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OFFICE OF THE AUDITOR-GENERAL

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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
- GARISSA TOWNSHIP CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
GARISSA TOWNSHIP CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

**Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)**



REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA TOWNSHIP FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Garissa Township set out on pages 1 to 19, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, the statement of cash flows for the year then ended, the summary statement of appropriation 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (Cash Basis) and for such 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Garissa Township Constituency for the year ended 30 June 2016

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The statement of financial assets reflects cash and cash equivalents balance of Kshs.17,060,654 as at 30 June 2016. However, the bank reconciliation statement for the fund's cash book as at 30 June, 2016 reflects payments of Kshs.1,038,224 in the cash book not recorded in the bank statement, which includes stale cheques totaling Kshs.224,000. No reason has been given for not re-crediting the stale cheques back to the cash book.

Further the Fund operates several project managing bank accounts whose bank reconciliation statements or bank balances were not provided for audit review.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.17,060,054 as at 30 June 2016 could not be confirmed.

2.0 Unacknowledged Bursary Funds

Examination of payment voucher no.CB034 of 29 January 2016 and supporting documents revealed that NG-CDF Garissa Township made a payment of Kshs.23,221,000 to various institutions in respect of bursary to the needy students. However, an amount of Kshs.11,819,000 lacked official receipts or letters of acknowledgment of receipt of the funds from the institutions. Further, the list of beneficiaries supporting the expenditure did not have details of level of learning of students. It was therefore, not possible to confirm if the bursary worth of Kshs.11,819,000 was received by the appropriate institutions or if the fund benefited the deserving cases as intended.

As a result, the propriety of the bursary expenditure of Kshs.11,819,000 could not be ascertained as at 30 June 2016.

3.0 Fixed Assets Register

Summary of Fixed Asset Register at annex 1 to the financial statements disclosed assets balance of Kshs.850,000 for the financial year 2014/2015 and Kshs.845,000 for the year under review. However, the difference of Kshs.5,000 was not explained or reconciled and further no Fixed Asset register was availed for audit verification to confirm the makeup of Asset balance.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GARISSA
TOWNSHIP CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

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Under the circumstance, the accuracy, completeness and validity of the fixed asset balance of Kshs.845,000 reported as at 30 June 2016 could not be confirmed.

4.0 Unaccounted for Expenditure

4.1 Unaccounted for Grants

Examination of payment vouchers and supporting documents revealed that the NG-CDF Garissa Township awarded contracts worth Kshs.4,900,000 for Bush clearing and light grading of Modika-Lamu road and rehabilitation of six (6) classrooms at Bour-Argy Primary school for the financial year under review. A total payment of Kshs.3,900,000 was made to the contractors without certificate of practical completion of work. Further, the project files, Bills of Quantities and other tender documents relating to the projects were not made available for audit review.

In the circumstances, it has not been possible to ascertain whether the projects were procured properly in accordance with the procurement laws, and the propriety of the expenditure of Kshs.3,900,000 as at 30 June 2016 could not be ascertained.

4.2 Unsupported and Unaccounted Monitoring and Evaluation Exercise

The Government Financial Regulations and Procedures requires that all payments must be properly supported with relevant documentation. The NG-CDF Garissa Township made payments amounting to Kshs.1,318,000 in respect of monitoring and evaluation during the year under review. However, the supporting documents attached to the payment vouchers did not include the list of projects visited and projects progress reports arising from the visits. Further, temporary work tickets for the hired vehicles were not made available for audit review.

Under the circumstances, it has not been possible to confirm the propriety of the expenditure totalling Kshs.1,318,000 incurred on the monitoring and evaluation exercise as at 30 June 2016.

5.0 Outstanding Temporary Imprest

The statement of financial asset and the supporting Note 9 to the financial statements and the cash book reflects an outstanding imprest amount of Kshs.405,850 as at 30 June, 2016. However, Note 9 does not indicate the date the imprests were taken or issued. No explanation has been given on why the imprests were not surrendered, or not recovered as required by the Public Finance Management Act, 2012.

In the circumstance, the recoverability of the outstanding imprest of Kshs.405,850 could not be ascertained as at 30 June 2016.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the

financial position of National Government Constituencies Development Fund - Garissa Township as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and comply with National Government Constituencies Development Fund, Act 2015.

