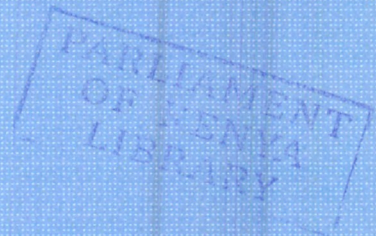


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 17 SEP 2019 TUESDAY

TABLED BY: MAJORITY LEADER

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
NAROK NORTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018



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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

NAROK NORTH CONSTITUENCY

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- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

(b) Key Management

The NGCDF NAROK NORTH 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	DAVID GITHINJI
3.	Sub-County Accountant	JOSEPH E.MWANGI
4.	Chairman NGCDFC	SAMUEL NAING`ISA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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No.	Designation	Name
5.	Member NGCDFC	LINAH NOOI.

(d) Fiduciary Oversight Arrangements

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

P.O. BOX 664-20500
NG-CDFC Building NAROK NORTH
NAROK, KENYA

*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
NAROK NORTH CONSTITUENCY*

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

(f) NGCDF NAROK NORTH Constituency Contacts

Telephone: (254)0724925786

E-mail: cdnaroknorthconstituency@gmail.com

Website: www.ngcdfnaroknorthconstituency.go.ke

(g) NGCDF NAROK NORTH Constituency Bankers

1. Equity Bank
Narok Branch
P O Box 664-20500
Narok.

(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)

NAROK NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)

This report and financial statement represents the financial position of NAROK NORTH constituency for the financial year 2017/2018. It lays down the receipts and expenditures of all the funds that NAROK NORTH NG-CDFC received from the NG-CDF BOARD.

I wish to make the following remarks;

a). Year Performance

In the financial year 2017/2018 NAROK NORTH NG-CDF was able to achieve the following comparative performance in various sectors

PAYMENTS	Final Budget	total expenditure	budget utilization difference	% of utilization
Compensation of Employees	2,544,484	1,821,257	723,227	71.6%
Use of goods and services	7,565,527	6,806,109	759,418	90.0%
Transfers to Other Government Units	53,713,153	37,730,000	15,983,153	70.2%
Other grants and transfers	35,398,326	23,944,840	11,453,486	67.6%
Other payments (Retention)	-	-	-	0.00%
constituency Innovation Hub	4,677,027	-	4,677,027	0.00%
Constituency Strategic Plan	3,500,000	2,500,000	1,000,000	71.41%
TOTAL	107,398,516	72,802,206	34,596,311	67.8%

b).NG-CDF NAROK NORTH have been able to achieve the following;

1. It has completed 32 primary school projects, 0 secondary school projects, 5 security projects and a Five-year constituency strategic plan. Which are in use and has resulted in improved infrastructure in our institutions.
2. Funded 3,426 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.

c). Emerging issues related to NG-CDF in NAROK 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

d). NG-CDF Implementation challenges in NAROK NORTH Constituency are;

1. Overdependence of the fund by the public on all development related issues. (Here public participation is involved in identification of projects for funding and bursary beneficiaries within the constituency).

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
NAROK NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

2. Funds disbursement from the board is at times untimely leading to unnecessary adjustments. (NG-CDF committee is disbursing funds as soon as funds are received).

2. Many projects allocated funds- leading to projects receiving insufficient funds (NG-CDF is focusing on allocating enough funds to complete the project within 2 years).

3. Implementation of projects through labour based which makes it difficult to comply with all government regulations on procurement and line ministry supervision. (NG-CDFC is educating the Project Management Committees to contract contractors on full contract.)

Through my leadership, NG-CDFC NAROK NORTH constituency will endeavour to fulfil its mandate in disbursement and monitoring of projects funds as per the guidelines of the NG-CDF ACT 2015

SAMUEL NAING'ISA
CHAIRMAN NG-CDFC

SIGN-----Naing'isa-----Date-----9/9/18-----

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
NAROK NORTH CONSTITUENCY
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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 by the Public Sector Accounting Standards Board of Kenya from time to time.

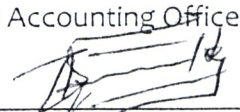
The Accounting Officer in charge of the NGCDF-NAROK NORTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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-NAROK 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 in charge of the NGCDF-NAROK 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-NAROK 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-NAROK NORTH Constituency financial statements were approved and signed by the Accounting Officer on 9/9/ 2018.



