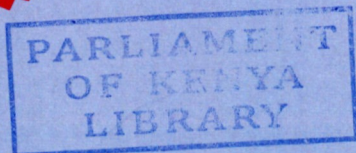


*Paper Laid by  
the Hon B. Wamala  
upf  
14/3/2018*

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – TARBAJ CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
TARBAJ 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)

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	3
II. FORWARD BY THE NG-CDFC CHAIRMAN TARBAJ.....	5
III. STATEMENT OF NGCDFC MANAGEMENT RESPONSIBILITIES .....	6
IV. STATEMENT OF RECEIPTS AND PAYMENTS .....	7
V. STATEMENT OF ASSETS .....	8
VI. STATEMENT OF CASHFLOW .....	9
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....	10
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	12
1X PROGRESS ON FOLLOW UP OF AUDITORS RECOMMENDATIONS .....	14
X. NOTES TO THE FINANCIAL STATEMENTS.....	15

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**a. Background information**

The National Government Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2015. 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 national Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

**b. Key Management**

The TARBAJ Constituency’s day-to-day management is under the following key organs:

- National Constituencies Development Fund Board (NGCDFB)
- NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

**c. Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Yusuf Daud</b>
3.	Accountant	<b>Zephania Terer</b>

**d. Fiduciary Oversight Arrangements**


The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NG-CDFC TARBAJ Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the NATIONAL GOVERNMENT 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.



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

The NGCDFC wish to have in summary the budget performance against actual amounts for current year based on economic classification and programs. The NGCDF have improved the Education and Security infrastructures of TARBAJ Constituency.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NG-CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations and the four month transition period from CDF to NG- CDF.

Sign.  NG CDF TARBAJ  
CHAIRMAN NG CDFC  
P. O. BOX 646 - 70200. WAJIR

**e. TARBAJ NGCDF Headquarters**

NGCDF Office Building.  
P.O BOX 646-70200  
WAJIR

**f. TARBAJ NGCDF Contacts**

Telephone: (254) 0721164615  
E-mail: [cdftarbaj@cdf.go.ke](mailto:cdftarbaj@cdf.go.ke)  
Website: [www.cdftarbaj@cdf.go.ke](http://www.cdftarbaj@cdf.go.ke)

**g. TARBAJ NGCDF Bankers**

1. National Bank of Kenya  
P.O Box 597-626  
Wajir, Kenya  
...  
...

**h. Independent Auditors**

Office of the Auditor General  
Kenya National Audit Office  
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



### 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 NG-CDF shall prepare financial statements in respect of that NGCDF. 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 TARBAJ NGCDF 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 TARBAJ NGCDF 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, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the TARBAJ NGCDF 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 TARBAJ NGCDF 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

2016 2016.  
N.G. CDF TARBAJ  
FUND ACCOUNT MANAGER  
P.O. BOX 46-70200, WAJIR

NG CDF TARBAJ  
CHAIRMAN  
P.O. BOX 46 - 70200, WAJIR



# 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 – TARBAJ CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Tarbaj constituency set out on pages 7 to 25, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **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 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 judgment, including the assessment of the risks of material misstatement of

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



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 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 Fund's.

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. Irregular Award of Capital Projects**

National CDF Board approved a total project allocation for 2015/2016 of Kshs.166,368,244 for National Government Constituency Development Fund Tarbaj out of which Kshs.151,545,899 were allocated to various projects ranging from water, education and Health, Roads, Security and sports. However, examination of payment vouchers and other records such as project files, Bills of Quantities, request for quotations revealed that projects worth Kshs.14,534,780 had anomalies as indicated below: -

- a) Tender notice did not have a provision for the criteria to be used for the evaluation of Contracts for the projects implemented.
- b) No evidence was availed to show the contracts were properly evaluated since there were no evaluation reports attached to the payment vouchers or availed to support the projects.
- c) There was no tender opening register maintained by the Project management committees to show that the meeting took place and deliberated on the purported procurements.

Confidential Business Questionnaire was not filled as required by Public Procurement and Disposal Regulation. All the contracts notification to unsuccessful bidders were not done.

