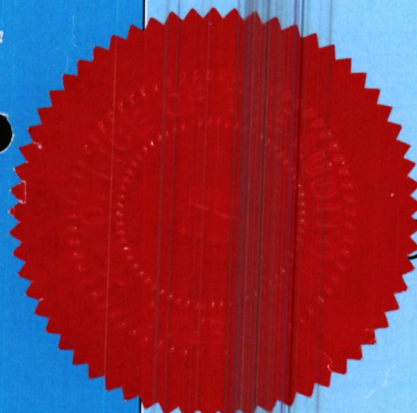




OFFICE OF THE AUDITOR-GENERAL

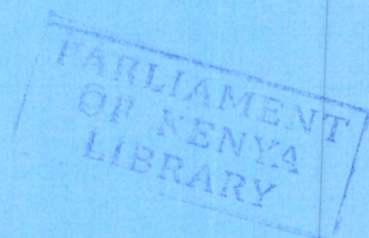


REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 31 JUL 2019 DAY: Wednesday

OF
Hon. Benjamin Wadhvani
Majority Whip
Hakima Almasi



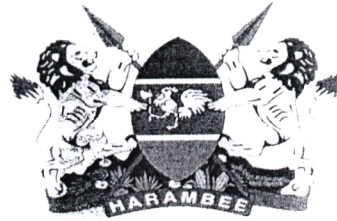
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
TURKANA NORTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018





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

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA NORTH 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 TURKANA NORTH Constituency 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	James E. Echwa
3.	Sub-County Accountant	W.J.O Hakungu
4.	Chairman NGCDFC	Michael Egelan
5.	Member NGCDFC	Albert Mio Rhiaman

(d) Fiduciary Oversight Arrangements

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

DDO'S OFFICES
P.O BOX 1-30504
LOKITAUNG

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

(f) NGCDF TURKANA NORTH Constituency Contacts

Telephone: (254)708309703
E-mail: turkananorth@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF TURKANA NORTH Constituency Bankers

1. Kenya Commercial Bank
P.O BOX 150-30500
LODWAR

(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)
TURKANA NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

This report and financial statement represents the financial position of Turkana North constituency for the financial year 2017/18. It lays down the receipts and expenditures of all the funds that Turkana North NG-CDF received from the NG-CDF Board.

I wish to make the following remarks;

a). Year Performance

In the financial year 2017/18 Turkana North NG- CDF was able to achieve the following comparative performance in various sectors

Receipt/Expense Item	Final Budget(Kshs)	Expenditure(Kshs)	Budget Utilisation Difference(Kshs)	% of Utilisation
PAYMENTS				
Compensation of Employees	2,193,435.90	1,053,098.50	1,140,337.40	48%
Use of goods and services	6,875,524.88	5,051,689.00	1,823,835.88	73%
Transfers to Other Government Units	48,057,721.00	-	48,057,721.00	0%
Other grants and transfers	34,466,873.00	29,849,400	4,617,473.00	87%
Acquisition of Assets	-	-	-	-
Unallocated funds	967,734.00	-	967,734.00	0%
Other Payments	8,677,094.00	-	8,677,094.00	0%
TOTAL	101,238,382.78	35,954,187.50	65,284,195.28	36%

b).NG-CDF Turkana North has been able to achieve the following;

1. Disbursement of bursary to over 2000 needy students in both secondary and tertiary institutions which has resulted in students' retention in school and improved their academic performance in the FYR2017/2018.
2. Construction of Technical training institute which is still on-going and its on completion stage

c). Emerging issues related to NG-CDF in Turkana North Constituency are;

1. All learning institutions i.e. secondary and primary schools depend on NG-CDF 100% on development as directed by ministry of education
2. Need to compete with counties to justify the long existence of NG-CDF
3. There is need for an office as we are still housed by department of planning that has been devolved to the county.

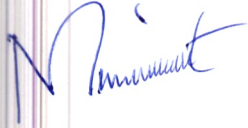
d). NG-CDF Implementation challenges in Turkana North Constituency are;

1. Overdependence of the fund by the public on all development related issues
2. Funds disbursement from the board was not on time thus leading to delayed implementation of key projects

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

Through my leadership, NG-CDFC Turkana North constituency will endeavour to fulfil its mandate when funds are disbursed and monitoring of projects funds as per the guide lines of the NG-CDF ACT 2015

Sign



CHAIRMAN NG-CDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

TURKANA NORTH 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, 2012 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.

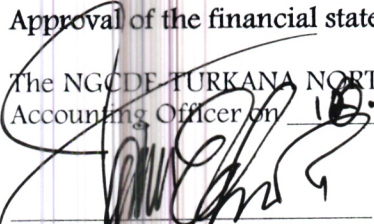
The Accounting Officer in charge of the NGCDF- TURKANA NORTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 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.