Other Matter

1.0 Budget Performance Analysis

During the year under review, the National Government Constituency Development Fund - Garissa Township had an approved budget of Kshs.114,479,810 with Kshs.100,724,719 or 88% allocated to development projects and Kshs.13,755,091 or 12% allocated to recurrent expenditure. Out of the Kshs.114, 479,810 budgeted for the financial year under review, Kshs.67,411,360 was unspent and has therefore spilled over to the financial year 2016/2017.

The budget analysis on budgeted allocation and expenditure by items is shown below:-

1.1 Development (Projects) Expenditure

| ITEM | Budget Allocation | Actual Expenditure | Over/ Under Absorption | No.Of Projects Budgeted | No.Of Projects Implemented |
|------------------------------------|--------------------|--------------------|------------------------|-------------------------|----------------------------|
| DEVELOPMENT (PROJECTS) | | | | | |
| Transfer to other Government Units | 42,946,900 | 3,600,000 | 39,346,900 | 20 | 0 |
| Other Grants & Transfers | 57,277,819 | 36,058,500 | 21,219,319 | 15 | 13 |
| Other payments | 500,000 | 0 | 500,000 | 1 | 0 |
| TOTAL | 100,724,719 | 39,658,500 | 61,066,219 | 36 | 13 |

1.2 Recurrent Expenditure

| Item | Budget Allocation | Actual Expenditure | Over/Under Absorption |
|-------------------------|-------------------|--------------------|-----------------------|
| Use of Goods & Services | 12,391,091 | 6,672,870 | 5,718,221 |
| Employee Compensation | 1,364,000 | 737,080 | 626,920 |
| TOTAL | 13,755,091 | 7,409,950 | 6,345,141 |

The NG-CDF Garissa Township had budgeted for 36 projects for 2015/2016. However, by the end of the financial year, only 13 projects were completed and therefore 23 projects were not implemented.

A review of the total budget for the constituency revealed that the total budget allocation for development was Kshs.100,724,719 and the actual expenditure was Kshs.39,658,500 with a balance of Kshs.61,066,219 as at 30 June, 2016. The total allocation for recurrent budget was Kshs.13,755,091 but the NG-CDF Township spent

only Kshs.7,409,950 almost half of the allocation with unspent balance of Kshs.6,345,141 making a total of Kshs.67,411,360 as unspent fund for 2015/2016.

No proper explanation was given for not using the approved budget in full to benefit the constituents.

2.0 Outstanding Prior Years Audit Issues 2014/2015

The management of NG-CDF Garissa Township did not respond to the issues raised in the report for 2014/2015 financial year and therefore the following issues remained unresolved:-

2.1 Irregular award of capital projects worth Kshs.19,100,000 without certificate of partial or practical completion. Further, BQs were not availed and where availed pages of the BQs were not signed by tender committee as required.

2.2 Unaccounted for six (6) pump sets worth Kshs.6,000,000 procured during the year without specifications. Further, the pump sets were neither received vide S13 nor taken on charge in the stores ledger and were not issued out.

2.3 Unaccounted for Administration/ Monitoring and Evaluation amount of Kshs.1,988,000 was paid during the year. However, payment vouchers were not supported with the temporary work tickets of the hired vehicle and list of projects visited and their progress reports.



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

Nairobi

18 September 2017

**NATIONAL GOVERNMENT *CONSTITUENCY DEVELOPMENT FUND- GARISSA*
*TOWNSHIP CONSTITUENCY***

**Reports and Financial Statements
For the year ended June 30, 2016**

(f) NATIONAL GOVERNMENT GARISSA TOWNSHIPNGCDF Bankers

Equity Bank Limited
Garissa Branch
Box 700-70100
Maendeleo Plaza
Garissa, Kenya

(g) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GARISSA TOWNSHIP CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (NGCDF)* was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*.

(b) Key Management

The *Garissa Township Constituency's* day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NGCDFB)
- ii. Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|--------------------|-----------------------------|
| 1. | Accounting Officer | Yusuf Mbuno |
| 2. | A.I.E holder | Hassan Billow Ismail |
| 3. | Accountant | Mohamed Aden Arab |
| 4. | | |

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Garissa Township Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Development Fund Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) NATIONAL GOVERNMENT GARISSA TOWNSHIP NGCDF Headquarters

P.O. Box 800-70100
Off- Kismayo Road
Opposite AIC Church
Garissa, KENYA **GARISSA TOWNSHIP NGCDF Contacts**
Telephone: (254) 723283423
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Website: www.NGCDF.go.ke

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GARISSA TOWNSHIP CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2016**

II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)

Has achieved and successfully implemented over 80% of projects for the financial year 2014-2015. We directed good percentage of our allocations to Education projects as well as Bursaries to reduce illiteracy and increase retention rates in both Secondary and Tertiary institutions.