- d) In one case, payment was made to a contractor without practical completion certificate. The contract agreement for the same project was not signed by the contractor as required by Section 135(1) of the Public Procurement and Asset Disposal Act, 2015 hence there was no valid contract between the procuring entity and the contractor.



No satisfactory explanation was provided for not following the procurement law, regulations and procedures in awarding the contracts.

In the circumstances, it has not been possible to confirm whether there was value for money for the projects implemented worth Kshs.14,534,780 as at 30 June 2016.

## 2.0. Completed and Idle Projects

National Government Constituency Fund Tarbaj allocated and spent Kshs.5,400,000 to construct Administration Police Camp at Duntow Centre during the Financial years 2013/2014, 2014/2015 and 2015/2016 as follows:-

FINANCIAL YEAR	PROJECT NAME	AMOUNT (KSHS)
2013/2014	Construction of Residential Houses	1,500,000
2014/2015	Construction of Residential Houses	2,500,000
2015/2016	Fencing using Barbed wire and cider post	1,000,000
2015/2016	Construction of two toilets	400,000
	<b>TOTAL KSHS</b>	<b>5,400,000</b>

Although the projects were implemented and completed, physical verification carried out on 24 December 2016 revealed that the projects were idle and not utilized. There were no security personnel posted to use the facility.

Further, the projects were vandalized by the surrounding community and the gate that was put in place during the financial year 2015/2016 was removed and stolen.

It was not clear whether the projects were implemented in consultation with the constituents and if indeed it was a priority for the community.

Consequently, the propriety and value for money of the project valued at Kshs.5,400,000 could not be confirmed as at 30 June 2016.

## 3.0. Unaccounted for CDF Bursary

During the year under review, the National Government Constituency Development Fund Tarbaj spent Kshs.15,000,497 on payment of bursary for needy students within the constituency. Examination of payment vouchers, bursary applications and the National Government Constituency Development Fund Committee Minutes awarding the bursaries revealed that a total of Kshs.1,436,000 was not supported with acknowledgement letters/receipt from the receiving institutions to confirm whether the payments were received. There were no indication of how the students were selected for the bursaries award, the details of students, level of studies and admission numbers to support the payments.



Under the circumstances, the propriety of the expenditure of Kshs.1,436,000 for bursaries could not be ascertained as at June 2016.

#### **4.0. Unaccounted for Administration/Monitoring and Evaluation Expenses**

The National Government Constituency Development Fund Board approved Kshs.2,700,000 for monitoring and evaluation for the financial year 2015/2016 for National Government Constituency Development Fund Tarbaj. Out of this, an amount of Kshs.570,000 was not supported.

In view of the foregoing, the propriety of the expenditure of Kshs.2,700,000 could not be confirmed as at 30 June 2016.

#### **5.0. Cash and Cash Equivalents**

The Statement of Assets indicates cash and cash equivalents balance of Kshs.42,463,671 as at 30 June 2016. However, no cash books, bank accounts and bank reconciliation statements were maintained as required for the project management Committees Section 15(10(a) and 10(b) NG-CDF Regulation, 2016.

Consequently, it was not possible to confirm whether the funds disbursed to PMCs were properly managed.

#### **6.0. Constituency Oversight Committee**

During the period under review, it was observed that constituency oversight committee was not appointed, as required by section 53(1) of the NG-CDF Act, 2015.

No proper reason was given for failure to appoint the oversight.

As a result, the NG-CDF Tarbaj was in breach of the law.

#### **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 aspects, the financial position of the National Government Constituency Development Fund - Tarbaj Constituency 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 Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

## Other Matter

### 1.0 Budget and Budgetary Control

#### 1.1 Budget Performance

During the year under review, National Government Constituency Development Fund Tarbaj had a budget of Kshs.166,368,242 consisting Kshs.132,549,924 for the Financial year 2015/2016 and unspent balance/AIE of Kshs.33,818,321 from the financial year 2014/2015.