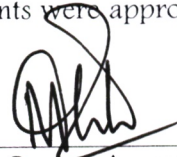
The Accounting Officer in charge of the NGCDF-TURKANA NORTH Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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-TURKANA NORTH 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-TURKANA NORTH 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 TURKANA NORTH Constituency financial statements were approved and signed by the Accounting Officer on 12-4-2019.


Fund Account Manager
Name: James E. Echwa


Sub-County Accountant
Name: W.J.O Hakungu
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 - TURKANA NORTH 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 - Turkana North Constituency set out on pages 7 to 30, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development 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 effects of the matter 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 - Turkana North 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. Cash and Cash Equivalents

The statement of assets and liabilities reflects bank balance figure of Kshs.7,348,947.05 as at 30 June 2018 as disclosed in note 10 A to the financial statements. The June 2018 bank reconciliation statement reflects unrepresented cheques amounting to Kshs.3,758,647.70. However, cheques amounting to Kshs.594,386.90 were stale as at 30 June 2018 and had not been reversed and replaced in cash book while cheques amounting to Kshs.1,462,761 out of the remaining balance of Kshs.3,164,260.80 became stale as at 31 December 2018 and had not been reversed and replaced in the cash book. The June 2018 bank reconciliation statement further reflects payments in bank statement not yet recorded in cash book amounting to Kshs.215,289 in respect to bank charges which had not

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

been recorded in the cashbook as at 30 June 2018 and therefore excluded from the total payments amount of Kshs.35,954,187 for year ended 30 June 2018.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.7,348,947.05 as at 30 June 2018 could not be confirmed.

2. Project Management Committees (PMCs) Bank Account Balances

Other important disclosures note 15.4 to the financial statements reflects PMC bank account balances amounting to Kshs.48,003 as at 30 June 2018 as further disclosed in annex 5 to the financial statements in respect to eight (8) project management bank accounts. However, cash books, bank reconciliation statements and confirmation certificate for each project management committee bank account were not available for audit review.

As a result, the accuracy of the project management bank account balance of Kshs.48,003 as at 30 June 2018 could not be confirmed.

3. Variances between Financial Statements and Supporting Schedules

The financial statement figures for the following items were at variance with the supporting schedules provided for audit review:

Item	Financial Statements Amount (Kshs)	Supporting Schedule Amount (Kshs)	Difference (Kshs)
Committee Expenses	1,435,217	714,600	720,617
Domestic Travel and Subsistence	328,300	642,820	(314,520)
Training Expenses	426,000	-	426,000
Fuel, Oil and Lubricants	1,931,970	1,958,220	(26,250)
Compensation of Employees	1,053,099	1,056,427	(3,328)
Office General Supplies and Services	386,035	494,220	(108,185)
Total	5,560,621	4,866,287	694,334

Consequently, the accuracy and completeness of the financial statement balances for these items totaling Kshs.5,560,621 could not be confirmed as at 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Turkana North Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

1.1 Budget Performance

Turkana North Constituency had final budget amount Kshs.101,238,382.34 for the year ended 30 June 2018 comprising of approved budget for year amounting to Kshs.98,189,654 and bank balance as at 30 June 2017 amounting to Kshs.3,048,727. However, project code list for the year ended 30 June 2018 supports an amount of Kshs.97,221,921.17 instead of Kshs.98,189,654 resulting to difference of Kshs.967,734.17 which has not been explained. Further, project activities financed by opening bank balance of Kshs.2,405,629 were not availed for audit review.

During the year, payments amounting to Kshs.35,954,187 or 36% of the approved were made resulting in an under expenditure of Kshs.65,284,196 or 64% of the final budget indicated below:

Item	Approved Budget (Kshs)	Expenditure (Kshs)	Under Absorption (Kshs)	Under Absorption (%)
Compensation of Employees	2,193,436	1,053,099	1,140,337	51%
Use of Goods and Services	6,875,525	5,051,689	1,823,836	26%
Transfers to Other Government Units	48,057,721	-	48,057,721	100%
Other Grants and Transfers	34,466,873	29,849,400	4,617,473	13%
Unallocated/fund Awaiting Approval	967,734	-	967,734	100%
Other Payments	8,677,094	-	8,677,094	100%
Total	101,238,383	35,954,187	65,284,196	64%

1.2 Project Implementation Status

The project status report for the year ended 30 June 2018 availed for audit review indicates that the fund had an approved budget of Kshs.88,796,058 to finance twenty five (25) projects out of which Kshs.29,849,400 was disbursed to two (2) projects- Education bursary and emergency payments with a total budget of Kshs.32,387,931. However, twenty three (23) projects with total budget of Kshs.56,408,127 were not funded during the year ended 30 June 2018 as indicated in **Appendix I**.

Non utilization of budgeted funds indicates that planned programs or activities were not implemented thus not achieving the intended objective of improving service delivery to the people of Turkana North Constituency.

