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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
MANDERA WEST CONSTITUENCY
FOR THE YEAR ENDED
30 JUNE 2016



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND -
MANDERA WEST 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)



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
MÄNDERÄ WEST CONSTITUENCY

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

The MANDERA WEST NG-CDF Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. Mandera West National Government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Yussuf A. Ali
3.	Accountant	Abdi Galgalo A.

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of MANDERA WEST 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 the National Assembly Select Committee.

(e) MANDERA WEST NGCDFC Headquarters

NG-CDF Office
P.O Bo 37-70303
TAKABA
Mandera County

(f) MANDERA WEST NGCDFC Contacts

Telephone: 254) 728 205 570; (254) 720 756 788
E-mail: manderawest@ngcdf.go.ke
Website: www.manderawest.go.ke

(g) MANDERA WEST NGCDFC Bankers

Equity Bank
P.O Box 536-70300
Mandera

(h) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

**FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NG-CDF board disbursed a sum of Kshs 260,254,836.17 in 2015-16 to the constituency of which NGCDFCs Utilised an amount of Kshs 187,522,713.30 which includes previous financial year balances. Disbursement was made to the PMCs promptly and the projects were implemented well. Over the years the entity improved water, sanitation, education access road through construction and desilting of dams in various villages, construction of various public dispensaries and toilets, construction of primary and secondary schools, payment of fees to over 15,000 needy and vulnerable students across the constituency.

EMERGING ISSUES RELATED TO MANDERA WEST NGCDFCC

Increasing population and settlements

Increasing school enrolment

Increasing vulnerability of communities and school/tertiary institutions going students

IMPLEMENTATION CHALLENGES

Huge resources available Vs needs gap

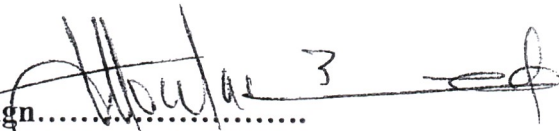
Low/lack of Capacity in some PMCs

Security threats/Clan conflicts

Low literate levels

Persistent droughts leading lack of water sources for construction and usage

Prevalent droughts, inter clan conflicts have been a deterrent factor and the situation exasperated by the immense gap between the resources available and the needs of the community. The Mandera West NG-CDF has ensured that the resources have been equally distributed to spread the gains from the fund. Despite the numerous challenges, the fund has been at the fore front in the provision of basic social amenities, improved the general economic standards of the population and has thus has been considered transformational by the community. By and large the impact of NG-CDF is felt and appreciated in the constituency

Sign.....
CHAIRMAN NGCDFC
DATE 30/09/2016

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. 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.

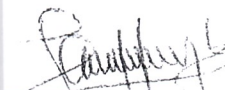
The Accounting Officer in charge of the MANDERA WEST NGCDFC is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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 MANDERA WEST NGCDFC 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 in charge of the MANDERA WEST NGCDFC 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 MANDERA WEST NGCDFC 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 30th August 2016.



Account Manager



Chairman

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MANDERA WEST CONSTITUENCY 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 – Mandera West Constituency set out on pages 7 to 42, which comprise the statement of financial assets as at 30 June 2016 and the statement of receipt and payments, statement of cash flows for the year then ended, the summary statement of appropriation: recurrent and development combined 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 Standards (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 judgment, including the assessment of the risks of material misstatement of

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Mandera West 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 the NG-CDF Mandera West Constituency'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.72,732,123 as at 30 June 2016. However, the bank reconciliation statement prepared on 30 June, 2016 reflects payments in cash book not yet recorded in bank statement (stale cheques) amounting to Kshs.214,517 with some dating back to February, 2015. No reason has been given for failure to replace the stale cheques. Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.72,732,123 cannot be confirmed.

2.0 Bank Accounts for Project Management Committee

Section 15(10)(a) and (10) (b) of the NG-CDF Regulations, 2016 requires the Fund to maintain records of bank accounts opened by Project Management Committees and to prepare and table quarterly reports on the same. However, records of the bank accounts operated by the various project management committees for NG-CDF Mandera West were not maintained as required. Further, PMC's bank statements and cash books were not maintained and therefore no bank reconciliation statements for the PMCs accounts were prepared.

In view of the foregoing, it has not been possible to ascertain whether the funds or grants disbursed to the PMCs were used for the intended purposes and accounted for as at 30 June 2016.

3.0 Constituency Oversight Committee

Section 53(1) of the NG-CDF Act, 2015 requires a Constituency oversight committee to be appointed for every NG-CDF. However, no oversight committee was appointed for National Government Constituency Development Fund - Mandera West Constituency and therefore the Fund operated without the mandatory Oversight Committee. No explanation was given for failure to appoint the committee.

Consequently, the Fund was in breach of the law.

4.0 Irregular Award of Capital Projects

During the year under review, the NG-CDF Mander West spent Kshs.152,083,638 on capital projects. However, scrutiny of records for development projects costing Kshs.18,500,000 spent on various development (projects) showed various anomalies. The project had no evaluation reports, no letters of notification to both the successful and unsuccessful bidders and there were no certificates of practical completion for payments hence the payments were made without advice of the technical departments. However physical verification carried on 23 March, 2017 on the same projects paid revealed that the projects were complete and in use.

