,700	2,516,674	1,026	100.0%
Use of goods and services	5,511,730	4,715,795.00	10,227,525	10,124,310	103,215	99.0%
Transfers to Other Government Units	40,576,000	15,477,130.00	56,053,130	15,688,536	40,364,594	28.0%
Other grants and transfers	36,621,415	7,033,449.00	43,654,864	28,073,000	15,581,864	64.3%
Other Payments	1,800,000		1,800,000	1,439,510	360,490	80.0%
TOTALS	86,810,345	27,442,874	114,253,218	57,842,031	56,411,188	50.6%

NB: EXPLANATIONS ON ALL ITEMS BELOW 90% UTILIZATION

- ❖ On Transfers to Other Government Units (28.0%), and Other Grants and Transfers (64.3%) the Fund had not received second half of her allocation by the closure of the financial year. There was also an Additional allocation of funding of Kshs. 11,379,310.34 towards the end of the financial year of which the receipt of funds was realized after closer of the financial year.
- ❖ On Other Payments at 80% is the payments so far made towards development of strategic plan for the constituency.

The NGCDF-NAMBALE Constituency financial statements were approved on 24th August, 2018 and signed by:



Fund Account Manager
Edwin Serem



Sub-County Accountant
Jorim Ogola



NATIONAL GOVERNMENT ENTITY – NAMBALE CONSTITUENCY

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IX. 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-NAMBALE 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)

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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.

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



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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.

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'

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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.

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.



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X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2017-2018		2016-2017	
		Kshs		Kshs
NGCDF Board				
AIE NO: A825806	1		57,285,860	
AIE NO: A829955	2		4,094,827	
AIE NO: A855067	3		36,853,449	
AIE NO: A855707	4		40,948,275	
AIE NO: A855961	1	5,500,000	-	
AIE NO: A892869	2	2,677,130	-	
AIE NO: A892898	3	37,905,172	-	
TOTAL		46,082,302	139,182,411	



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,428,835	1,691,580
NHIF	54,250	-
NSSF	158,016	-
Gratuity	875,573	-
Total	2,516,674	1,691,580



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	5,407,500	4,540,000
Utilities, supplies and services	223,914	356,000
Communication, supplies and services	638,557	287,123
Domestic travel and subsistence	381,400	328,000
Printing, advertising and information supplies & services	-	277,500
Training expenses	1,454,700	-
Insurance costs	221,030	204,251
Specialized materials and services	360,000	519,328
Office and general supplies and services	755,371	-
Fuel, Oil & Lubricants	500,000	200,000
Other operating expenses		
Routine maintenance – vehicles and other transport equipment	181,838	1,855,435
Total	10,124,310	8,567,637

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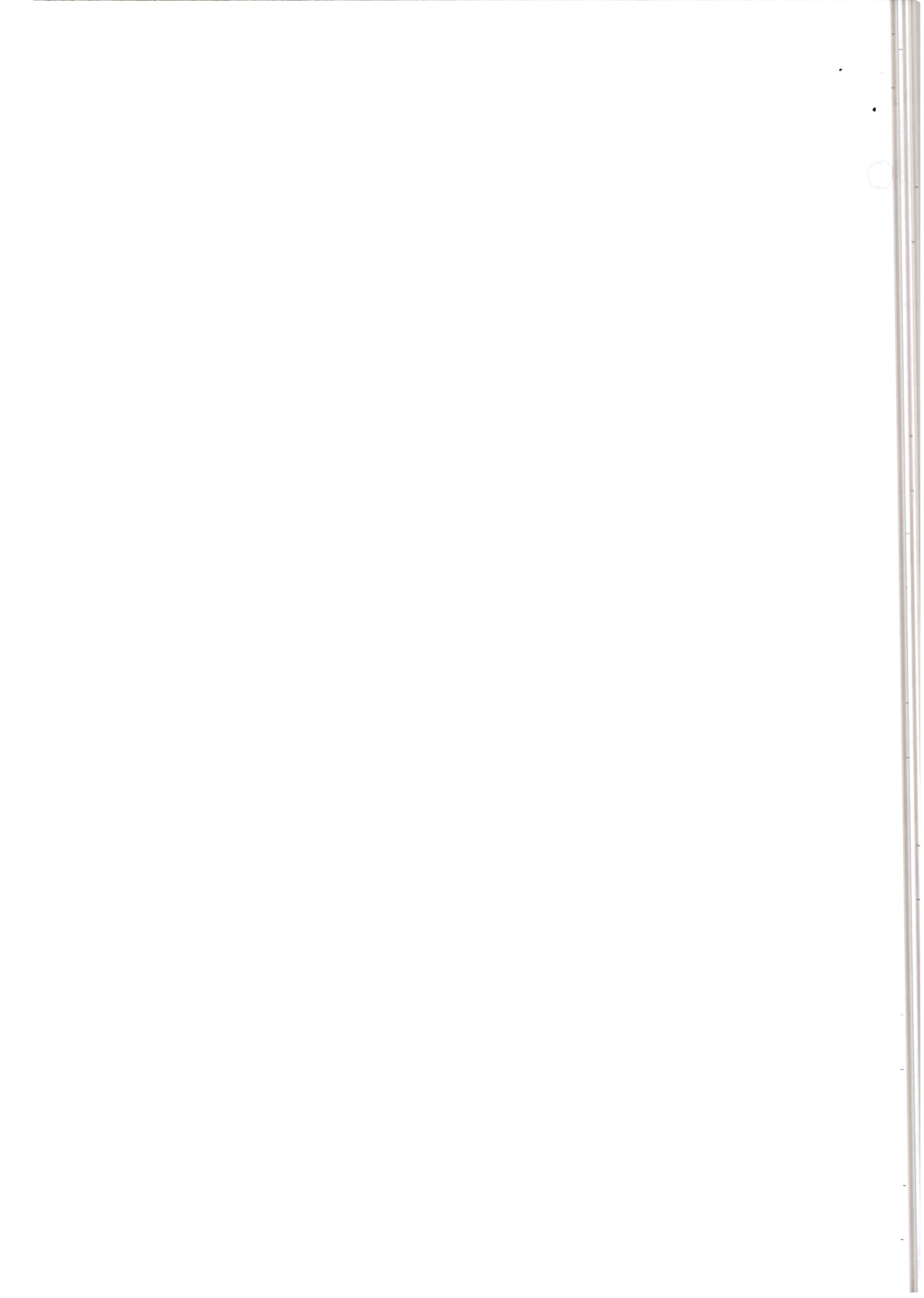
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities		
Transfers to primary schools	5,326,000	10,600,000
Transfers to secondary schools	3,600,000	15,718,000
Transfers to tertiary institutions	6,762,536	14,982,657
TOTAL	15,688,536	41,300,657

5. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools	13,166,000	45,451,200
Bursary – tertiary institutions	11,435,000	20,798,513
Security projects	668,000	4,184,000
Sports projects	49,000	-
Environment projects	1,725,000	-
Emergency projects	1,030,000	3,910,000
Total	28,073,000	74,343,713



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	1,439,510	-
	1,439,510	-



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
Cooperative Bank, 01141235497300	1,626,704	13,386,433
Total	1,626,704	13,386,433



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	13,386,433	295,397
Total	13,386,433	295,397



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. UNUTILIZED FUNDS (See Annex 1)

	Kshs	Kshs
Use of goods and services	1,010,345	-
Amounts due to other Government entities (see attached list)	40,450,000	-
Amounts due to other grants and other transfers (see attached list)	8,647,111	2,667,130
Others (<i>specify</i>)	4,677,027	-
	54,784,483	2,667,130

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. PMC account balances (See Annex 2)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	1,469,681.49	2,198,314.67
	1,469,681.49	2,198,314.67



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ANNEX 1 – UNUTILIZED FUNDS

Name	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Use of goods & services	1,010,345	-	
Amounts due to other Government entities			
Transfers to Primary Schools	21,100,000	-	
Transfers to Secondary Schools	18,850,000	-	
Transfers to Tertiary Institutions	500,000	-	
Sub-Total	40,450,000	-	
Amounts due to other grants and other transfers			
Bursary – Secondary Schools	500,000	-	
Bursary – Tertiary Institutions	500,000	2,667,130	
Security Projects	2,850,000	-	
Sports Projects	639,180	-	
Emergency Projects	4,157,931		
Sub-Total	8,647,111	2,667,130	
Sub-Total	50,107,456		
Others (specify)			
Constituency Innovation Hubs Project	4,677,027	-	
Sub-Total	4,677,027	-	
Grand Total	54,784,483	2,667,130	



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ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Mungatsi Pri School	Cooperative	01139236885200	3,892.50	3,062.50
Namahindi Pri School	Family	079000025338	102.77	4,304.00
Kajoro Pri School	Family	079000025861	28,449.36	99,505.00
Nambale Police Division	Family	079000027613	2,334.00	229,576.40
Musokoto DEB Pri School	Cooperative	01139236805700	2,122.75	201,122.75
Makongeni Pri School	Family	079000025340	134.86	499,533.17
Maolo Sec School	Cooperative	01141231691100	145,165.25	-
Buloma Pri School	Family	079000027767	1,804.00	-
Musoma Pri School	Cooperative	01139235944000	26,080.00	2,700.00
Mabunge RC Sec School	Cooperative	01139236882800	306,902.50	306,902.50
Mwenge Pri School	Family	079000025306	0.75	2,780.60
St. Teresa Makale Pri School	Cooperative	01139237152400	117,755.25	601,450.25
Kisoko Boys Pri School	Cooperative	01141237034700	3,012.50	5,112.50
Namisi Pri School	Cooperative	01139236722100	2,192.50	240,192.50
Buyofu Pri School	Cooperative	01139236504500	4,172.50	2,072.50
St. Peters Khwirale Sec School	Cooperative	01139238548200	825,560.00	-
Total			1,469,681.49	2,198,314.67



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ANNEX 3 – 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	3,000,000.00	0	0	3,000,000.00
Buildings and structures	15,843,060.00	0	0	15,843,060.00
Transport equipment	4,950,000.00	0	0	4,950,000.00
Office equipment, furniture and fittings	1,404,911.70	0	0	1,404,911.70
ICT Equipment, Software and Other ICT Assets	607,470.00	0	0	607,470.00
Total	25,805,441.70	0	0	25,805,441.70

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue/Observations from Auditor	Management Comments	Focal Point to resolve the issue (Name and designation)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Incomplete and Stalled Projects	Additional funding has been factored by management to ensure completion of the projects	Fund Account Manager	Resolved	18 th October 2018
2	Budget Control and Project Performance	The Fund did not meet its implementation targets because the board did not release funds in time due to the uncertainty that happened after the electioneering period	NG-CDF Board	Resolved	15 th August 2018