The Fund utilization and absorption has been good and we were able to disburse the funds to Project Management Committees for timely completion of projects.

KEY ACHIEVEMENTS

Completed construction and renovations of all classrooms that was financed during the current year

- Constructions and Equipment of Science laboratories to improve learning and performance of students within the constituency.
- Support to over 1000 needy and poor students in both Secondary and Tertiary institutions from the constituency.
- Improved livelihoods and reduced food insecurity of the Farmers in the constituency through Purchase and supply of Pump Sets for Farm Groups.
- Increased access to Water through Disinfecting of Water pan

EMERGING ISSUES

Though some sectors like Water, Health and Agriculture are devolved, the public feels that the county government is not doing much thus making them approach NGCDFCs to continue implement projects of those devolved sectors.

IMPLEMENTING CHALLENGES

- High illiteracy levels of the PMCs hindering the Efficient and Effective implementations of projects.
- Disbursement of fund from the board is not timely thus affecting the completion rate
- Insecurity in the region causes poor supervision of the projects by the technical department
- Inadequate allocations of the funds for the projects may slow implementations

RECOMMENDATIONS AND WAY FORWARD

- ✓ Frequent and Adequate trainings for the PMCs
- ✓ Adequate allocations of funds to projects.
- ✓ Timely disbursement of the constituency allocations from the Board

Sign



CHAIRMAN NGCDFC

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GARISSA TOWNSHIP CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2016**

III. STATEMENT OF NGCDF 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 NGCDF shall prepare financial statements in respect of that NGCDF Act. 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 (*Garissa Township National Government Constituency Development Fund*) is responsible for the preparation and presentation of the *NGCDF's* financial statements, which give a true and fair view of the state of affairs of the *NGCDF* for and as at the end of the financial year (period) ended on June 30, 2016. 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 *NGCDF*; (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 *NGCDF*; (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 (*Garissa Township National Government Constituency Development Fund*) accepts responsibility for the *NGCDF'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 *NGCDF's* financial statements give a true and fair view of the state of *NGCDF's* transactions during the financial year ended June 30, 2016, and of the *NGCDF's* financial position as at that date. The Accounting Officer charge of the (*Garissa Township National Government Constituency Development Fund*) further confirms the completeness of the accounting records maintained for the *NGCDF*, which have been relied upon in the preparation of the *NGCDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the (*Garissa Township National Government Constituency Development Fund*) confirms that the *NGCDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NGCDF'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 *NGCDF'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's* financial statements were approved and signed by the Accounting Officer on 26/08/ 2016.

Chairman- Garissa Township

Fund Account Manager-Garissa Township

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GARISSA TOWNSHIP CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2015-2016 | 2014-2015 |
|--|------|-----------------------|------------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from Other Government Entities | 1 | 49,000,000.00 | 90,780,753.00 |
| Proceeds from Sale of Assets | 2 | - | --- |
| Other Receipts | 3 | -- | --- |
| TOTAL RECEIPTS | | | |
| | | 49,000,000 .00 | 90,780,753.00 |
| PAYMENTS | | | |
| Compensation of Employees | 4 | 737,080.00 | 720,000.00 |
| Use of goods and services | 5 | 6,672,870.00 | 6,436,158.00 |
| Transfers to Other Government Units | 6 | 3,600,000.00 | 48,722,000.00 |
| Other grants and transfers | 7 | 36,058,500.00 | 55,453,360.00 |
| Acquisition of Assets | 8 | - | ---- |
| Other Payments | 9 | - | ---- |
| TOTAL PAYMENTS | | | |
| | | 47,068,450.00 | 111,331,518.00 |
| SURPLUS/DEFICIT | | | |
| | | 1,931,550.00 | (20,550,765.00) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NATIONAL GOVERNMENT GARISSA TOWNSHIP NGCDF financial statements were approved on 26/08/2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GARISSA TOWNSHIP CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