In the circumstances, the propriety and value for money for the expenditure on these projects costing Kshs.18,500,000 could not be confirmed.

5.0 Stores Expenses

During the year under review, the NG-CDF Mander West Constituency used Kshs.9,900,000 to procure desks and chairs.

However, an examination of the stores records revealed that the stores were not received through counter receipt vouchers (S13) and were not taken on charge in the stores ledgers. In addition there was no documentary evidence availed to confirm that they were subsequently issued to the users through S11 contrary to the Government Financial Regulations and Procedures.

Consequently, it has not been possible to ascertain whether the stores were delivered and used for the intended purpose and expenditure of Kshs.9,900,000 accounted for as at 30 June 2016.

6.0 Unaccounted for Bursaries Expenses

In the Financial year 2015/2016, the NG-CDF Committee for Mander West Constituency disbursed bursaries amounting to Kshs.20,302,018 to various institutions for the benefit of needy students.

However, an amount of Kshs.4,953,786 disbursed to various institutions has not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions. Further, the levels of studies for the beneficiaries were not indicated and there were no committee sitting minutes on the distribution of the bursaries.

There was no proper explanation given for the lack of these documents that are necessary to account for the moneys disbursed.

In view of the foregoing, it has not been possible to confirm that money was used for the intended purposes and accounted for as at 30 June 2016.

7.0 Unsupported Administration/ Monitoring and Evaluation Expenses

An amount of Kshs.3,570,000 was used for Administration and Monitoring by the NG-CDF Mander West during the financial year under review. However, there was no documentary evidence of projects visited and no progress reports were submitted for audit review. Further, the amount paid as rent had no Lease Agreement.

In the circumstances, it has not been possible to ascertain the propriety of the expenditure of Kshs.3,570,000.

8.0 Unaccounted for Sport Activities Expenses

During the year 2015/2016, NG- CDF Mander west Committee procured sport uniforms, balls, nets and Trophies for Takaba North Sport League, Takaba South Sport League and Lagsure Sport league worth Kshs.1,435,298. However, there were no records to confirm that the items were received through counter receipt vouchers (S13) and were taken on charge in the stores ledgers as required.

In view of the foregoing, the expenditure of Kshs.1,435,298 on these items could not be confirmed.

9.0 Committee Expenses

During the financial year under review the NG-CDF Mander West paid Kshs.1,035,000 in respect of sitting allowances for committee sittings. However, scrutiny of the records revealed that the expenditure was not supported with daily attendance register to confirm that the committee members were actually paid for the days they attended the meetings.

Consequently, it has not been possible to ascertain whether the funds were utilized for the intended purposes and properly accounted for.

Qualified Opinion

In my opinion, except for the effect of the matters discussed 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 – Mander West 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. Cash and Bank Balance

The statement of financial Assets for NG-CDF Mandera West Constituency reflects bank balance of Kshs.72,732,123 as per cash book as at 30 June 2016 for account no.1000296633736 held at Equity Bank Mandera. This differs by an amount of Kshs.1,142,518 with the bank balance of Kshs.73,874,641 at the same date. No reconciliation or explanation has been provided for the difference.

Consequently, the accuracy of the cash book balance of Kshs.72,732,123 could not be confirmed as at 30 June 2016.

2.0. Budgetary Control and Performance

During the year under review, the National Government Constituency Development Fund – Mandera West Constituency had a final budget of Kshs.260,754,836 with Kshs.244,579,945 or 94% allocated to development projects and Kshs.16,174,892 or

6 %allocated to recurrent expenditure. In order to finance the budget, the NG -CDF Mandera West received Kshs.224,821,783 (86.2 per cent) as transfers from the NG-CDF Board and had Kshs.35,433,054 (13.6 per cent) cash balance brought forward from FY 2014/2015. In addition the Fund was underfunded by Kshs.500,000 (0.2 percent).

The budget analysis on budgeted allocation and expenditure items are reflected in the table below:-

2.1. Development Budget

ITEM	BUDGET ALLOCATION	ACTUAL EXPENDITURE	UNDER/OVER ABSORPTION
Transfer to other Government Units	149,090,691	98,590,690	50,500,001
Other grants & Transfers	90,823,253	78,115,623	12,707,630
Acquisition of Assets	1,866,000.00	-	1,866,000
Other payments	2,800,000.00	1,800,000.00	1,000,000
TOTAL	244,579,945	178,506,313	66,073,631

2.2 Recurrent Budget

ITEM	BUDGET ALLOCATION	ACTUAL EXPENDITURE	UNDER/OVER ABSORPTION
Use of Goods & Services	13,625,775	7,673,400	5,952,375
Compensation To Employees	2,549,116	1,343,000	1,206,116

TOTAL	16,174,892	9,016,400	7,158,492
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- (i) From the above analysis, it is clear that the National Government Constituency Fund for Mandera West under spent on Transfer to Other Government Units, Other grants and Transfers, Other payments, Use of Goods and Services and Compensation to Employees by Kshs.73,232,123 of the total budget of Kshs.260,784,837 for recurrent and development.
- (ii) The NG-CDF Mandera West had budgeted for Seventy two (72) projects for the financial year 2015/2016. However, by the end of the financial year there were only twenty Nine (29) projects which had been completed and therefore 43 projects were not implemented.
- (iii) A review of the total budget for the Constituency revealed that the total budget allocation for Development was Kshs.244,579,945 and the actual expenditure was Kshs.178,506,313 resulting into an unspent balance of Kshs.66,073,631 as at 30 June, 2016.

