

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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HON. BENJAMIN WASHIALI, MP ON 14.2.2018
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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND-
SAMBURU EAST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
SAMBURU EAST 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 – SAMBURU EAST 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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 Samburu east Constituency's day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NGCDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Simon kipaika
3.	Accountant	Simon marwa
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Samburu east 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.

(e) SAMBURU EAST NGCDF Headquarters

NGCDF Office Building.
P.O Bo 21-20603
WAMBA

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

(f) SAMBURU EAST NGCDF Contacts

Telephone: (254) 0727 389 947
E-mail: Samburueast@yahoo.com
Website: www.samburueast.go.ke

(g) SAMBURU EAST NGCDF Bankers

1. EQUITY BANK
P.O Box
MARALAL
...
...

(h) Independent Auditors

Auditor General
Office of the auditor general
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

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

The NGNGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and water infrastructures of Samburu east.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. However absorption of the funds is high given that the office do get funds on timely basis. The absorption rate is high as compared to last financial year.

Sign.....
CHAIRMAN NGCDFC

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SAMBURU
EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. 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 Samburu east 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 Samburu east 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 in charge of the Samburu east 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 Samburu east 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 30/8/2016 2016.


Fund Account Manager


Chairman

REPUBLIC OF KENYA

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Fax: +254-20-311482
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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-SAMBURU EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of national Constituencies Development Fund – Samburu East set out on pages 5 to 28, which comprise the statement of financial assets and liabilities as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable 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 the 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 of the Constitution. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Samburu East for the year ended 30 June

on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

1.0 Basis for Qualified Opinion

1.1 Bank Balance

The statement of financial assets as at 30 June 2016 reported a bank balance of Kshs.8,717,312. According to the bank reconciliation statement, balance as per bank statement was Kshs.60,044,253.35 while balance as per cash book was Kshs.8,497,312.25. The statement reflected payments in cash book not yet recorded in bank statement of Kshs.51,649,624.10 and payments in bank not yet recorded in cash book of Kshs.102,683. However, unrecorded items in both the cashbook and the bank have not been supported by a listing to confirm when they were drawn and for how long they have been outstanding.

In addition, the reported balance of Kshs.8,717,312 differs with the bank reconciliation balance of Kshs.8,497,312 resulting to an unexplained difference of Kshs.220,000. Further, the reconciliation statement did not have details of when the cheques were drawn and therefore it was not possible to determine stale cheques from the unrepresented cheques amount of Kshs.51,649,624. In the circumstance, the accuracy and validity of the reported bank balance of Kshs.8,717,312 as at 30 June 2016 cannot be confirmed as fairly stated.

2.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2016 reported compensation of employees of Kshs.3,208,071. Payroll summaries presented for audit verification, confirmed that the computed gross salaries amounted to Kshs.1,940,194, occasioning a variance of Kshs.1,267,877 which was not explained.

Further, it was observed that there was a bloated workforce at the Constituency Development Fund office, Wamba, which had thirteen (13) members of staff instead of five (5). Therefore the expenditure for compensation of employees is not fairly stated.

3.0 Other Grants and Transfers

Bursaries

During the year under review, the constituency development fund office disbursed bursaries totalling Kshs.8,556,419 to secondary schools and Kshs.11,174,710 to tertiary institutions. Out of the total amount disbursed to ten diary institutions Kshs.2,161,500 disbursed to universities had no acknowledgement letters for proof that the bursary

funds were received by the institutions and benefitted the intended students. In the circumstance, accountability of the expenditure on bursaries amounting Kshs.19,731,129 cannot be confirmed.

4.0 Emergency Funds

The statement of receipts and payments for the year ended 30 June 2016 reflects other grants and transfers of Kshs.59,895,571. Included in these transfers is an expenditure on emergency projects of Kshs.5,896,880. However, no supporting documents were presented to show the expenditure was of emergency nature (urgent or unforeseen) as stipulated by Section 8(5) of the National Government Constituency Development Fund Act, 2015.

In addition, Section 20(2) of the National Government Constituency Development Fund Regulations, 2016 requires that the utilization of the emergency reserve shall be reported to the Board within thirty days (30) of the occurrence of the emergency, in the format prescribed by the Board. However, no records were presented for to confirm any reporting done to the Board. In the circumstance, the expenditure on emergency projects totaling Kshs.5, 896,880 cannot be confirmed as a proper charge to public funds.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects the financial position of National Government Constituencies Development Fund- Samburu East 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 National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Expenditure Analysis

The approved receipts budget for Samburu East Constituency Development Fund was Kshs.127,305,114 and the actual expenditure was Kshs.115,708,506 which represents ninety-one (91%) percent absorption rate as reflected in the summary statement of appropriation. The under expenditure of Kshs.11,317,312 was attributed to failure to release all the funds, which in turn frustrated the plan to implement all the planned projects.