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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources/Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Use of Goods and Services

1.1 Purchase of Refined Fuel

The statement of receipts and payments reflects use of goods and services figure of Kshs.5,051,689 for the year ended 30 June 2018 which includes fuel, oil and lubricants figure of Kshs.1,931,970 as disclosed in note 5 to the financial statements which is at variance with supporting payment schedules figure of Kshs.1,958,220 resulting in unexplained difference of Kshs.26,250. In addition, bulk fuel orders amounting to Kshs.1,650,000 out of the remaining amount of Kshs.1,958,220 is not supported by deliveries and fuel register.

Further, fuel orders in respect of remaining balance of Kshs.308,220 out of Kshs.1,958,220 is not supported by detail orders and work tickets contrary to Section 104 of the Public Financial Management Act, 2012 which states that all receipts and payment vouchers of public moneys shall be properly supported by pre numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

Consequently, the accuracy and propriety of fuel, oil and lubricants payments amount of Kshs.1,958,220 for the year ended 30 June 2018 could not be confirmed.

1.2 Committee Expenses

The statement of receipts and payments reflects use of goods and services figure of Kshs.5,051,689 for the year ended 30 June 2018 which includes committee expenses figure of Kshs.1,435,217 as disclosed in note 5 to the financial statements which is at variance with supporting schedules figure of Kshs.714,600 resulting to a difference of Kshs.720,617. Further, the committee expenses amount of Kshs.714,600 is not supported by committee minutes and attendance registers contrary to Section 104 of

the Public Financial Management Act, 2012 which states that all receipts and payment vouchers of public moneys shall be properly supported by pre numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

Consequently, the accuracy and propriety of committee expenditure amount of Kshs.714,600 for the year ended 30 June 2018 could not be confirmed.

2. Education Bursary

The statement of receipts and payments reflects other grants and transfers amount of Kshs.29,849,400 for the year ended 30 June 2018 which includes bursary to secondary schools amount of Kshs.10,899,500 and bursary to tertiary institutions amount of Kshs.15,949,900 all totaling to Kshs.26,849,400 as disclosed in note 7 to the financial statements. However, evidence to show that vetting, identification and categorizing of needy students was done by the bursary subcommittee that included area education officer or his representative and formal criteria used in identifying, vetting, awarding of the bursaries as required by the board vide CDF Board circular reference VOL1/111 dated 13 September 2010 was not availed for audit review. Further, evidence in form of official receipts from respective institutions acknowledging receipt of bursary funds was also not availed for audit review.

Consequently, the propriety of bursary payments amounting to Kshs.26,849,400 for the year ended 30 June 2018 could not be confirmed.

3. Emergency Fund Payments

The statement of receipts and payments reflects other grants and transfers amount of Kshs.29,849,400 which includes emergency fund payments amounting to Kshs.3,000,000 as disclosed under note 7 to the financial statements. The emergency fund payments amount of Kshs.3,000,000 includes an amount of Kshs.2,628,000 paid to M/s Jowa Consultants for supply and delivery of Maize-100 bags, Wheat-90 bgas, Rice-100 bags and Beans-150 bags to drought and flood victims in Lokitaung. However, the inspection and acceptance committee report to confirm that the food received were in good conditions and the right quantities as required by section 48(3) (a)(b) of Public Procurement and Asset Disposals Act, 2015 which states that the inspection and acceptance committee shall immediately after the delivery of the goods, works or Service inspect and where necessary, test the goods received inspect and review the goods ,works or services in order to ensure compliance with the terms and specifications of the contract was not availed for audit review. Further, the constituency committee did not report to the Board within thirty days of occurrence of emergence in respect to utilization of Kshs.3,000,000 in emergencies during the year contrary to section 20 (2) of National Government Constituencies Development Fund Regulations, 2016 which states that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.

Consequently, the management is in breach of the law and the propriety of emergency payments amounting to Kshs.2,628,000 for the year ended 30 June 2018 could not be ascertained.

4. Turkana North Technical Training Institute

As reported in the previous year, the constituency committee paid an amount of Kshs.10,000,000 to M/S Matili Technical and Vocational Institute for the construction of Turkana North Technical Training Institute. The CDFC meeting held on 27 July 2016 approved disbursement of Kshs.10,000,000 for construction of 1 workshop measuring 11Mx16M, three lecture rooms each one measuring 8Mx6M and an office space measuring 5.5Mx5.4M all located on the ground floor.

However, the tender documents such as copy of the advertisement, tender opening, tender evaluation and tender award committee minutes, contract agreement, bills of quantities, expenditure returns, report of the inspection and acceptance committee were not availed for audit review.

A review of the position in the 2017/2018 financial year and available information indicates that according to the Ministry of Education Science and Technology Letter Ref No MST/DTE/6/5/Vol.VI dated 1 September 2015 to CEO, CDF Board, the Ministry indicated to the CDF Board that it was in the process of establishing 60 technical training institutes in constituencies that do not have one and that the benefiting constituency makes a counter funding of Kshs.10,000,000. According to the letter, the contracts were to be signed and supervised by the mentoring institutions and in this case, Matili Technical and Vocational Institute. The principals of the mentoring institutions were to be fully accountable for the funds and furnish the CDFC with copies of payments and certificates of works from the Ministry of Public Works. Further in Circular Ref No. CDFBB-CEO/MOE/007/Vol. (10) dated 7 September 2015 to all Fund Account Managers, the CEO, CDF Board directed the CDFCs to make payments outlined by the Ministry of Education and ensure that they keep record of Public Works payment certificates commensurate with the counter funding amount of Kshs.10,000,000 to be submitted by the mentoring institutions, in this case Matili Technical and Vocational Institute.