Fund Account Manager
Name: DAVID GITHINJI



Sub-County Accountant
Name: JOSEPH MWANGI

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 NAROK NORTH CONTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituency Development Fund –Narok North Constituency set out on pages 8 to 24 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 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 Narok North Constituency Development Fund as at 30 June 2018, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituency Development Act 2015 and Public Finance Management Act 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Inaccurate Cash and Cash Equivalent Balance

The statement of assets and liabilities reports a closing cash and cash equivalent balance of Kshs.23,217,000 which differs with the bank reconciliation statement balance of Kshs.33,674,893.39 resulting to a difference of Kshs.10,457,893.39 which has not been explained or reconciled. In addition, the statement of cash flow shows a cash and cash equivalent balance of Kshs.25,765,998.25 which differs with the amount of Kshs.23,217,000 reported, resulting to Kshs.2,548,998.25 that has not been explained.

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

Therefore, the accuracy and completeness of the cash and cash equivalent amount of Kshs.23,217,000 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Narok North Constituency Development Fund 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.

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 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

Non Compliance with Laws and Regulations

Non Implementation of Approved Projects

The summary statement of appropriation, recurrent and development combined reports a final budget amount of Kshs.107,398,516 against an actual expenditure of Kshs.72,802,206 leaving a balance of Kshs.34,596,311 unspent during the period under review thereby denying the residents of Narok North Constituency the desired government services without reasonable justification.

This state of affairs puts into question the ability of the Accounting Officer and the Constituency Development Fund Committee in executing the budget in accordance with the legislative authority.

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 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. Internal Control Weaknesses

1.1 Manual Processing of Financial Transactions

Although Narok North Constituency Development Fund uses the manual vote book system to process financial transactions, no reasonable explanation was provided why the Integrated Financial Management Information System (IFMIS) or the automated vote book management system deployed at the Sub County Treasury are not applied for consistency and conformity.

Therefore, it was not possible to confirm whether internal controls were effective and operated throughout the year due to the limitations of a manual accounting system.

1.2 Lack of Updated Project Implementation Status Reports

Although the statement of receipts and payments reports transfers to other government units of Kshs.37,730,000 and other grants and transfers of Kshs.26,444,840 during the year under review, no updated project implementation status reports had been prepared by 30 June 2018 showing the current state of each project.

Therefore, the effectiveness of project supervision, control and management procedures could not be confirmed.

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 ability to 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 Narok North Constituency Development Fund or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the 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 policies and procedures may deteriorate.

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

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

Constituency Development 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 Narok North Constituency Development 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

08 August 2019


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 NAROK NORTH CONSTITUENCY

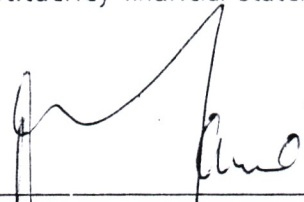
Reports and Financial Statements
 For the year ended June 30, 2018

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	95,750,345	73,466,173.70
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		95,750,345	73,466,173.70
PAYMENTS			
Compensation of employees	4	1,821,257	1,914,169
Use of goods and services	5	6,806,109	6,352,348
Transfers to Other Government Units	6	37,730,000	36,600,000
Other grants and transfers	7	26,444,840	35,694,852
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		72,802,206	80,561,369
SURPLUS/DEFICIT		22,948,139	(7,095,195.30)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAROK NORTH Constituency financial statements were approved on 9/9/ 2018 and signed by:


 Fund Account Manager
 Name: DAVID GITHINJI



 Sub-County Accountant
 Name: JOSEPH MWANGI
 ICPAK Member Number:

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

IV. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	23,217,000	999,859.25
Cash Balances (cash at hand)	10B	-	1,818,000
Current receivables- Outstanding Imprests	11	-	-
Prior Year Adjustments	14	-	-
TOTAL FINANCIAL ASSETS		23,217,000	2,817,859.25
Accounts Payable-Retention	12	-	-
NET FINANCIAL ASSETS		23,217,000	2,817,859.25
FINANCIAL LIABILITIES REPRESENTED BY			
Fund balance b/fwd 1st July...	13	2,817,859.25	9,913,054.55
Surplus/Deficit for the year		22,948.139	(7,095,195.30)
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		25,765,998.25	2,817,859.25

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAROK NORTH Constituency financial statements were approved on 17/9/2018 and signed by:


 Fund Account Manager
 Name: DAVID GITHINJI


 Sub-County Accountant
 Name: JOSEPH MWANGI.