2.0 Roads

(i) Budget Performance

During the year under review, the Constituency had an approved budget for roads totaling Kshs.10,037,942 against actual expenditure of Kshs.14,034,342 resulting to over-expenditure of Kshs.3,996,400. The over-expenditure has not been explained and

supported. In the circumstance, the expenditure of Kshs.14,034,342 cannot be confirmed to have been a proper charge on public funds.

(ii) Lbasilinga Nalebopo Road

Samburu East Constituency Development Fund disbursed Kshs.4,000,000 through payment voucher number 6587 for dozing of Lbasilinga Nalebopo road. However, physical verification of the project revealed that the road is not in use since an access bridge was not built and it is not clear whether dozing was done as no records were presented to confirm completion of works and certification by the technical department of the Government. In the circumstance, it is not possible to confirm that the expenditure was a proper charge on public funds.

3.0 Transfers to Primary Schools

Included in sum of Kshs.44,606,114 under the transfer to other government units are cash transfers to primary schools totalling Kshs.30,906,114 as reported in Note 6 to the financial statements. However, the following unsatisfactory matters were noted in relation to the transfers:

i) Lulkuiyiani Primary School

The Constituency Development Fund budgeted Kshs.526,000 for equipping the school dining hall. However, although the funds were transferred to the school, there were no expenditure returns to confirm the status of the project. In addition, there was no disclosure of the project bank account to confirm the account to which the funds were transferred. Site verification carried out at the school revealed that the dining hall was equipped with twelve (12) steel framed tables and twenty four (24) steel framed benches. However, no records were presented to confirm procurement undertaken and receipt of tables and benches. In the circumstances, the expenditure of Kshs.526,000 cannot be confirmed to have been a proper charge on public funds.

ii) Wamba Mixed Day School

An amount of Kshs.1,800,000 was transferred to Wamba Mixed Secondary School for construction of a laboratory through cheque number 2438 and 2439 of Kshs.900,000 each. However, during a filed visit on 4 April 2017 it was observed that the project was done halfway even though it was in use. Windows had not been fitted, floor, veranda, plastering, painting and overall finishing had not been done.

The contractor was paid in full yet the project was only half-way done. No explanation has been provided on this state of affairs, and further it is not known when the works will be completed and handed over to the intended beneficiaries.

In addition, bills of quantities, work plans, progress reports for the project, technical evaluation report, project implementation status reports were missing in the project file and therefore the status of the present could not be verified. In the circumstances, the

propriety of the expenditure of Kshs.1,800,000 could not be confirmed to have seen a proper charge on public funds.

iii) Lodungokwe Mixed Day School

Kshs.400,000 was transferred to Lodungokwe Mixed Day School for the construction of pit latrines. However, during physical verification done on 4 April 2017, it was observed that the latrine had not yet been constructed yet funds had already been transferred to the school. No reason has been given for the non-implementation of the project despite availability and transfer of funds. The school is therefore not deriving any benefits from the funds provided. As a result, transfer of Kshs.400,000 cannot be confirmed to be a proper charge on public funds.

4.0 Sports Activities

Other grants and transfers include sports expenditure of Kshs.1,600,000. Examination of expenditure records maintained at the Samburu East Treasury disclosed that Kshs.1,637,931 was spent on Samburu East Constituency - wide sports tournament kit during the year. However, no distribution list of the beneficiaries was prepared and signed by the recipients to confirm receipt of the kits purchased for the tournament. It was therefore not possible to confirm that funds were utilized for the intended purposes.

5.0 Environmental Activities

Payments vouchers made available for audit indicated that the Constituency Development Fund Committee approved payments totalling Kshs.2,100,000 made for implementation of environmental activities within the Constituency.

Examination of supporting documents attached to the payments revealed that there were no specific environmental activities that were funded during the year. There were no expenditure returns made to account for Kshs.2,100,000 spent towards implementation of environmental activities within the Constituency Development Fund Committee office on the amount disbursed to the group. In absence of the expenditure returns from the groups, the propriety of the expenditure of Kshs.2,100,000 cannot be confirmed.

6.0 Water

6.1 Budget Performance

During the year under review, the budget for water projects was Kshs.11,130,000 against an actual expenditure of Kshs.17,193,220 resulting to unexplained and unsupported over expenditure of Kshs.6,063,220. In the circumstance, the Constituency Development Fund did not adhere to the approved budget and may have implemented

projects which were not approved and budgeted for. In addition, the following unsatisfactory matters were noted:

i) Non Implementation of Approved Projects

Examination of the approved budget revealed that projects totaling Kshs.5,400,000 had not been implemented as at 30 June 2016, and no explanation was given for failure to implement them. Failure to implement the projects provided in the approved budget implies that the constituents of Samburu East were denied much needed services by the Constituency Office despite the funds having been provided in the approved budget.

ii) Ndikir Nanyoike Water Project

Samburu East Constituency Development Fund disbursed Kshs.3,800,000 vide payment voucher number eleven (11) for drilling of borehole and solar power equipments for Ndikir Nanyoike water project. However, physical verification of the project revealed that the borehole is not in use and the solar power equipments works had not been installed. In addition, project documents such as project bank statement, expenditure returns, contract agreement, Local Service Order and certificate of completion were not provided for audit review despite the contractor having been paid the full amount of Kshs.3,800,000. In the circumstance, the expenditure cannot be confirmed to have constituted a properly charge on public funds.