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

3.0 Outstanding Prior Years Audit Issues 2014/2015

The management of NG-CDF Mandera West Constituency did not respond to issues raised in the audit report for 2014/2015 financial year and therefore the following issue remained unresolved:-

3.1 Unaccounted for Bursary Expenses – Fees payment receipts for Bursaries amounting to Kshs.4,170,000 were not made available for audit verification to confirm that the Kshs.4,170,000 reached the relevant institutions to benefit the deserving cases as intended.



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

Nairobi

20 November 2017

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MANDERA
WEST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

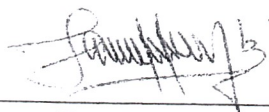
(Reclassified)

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	224,821,782.50	121,711,188.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		224,821,782.50	121,711,188.00
PAYMENTS			
Compensation of employees	4	1,343,000.00	801,072.00
Use of goods and services	5	7,673,400.00	7,244,847.23
Transfers to Other Government Units	6	98,590,690.00	42,499,122.00
Other grants and transfers	7	78,115,623.30	38,965,188.00
Acquisition of Assets	8	-	1,500,000.00
Other Payments	9	1,800,000.00	-
TOTAL PAYMENTS		187,522,713.30	91,010,229.23
SURPLUS/DEFICIT		37,299,069.20	30,700,958.77

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA WEST NGCDFC financial statements were approved on 30th August 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MANDERA
WEST CONSTITUENCY


Reports and Financial Statements


For the year ended June 30, 2016

V. STATEMENT OF ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	72,732,122.87	35,433,053.67
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		72,732,122.87	35,433,053.67
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July...	13	35,433,053.67	4,732,094.90
Surplus/Defict for the year		37,299,069.20	30,700,958.77
Prior year adjustments	14	-	-
FINANCIAL POSITION		72,732,122.87	35,433,053.67

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA WEST NGCDFC financial statements were approved on 30th August 2016 and signed by:


Chairman - NGCDFC


Fund Account Manager

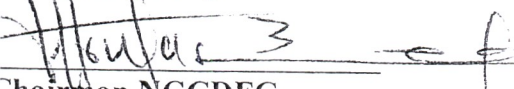
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MANDERA
WEST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW		(Reclassified)	
Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	224,821,782.50	121,711,188.00
Other Receipts	3	-	-
		224,821,782.50	121,711,188.00
Payments for operating expenses			
Compensation of Employees	4	1,343,000.00	801,072.00
Use of goods and services	5	7,673,400.00	7,244,847.23
Transfers to Other Government Units	6	98,590,690.00	42,499,122.00
Other grants and transfers	7	78,115,623.30	38,965,188.00
Other Payments	9	1,800,000.00	-
		187,522,713.30	89,510,229.23
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		37,299,069.20	32,200,958.77
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(1,500,000.00)
Net cash flows from Investing Activities		-	(1,500,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		37,299,069.20	30,700,958.77
Cash and cash equivalent at BEGINNING of the year	13	35,433,053.67	4,732,094.90
Cash and cash equivalent at END of the year		72,732,122.87	35,433,053.67

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MANDERA WEST NGCDFC financial statements were approved on 30th August 2016 and signed by:


Chairman NGCDFC


Fund Account Manager

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 CDF Board	153,187,800.00	107,567,036.17	260,754,836.17	260,254,836.17	500,000.00	99.81
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	153,187,800.00	107,567,036.17	260,754,836.17	260,254,836.17	500,000.00	99.81
PAYMENTS						
Compensation of Employees	1,834,000.00	715,116.48	2,549,116.48	1,343,000.00	1,206,116.48	52.68
Use of goods and services	9,745,153.00	3,880,622.10	13,625,775.10	7,673,400.00	5,952,375.10	56.32
Transfers to Other Government Units	67,645,000.00	81,445,691.44	149,090,691.44	98,590,690.00	50,500,001.44	66.13
Other grants and transfers	71,597,647.00	19,225,606.15	90,823,253.15	78,115,623.30	12,707,629.85	86.01
Acquisition of Assets	1,866,000.00		1,866,000.00		1,866,000.00	
Other Payments	500,000.00	2,300,000.00	2,800,000.00	1,800,000.00	1,000,000.00	64.29
TOTAL	153,187,800.00	107,567,036.17	260,754,836.17	187,522,713.30	73,232,122.87	71.92

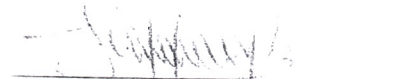
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MANDERA
WEST CONSTITUENCY**

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

Acquisition of assets amounting to Kshs 1,866,000 was not utilized during the financial year due to delay in the disbursement of the funds from the NG-CDF Board.