However, copies of payments and certificates of works from the Ministry of Public Works were not availed for audit verification.

Physical verification of the project during the month of March 2019 revealed that the excavation, foundation laying, walling and roofing, fixing of doors and windows and plastering works had been done while the fixing of doors and windows while other finishing works were yet to be done and it is not known when the construction shall be completed and put to use. In addition, there was no evidence of ownership of the land on which the Institute is being established.

Consequently, the propriety of the expenditure of Kshs.10,000,000 on the project could not be confirmed and the residents of Turkana North Constituency have not received value for money spent on the project.

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

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

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

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, 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 National Government Constituencies Development Fund - Turkana North Constituency ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the National Government either intends to liquidate the National Government Constituencies Development Fund - Turkana North Constituency or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion 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 National Government Constituencies Development Fund Turkana North Constituency policies and procedures may deteriorate.

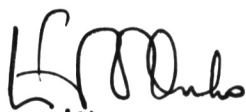
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Government Constituencies Development Fund Turkana North Constituency ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the National Government Constituencies Development Fund Turkana North Constituency 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 National Government Constituencies Development Fund Turkana North Constituency to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

23 May 2019

Appendices

Appendix 1

Project implementation Status

S/No	Project Name	Project Activity	Approved Budget (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	Completion on Rate (%)	Remarks
1	Education Bursary	Bursary for needy students	27,250,000	26,849,400	400,600	99%	On-going
2	Emergency	To cater for any unforeseen occurrences in the constituency	5,137,931	3,000,000	2,137,931	58%	On-going
	Sub Total	Ongoing projects	32,387,931	29,849,400	2,538,531		
3	Kangaki Primary School	Construction of 2 classroom 2,400,000 to completion and purchase of 40 desks	2,600,000	-	2,600,000	0%	Not Funded
4	Meyer Primary School	Construction of 2 classrooms to completion	2,400,000	-	2,400,000	0%	Not Funded
5	Kaeris Secondary School	Renovation of toilets/bathrooms purchase of dining tables Kshs.1000,000	1,800,000	-	1,800,000	0%	Not Funded
6	Kaikor boys Secondary School	Construction of 2 classrooms to completion	2,000,000	-	2,000,000	0%	Not Funded
7	Constituency sport/culture	To organize community cross border peace forums and schools competition within the constituency	1,872,413	-	1,872,413	0%	Not Funded
8	Ataerika Primary School	Construction of 2 No. Classroom to completion Kshs.2,800,000 and supply of 40 desks Kshs.200,000	3,000,000	-	3,000,000	0%	Not Funded
9	Nakitoekakumon Primary School	Construction of 2 No. Classroom to completion Kshs.2,700,000 and supply of 60 desks Kshs.300,00	3,000,000	-	3,000,000	0%	Not Funded
10	Kokuro Primary School	Supply of 70 desks	350,000	-	350,000	0%	Not Funded
11	Meyan Primary School	Supply of 70 desks	350,000	-	350,000	0%	Not Funded
12	Sasame Primary School	Supply of 60 desks	279,310	-	279,310	0%	Not Funded
13	Karebur Primary School	Supply of 60 desks	279,310	-	279,310	0%	Not Funded

S/No	Project Name	Project Activity	Approved Budget (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	Completion on Rate (%)	Remarks
14	Lokitaung Girls Secondary School	Construction of 1 No. dining hall and kitchen to completion	2,300,000	-	2,300,000	0%	Not Funded
15	Nasechabuin Primary School	Construction of 2 classroom 2,400,000 to completion and purchase of 40 desks	2,600,000	-	2,600,000	0%	Not Funded
16	Kaaleng Primary School	Construction of 1 dormitory to completion	2,500,000	-	2,500,000	0%	Not Funded
17	Loruth Primary School	Construction of 2 classroom (Kshs.2,400,000 and construction of 2 pit latrine Kshs.600,000) and purchase of 40 desks 200,000 all to completion.	3,200,000	-	3,200,000	0%	Not Funded
18	Koyasa Primary School	Construction of 2 dormitories	2,000,000	-	2,000,000	0%	Not Funded
19	Karebur Primary School	Construction of 2 classrooms to completion	2,400,000	-	2,400,000	0%	Not Funded
20	Kaemongor Primary School	Construction of 2 classroom (Kshs.2,400,000 and construction of 2 pit latrine Kshs.600,000) and purchase of 40 desks 200,000.	3,200,000	-	3,200,000	0%	Not Funded
21	Makutano Primary School	Construction of 1 dormitory to completion	2,100,000	-	2,100,000	0%	Not Funded
22	Milima tatu Secondary School	Construction of 1 dormitory to completion 2,000,000 completion of science laboratory 1,000,000 and drilling of school borehole 1,000,000	4,000,000	-	4,000,000	0%	Not Funded
23	Nariokotome Sceondary School	Construction of 1 dormitory (Kshs.2,300,000 and 2 classroom Kshs.2,400,000 and 2 pit latrines 600,000 all to completion) and purchase of 40 desks 200,000	5,500,000	-	5,500,000	0%	Not Funded
24	Constituency innovation hub	To pay for the installation of constituency innovation hubs in the constituency for 4 sites. Installation of satellite antenna, Router, Digital access kit, Digitall ruggedized Tablet,Wi-Fi with outdoor wireless device	4,677,094	-	4,677,094	0%	Not Funded