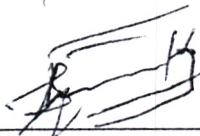
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
NAROK NORTH CONSTITUENCY

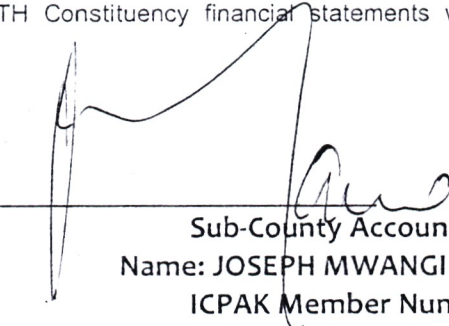
Reports and Financial Statements
For the year ended June 30, 2018

V. STATEMENT OF CASHFLOW

Receipts for operating income		2017-2018 Kshs	2016-2017 Kshs
Transfers from CDF Board	1	95,750,345	73,466,173.70
Other Receipts	3	-	-
		95,750,345	73,466,173.70
Payments for operating expenses			
Compensation of Employees	4	1,821,257	1,914,169
Use of goods and services	5	6,806,109	6,352,348
Transfers to Other Government Units	6	37,730,000	36,600,000
Other grants and transfers	7	26,444,840	35,694,852
Other Payments (Retention)	9	-	-
Total Payments		72,802,206	80,561,369
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		22,948,139	(7,095,195.30)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		22,948,139	(7,095,195.30)
Cash and cash equivalent at BEGINNING of the year	13	2,817,859.25	9,913,054.55
Cash and cash equivalent at END of the year		25,765,998.25	2,817,859.25

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAROK NORTH Constituency financial statements were approved on 9/9/ 2018 and signed by:


Fund Account Manager
Name: DAVID GITHINJI



Sub-County Accountant
Name: JOSEPH MWANGI
ICPAK Member Number:

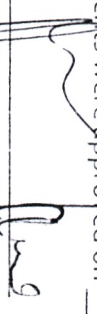
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – NAROK NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,345	20,588,171	107,398,516	95,750,345	11,379,311	89.4%
Proceeds from Sale of Assets	-	-	-	-	-	-
TOTAL RECEIPTS	86,810,345	20,588,171	107,398,516	96,019,206	11,379,311	89.4%
PAYMENTS						
Compensation of Employees	2,029,200	515,284	2,544,484	1,821,257	723,227	71.6%
Use of goods and services	6,832,564	732,963	7,565,527	6,806,109	759,418	90.0%
Transfers to Other Government Units	37,750,000	15,963,153	53,713,153	37,730,000	15,983,153	70.2%
Other grants and transfers	32,021,554	3,376,772	35,398,326	26,444,840	11,453,486	67.6%
Other payments (Retention)	-	-	-	-	-	0.0%
constituency Innovation Hub	4,677,027	-	4,677,027	-	4,677,027	0.0%
Constituency Strategic Plan	3,500,000	-	3,500,000	2,500,000	1,000,000	71.4%
TOTAL	86,810,345	20,588,171	107,398,516	72,802,206	34,596,311	67.8%

The NGCDF-NAROK NORTH Constituency financial statements were approved on 9/9/18 2018 and signed by:


Fund Account Manager
Name: DAVID GITHINJI


Sub-County Accountant
Name: JOSEPH MWANGI
ICPAK Member Number:

VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Kenya Public Sector Accounting Standards Board (KPSASB) 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-NAROK 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 (KSh), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