The MANDERA WEST NGCDFC financial statements were approved on 30th August 2016 and signed by:


Chairman NGCDF


Fund Account Manager

III. 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.

Classification of the Committee expenses of Kshs 2,790,000 in the Financial Year 2014/15 has been reclassified. The item is to be presented under use of goods and services and the comparative amount in the Financial Year is reclassified to comply with the requirement of IPSAS.

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.

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.

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

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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 – MANDERA
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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 30th, 2016.

IX NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 -2015
		Kshs	Kshs
	AIE No.		
Normal Allocation	A759710	72,133,982.50	49,577,205.50
	A796329	10,000,000.00	36,066,991.25
	A796490	30,000,000.00	21,640,195.00
	A820611	20,000,000.00	14,426,796.25
	A820903	16,000,000.00	
	A825661	38,000,000.00	
	A825763	38,687,800.00	
Conditional grants			-
Receipt from other Constituency			
TOTAL		224,821,782.50	121,711,188.00

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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Interest Received	-	-
Other Receipts Not Classified Elsewhere (specify)	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,332,600.00	593,072.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	180,000.00
Transport allowance	-	-
Leave allowance	-	28,000.00
Other personnel payments	-	-
Employer contribution to NSSF	10,400.00	-
gratuity	-	-
Total	1,343,000.00	801,072.00

3. USE OF GOODS AND SERVICES

Description	(Reclassified)	
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	60,000.00	134,000.00
Office rent	490,000.00	420,000.00
Communication, supplies and services	180,000.00	181,000.00
Domestic travel and subsistence	500,000.00	2,400,300.00
Printing, advertising and information supplies & services	60,000.00	-
Rentals of produced assets	-	-
Training expenses	1,200,000.00	-
Hospitality supplies and services	216,000.00	-
Other committee expenses	1,718,400.00	1,270,000.00
Committee allowance	2,235,000.00	1,520,000.00
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	834,000.00	624,180.00
Fuel ,oil & lubricants	180,000.00	264,300.00
Other operating expenses	-	373,067.23
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	58,000.00
	-	-
Total	7,673,400.00	7,244,847.23

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools	68,237,931.00	19,950,000.00
Transfers to secondary schools	18,370,000.00	14,979,422.00
Transfers to Tertiary institutions	-	-
Transfers to Health institutions	11,982,759.00	7,569,700.00
TOTAL	98,590,690.00	42,499,122.00

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary	4,458,210.00	3,105,000.00
Bursary -Tertiary	15,843,808.00	14,425,411.00
Bursary-Special schools	-	-
Mocks & CAT	-	-
water	33,300,000.00	4,500,000.00
Agriculture (food security)	-	-
Electricity projects	-	-
Security	1,200,000.00	-
Roads	14,000,000.00	10,700,000.00
Sports	1,435,298.00	1,200,000.00
Environmental Projects	2,885,359.30	-
Emergency Projects (specify)	4,992,948.00	5,034,777.00
Total	78,115,623.30	38,965,188.00

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

9. ACQUISITION OF ASSETS

Non Financial Assets	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings	-	-
Purchase of computers ,printers and other IT equipments	-	1,320,000.00
Purchase of photocopier	-	180,000.00
Purchase of other office equipments	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
Total	-	1,500,000
9 Other Payments		
Development of a Five-Year Strategic Plan specify	1,800,000	-
specify	-	-
TOTAL	1,800,000	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency		2015 - 2016	2014 - 2015
	Account Number	Kshs	Kshs (30/6/2015)
Equity Bank Mandera Branch	,1000296633736	72,732,122.87	35,433,053.67
		-	-
		-	-
Total		72,732,122.87	35,433,053.67
10B: CASH IN HAND)			
		2015 - 2016	2014 - 2015
		Kshs (30/6/2015)	Kshs (30/6/2015)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
		-	-
Total		-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. BALANCES BROUGHT FORWARD

		2015 - 2016	2014 - 2015
		Kshs (1/7/2015)	Kshs (1/7/2014)
Bank accounts		35,433,053.67	4,732,094.90
Cash in hand		-	-
Imprest		-	-
Total		35,433,053.67	4,732,094.90

OTHER IMPORTANT DISCLOSURES

12.1: PENDING ACCOUNTS PAYABLE

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods and Services	5,952,375.10	-
TOTAL	5,952,375.10	-

12.2: PENDING STAFF PAYABLES

	(2015 - 2016)	(2014 - 2015)
	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
All Employees	1,206,116.48	-
TOTAL	1,206,116.48	-

12.3: OTHER PENDING PAYABLES (See Annex 1)

	(2015 - 2016) Kshs	(2014 - 2015) Kshs
Amounts due to other Government entities	50,500,001.44	81,445,691.44
Amounts due to other grants and other transfers	12,707,629.85	14,726,955.87
Others	10,024,491.58	11,394,390.3
TOTAL	73,232,122.87	107,567,036.17