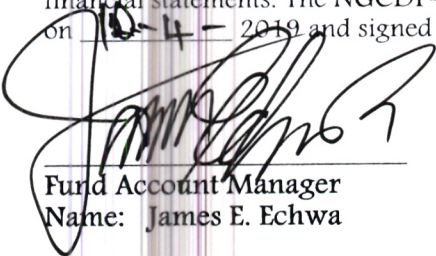
S/No	Project Name	Project Activity	Approved Budget (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	Completion on Rate (%)	Remarks
		complete with 12U cabinet with installation accessories.					
25	Turkana North Strategic Plan	To develop a strategic plan 2017-2011 for the constituency	4,000,000	-	4,000,000	0%	Not Funded
	Sub Total	Project not Funded	56,408,127	-	56,408,127		
Grand total			88,796,058	9,849,400	58,946,658		


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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	43,405,172.00	85,400,516.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		43,405,172.00	85,400,516.00
PAYMENTS			
Compensation of employees	4	1,053,098.50	3,993,799.10
Use of goods and services	5	5,051,689.00	6,693,234.00
Transfers to Other Government Units	6	-	82,429,863.00
Other grants and transfers	7	29,849,399.50	54,641,518.00
Acquisition of Assets	8	-	8,000,000.00
Other Payments	9	-	-
TOTAL PAYMENTS		35,954,187.00	155,758,414.10
SURPLUS/(DEFICIT)		7,450,985.00	(70,357,898.40)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA NORTH Constituency financial statements were approved on 10-4-2019 and signed by:


Fund Account Manager
Name: James E. Echwa

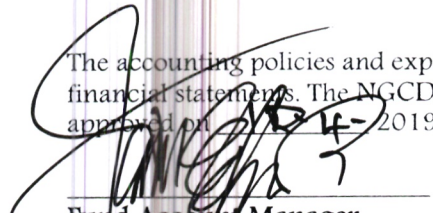

Sub-County Accountant
Name: W.J.O Hakungu
ICPAK Member Number:

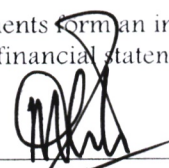
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA NORTH CONSTITUENCY
Reports and Financial Statements
As at June 30, 2018**

V. STATEMENT OF ASSETS AND LIABILITIES as at 30 June 2018

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	7,348,947.05	3,048,726.55
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		7,348,947.05	3,048,726.55
Current Receivables -Outstanding Imprests	11	3,150,763.95	-
TOTAL FINANCIAL ASSETS		10,499,711.00	3,048,726.55
FINANCIAL LIABILITIES			
Accounts payables- Retention	12	-	-
NET FINANCIAL ASSETS		10,499,711.00	3,048,726.55
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	3,048,726.55	73,357,124.95
Surplus/Deficit for the year		7,450,985.00	(70,357,898.40)
Prior year adjustments	14	-	49,500.00
NET FINANCIAL POSITION		10,499,711.00	3,048,726.55

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA NORTH Constituency financial statements were approved on 14-2-2019 and signed by:


Fund Account Manager
Name: James E. Echwa


Sub-County Accountant
Name: W.J.O Hakungu
ICPAK Member Number:

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

TURKANA NORTH CONSTITUENCY

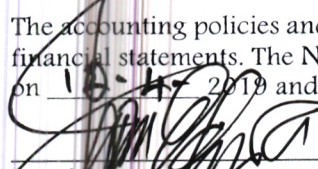
Reports and Financial Statements

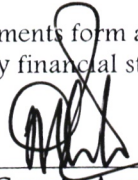
For the year ended June 30, 2018

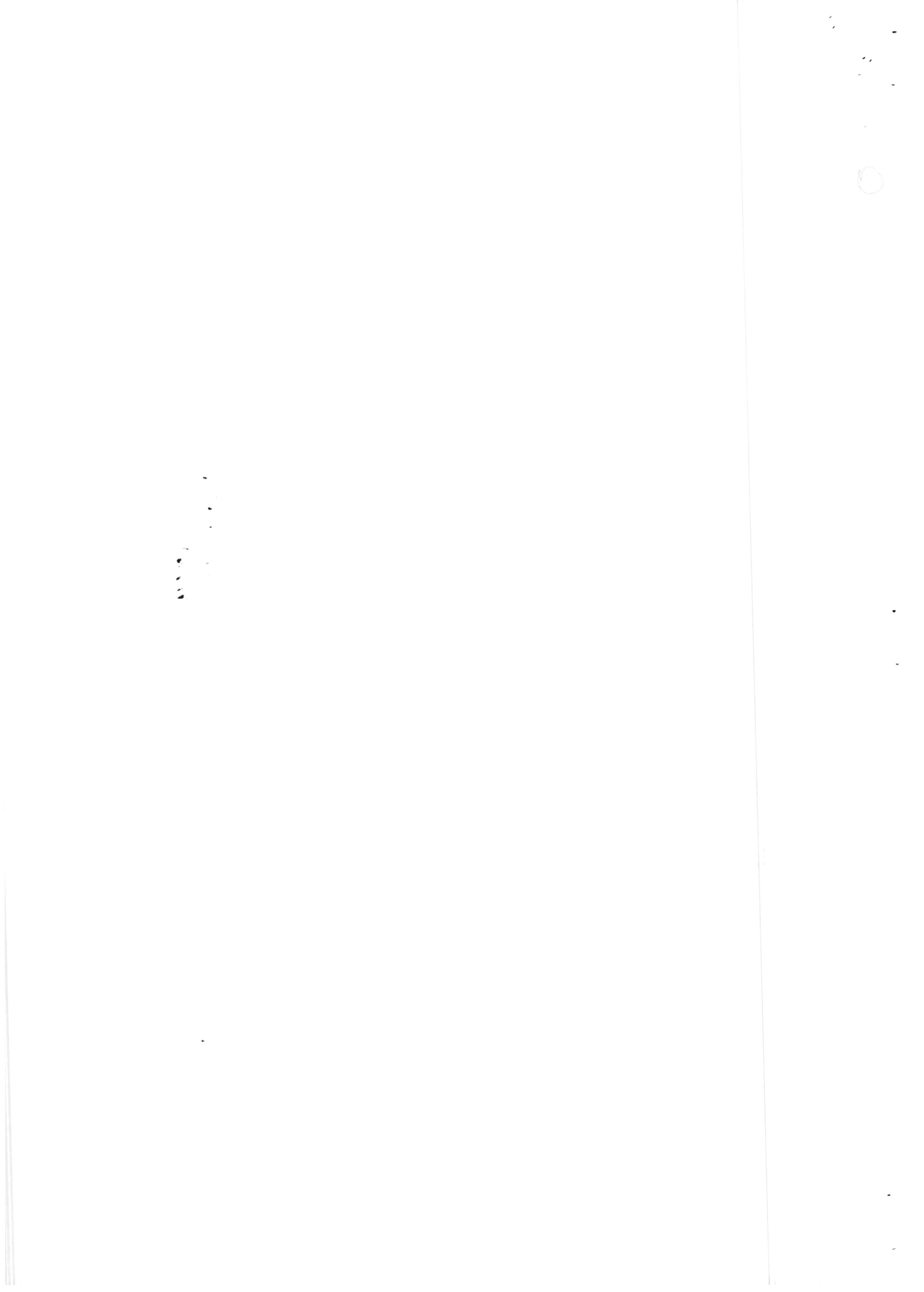
VI. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from NGCDF Board	1	43,405,172.00	85,400,515.70
Other Receipts	3	-	-
		43,405,172.00	85,400,515.70
Payments for operating expenses			
Compensation of Employees	4	1,053,098.50	3,993,799.10
Use of goods and services	5	5,051,689.00	6,693,234.00
Transfers to Other Government Units	6	-	82,429,863.00
Other grants and transfers	7	29,849,399.50	54,641,518.00
Other Payments	9	-	-
		35,954,187.00	147,758,414.10
Adjusted for:			
Adjustments during the year	14	-	49,500.00
Net cash flow from operating activities		7,450,985.00	(62,308,398.40)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	8,000,000.00
Net cash flows from Investing Activities		-	8,000,000.00
NET INCREASE IN CASH AND CASH EQUIVALENT		7,450,985.00	(70,308,398.40)
Cash and cash equivalent at BEGINNING of the year	13	3,048,726.55	73,357,124.95
Cash and cash equivalent at END of the year		10,499,711.55	3,048,726.55

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- TURKANA NORTH Constituency financial statements were approved on 18-11-2018 and signed by:


 Fund Account Manager
 Name: James E. Echwa


 Sub-County Accountant
 Name: W.J.O Hakungu
 ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –TURKANA NORTH CONSTITUENCY