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

a) Recognition of receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
NAROK NORTH CONSTITUENCY
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VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
1330407	Normal Allocation	A892956	5,500,000	
		A892993	37,905,172	
		A896948	43,405,172.80	
		A896931	8,940,000	
		A.I.E ADJUSTED		509,622.00
		A829958	-	4,094,827.60
		A855068	-	36,853,449.00
		A855557	-	32,008,275.10
1330408	Conditional grants		-	
1330409	Receipt from other Constituency		-	-
	TOTAL		95,750,345	73,466,173.70
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
3510000				
	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
3510202	Receipts from the Sale of Buildings		-	-
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-
3510801	Receipts from the Sale Plant Machinery and Equipment		-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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3510803	Receipts from the Sale of Office and General Equipment		-	-
	TOTAL		-	-
1400000	3 OTHER RECEIPTS			
	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
1410107	Interest Received		-	-
1410405	Rents		-	-
1420601	Sale of Tender Documents		-	-
1450207	Other Receipts (hiring out of projector)		-	-
	TOTAL		-	-
2110000	4 COMPENSATION OF EMPLOYEES			
	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,804,357	1,870,969
2110202	Basic wages of casual labour		-	-
	Personal allowances paid as part of salary			
2110301	House allowance		-	-
2110314	Transport allowance		-	-
2110320	Leave allowance		-	-
2110326	Other personnel payments		-	-
2120101	Employer contribution to NSSF		16,900	43,200
2710120	Gratuity-contractual employees		-	-
	TOTAL		1,821,257	1,914,169
2200000	5 USE OF GOODS AND SERVICES			
	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2210100	Utilities, supplies and services		294,000	350,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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2210101	Electricity		-	-
2210102	Water & sewerage charges		-	-
2210104	Office rent		-	-
2210200	Communication, supplies and services		-	235,265
2210300	Domestic travel and subsistence		-	192,000
2210500	Printing, advertising and information supplies & services		-	250,000
2210600	Rentals of produced assets		-	-
2210700	Training expenses		-	1,335,500.9
2210800	Hospitality supplies and services		-	-
2210802	Other committee expenses		-	1,692,838
2210809	Committee allowance		2,852,000	543,000
2210900	Insurance costs		-	-
2211000	Specialized materials and services		-	-
2211100	Office and general supplies and services		-	450,000
2211200	Fuel , oil & lubricants		400,000	777,200
2211300	Other operating expenses		-	49,945
2211301	Bank service commission and charges		-	-
2211313	Security operations		-	-
2220100	Routine maintenance - vehicles and other transport equipment		3,260,109	475,600
2220200	Routine maintenance- other assets		-	-
	TOTAL		6,806,109	6,352,348
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2630204	Transfers to Primary schools		37,730,000	34,750,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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2630205	Transfers to Secondary schools		0	1,650,000
2630206	Transfers to Tertiary institutions		-	-
2630207	Transfers to Health institutions		-	200,000
	TOTAL		37,730,000	36,600,000
2640000	7 OTHER GRANTS AND OTHER PAYMENTS			
	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2640101	Bursary –Secondary		6,097,250	9,585,000
2640102	Bursary –Tertiary		11,640,000	12,616,000
2640104	Bursary-Special schools		-	-
2640105	Mocks & CAT		-	-
2640504	Water		-	800,000
2640505	Food security		-	-
2640506	Strategic Plan		2,500,000	-
2640507	Security		3,750,000	1,000,000
2640508	Roads and Bridges		-	6,140,000
2640509	Sports		-	1,400,000
2640510	Environment		-	863,852
2640512	Cultural Projects		-	-
2640513	Agriculture		-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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2640200	Emergency Projects		2,457,590	4,090,000
	TOTAL		26,444,840	35,694,852
3100000	8 ACQUISITION OF ASSETS			
	Non Financial Assets		2017 - 2018	2016 - 2017
			Kshs	Kshs
3110102	Purchase of Buildings		-	-
3110202	Construction of Buildings		-	-
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of office furniture and fittings		-	-
3111002	Purchase of computers ,printers and other IT equipments		-	-
3111005	Purchase of photocopier		-	-
3111009	Purchase of other office equipments		-	-
3111112	Purchase of soft ware		-	-
3130101	Acquisition of Land		-	-
	TOTAL		-	-
	9 Other Payments			
	specify		-	-
	specify		-	-
	specify		-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

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	TOTAL		-	-
	10A: Bank Balances (cash book bank balance)			
	Name of Bank, Account No. & currency	Account Number	2017 - 2018	2016 - 2017
			Kshs(30-6-2018)	Kshs (30/6/2017)
	National Bank, Narok Branch		0	268,860.70
	Equity Bank Narok Branch	0360263540325	23,217,000	0
			-	-
	TOTAL		23,217,000	268,861
	10B: CASH IN HAND)			
			2017 - 2018	2016 - 2017
			Kshs (30/6/2018)	Kshs (30/6/2017)
	Location 1		-	-
	Location 2		-	-
	Location 3		-	-
	Other receipts (specify)		-	-
	TOTAL		-	-
	11: OUTSTANDING IMPRESTS			
	Name of Officer		Amount Taken	Amount Surrendered
		Date imprest taken	Kshs	Kshs
			-	-
			-	-
			-	-
	12 Retention			
	Supplier/Contractor	PV No.	2017 - 2018	2016 - 2017
				-
				-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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	TOTAL			
	13 BALANCES BROUGHT FORWARD			
			2017 - 2018	2016 - 2017
			Kshs (1/7/2017)	Kshs (1/7/2016)
	Bank accounts		23,217,000	9,182,056
	Cash in hand		-	-
	Imprest		-	-
	TOTAL		23,217,000	9,182,056
	14. PRIOR YEAR ADJUSTMENTS			
			2017 - 2018	2016 - 2017
			Kshs	Kshs
	Bank accounts		-	-
	Cash in hand		-	-
	Imprest		-	-
	TOTAL		-	-
	15. OTHER IMPORTANT DISCLOSURES			
	15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)		2017 - 2018	2016 - 2017
			Kshs	Kshs
	Construction of buildings		-	-
	Construction of civil works		-	-
	Supply of goods		-	-
	Supply of services		-	-
	TOTAL		-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