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MANDERA WEST CONSTITUENCY
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ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance		Comments
					2,015 d=a-c	2,014	
Amounts due to other Government entities		a	b	c	d=a-c		
Sukela Primary School	Construction of Undergroun d Water tank at Sukela Primary	1,500,000.00			1,500,000.00		
Bolowle Primary school	Rennovation of 4 No classrooms at Bolowle Primary	800,000.00			800,000.00		
Gutole Primary School	Fencing of school compound at Gutole Primary School	2,000,000.00			2,000,000.00		
Danaba Integrated Primary	construction of 2 No classrooms at Danaba	1,600,000.00			1,600,000.00		

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	Integrated Primary							
Gither Primary	Fencing of school compound at Gither Primary	2,000,000.00				2,000,000.00		
Didkuro primary	Fencing of school compound at Didkuro primary	2,000,000.00				2,000,000.00		
Dobu Primary	construction of 2 No classrooms at Dobu Primary	1,600,000.00				1,600,000.00		
Kubihalo Primary	Construction of 2 No Toilets at Kubihalo Primary	300,000.00				300,000.00		
Kinisa Primary	Construction of 2 No Toilets at Kinisa Primary	300,000.00				300,000.00		
Harbuvo Primary	construction of 1 No classroom at	800,000.00				800,000.00		

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	Harbuoyo Primary						
Sukela Primary	Fencing of school compound at Sukela Primary	2,000,000.00			2,000,000.00		
Takaba Primary	construction of 2 No classrooms at Takaba Primary	1,600,000.00			1,600,000.00		
Abubakar integrated Primary	construction of 2 No classrooms at Abubakar integrated Primary	1,600,000.00			1,600,000.00		
Nurulyaqeen Integrated Primary	construction of 2 No classrooms at Nurulyaqeen Integrated Primary	1,600,000.00			1,600,000.00		
Darwed primary	Additional Funds for 2 No classrooms at Darwed Primary	1,000,000.00			1,000,000.00		



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Gambella Primary	construction of 2 No classrooms at Gambella Primary	1,600,000.00				1,600,000.00		
Iyan Abakula Primary	construction of 2 No classrooms at Iyan Abakula Primary	1,600,000.00				1,600,000.00		
Sambur Primary	construction of 2 No classrooms at Sambur Primary	1,600,000.00				1,600,000.00		
Ardahallo Primary	construction of Administrati on Block at Ardahallo Primary	1,500,000.00				1,500,000.00		
Qorobo Saglan Primary	Construction of 2 No Toilets at Qorobo Saglan Primary	300,000.00				300,000.00		
Ogode Primary	Construction of 2 No Toilets at Ogode Primary	300,000.00				300,000.00		

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Qarsa Dima Primary	Construction of 2 No Toilets at Qarsa Dima Primary	300,000.00				300,000.00		
Teso Ramo Primary	Construction of 2 No Toilets at Teso Ramo Primary	300,000.00				300,000.00		
Argesa Primary	construction of 2 No classrooms at Argesa Primary	1,600,000.00				1,600,000.00		
Detach Tune Primary	construction of 2 No classrooms at Detach Tune Primary	1,600,000.00				1,600,000.00		
Kotkoto Primary	construction of 2 No classrooms at Kotkoto Primary	1,600,000.00				1,600,000.00		
Dandu Primary	Construction of 6 No Toilets at Dandu Primary	900,000.00				900,000.00		



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Bachile Primary	Construction of Administrati on Block at Bachile Primary	1,500,000.00			1,500,000.00		
Kubdishan Primary	Completion (Painting and Finishes and labeling) of 2 No. Classrooms at Kubdishan Primary	100,000.00			100,000.00		
Harshilmi Primary	Construction of 2 No. Toilets at Harshilmi Primary	300,000.00			300,000.00		
Hada Primary	Construction of 2 No. Toilets at Hada Primary	300,000.00			300,000.00		
Secondary Schools Vote	Votebook Balance b/f	0.56			0.56		

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Burduras Secondary	Completion (Paving Slap, Floor Finishes, Painting, Door and Windows Finishes) of Dormitory at Burduras Secondary	1,000,000.00			1,000,000.00		
Burduras Secondary	Construction Science Laboratory at Burduras Secondary	2,500,000.00			2,500,000.00		
Burduras Secondary	construction of 1 No classroom and 4 No Toilets at Burduras Secondary	1,400,000.00			1,400,000.00		
Dandu secondary	Construction of Dining Hall and kitchen at Dandu secondary	3,000,000.00			3,000,000.00		
Darwed Mix Secondary	Construction of Science Laboratory at Darwed	2,500,000.00			2,500,000.00		

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	Mix Secondary							
Takaba Day Secondary	Construction of Underground water tank at Takaba Day Secondary	1,500,000.00				1,500,000.00		
Takaba Girls Secondary	Additional funds for (Expansion of Staff Room, Windows and Doors installation and finishes, Floor finishes and walling finishes, paving slap, painting and labeling) of Administration Block at Takaba Girls Secondary	2,500,000.00				2,500,000.00		

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Health Projects Vote	Votebook Balance b/f	0.88				0.88			
Sub-Total		50,500,001.44				50,500,001.44			
Amounts due to other grants and other transfers									
Emergency	To cater for any unforeseen occurrences in the constituency during the financial year								
Bursary Secondary Schools	Payment of bursary to needy student	4,204,647.00				4,204,647.00			
Bursary Tertiary Schools	Payment of bursary to needy student	891,790.00				891,790.00			
Sports Activities	Votebook Balance b/f	1,781,192.00				1,781,192.00			
		0.85				0.85			