Reports and Financial Statements

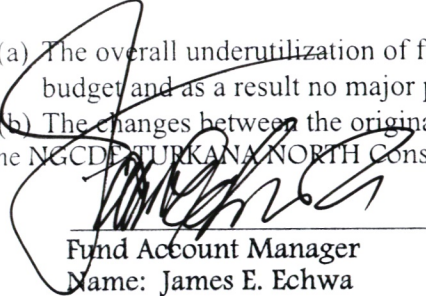
For the year ended June 30, 2018

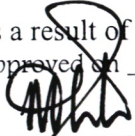
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	98,189,655.34	3,048,727.00	101,238,382.34	46,453,899.00	54,784,483.34	46
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
	98,189,655.34	3,048,727.00	101,238,382.34	46,453,899.00	54,784,483.34	46
PAYMENTS						
Compensation of Employees	2,099,840.00	93,595.90	2,193,435.90	1,053,098.50	1,140,337.40	48
Use of goods and services	6,326,022.94	549,501.94	6,875,524.88	5,051,689.00	1,823,835.88	73
Transfers to Other Government Units	45,858,620.96	2,199,100.04	48,057,721.00	-	48,057,721.00	0
Other grants and transfers	34,260,343.88	206,529.12	34,466,873.00	29,849,400.00	4,617,473.00	87
Acquisition of Assets	-	-	-	-	-	0
Unallocated funds	967,733.98	-	967,733.98	-	967,733.98	0
Other Payments	8,677,094.00	-	8,677,094.00	-	8,677,094.00	0
TOTALS	98,189,655.34	3,048,727.00	101,238,383.77	35,954,187.50	65,284,195.28	36

(a) The overall underutilization of funds for the financial year 2017-2018 was occasioned by low disbursement from the board of 44% of the budget and as a result no major project could be undertaken.

(b) The changes between the original budget and the final budget are as a result of Opening fund balance of ksh.3,048,727
 The NGCDF TURKANA NORTH Constituency financial statements were approved on 18-4-2019 and signed by:


 Fund Account Manager
 Name: James E. Echwa


 Sub-County Accountant
 Name: W.J.O Hakungu
 ICPAK Member Number:

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

VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-TURKANA NORTH 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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
TURKANA NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
TURKANA NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018
SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Funds

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
TURKANA NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018
SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2018.

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) -
TURKANA NORTH CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO.A839522	1		4,094,827.60
AIE NO.A855105	2		36,853,449.00
AIE NO. A855656	3		40,948,275.10
AIE NO. A855686	4		3,503,964.00
AIE NO. A892531	1	5,500,000.00	
AIE NO. A892855	2	37,905,172.00	
TOTAL		43,405,172.00	85,400,515.70

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	-	-

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3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	1,016,378.50	3958,599.10
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Employer contribution to NSSF	36,720	35,200
Total	1,053,098.50	3,993,799.10

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5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	1,435,217	2,000,000
Utilities, supplies and services	-	-
Communication, supplies and services	48,300	78,908
Domestic travel and subsistence	328,300	339,000
Printing, advertising and information supplies & services	249,970	148,425
Rentals of produced assets	-	-
Training expenses	426,000	1,745,248
Hospitality supplies and services	-	60,000
Insurance costs	-	551,840
Specialized materials and services	-	-
Office and general supplies and services	386,035	292,244
Fuel ,oil & lubricants	1,931,970	774,740
Other operating expenses	31,217	150,000
Routine maintenance – vehicles and other transport equipment	214,680	552,829
Routine maintenance – other assets	-	-
Total	5,051,689	6,693,234

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6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	-	35,229,863
Transfers to secondary schools (see attached list)	-	37,200,000
Transfers to tertiary institutions (see attached list)	-	10,000,000
Transfers to health institutions (see attached list)	-	-
TOTAL	-	82,429,863

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	10,899,500	10,697,000
Bursary – tertiary institutions (see attached list)	15,949,900	29,245,300
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	4,579,172
Security projects (see attached list)	-	-
Sports projects (see attached list)	-	1,541,894
Environment projects (see attached list)	-	1,037,931
Health institution	-	1,000,000
Emergency projects (see attached list)	3,000,000	6,540,221
Total	29,849,400	54,641,518

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. **ACQUISITION OF ASSETS**

<u>Non Financial Assets</u>	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	8,000,000
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	-	8,000,000

9. **OTHER PAYMENTS**

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



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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>KCB, Lodwar Branch A/c No. 1107296994</i>	7,348,947.05	3,048,726.55
<i>Name of Bank, Account No.</i>	-	-
<i>Name of Bank, Account No.</i>	-	-
Total	7,348,947.05	3,048,726.55
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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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>
FAM	dd/mm/yy	3,150,763.95	-	3,150,763.95
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
Total				3,150,763.95

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

12: RETENTION

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

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	3,048,726.55	73,357.95
Cash in hand	-	-
Imprest	-	-
Total	3,048,726.55	73,357.95

[Provide short appropriate explanations as necessary]

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14. PRIOR YEAR ADJUSTMENTS

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	-	-
Cash in hand	-	49,500
Imprest	-	-
Total	-	49,500

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	219,336	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	219,336	-