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For the year ended June 30, 2018

15.2: PENDING STAFF PAYABLES (See Annex 2)			
		2017 - 2018	2016 - 2017
		Kshs	Kshs
	Salaries Payable	-	-
	Gratuity Payable	-	-
15.3: OTHER PENDING PAYABLES (See Annex 3)		2017 - 2018	2016 - 2017
		Kshs	Kshs
	Amounts due to other Government entities (see attached list)	34,596,311	11,757,859.23
	Amounts due to other grants and other transfers (see attached list)	-	-
	Others (Wages)	-	-
	un allocated from sale of tender and hiring out of projector	-	-
	TOTAL	34,596,311	11,757,859.23

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
NAROK NORTH CONSTITUENCY**

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)	2017-2018	2016-2017
	Kshs	Kshs
PMC account Balances(see attached list)	6,925,284.21	-

NATIONAL GOVERNMENT ENTITY – NAROK NORTH CONSTITUENCY
Reports and Financial Statements
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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 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT ENTITY – NAROK NORTH CONSTITUENCY
Reports and Financial Statements
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2018 d=a-c	Outstanding Balance 2017	Comments
Salaries Payable							
1.							
2.							
3.							
	Sub-Total				0		
Gratuity Payable							
1.							
2.							
3.							
	Sub-Total				723,227		
	Grand Total				723,227		

NATIONAL GOVERNMENT ENTITY – NAROK NORTH CONSTITUENCY

**Reports and Financial Statements
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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance		Comments
		2017/18	2016/17	
Compensation of employees	Extra allocation in Supplementary budget and Prior year allocation for gratuity.	723,227	831,943	
Use of goods & services	Extra allocation in Supplementary budget	759,418	0	
Sub-Total		1,482,645	0	
Amounts due to other Government entities				
Primary school projects	FY 2016/17 Allocation Received in June 2018 and Extra allocation in Supplementary budget	11,483,153	2,120,000	
Secondary school projects	Extra allocation in Supplementary budget	4,500,000	0	
Sub-Total		15,983,153	0	
Amounts due to other grants and other transfers				
Sports	FY 2016/17 Allocation Received in June 2018 and allocation for FY 2017/18	2,400,000	0	
Emergency Security	Extra allocation in Supplementary budget funds not yet disbursed by NG-CDF Board	576,772	0	
Environment	FY 2016/17 Allocation Received in June 2018 and Allocation for FY 2017/18	2,400,000	0	
Bursary Secondary schools	Final tranche of the allocation to be disbursed in July 2018	2,430,000	0	
Bursary Tertiary school	Final tranche of the allocation to be disbursed in July 2018.	3,646,714	0	
Sub-Total		11,453,486	0	
Acquisition of assets				
Others (specify)		0	0	
ICT HUB	CAK is yet to provide guidelines on Program roll out.	4,677,027.00	0	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NAROK NORTH CONSTITUENCY
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Strategic Plan	Consultant to be paid balance on approval of the strategic plan in July 2018.	1,000,000	0	
Sub-Total		5,677,027	0	
Grand Total		34,596,311	0	

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	-	-	-	-
Office equipment, furniture and fittings	1,194,360	-	-	1,194,360
ICT Equipment, Software and Other ICT Assets	795,000	-	-	795,000
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	1,989,360	0	0	1,989,360

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NAROK NORTH CONSTITUENCY
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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

Project Name	A/C NO.	BANK, BRANCH	Bal as at 30/6/2018
Entiyani Primary School		Equity, Narok	1,000,000.00
Erusiai Primary School	0360277197076	Equity, Narok	70,000.00
Ilkarampuni Primary School	0360266397417	Equity, Narok	2,145.00
Limanet Primary School		Equity, Narok	0.00
Masa Mara Univesity Model Primary School	360263E+11	Equity, Narok	269,997.00
Medungi Primary School		Equity, Narok	149,560.00
Nchura Eshumata	0360277197761	Equity, Narok	393,978.21
Ntimama Ridge Primary School	0360277325855	Equity, Narok	48,350.00
Olchorro Primary School		Equity, Narok	48,560.00
Oleleshwa Primary School	0360277324129	Equity, Narok	78,746.50
Olemeisi Primary School	0360277324129	Equity, Narok	4,500,000.00
Olesintir Primary School		Equity, Narok	315.00
Oimeru Primary School		Equity, Narok	45,477.50
Ololii Primary School		Equity, Narok	102,260.00
Oloroito Primary School	0360276145754	Equity, Narok	170,335.00
Sakutiek Primary School		Equity, Narok	49,560.00
	TOTAL		6,929,284.21