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Dandu Sports Tournament	Carry out Sports tournament at Dandu Primary School and the winning teams/schools to be awarded with trophies, balls, and games kits	800,000.00				800,000.00		
Dandu Primary School	Clearing of football and volleyball pitch, labeling, erection of sign post and provision of volleyball nets	500,000.00				500,000.00		
Rocky Primary School	Purchase, Planting of trees and watering	580,000.00				580,000.00		
Takaba Day Secondary School	Purchase, Planting of trees and watering	750,000.00				750,000.00		

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Duduble Location Chief's office	Construction of Chief's office at Duduble Location	1,000,000.00			1,000,000.00			
Police Line Administration offices	Construction of Administration offices at Police Line	1,600,000.00			1,600,000.00			
Takaba Location Chief's Office	Renovation of Takaba Location Chief's Office	600,000.00			600,000.00			
Sub-Total		12,707,629.85			12,707,629.85			
Others								
1. Compensation of employees	staff salaries	2,549,116.48		1,343,000.00	1,206,116.48			
2. Administration and Monitoring	Goods and Services	13,625,775.10		7,673,400.00	5,952,375.10			
3. Audits fees	Audits Fees	1,000,000.00		-	1,000,000.00			

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Purchase of Furniture/equipments	Purchase of 1 photocopier, 1 HP coloured Printer, 1 Digital camera, office curtains, 1 wooden Table, Office Cleaner, 1 No. office Reception flat screen TV with accessories, 1 no. Metallic Filing cabinet, office floor carpets, 1 Generator for office use	1,866,000			1,866,000.00		
Sub-Total		19,040,891.58		9,016,400.00	10,024,491.58		
Grand Total		82,248,522.87		9,016,400.00	73,232,122.87		

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (kshs) 2014/15	Historical Cost (Kshs) 2013/14
Land	-	-
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	1,500,000.00	770,849.00
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	1,500,000.00	770,849.00



NG-CDF

National Government Constituencies Development Fund

Mandera West Constituency

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ANNEX 3 – SCHEDULE OF FIXED ASSET REGISTER AS AT 30TH JUNE 2016

ASSET NAME/ DESCRIPTION	ASSET CATEGORY	ASSET NO./TAG NO.	SERIAL NUMBER	ACQUISITION DATE	PURCHASE COST(KSH)	PHYSICAL LOCATION	CURRENT CONDITION
Toshiba laptop	Machine	CDF/039/M 001		25-10-08	98,250.00	Takaba	Not Usable
Dell Laptop	Machine	CDF/039/M 002		17-06-09	112,000.00	Takaba	Not Usable
Safaricom Modem	Machine	CDF/039/M 003		17-06-09	5,999.00	Takaba	Usable
Airtel Modem	Machine	CDF/039/M 004		HQ	From HQ	Takaba	Usable
Compag Desktop computer	Machine	CDF/039/M 005		17-06-09	65,000.00	Takaba	Not Usable
Compag Desktop computer	Machine	CDF/039/M 006		17-06-09	65,000.00	Takaba	Not Usable
HP Desktop computer	Machine	CDF/039/M 007		HQ	From HQ	Takaba	Usable
Hp printer/Copier/Scanner(3 in 1)	Machine	CDF/039/M 008		25-10-08	32,500.00	Takaba	Usable
Asura Generator	Machine	CDF/039/M 009		25-10-08	82,500.00	Takaba	Grounded
Sony Digital Camera	Machine	CDF/039/M 010		HQ	From HQ	Takaba	Grounded
1 set of office curtains (8 pieces)	Furniture	CDF/039/F0 01-008		25-10-08	24,000.00	Takaba	Not Usable
Office Table	Furniture	CDF/039/F0 09-011		17-06-09	35,000.00	Takaba	Grounded



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National Government Constituencies Development Fund

Mandera West Constituency

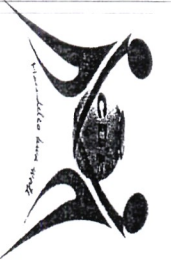
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Executive Chair	Furniture	CDF/039/F0 12	17-06-09	21,000.00	Takaba	Grounded
Executive Chair	Furniture	CDF/039/F0 13-014	17-06-09	25,000.00	Takaba	Grounded
Visitors' chair with arm rests	Furniture	CDF/039/F0 15-022	17-06-09	5,000.00	Takaba	Usable
Plastic Chair with plastic arms and base	Furniture	CDF/039/F0 23-027	17-06-09	3,500.00	Takaba	Usable
Paper Punch	Equipmen †	CDF/039/E0 01-002	17-06-09	900.00	Takaba	Usable
Staplers	Equipmen †	CDF/039/E0 03-004	17-06-09	700.00	Takaba	Usable
Metallic Filling cabinets	Equipmen †	CDF/039/E0 05-007	17-06-09	19,500.00	Takaba	Usable
INo. HP Scanner	Machine	CDF/039/M 011	HQ	From HQ	Takaba	Usable
Plastic Chair with plastic arms and base	Furniture	CDF/039/F0 28-031	28-04-14	6,000.00	Takaba	Usable
4ft Secrerarial Office Desk with fixed drawers	Furniture	CDF/039/F0 32	Mar-15	42,000.00	Takaba	Usable
Straight Back office Chair	Furniture	CDF/039/F0 33-042	Mar-15	9,000.00	Takaba	Usable
Stackable Office Chair in Chrome	Furniture	CDF/039/F0 43-047	Mar-15	22,000.00	Takaba	Usable
2M Executive Office Desk with side cabinets and mobile Drawer	Furniture	CDF/039/F0 48-049	Mar-15	95,000.00	Takaba	Usable
High Back Executive Leather chair with wooden arms and base	Furniture	CDF/039/F0 50-051	Mar-15	50,000.00	Takaba	Usable
High Back Executive Leather chair with padded arms	Furniture	CDF/039/F0 52	Mar-15		Takaba	Usable