15.3: UNUTILIZED FUNDS (See Annex 3)

	2017-2018 Kshs	2016-2017 Kshs
Compensation of employees	1,140,337.40	93,596
Use of goods and services	1,823,835.88	500,001
Amounts due to other Government entities (see attached list)	48,057,721.00	2,199,100
Amounts due to other grants and other transfers (see attached list)	4,617,473.00	206,529
Unallocated Funds	967,733.98	-
Others payments	8,677,094.00	-
	65,284,195.28	2,999,226

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15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	48,003.00	54,849.50
	48,003.00	54,849.50

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. Primary school projects	-	-	-	-		
2. Secondary schools	-	-	-	-		
3.						
Sub-Total	-			-		
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7. Primary schools(supply of desks)	-		-	-		
8. Secondary schools(supply of desks)	-		-	-		
9.						
Sub-Total	-			-		
Supply of services						
10. Constituency sports	-		-	-		
11. Constituency innovation hub	-		-	-		
12. Constituency Strategic plan	-		-	-		
13. Emergency	-		-	-		
14.						
Sub-Total	-			-		
Grand Total	-			-		

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.	All staffs	219,336	June 2018	-	219,336	nil	Salaries are paid after month end
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (<i>specify</i>)							
10.							
11.							
12.							
	Sub-Total	219,316			219,336	nil	
	Grand Total	219,316			219,316		

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	salaries	1,140,337.50	93,595.90	
Use of goods & services	Admi,M&E & committee exp	1,823,835.88	500,001	
Amounts due to other Government entities				
	Transfers primary schools	32,457,720	2,199,100	
	Transfers to secondary schools	15,600,001	0	
	Sub-Total	48,057,721	2,199,100	
Amounts due to other grants and other transfers				
	Bursary secondary	400,538	206,529	
	Bursary Tertiary	205,763		
	Emergency	2,138,760		
	Constituency sports	1,872,413		
	Sub-Total	4,617,473	206,529	
	Sub-Total			
Acquisition of assets				
Others payments				
	Constituency innovation Hub	4,677,094		
	Constituency strategic plan	4,000,000		
	Sub-Total	8,677,094	0	
	Approved but Unallocated funds	967,734	0	
	Grand Total	65,284,195.28	2,999,226	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	18,407,180	-	-	18,407,180
Office equipment, furniture and fittings	347,500	-	-	347,500
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	18,754,680	-	-	18,754,680

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Natoo Primary School	KCB	1130482588	5154.00	5,484.00
Kibish Primary school	KCB	1146778627	18,862.00	19,192.50
Narengwoi Primary School	KCB	1197591818	1,640.00	1,970.00
Pelekech Primary School	KCB	1111183088	-	-
Kariworeng Primary School	KCB	1151304697	2,704.00	3,034.00
Milima Tatu Secondary School	KCB	1169665128	15,900.00	16,230.00
Sasame Primary School	KCB	1150171014	3,235.00	3,565.00
Prigan Primary School	KCB	1139425978	508.00	5,374.00
Total			48,003.00	54,849.50

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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)
1.0	Presentation of financial statements : numbering of pages and indication of accounting period to financial statements	Relevant corrections have been made in the revised financial statements	James Echwa (FAM)	resolved	
2.0	Variances in the financial statements	Excess pvs relating to prior financial year were inadvertently included among the relevant pvs	James Echwa (FAM)	resolved	
3.0	Transfers from the board Variance on totals disbursement from board and reported amount	The variance between the monies from the board in course of the year and the summary statement represented unspent balances brought forward from 2015/2016	James Echwa (FAM)	resolved	
4.0	Committee expenses (minutes and attendance register not availed)	The relevant missing minutes and attendance registers have been attached to payment vouchers.	James Echwa (FAM)	resolved	
5.0	Training Expenses (list of attendants and minutes not attached)	List of attendants had been filed separately and has been retrieved	James Echwa (FAM)	resolved	
6.0	Purchase of desks (tender documents not attached)	Funds were channelled through PMC and all other documentation were retrieved and included in the PV	James Echwa (FAM)	resolved	
7.0	Natoo Primary school project (Tender documents not attached)	All necessary required documents were retrieved from project file and attached to the PV	James Echwa (FAM)	resolved	

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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)
8.0	Matili Technical project (Tender documentation not attached)	The project was initiated by MOEST Headquarter and Turkana North NG CDF only transferred the money based on the circular instructions and approval by CDFC	James Echwa (FAM)	resolved	
9.0	Bank Charges (analysis of all banks charges not done)	Banks charges analysis have been provided	James Echwa (FAM)	resolved	
10.0	Purchase of Buses (Tender documents not attached)	Documentation is attached to payment voucher and also included is the payment for the advertisement for purchase of the same that was placed in the daily nation newspaper.	James Echwa (FAM)	resolved	
11.0	Purchase of CDF vehicle(Tender documents not attached)	All documentation have been attached to the payment voucher	James Echwa (FAM)	resolved	