V. STATEMENT OF ASSETS

| | Note | 2015-2016 | 2014-2015 |
|----------------------------------|------|----------------------|----------------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per cash book) | 10A | 17,060,054.00 | 15,534,354.00 |
| Cash Balances (cash at hand) | 10B | - | - |
| Outstanding Imprests | 9 | 405,850.00 | - |
| TOTAL FINANCIAL ASSETS | | 17,465,904.00 | 15,534,354.00 |
| REPRESENTED BY | | | |
| Retention | 12 | - | - |
| Fund balance b/fwd | 13 | 15,534,354.00 | 36,085,119.00 - |
| Surplus/Deficit for the year | | 1,931,550.00 | (20,550,765.00) |
| Prior year adjustments | 14 | | |
| NET FINANCIAL POSITION | | 17,465,904.00 | 15,534,354.00 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NATIONAL GOVERNMENT GARISSA TOWNSHIP NGCDF financial statements were approved on 26/08/16 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GARISSA TOWNSHIP CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

| | | 2015-2016 | 2014-2015 |
|--|-----------|----------------------|------------------------|
| Receipts for operating income | | | |
| Transfers from NGCDF Board | 1 | 49,000,000.00 | 90,780,753.00 |
| Other Receipts | 3 | - | |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 737,080.00 | 720,000.00 |
| Use of goods and services | 5 | 6,672,870.00 | 6,436,158.00 |
| Transfers to Other Government Units | 6 | 3,600,000.00 | 48,722,000.00 |
| Other grants and transfers | 7 | 36,058,500.00 | 55,453,360.00 |
| Other Payments | 8 | - | - |
| | | 47,068,450.00 | 111,331,518.00 |
| Adjusted for: | | | |
| Adjustments during the year | | 0 | 0 |
| Net cash flow from operating activities | | 1,931,550.00 | (20,550,765.00) |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 9 | - | - |
| Net cash flows from Investing Activities | | 00 | 00 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 1,931,550.00 | (20,550,765.00) |
| Cash and cash equivalent at BEGINNING of the year | 15 | 15,534,354.00 | 36,085,119.00 |
| Cash and cash equivalent at END of the year | 16 | 17,465,904.00 | 15,534,354.00 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NATIONAL GOVERNMENT GARISSA TOWNSHIP NGCDF financial statements were approved on 26/08/ 2016 and signed by:



Chairman NGCDF



Fund Account Manager

Reports and Financial Statements
For the year ended June 30, 2016

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 | 98,945,456.00 | 15,534,354.00 | 114,479,810.00 | 64,534,354.00 | 49,945,456.00 | 56 |
| Proceeds from Sale of Assets | | | | | | |
| Other Receipts | | | | | | |
| Total | 98,945,456.00 | 15,534,354.00 | 114,479,810.00 | 64,534,354.00 | 49,945,456.00 | |
| PAYMENTS | | | | | | |
| Compensation of Employees | 1,364,000.00 | - | 1,364,000.00 | 737,080.00 | 686,400.00 | 49 |
| Use of goods and services | 7,541,091.00 | 4,850,000.00 | 12,391,091.00 | 6,672,870.00 | 7,530,241.00 | 39 |
| Transfers to Other Government Units | 42,946,900.00 | - | 42,946,900.00 | 3,600,000.00 | 40,346,900.00 | 6 |
| Other grants and transfers | 46,593,465.00 | 10,684,354.00 | 57,277,819.00 | 36,058,500.00 | 18,347,819.00 | 68 |
| Acquisition of Assets | - | - | - | - | - | |
| Other Payments | 500,000.00 | - | 500,000.00 | - | 500,000.00 | 0 |
| TOTALS | 98,945,456.00 | 15,534,354.00 | 114,479,810.00 | 47,068,450.00 | 67,411,360.00 | 41 |

The Garissa Township NGNGCDF financial statements were approved on 26/08/2016 and signed by:


Chairman NGCDF


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
TOWNSHIP CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NGCDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *NGCDF*.

2. Recognition of revenue and expenses

The *NGCDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *NGCDF*. In addition, the *NGCDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *NGCDF*.

3. In-kind contributions

In-kind contributions are donations that are made to the *NGCDF* 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 *NGCDF* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
TOWNSHIP CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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 *NGCDF* 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.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NGCDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *NGCDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. 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 June 30, 2016.

REGIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
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For the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Description | | 2015-2016 | 2014-2015 |
|---|---------|----------------------|----------------------|
| | | Kshs | Kshs |
| NGCDF Board | | | |
| AIE NO | A796268 | 10,000,000.00 | 46,740,377.00 |
| AIE NO | A724080 | 39,000,000.00 | 44,040,377.00 |
| (other constituency e.g, parent constituency) | | - | - |
| TOTAL | | 49,000,000.00 | 90,780,753.00 |