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2.8M Executive Conference/Boardroom Table (15 Seater)	Furniture	CDF/039/F0 53	Mar-15	48,000.00	Takaba	Usable
Lateral Filing cabinet with 6 shelves	Equipmen †	CDF/039/E0 08-010	Mar-15	135,000.00	Takaba	Usable
Lateral Filing cabinet with 4 shelves	Equipmen †	CDF/039/E0 11-015	Mar-15	47,000.00	Takaba	Usable
Mettlic Office Paper tray	Equipmen †	CDF/039/E0 16-017	Mar-15	32,500.00	Takaba	Usable
Plastic Chair with plastic arms and base	Furniture	CDF/039/F0 54-063	Mar-15	7,500.00	Takaba	Usable
Wooden office chair with woden arms and base	Furniture	CDF/039/F0 64	Mar-15	7,000.00	Takaba	Usable
Semi Executive office Chair with Padded arms	Furniture	CDF/039/F0 65	Mar-15	24,500.00	Takaba	Usable
5-Seater Executive office sofa in Metal and Wood	Furniture	CDF/039/F0 66	Mar-15	39,000.00	Takaba	Usable
HP Desktop Computer with Intel Core i3, 4GB RAM and 500GB HDD	Machine	CDF/039/M 012	Mar-15	145,000.00	Takaba	Usable
HP Desktop Computer with Intel Core 2Duo, 4GB RAM and 500GB HDD	Machine	CDF/039/M 013	Mar-15	90,000.00	Takaba	Usable
500GB Back up Hard Disk	Machine	CDF/039/M 014	Mar-15	90,000.00	Takaba	Usable
500GB Back up Hard Disk	Machine	CDF/039/M 014	Mar-15	8,000.00	Takaba	Usable

Prepared by

YUSSUF ABDI-ALI
 FUND MANAGER

NG-CDF MANDERA WEST
 Date: 30th August 2016

Confirmed by

HUSSEIN MAALIM MOHAMED
 CHAIRPERSON

MANDERA WEST NG-CDFC
 Date: 30th August 2016

ANNEX 4 – PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

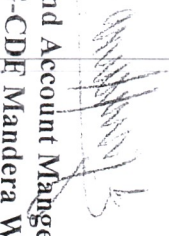
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.


Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Paragraph 1.0	<p>Presentation and Disclosure of the Financial Statements</p> <p>The international Public Sector Accounting Standards (IPSAS) cash basis and the prescribed reporting presentation format by the National Treasury requires the management to indicate progress made in addressing previous year's audit issues. However, action taken on audit issues of 2013/2014 has not been indicated in the 2014/2015 financial statements as required. Further, the name of the fund had changed with the passing of CDF Act, 2015 to National Government Constituency Development Fund – Mandera West. However, the fund used the old name.</p>	<p>CDF adopted IPSAS cash reporting framework for the first time in the financial year 2013/14 and the omission of the statement of progress made in the financial statements was an oversight.</p> <p>The report on the progress made in addressing previous year's audit issues is now attached and forwarded to your office. We will comply with the requirements of the standards in preparation of subsequent financial statements.</p> <p>The changes in the name of the fund had not been made when the Financial Statements were prepared.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Resolved</p>	
Paragraph 2.0	<p>Award of Contracts for Capital Projects</p> <p>Examination of Payment vouchers, project files and other records held at CDF Office revealed that contracts amounting to Kshs 17,079,422.00 were awarded during the financial year under review. However,</p>	<p>The letters of notification to the unsuccessful bidders, certificate of practical completion and bill of quantities for the unsuccessful bidders were in the project files maintained by the Project Management Committees' (PMCs) and could not be availed in time</p>	<p>NG-CDF Fund Account Manager</p>	<p>Resolved</p>	