The CDF analysis of budget against actual expenditure for the year under review is given as follows:-

#### 1.2 Under/Over Expenditure

ITEM	BUDGETED AMOUNT (KSHS)	ACTUAL (KSHS)	UNDER EXPENDITURE (KSHS.)
Compensation of Employees	2,554,040	1,407,480	1,146,560
Use of goods and services	12,268,305	8,358,200	3,910,105
Transfers to Other Government Units	64,913,810	42,935,940	21,977,870
Other grants and transfers	76,937,470	57,237,455	19,700,015
Acquisition of Assets	500,000	0	500,000
Other Payments	9,194,619	6,240,000	2,954,619
<b>TOTAL</b>	<b>166,368,244</b>	<b>116,179,075</b>	<b>50,189,169</b>

From the analysis above it was noted that the National Government Constituency Development Fund Tarbaj spent an amount of Kshs.116,179,075 or 69.8% of the total budgeted allocation for the period under review. This means that NG-CDF management under spent Kshs.50,189,169.

Failure to utilize the funds allocated was associated with the enactment of the new NGCDF Act, 2015, its regulations and the expiry of CDFC term.

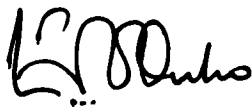
#### 1.3 Budgeted Development Projects

A total of Kshs.151,545,899 was allocated during the financial year for fifty six (56) development projects as detailed below:-



ITEM	NO. OF PROJECTS BUDGETED	BUDGETED ALLOCATION (Kshs.)	ACTUAL EXPENDITURE (Kshs.)	NO. OF PROJECTS IMPLEMENTED	NO. OF PROJECTS NOT IMPLEMENTED
Transfers to Other Government Units	30	64,913,810	42,935,940	30	Nil
Other grants and transfers	23	76,937,470	57,237,455	23	Nil
Acquisition of Assets	1	500,000	0	0	
Other Payments	2	9,194,619	6,240,000	2	
<b>TOTAL</b>	<b>56</b>	<b>151,545,899</b>	<b>106,413,395</b>	<b>55</b>	

From the analysis the National Government Constituency Development Fund Tarbaj implemented and completed all the projects during the financial year except Acquisition of Assets of Kshs.500,000. However, the projects were not fully paid hence the under absorption of the funds and this led to pending bills of Kshs.50,189,169. Failure to pay the contractors during the financial year was explained to have been caused by late receipt of the funds thus affecting service delivery to the constituents.



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

**Nairobi**

**20 February 2018**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NG-CDF board-AIEs' Received	1	124,824,425	168,144,674.50
<b>TOTAL RECEIPTS</b>		<b>124,824,425</b>	<b>168,144,674.50</b>
<b>PAYMENTS</b>			
Compensation of employees	2	1,407,480	761,000
Use of goods and services	3	8,358,200	7,478,495
Transfers to Other Government Units	4	42,935,940	67,413,712
Other grants and transfers	5	57,237,455.40	47,371,540
Acquisition of Assets	6		1,699,997
Other Payments	7	6,240,000	14,500,000
<b>TOTAL PAYMENTS</b>		<b>116,179,075.40</b>	<b>139,224,744</b>
<b>SURPLUS/DEFICIT</b>		<b>8,645,349.60</b>	<b>28,919,931</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The TARBAJ NGCDF financial statements were approved on 30/6/2016 2015 and signed by:

**N.G. CDF TARBAJ**  
 CHAIRMAN  
 Chairman  
 P.O. BOX 70200, WAJIR  
 NGCDFC

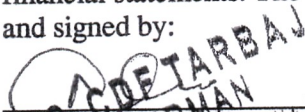
**N.G. CDF TARBAJ**  
 FUND ACCOUNT MANAGER  
 Fund Account Manager  
 P.O. BOX 70200, WAJIR

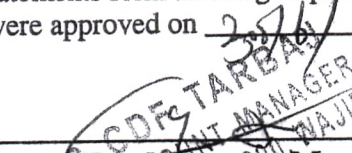


**V. STATEMENT OF ASSETS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8	42,463,670.60	33,818,321
<b>TOTAL FINANCIAL ASSETS</b>		<b>42,463,670.60</b>	<b>33,818,321</b>
<b>REPRESENTED BY</b>			
Retention	9		
Fund balance b/fwd. 1st July...	10	33,818,321	4,898,390
Surplus/Deficit for the year		8,645,349.60	28,919,931
<b>NET LIABILITIES</b>		<b>42,463,670.60</b>	<b>33,818,321</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The TARBAJ NGCDF financial statements were approved on 23/7/16 2016 and signed by:

  
**Chairman**  
 N.G.C.D.F. TARBAJ  
 CHAIRMAN  
 P.O. BOX 646 - 70200 JC

  
**Fund Account Manager**  
 N.G.C.D.F. TARBAJ  
 FUND ACCOUNT MANAGER  
 P.O. Box 646-70200 TWAJIR

**VI. STATEMENT OF CASHFLOW**

		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from NG- CDF Board	1	124,824,425	168,144,675
		<b>124,824,425</b>	<b>168,144,675</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	(1,407,480)	(761,000)
Use of goods and services	3	(8,358,200)	(7,478,495)
Transfers to Other Government Units	4	(42,935,940)	(67,413,712)
Other grants and transfers	5	(57,237,455.40)	(47,371,540)
Other Payments	7	(6,240,000)	(14,500,000)
		<b>(116,179,045.40)</b>	<b>(137,524,747)</b>
<b>Net cash flow from operating activities</b>		<b>8,645,349.60</b>	<b>30,619,928</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6		(1,699,997)
<b>Net cash flows from Investing Activities</b>			<b>(1,699,997)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>8,645,349.60</b>	<b>28,919,931</b>
Cash and cash equivalent at BEGINNING of the year	10	33,818,321	4,898,390
Cash and cash equivalent at END of the year		<b>42,463,670.60</b>	<b>33,818,321</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The TARBAJ NGCDF financial statements were approved on 3576 2016 and signed by:

**NGCDF TARBAJ**  
**CHAIRMAN**  
 Chairman NGCDF  
 P.O. BOX 646 WAJIR

**NGCDF TARBAJ**  
**FUND/ACCOUNT MANAGER**  
 Fund Account Manager  
 P.O. BOX 646 WAJIR



**VII. 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	132,549,924	33,818,321	166,368,245	158,642,746	7,725,499	95%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
<b>TOTAL</b>	132,549,924	33,818,321	166,368,245	158,642,746	7,725,499	95.36%
<b>PAYMENTS</b>						
Compensation of Employees	1,900,000	654,040	2,554,040	1,407,480	1,146,560	55%
Use of goods and services	7,541,245	4,727,060	12,268,305	8,358,200	3,910,105	68%
Transfers to Other Government Units	50,200,000	14,713,810	64,913,810	42,935,940	23,802,870	66%
Other grants and transfers	63,714,060	13,223,410	76,937,470	57,237,455.40	17,875,015	77%
Acquisition of Assets	500,000		500,000		500,000	0.0%
Other Payments	8,694,619	500,000	9,194,619	6,240,000	2,954,619	68%
<b>TOTAL</b>	132,549,924	33,818,321	166,368,244	116,179,075	50,189,169	71%

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

- a. [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.]
- a. [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]
- i. Xxxx
  - ii. Xxxx
  - iii. Xxxx
  - iv. Xxxx
  - v. Xxxx

The TARBAJ NGCDF financial statements were approved on 30/1/ 2016 and signed by:

**NGCDF TARBAJ**  
**CHAIRMAN**  
Chairman  
P.O. BOX 64  
70200  
Kuala Lumpur

**N.G. CDF TARBAJ**  
**FUND ACCOUNT MANAGER**  
Fund Account Manager  
P.O. BOX 64  
70200  
Kuala Lumpur



## **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 recognizes transactions and events only when cash is received or paid by the NGCDF.

### **2. Recognition of revenue and expenses**

The NGCDF recognizes 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 recognizes 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### **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.



**IX: 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 low with the associated time frame within which we expect the issues to be resolved.