2. PROCEEDS FROM SALE OF ASSETS

| | 2015-2016 | 2014-2015 |
|--|-----------|-----------|
| | 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 sale of machinery and equipment | | |
| | | |
| | | |
| | | |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
TOWNSHIP CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

| | 2015-2016 | 2014-2015 |
|--|---------------------|---------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 2,195,140 | - |
| Office rent | 120,000 | |
| Communication, supplies and services | 1 | ----- |
| Domestic travel and subsistence | ----- | ----- |
| Printing, advertising and information supplies & services | ----- | ----- |
| Rentals of produced assets | ----- | 300,000.00 |
| Training expenses | | ----- |
| Hospitality supplies and services | ----- | ----- |
| Other committee expenses | 2,178,865.00 | 2,358,070.00 |
| Committee allowance | 2,178,865.00 | 2,641,134.00 |
| Insurance costs | ----- | ----- |
| Specialized materials and services | ----- | ----- |
| Office and general supplies and services | | 536,919.00 |
| Fuel, oil & lubricants | | 600,035.00 |
| Other operating expenses | | |
| Routine maintenance – vehicles and other transport equipment | -- | --- |
| Routine maintenance – other assets | ---- | --- |
| Total | 6,672,870.00 | 6,436,158.00 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
TOWNSHIP CONSTITUENCY**
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS.

| | 2015-2016 | 2014-2015 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Interest received | - | - |
| Rents | - | - |
| Receipts from sale of tender documents | - | - |
| Other receipts | - | - |
| Total | - | - |
| | | |
| | | |

4. COMPENSATION OF EMPLOYEES

| | 2015-2016 | 2014-2015 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Basic wages of contractual employees | 730,840.00 | 713,760.00 |
| Basic wages of casual labour | - | - |
| Personal allowances paid as part of salary | | |
| House allowance | | -- |
| Transport allowance | | --- |
| Leave allowance | | --- |
| Other personnel payments | | --- |
| Employer contribution to NSSF | 6,240.00 | 6,240.00 |
| Gratuity | | |
| Total | 737,080.00 | 720,000.00 |



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2015 - 2016 | 2014 - 2015 |
|--|---------------------|----------------------|
| | Kshs | Kshs |
| Transfers to National Government entities | | |
| Transfers to primary schools (see attached list) | 2,400,000.00 | 34,122,000 |
| Transfers to secondary schools (see attached list) | 1,200,000.00 | 10,200,000.00 |
| Transfers to tertiary institutions (see attached list) | | |
| Transfers to health institutions (see attached list) | | 4,400,000.00 |
| TOTAL | 3,600,000.00 | 48,722,000.00 |

7. OTHER GRANTS AND OTHER PAYMENTS

| | 2015 - 2016 | 2014- 2015 |
|---|-------------------|-----------------------|
| | Kshs | Kshs |
| Bursary – secondary schools (see attached list) | 23,221,000.00 | 15,480,000.00 |
| Bursary – tertiary institutions (see attached list) | 795,000.00 | 8,987,000.00 |
| Bursary – special schools (see attached list) | - | - |
| Mock & CAT (see attached list) | | - |
| Water projects (see attached list) | 1,300,000.00 | 2,000,000.00 |
| Agriculture projects (see attached list) | | 12,000,000.00 |
| Electricity projects (see attached list) | | |
| Security projects (see attached list) | | - |
| Roads projects (see attached list) | 6,700,000.00 | 5,500,000.00 |
| Sports projects (see attached list) | 1,800,000.00 | 2,276,360.00 |
| Environment projects (see attached list) | 2,242,500.00 | 1,700,000.00 |
| Emergency projects (see attached list) | | 7,510,000.00 |
| Total | 36,058,500 | 55,453,360 .00 |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

| NON-FINACIAL ASSETS | 2015 - 2016 | 2014- 2015 |
|--|--------------------|-------------------|
| | Kshs | Kshs |
| Purchase of buildings | - | - |
| Construction of buildings | - | - |
| Refurbishment of buildings | - | - |
| Purchase of vehicles and other transport and equipment | - | - |
| 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 specialized plant and equipment and machinery | - | - |
| Rehabilitation of renovation of plant, equipment and machinery | - | - |
| Acquisition of land | - | - |
| Acquisition of intangible assets | - | - |
| Total | - | - |

9. Outstanding Imprest

| Name of Officer or Institution | Date Imprest Taken | Amount Taken | Amount Surrendered | Balance |
|---------------------------------------|---------------------------|---------------------|---------------------------|-------------------|
| | | Kshs | Kshs | Kshs |
| Siyat Haret | | | 405,850.00 | 405,850.00 |
| | | | | |
| | | | | |
| Total | | | 405,850.00 | 405,850.00 |