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NAROK NORTH CONSTITUENCY
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NAROK NORTH CONSTITUENCY

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved. For the year ending 30th June 2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4-1.2	The statement of receipts and payments reports total payments of Kshs.125,141,218 instead of Kshs.125,666,319 reflected in previous year audited accounts leading to a difference of Kshs.525,101 which has not been explained or reconciled. Refer to Appendix I.	Management agrees with the audit observation and the financial statements are amended accordingly to correct the error. The financial statements for the financial year 2015/2016 has been amended of which the audit team did not take in to consideration of which an AIE amounting to kshs 525,101 was not entered in the cash book hence giving the variance.	Fund Account Manager		
4-2.1	It was observed that Pay as You Earn deductions were over recovered from employees' salaries in contravention of the prescribed rates by the Act as shown in Appendix II	Management have noted the audit observations and PAYE rates shall be strictly applied to fully comply with Income Tax Act Provisions. The prescribed PAYE rates will be strictly applied and the excess amount paid has	Fund Account Manager		

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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. For the year ending 30th June 2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1.2	The statement of receipts and payments reports total payments of Kshs.125,141,218 instead of Kshs.125,666,319 reflected in previous year audited accounts leading to a difference of Kshs.525,101 which has not been explained or reconciled. Refer to Appendix I.	Management agrees with the audit observation and the financial statements are amended accordingly to correct the error. The financial statements for the financial year 2015/2016 has been amended of which the audit team did not take in to consideration of which an AIE amounting to kshs 525,101 was not entered in the cash book hence giving the variance.	Fund Account Manager		
4.2.1	It was observed that Pay as You Earn deductions were over recovered from employees' salaries in contravention of the prescribed rates by the Act as shown in Appendix II	Management have noted the audit observations and PAYE rates shall be strictly applied to fully comply with Income Tax Act Provisions. The prescribed PAYE rates will be strictly applied and the excess amount paid has	Fund Account Manager		

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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)
4.2.2	It was observed that the fund manager has continuously failed to remit monthly PAYE deductions on or before 10th day following the recovery month and as such Kshs.94, 842 had not been paid to KRA at the close of the year.	been recovered.			
4.3.1	The statement of receipts and payments reports expenditure of Kshs.350, 000 on utilities supplies and services as disclosed in note 5 to the statements which have not been supported by the relevant verifiable accounting documentation and approvals and as such doubtful.	Management has noted the audit observation and statutory payments shall be made within the prescribed deadlines in accordance with the relevant legislation. In addition, the outstanding PAYE balance of Kshs 94,842 has since been paid to KRA in the financial year 2017/2108.	Fund Account Manager		
4.3.2	The statement of receipts and payments reports expenditure of Kshs.235, 625 in respect of communication, supplies and services	Management has noted the audit observation, however the documents were misfiled but are readily available for examination. In addition the expenses relate to day to day office expenses and therefore we shall endeavour to improve our record filing system.	Fund Account Manager		

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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)
	payments reports training expenditure of Kshs.1,335,500. However, audit examination revealed that only Kshs.98,000 were supported by relevant documentation leaving a balance of Kshs.1,237,500 without any relevant approved accounting documentation. No satisfactory explanation was given for this material breach of the financial regulations.	observation, however the documents were misfiled but are readily available for examination. In addition the training reports, lists of facilitators and time tables are attached for your perusal and the record keeping system will be improved on accordingly.	Manager		
4-3-6	The statement of receipts and payments reports office and general supplies expenditure of Kshs.450, 000 in note 5 to the financial Statements while the payment vouchers amount to Kshs.214, 850 resulting to unsupported expenditure of Kshs.235, 150. No explanation was given for this material breach of the financial regulations. Refer to Appendix III	Management has noted the audit observation, however the documents were misfiled but are readily available for examination. In addition the expenses on office stationeries and equipment and therefore we shall endeavor to improve our record filing system.	Fund Account Manager		
4-3-7	The statement of receipts and expenditure reports Kshs.777, 200 expenditure on fuel, oil and lubricants as disclosed in note 5 to the financial	Management has noted the audit observation, however the documents were misfiled but are readily available for examination. In addition the	Fund Account Manager		