Reference No.on the external audit report	Issues/Observations from Auditor	Management comments	Focal person to resolve the issue	Status(Resolved /Not resolved	Time frame(Put a date when you expect the issue to be resolved)
3.5	Award of contracts capital projects:  Ksh.11,275,000	Procurement were done in line with CDF Act and procurement act, challenges in filling of BOQ, poor record of tendering process were as a result of illiteracy of pmc members	Fund Manager	Waiting feedback from the Auditor	
3.6	Unaccounted for goods ksh.3,930,512.20	S13 for goods received, s11 for goods issued by authorized officers and other relevant stores ledgers are available for audit review and perusal	Fund Manager	Waiting feedback from the Auditor	
3.7	Unsupported expenditure on emergency and admin expense  KSH. 1,035,000	Work tickets, copy of logbooks, fuel register, detail order, RFQ are available for audit review.	Fund Manager	Waiting feedback from the Auditor	

N.G. CDF  
 FUND MANAGER-NG-CDFC  
 FUND ACCOUNT  
 DATE: 3/11/16

CHAIRMAN-NG-CDFC  
 CDF TARRA  
 DATE: 3/11/16  
 P. O. BOX 646 - 70200, NAURU

**X.NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>Normal allocation</b>			
	A796453	30,000,000	43,199,994.50
	A 820648	20,000,000	31,236,170
	A 820794	16,000,000	15,741,702
	A 825744	58,824,425	15,764,468
			31,236,170
			30,966,170
<b>TOTAL</b>		<b>124,824,425</b>	<b>168,144,674.50</b>

**2. COMPENSATION OF EMPLOYEES**

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Basic wages of contractual employees		1,290,360	689,720
Basic wages of casual labor		-	-
<b>Personal allowances paid as part of salary</b>		-	-
House allowance		-	-
Transport allowance		-	-
Leave allowance		-	-
Other personnel payments		-	-
Employer contribution to NSSF		117,120	71,280
gratuity		-	-
<b>Total</b>		<b>1,407,480</b>	<b>761,000</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. USE OF GOODS AND SERVICES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	822,400	936,340
Office rent	180,000	240,000
Communication, supplies and services		137,400
Domestic travel and subsistence	1,223,000	2,025,000
Printing, advertising and information supplies & services	230,000	62,000
Rentals of produced assets	-	-
Training expenses	1,200,000	-
Hospitality supplies and services	28,000	225,000
Other committee expenses	1,291,600	2,052,000
Committee allowance	1,562,600	1,100,000
Insurance costs	-	
Specialized materials and services	-	
Office and general supplies and services	730,600	670,000
Fuel ,oil & lubricants		
Other operating expenses	36,000	30,755
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	1,054,000	-
<b>Total</b>	<b>8,358,200</b>	<b>7,478,495</b>

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2014 -
	Kshs	2015 Kshs
Transfers to primary schools	25,964,940	59,699,712.20
Transfers to secondary schools	15,295,000	4,410,000
Transfers to tertiary institutions		
Transfers to health institutions	1,676,000	3,304,000
<b>TOTAL</b>	<b>42,935,940</b>	<b>67,413,712.20</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2015 - 2016	2014 -2015
	Kshs	Kshs
Bursary – secondary schools	4,140,000	3,000,000
Bursary – tertiary institutions	10,860,497	10,606,500
Bursary – special schools	-	-
Mock & CAT	-	335,500
Water projects	11,510,000	1,713,000
Agriculture projects	-	-
Electricity projects	-	-
Security projects	20,890,593	11,829,407
Roads projects	2,985,000	10,500,000
Sports projects	2,981,415.40	998,800
Environment projects	320,000	1,638,332.78
Other Projects	-	-
Emergency Projects	3,549,950	6,750,000
<b>Total</b>	<b>57,237,455.40</b>	<b>47,371,539.78</b>



**6. ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport 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	-	1,699,997
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	-	<b>1,699,997</b>

**7. OTHER PAYMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Specify		
CONSTRUCTION OF DFOFFICE, WATER TANK, GREEN HOUSE AND STRATEGIC PLAN)		14,500,000
COMMUNITY SOCIAL HALL	6,240,000	
	<b>6,240,000</b>	<b>14,500,000</b>

**8: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
National Bank of Kenya A/c	42,463,670	33,818,321
0204-404-201103-10005780-000	-	-
	-	-
	-	-
	<b>42,463,670</b>	<b>33,818,321</b>

**9. BALANCES BROUGHT FORWARD**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	33,818,321	4,898,390.50
Cash in hand		-
Imprest		-
<b>Total</b>	<b>33,818,321</b>	<b>4,898,390.50</b>