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
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10A. Bank Accounts (cash book bank balance)

| Name of Bank, Account No. & currency | 2015 - 2016 | 2014- 2015 |
|---|----------------------|----------------------|
| | Kshs | Kshs |
| <i>Equity Bank Ltd, Account No. 0580261988646</i> | 15,534,354.00 | 36,085,119.00 |
| Total | 15,534,354.00 | 36,085,119.00 |

10B. BALANCES BROUGHT FORWARD

| | 2015 - 2016 | 2014- 2015 |
|----------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Bank accounts | 36,085,119.00 | |
| Cash in hand | - | - |
| Imprest | - | - |
| Total | 15,534,354.00 | 36,085,119.00 |
| CASH IN HAND | | |
| | Kshs | Kshs |
| Location 1 | xxx | xxx |
| Location 2 | xxx | xxx |
| Location 3 | xxx | xxx |
| Other Locations (specify) | xxx | xxx |
| Total | xxx | xxx |

11. PRIOR YEAR ADJUSTMENTS

| | 2015 - 2016 | 2014- 2015 |
|---------------|-------------|------------|
| | Kshs | Kshs |
| Bank accounts | xxx | - |
| Cash in hand | xxx | - |
| Imprest | xxx | - |
| Total | | - |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. OTHER IMPORTANT DISCLOSURES

12.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

| | 2015 - 2016 | 2014- 2015 |
|-----------------------------|--------------------|-------------------|
| | Kshs | Kshs |
| Construction of buildings | - | - |
| Construction of civil works | - | - |
| Supply of goods | - | - |
| Supply of services | - | - |
| | - | - |

12.2: PENDING STAFF PAYABLES (See Annex 2)

| | 2015 - 2016 | 2014- 2015 |
|---------------------------|--------------------|-------------------|
| | Kshs | Kshs |
| Senior management | - | - |
| Middle management | - | - |
| Unionisable employees | - | - |
| Others (<i>specify</i>) | - | - |
| | - | - |

12.3: OTHER PENDING PAYABLES (See Annex 3)

| | 2015 - 2016 | 2014- 2015 |
|---|--------------------|-------------------|
| | Kshs | Kshs |
| Amounts due to other Government entities (see attached list) | - | 400,000.00 |
| Amounts due to other grants and other transfers (see attached list) | - | 4,450,000.00 |
| Others (<i>specify</i>) | - | 6,330,339.00 |
| Total | - | 11,180,339 |

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost (Kshs) 2015/16 | Historical Cost (Kshs) 2014/15 |
|--|---|---|
| Land | | |
| Buildings and structures | | |
| Transport equipment | | |
| Office equipment, furniture and fittings | 845,000 | 850,000 |
| ICT Equipment, Software and Other ICT Assets | | |
| Other Machinery and Equipment | | |
| Heritage and cultural assets | | |
| Intangible assets | | |
| Total | 845,000.00 | 850,000.00 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA TOWNSHIP CONSTITUENCY
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PROGRESS ON FOLLOW UP OF AUDITOR RECCOMENDATION

The following is the summary of issues raised by eaternal auditor , the management comments that were provided to the auditor. we have nominated focal persons to reolve 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/observation s from auditor | Management comments | Focal point person to resolve the issue (name and designation)sta tus (resolved/not resolved) | Status: resolved /not resolved | Time frame: (put a date when you expect the issue to be resolved) |
|---|--|---|---|--------------------------------|---|
| Report of the auditor general on constituencies development fund Garissa Township Constituency For The Year ended 30 th June, 2015 | Irregular award of capital projects | During the process of moving the documents from one office to the other, some of the documents may have been detached in the process but they are available for review | FAM | Issues not resolved | 30/03/2017 |
| | Unaccounted for pump sets | During the audit exercise, the matters raised were looked into and it was found that the documents were not properly attached to the payment vouchers however the documents in question are available in the project file and can be verified | FAM | Issues not resolved | 30/03/2017 |
| | Unaccounted for administration /monitoring and evaluation expenses | The observations raised have been noted and that the documents missing are properly attached to the vouchers and can be verified | FAM | Issues not resolved | 30/03/2017 |

Guidance notes:

- i. Use the same reference numbers as contained in the external audit report;
- ii. Obtain the “Issue/Observation”, required above, form final external audit report that is signed by management;
- iii. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- iv. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.

Fund accounts manager

Date:

[Signature]
 21th Feb 2017

NG-CDF Chairman

Date:

[Signature]