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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)
	payments reports training expenditure of Kshs.1,335,500. However, audit examination revealed that only Kshs.98,000 were supported by relevant documentation leaving a balance of Kshs.1,237,500 without any relevant approved accounting documentation. No satisfactory explanation was given for this material breach of the financial regulations.	observation, however the documents were misfiled but are readily available for examination. In addition the training reports, lists of facilitators and time tables are attached for your perusal and the record keeping system will be improved on accordingly.	Manager		
4-3.6	The statement of receipts and payments reports office and general supplies expenditure of Kshs.450, 000 in note 5 to the financial Statements while the payment vouchers amount to Kshs.214, 850 resulting to unsupported expenditure of Kshs.235, 150. No explanation was given for this material breach of the financial regulations. Refer to Appendix III	Management has noted the audit observation, however the documents were misfiled but are readily available for examination. In addition the expenses on office stationeries and equipment and therefore we shall endeavor to improve our record filing system.	Fund Account Manager		
4-3.7	The statement of receipts and expenditure reports Kshs.777, 200 expenditure on fuel, oil and lubricants as disclosed in note 5 to the financial	Management has noted the audit observation, however the documents were misfiled but are readily available for examination. In addition the	Fund Account Manager		

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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)
	statement. However, it was noted that this expenditure item is not supported by verifiable accounting documents, motor vehicle fuel consumption records or work tickets and as such doubtful.	expenses relate to motor vehicle running expenses which are supported by work tickets and fuel consumption reports. We shall also endeavor to improve our record filing system			
4-3.8	The approved budget for capacity building and training was Kshs 600,000 while the actual expenditure incurred on use of goods and services as disclosed under note 5 was Kshs.1, 335,500 resulting in unauthorized expenditure of Kshs.735, 500 incurred without the relevant authority of the Board.	Management has noted the audit observation and in future will make specific training budgets to avoid such instance from happening.	Fund Account Manager		
4-3.9	The budgetary allocation for other committee expenses was Kshs.1, 500,000 while the actual expenditure reported in the statement of receipts and expenditure is Kshs.1, 693,838 leading to unauthorized expenditure of Kshs.193, 838 which was not approved by the CDF Board.	Management has noted the audit observation, however the overspent amount of Kshs 193,838 relates to balances carried forward from financial year 2015/2016 of Kshs 200,000. In future these balances shall be rebudgeted accordingly	Fund Account Manager		

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	by section 12(4) of the Constituency Development Fund Act.				
4.4.2	The approved budgetary allocation for transfers to secondary schools was Kshs.1, 300,000 while the statement of receipts and payments reports disbursements to secondary schools of Kshs.1, 650,000 resulting to unauthorized transfers of Kshs.350, 000 which were not approved by the board. Further, no returns were made by the schools to acknowledge receipt of the funds and how they were actually applied and as such the transaction may be doubtful	Management has noted the audit observation, however the overspent amount of Kshs 350,000 relates to Sakutiek Secondary projects carried forward from financial year 2015/2016	Fund Account Manager		
4.4.3	Audit examination of records of transfers to secondary schools established that Kshs.350,000 was paid to Sakutiek Secondary School through payment Voucher No.111dated 28 April 2017 while it does not appear in the approved project code list for financial year 2016-2017 thus in contravention of the Act. Risk(s)/Effect(s)/Implications	Management has noted the audit observation, however the overspent amount of Kshs 350,000 relates to projects carried forward from financial year 2015/2016 as explained in the above paragraph	Fund Account Manager		



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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)
	There is a risk that Kshs.350, 000 was transferred to Sakutiik Secondary School without the relevant approvals of the board and as such the transaction was irregular.	Management has noted the audit observation, however the unapproved amount of Kshs 200,00 relates to projects carried forward from financial year 2015/2016. In addition the project file has been updated by all the relevant documentation.	Fund Account Manager		
4.4.4	The approved project list for the year did not contain budgetary allocation for Erusie Dispensary while Kshs.200,000 was disbursed for its completion without board approval in contravention of the Act. Further, no inspection and acceptance certificate or completion certificate was availed for audit to confirm that the project was completed and commissioned. In addition, the previous year audit certificate indicated that the project cost had been overpaid by Kshs.384, 465 and as such the justification of the additional funds is not clear.		Fund Account Manager		

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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)
4-5.1	The budgetary allocation for bursary to secondary schools was Kshs.6,000,000 while actual disbursements was Kshs.9,585,000 thereby resulting in unauthorized bursary payment of Kshs.3,585,000 which was not approved by the board as required by Act.	Management has noted the audit observation, however the unapproved amount of Kshs 3,585,000 relates to balances carried forward from financial year 2015/2016.	Fund Account Manager		
4-5.2	M/s Towfiq Building Construction Ltd were awarded the contract through tender No. NNCDF/08/2015/16 for the construction of the Osonkoroi Bridge at a sum of Kshs.9,195,560 on 3 rd December 2015 upon the approval of Narok North CDF Tender Committee. However, audit examination of project file established a sum of Kshs.25,051,500 paid to the contractor as at 30 th June 2017, resulting in unauthorized variation of contract of Kshs.15,855,940 as shown in Appendix V.	Management Response The management has noted the audit observation but note that M/s Towfiq Building Construction Ltd were paid Kshs.9,140,000 only in respect Onsonkoroi bridge. And the additional payments vouchers in the file were for other separate projects awarded to the contractor during the financial year.	Fund Account Manager		
4-5.3	The statement of receipts and payments reports sports grants of Kshs.1,400,000 under note 7 to the	Management has noted the audit observation and the recommendations and have the relevant approvals,	Fund Account Manager		