**10. OTHER IMPORTANT DISCLOSURES**

**10.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2015- 2016</b>	<b>2014 – 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods/services	3,909,303.51	4,612,843.18
	<b>3,909,303.51</b>	<b>4,612,843.18</b>

**10.2: PENDING STAFF PAYABLES (See Annex 2)**

	<b>Kshs</b>	<b>Kshs</b>
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	1,146,560.00	767,640.00
	<b>1,146,560.00</b>	<b>767,640.00</b>

**10.3: OTHER PENDING PAYABLES (See Annex 3)**

	<b>Kshs</b>	<b>Kshs</b>
Amounts due to other Government entities (see attached list)	21,977,870.45	14,713,810.20
Amounts due to other grants and other transfers (see attached list)	22,495,046.12	13,724,419.83
Others (community social hall/acquisition of assets)	660,000.00	-
	<b>45,132,916.57</b>	<b>28,438,220.03</b>

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

<b>USE OF GOODS AND SERVICES</b>	<b>description</b>	<b>opening balance</b>	<b>amount paid</b>	<b>balances(payable)</b>
goods and services		5,702,547.00	4,304,000.00	1,398,547.00
committee allowances-adm		2,080,000.00	1,562,600.00	517,400.00
monitoring and evaluation		15,499.17	-	15,499.17
committee allowances-m & e		1,988,000.00	1,291,600.00	696,400.00
Administration		4,959.34	-	4,959.34
capacity building		2,476,498.00	1,200,000.00	1,276,498.00
<b>Total</b>				<b>3,909,303.51</b>

**ANNEXES**

ANNEX 1.

ANNEX 2.

<b>COMPENSATION OF EMPLOYEES</b>	<b>Description</b>	<b>opening balance</b>	<b>amount paid</b>	<b>Balances</b>
staff payables	Salaries	2,554,040.00	14,070,480.00	1,146,560.00



ANNEX 3.

Amounts due to other government entities	DESCRIPTION	OPENING BAL.	AMOUNT PAID	BALANCES(PAYABLES)
<b>Transfer to primary school</b>				
burmayo primary	con. Of 2 classes	1,300,000.00	-	1,300,000.00
Duntowpri	con. Of 2 classes	1,300,000.00	-	1,300,000.00
Tarbajpri	Fencing	1,500,000.00	-	1,500,000.00
qajaja 1 pri	1 class/2 wells	1,200,000.00	-	1,200,000.00
el yunispri	2 staff qtrs/2 toilets	1,500,000.00	1,425,000.00	75,000.00
Dodhapri	adm block	1,500,000.00	1,425,000.00	75,000.00
hassan yarrow	2 classes	1,300,000.00	1,265,000.00	65,000.00
Ausmudulepri	1 class	1,100,000.00	1,045,000.00	55,000.00
Wargadudpri	5 classes	1,000,000.00	950,000.00	50,000.00
Lehelepri	staff qtrs	1,100,000.00	1,045,000.00	55,000.00
Dambaspri	Fencing	1,500,000.00	1,425,000.00	75,000.00
Mansapri	5 classes	1,000,000.00	-	1,000,000.00
Basanichapri	Toilet	500,000.00	475,000.00	25,000.00
Duntowpri	domitory	700,000.00	-	700,000.00
Gunanapri	3 toilets	500,000.00	475,000.00	25,000.00
mansa boys	staff qtrs	1,100,000.00	1,045,000.00	55,000.00
	retention for 1 toilet		-	20,860.05
Jaijapri	2 toilets	400,000.00	-	400,000.00
<b>Transfer to secondary school</b>				
sarman sec	1 class	700,000.00	-	700,000.00
sarman sec	4 toilets	800,000.00	-	800,000.00
	1 class			

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

tarbaj sec		700,000.00	-	700,000.00
mansa boys	2 classes	1,300,000.00	1,235,000.00	65,000.00
mansa boys	4 toilets	800,000.00	760,000.00	40,000.00
tarbaj sec		837,931.00	-	837,931.00
Tarbajpmc	Laptops	800,000.00	-	800,000.00
tarbaj sec	Fencing	5,756,000.00	5,700,000.00	56,320.40
transfer to vocational inst	technical training institute	10,000,000.00	-	10,000,000.00
transfer to health institutions			-	2,759.00
<b>Total</b>			-	<b>21,977,870.45</b>

ANNEX 3. CONT.