	<p>scrutiny of the project files reflected that they lacked letters of notification to the unsuccessful bidders, certificate of practical completion and bill of quantities for unsuccessful bidders were not availed for audit.</p> <p>Consequently, it has not been possible to confirm that proper procurement procedures were followed in the identification and eventual award of the contracts to various firms which won the tenders.</p>	<p>during the audit exercise due to challenges relating to the accessibility of the PMCs at the time of audit. The same are now attached for audit verification.</p>			
<p>Paragraph 3.0</p>	<p>Procurement of Goods, Works and Services - Unaccounted For Grants</p> <p>During the year under review, the CDF Committee allocated and issued other grants totalling Kshs 38,965,185. However, Kshs 6,369,700 was issued to Health, Education, Water and Roads sectors for various projects. However, project procurement files for the projects worth Kshs 6,369,700 were not made available for audit review and verification and it was therefore not possible to confirm whether proper procurement procedures were followed to determine the levels of completion of the projects. As a result, the propriety of the expenditure of Kshs 6,369,700 could not be confirmed.</p>	<p>Mandera West Constituency NG-CDF ensures that proper records for all grants allocated and issued are maintained. Expenditure returns to support all payments made are also maintained.</p> <p>Project procurement files were in the project files maintained by the Project Management Committees' (PMCs) and could not be availed in time during the audit exercise due to challenges relating to the accessibility of the PMCs at the time of audit.</p> <p>Copies of project files and expenditure returns to support utilization of the above listed grants are now made available for audit verification.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Resolved</p>	
<p>Paragraph 4.0</p>	<p>Unaccounted for Bursary Expenses</p> <p>During the financial year under review, Examination of payment vouchers the CDF disbursed bursaries amounting to Kshs 17,503,411 to various schools and universities to benefit needy students. Although the payment records showed that the funds were disbursed as allocated there</p>	<p>We have since received bursary acknowledgements from colleges and institutions. We are following up on the remaining institutions to acknowledge bursary grants in respect of their students. We are also making prudent measures in place to ensure that bursary grants are acknowledged in due time.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>May 2017</p>

Paragraph	<p>were no fees payments receipts amounting to Kshs 4,170,000 and acknowledgment letters from relevant institutions were not availed for audit review.</p> <p>Under the circumstances, it has not been possible to confirm that Kshs 4,170,000 reached the relevant institutions or that the fund benefited the deserving cases as intended.</p>	Bursary receipts and acknowledgement letters are now availed for audit verification.		Resolved	
Paragraph 5.0	<p>Monitoring and Evaluation Expenditure</p> <p>Examination of payment vouchers and the supporting documents revealed that Mandra West CDF Office spent KShs 4,961,000 on Monitoring and Evaluation activities during the period under review. However, payment vouchers were not supported with temporary work tickets, copies of the logbooks, and driver's license for the hired vehicles. Further, a list of the projects visited and the progress reports were neither attached to the payment vouchers nor availed for audit review.</p> <p>In view of the foregoing, it has not been possible to confirm the expenditure of Kshs.4,961,000 as a proper charge to public funds.</p>	Copies of temporary work tickets, copies of the logbooks and copies of driver's license for the hired vehicles as well as the list of the projects visited and the progress reports were in the Monitoring and Evaluation files at the time of the audit and copies are now availed for audit verification.	NG-CDF Fund Account Manager	Resolved	
Paragraph 6.0	<p>Unaccounted for Administration Expenses</p> <p>The CDF management spent Kshs 1,401,068.00 on administration during the period under review. However, payment Vouchers were not supported by muster rolls to confirm that payments made were only for the number of the days worked. Further, no documentary evidence was provided to show that the statutory deductions were remitted to the relevant institutions</p>	<p>A muster roll was kept in the records department and copies were not in the Payment Voucher at the time of the audit exercise.</p> <p>A copy of the muster roll is now available for audit verification.</p> <p>All payment vouchers made in respect of the Mandra West NG-CDFC employees had provisions for statutory deductions to the relevant institutions and documentary</p>	NG-CDF Fund Account Manager	Resolved	

Paragraph 7.0	<p>Other Matter Budgeted Development Projects Fifty three (53) projects worth Kshs. 84,962,931 had not been implemented. In the circumstance, the service delivery targets were not achieved.</p>	evidence to that effect attached for audit verification.	Fifty three (53) projects worth Kshs. 84,962,931 could not be implemented since funding delayed from the NG-CDF Board and thus the projects could not be implemented before the end of the financial year and had to be rolled over to the subsequent financial year. We are following up with the Board as regards to the aforementioned.	NG-CDF Fund Account Manager	Resolved
Paragraph 8.0	<p>Under Expenditure The fund could not utilize 54% of its budget.</p>	The fund could not utilize 54% of the budget as funds had delayed from the NG-CDF Board. We are following up with the Board as regards to the aforementioned.	NG-CDF Fund Account Manager	Resolved	
Paragraph 9.0	<p>Under Funding During the year under review the constituency was allocated Kshs. 198,577,265 for use on various projects which were earmarked for financing. However, the CDF Board released only Kshs. 121, 711, 188 resulting to a shortfall Kshs 76,866,077. The planned projects would not be completed within the budgeted time frame thereby denying the citizens the desired services.</p>	The disbursements of funds from the NG-CDF Board were made in tranches and there were delays in the release of funds towards the end of the financial year under review.	NG-CDF Fund Account Manager	Resolved	


Fund Account Manger
NG-CDF Mandra West
Date: 30/08/2016


NG-CDFC CHAIRMAN
Date: 30/08/2016
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