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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)
	financial Statements which are not supported by relevant accounting documents, garments or equipment procured and a list of the beneficiary schools or community clubs.	accounting documentation, garments and equipment procured & the list of beneficiaries put in place.			
4-5-4	The statement of receipts and payments reports environment grants payments of Kshs.863, 852 under note 7 to the financial statements which are not supported by the relevant accounting documents and approvals and as such are doubtful. No explanation was given for this unsatisfactory state of affairs.	Management has noted the audit observation and have attached copies of the payment voucher with the relevant documents in support of the environment expenditure of Kshs 863,852	Fund Account Manager		
4-5-5	The statement of receipts and payments reports emergency projects expenditure of Kshs.4, 090,000 as disclosed under note 7 to the financial statement. However, audit recomputed the emergency reserve fund for the year to be Kshs.3, 647,827 (5 % of Kshs.72, 956,551) thereby	Management has noted the audit observation , however wish to state that emergency reserve was 5% of the total annual allocation of Ksh 81,896,551.72, which amount to Kshs 4,094,827. However, disbursements from the fund kshs Kshs 72,956,551 occasioning a shortfall of Kshs	Fund Account Manager		

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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)
	financial Statements which are not supported by relevant accounting documents, garments or equipment procured and a list of the beneficiary schools or community clubs.	accounting documentation, garments and equipment procured & the list of beneficiaries put in place.			
4-5.4	The statement of receipts and payments reports environment grants payments of Kshs.863, 852 under note 7 to the financial statements which are not supported by the relevant accounting documents and approvals and as such are doubtful. No explanation was given for this unsatisfactory state of affairs.	Management has noted the audit observation and have attached copies of the payment voucher with the relevant documents in support of the environment expenditure of Kshs 863,852	Fund Account Manager		
4-5.5	The statement of receipts and payments reports emergency projects expenditure of Kshs.4, 090,000 as disclosed under note 7 to the financial statement. However, audit recomputed the emergency reserve fund for the year to be Kshs.3, 647,827 (5 % of Kshs.72, 956,551) thereby	Management has noted the audit observation , however wish to state that emergency reserve was 5% of the total annual allocation of Ksh 81,896,551.72, which amount to Kshs 4,094,827. However, disbursements from the fund kshs Kshs 72,956,551 occasioning a shortfall of Kshs	Fund Account Manager		



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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)
	<p>shown below: National Bank of Kenya (NBK)- 601,123.70 and Equity Bank- 3,002,413.70. Further, the bank statements, cash book or bank reconciliation statements for National Bank Account were not submitted for audit and as such its ownership, accuracy and completeness could not be ascertained.</p> <p>In addition, the outstanding balance of Kshs.601, 123.70 reflected in the account at the close of the financial year is omitted from the books of account and the financial statements thereby understating the cash and cash equivalent by the same amount.</p> <p>Management has noted the audit observation and submits the bank reconciliation statement, cash survey report and bank certificate to support the balance as 30th June 2017.</p> <p>In addition the National Bank Account closure instructions and last statement is attached for your confirmation.</p>				

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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)
4.6.3	The statement of assets reports outstanding imprest of Kshs.1, 818,000 which is not supported by imprest warrants, list of beneficiaries or approval authority and as such its existence and completeness could not be ascertained. Refer to Appendix VI	Management has noted the audit observation and states that the outstanding Imprest of Kshs 1,818,000 relates to various un-surrendered imprests at the end of the financial year which were surrendered in the financial year 2017/2018 as shown in the attached supporting schedule.	Fund Account Manager		
4.7.1	The statement of cash flow reports an opening cash balance of Kshs.9,913,054.55 while the previous year audited statement show a cash closing balance of Kshs.10,422,423 resulting in a difference of Kshs.509,369 which has not been reconciled or explained. Refer to Appendix VII Risk(s)/Effect(s)/Implications There is a risk that the statement of cash flow is misstated and therefore misleading to the users of the financial statements.	Management has noted the audit observation and states that the statement of cash flow will be amended accordingly to reflect the correct position. We appreciate your audit observation will endeavor to implement recommendations wherever possible in order to improve our internal controls systems and operations.	Fund Account Manager		

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