Other grants and payments	DESCRIPTION	OPENING BALANCE	AMOUNT PAID	BALANCES(PAYABLES)
Emergency		5,973,247.00	3,549,950.00	2,423,297.00
bursary tertiary	payments to needy students	12,431,997.51	10,860,497.00	1,571,500.51
bursary secondary	payments to needy students	6,358,164.34	4,140,000.00	2,218,164.34
mocks and CATS		1,907,308.40	-	1,907,308.40
<b>Security</b>				
kotulo police station	construction of police camp	2,500,000.00	2,375,000.00	125,000.00
kotulo police station	construction of police houses	2,500,000.00	2,375,000.00	125,000.00
Mansalocpmc		-	-	50,000.00
tarbaj police station	construction of 5 police houses	3,000,000.00	2,850,000.00	150,000.00
tarbaj police station	construction of 5 police houses	3,000,000.00	2,850,000.00	150,000.00
sarman division	construction of APs houses	1,500,000.00	-	1,500,000.00
duntow AP post	construction of fence	1,000,000.00	-	1,000,000.00
sarman division	construction of Dos house	1,500,000.00	-	1,500,000.00
tarbaj AP post	construction of 2 toilets	400,000.00	-	400,000.00
balatulamin location	construction of chiefs office	1,300,000.00	-	1,300,000.00



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

gunana AP camp	construction of fence	1,000,000.00	950,000.00	50,000.00
<b>Water</b>				
katote location	capping of wells	800,000.00	-	800,000.00
basanicha location	underground water tank	1,600,000.00	1,510,000.00	90,000.00
<b>Roads</b>				
tarbajlafaley road	bush clearing	1,500,000.00	1,485,000.00	15,000.00
<b>Environment</b>				
dambas location	town plan	1,325,499.23	-	1,325,499.23
tarbaj location	feasibility study	1,000,000.00	320,000.00	680,000.00
tarbaj /kutulosch	tree planting	1,498,894.00	-	1,498,894.00
<b>Sports</b>				
tarbaj secondary school		662,749.62	-	662,749.62
sport changing room		1,500,000.00	1,425,000.00	75,000.00
sports center	Fencing	1,638,332.80	-	83,014.02
CDF OFFICE	guest wing	1,500,000.00	-	1,500,000.00
CDF OFFICE	furniture and fittings	794,619.00	-	794,619.00
AUDIT FEES	audit fee	500,000.00	-	500,000.00
<b>TOTAL</b>			-	<b>22,495,046.12</b>

ANNEX 3. CONT.

<b>Acquisition of assets</b>				
<b>name of supplier</b>	<b>Description</b>	<b>original amount</b>	<b>amount paid</b>	<b>outstanding balance</b>
wajeer construction suppliers	purchase of computer	500,000.00	-	500,000.00
construction of community center(dambas location)	community center	3,200,000.00	3,040,000.00	160,000.00
<b>Total</b>				<b>660,000.00</b>

## SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Buildings and structures	<b>12,900,000</b>	<b>12,900,000</b>
Transport equipment	-	-
Office equipment, furniture and fittings	<b>1,880,997</b>	<b>1,880,997</b>
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>14,780,997</b>	<b>14,780,997</b>

### NB

1. In the financial year 2013/2014, fixed assets worth Kshs. 181,000 were acquired.
2. In the Financial year 2014/2015, furniture, fittings and equipment worth Kshs. 1,699,997 were acquired.
3. During the FY 2014/15, CDF Office Tarbaj constituency and an underground water tank were constructed at a cost of Kshs. 12,900,000. This was indicated as other payments (Note 9) in the financial statements for FY 2014/2015 but are Fixed assets in nature hence the need to disclose this fact in the summary of fixed assets.
4. It is worth noting that Note 9 of the Financial Statements for FY 2014/2015 also included the Construction of a Green House (Kshs. 400,000) and development of strategic plan for Tarbaj CDF (Kshs. 1,200,000).