7.0 Pending Bills -Other Pending payables

Annex 3 to the financial statements reflects analysis of other pending payables totaling Kshs.5,786,523.20 as at 30 June 2016. However, no schedule was presented to support of these pending payables. It was therefore not possible to ascertain how the pending bills were incurred. In the circumstance, the nature and propriety of the expenditure incurred could not be confirmed.



FCPA Edward R.O Ouko, CBS
AUDITOR GENERAL

Nairobi

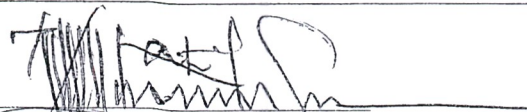
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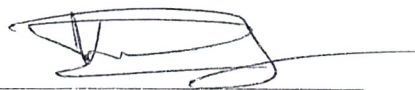
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SAMBURU
 EAST CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Samburu east NGCDF financial statements were approved on _____ 2015 and signed by:

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	105,286,954	144,521,364
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		105,286,954	144,521,364
PAYMENTS			
Compensation of employees	4	3,208,071	1,762,731
Use of goods and services	5	6,998,750	8,386,555
Transfers to Other Government Units	6	44,606,114	67,438,230
Other grants and transfers	7	59,895,571	55,031,131
Acquisition of Assets	8	-	-
Other Payments	9	1,000,000	-
TOTAL PAYMENTS		115,708,506	132,618,647
SURPLUS/DEFICIT		(10,421,552)	11,902,717


 Chairman - NGCDFC


 Fund Account Manager

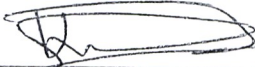
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SAMBURU
 EAST CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2016

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	8,717,312	19,158,864
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	20,000	
TOTAL FINANCIAL ASSETS		<u>8,737,312</u>	<u>19,158,864</u>
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July...	13	19,158,864	7,256,147
Surplus/Defict for the year		(10,421,552)	11,902,717
Prior year adjustments	14	-	-
NET LIABILITIES		<u>8,737,312</u>	<u>19,158,864</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Samburu east NGCDF financial statements were approved on 29/8/2016 and signed by:


 Chairman - NGCDFC


 Fund Account Manager

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

VI. STATEMENT OF CASHFLOW



Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	105,286,954	144,521,364
Other Receipts	3	-	-
		105,286,954	
Payments for operating expenses			
Compensation of Employees	4	3,208,071	1,762,731
Use of goods and services	5	6,998,750	8,386,555
Transfers to Other Government Units	6	44,606,114	67,438,230
Other grants and transfers	7	59,895,571	55,031,131
Other Payments	9	1,000,000	-
		115,708,506	132,618,647
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(10,421,552)	(132,618,647)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(10,421,552)	(132,618,647)
Cash and cash equivalent at BEGINNING of the year	13	19,158,864	
Cash and cash equivalent at END of the year		8,737,312	

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SAMBURU
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For the year ended June 30, 2016

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Samburu east NGCDF financial statements were approved on 30/8/2016 and signed by:



Chairman NGCDFC



Fund Account Manager

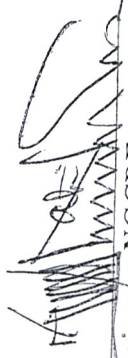
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED


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	107,866,954	19,158,864	127,025,818	124,445,818	2,580,000	
Proceeds from Sale of Assets				-	-	
Other Receipts						
TOTAL	107,866,954	19,158,864	127,025,818	124,445,818	2,580,000	97.9%
PAYMENTS						
Compensation of Employees	2,534,400	1,138,916	3,673,316	3,208,071	465,245	87.3%
Use of goods and services	7,173,626	1,284,574	8,458,200	6,998,750	1,459,450	89.5%
Transfers to Other Government Units	44,026,000	1,380,114	45,406,114	44,606,114	800,000	98.2%
Other grants and transfers	52,632,928	14,855,260	67,488,188	59,895,571	7,592,617	88.6%
Acquisition of Assets						
Other Payments	1,500,000	500,000	2,000,000	1,000,000	1,000,000	50.0%
TOTAL	107,866,954	19,158,864	127,025,818	115,708,506	11,317,312	

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]
- i. Funds were received on time and subsequently disburse to the project management committees

The SAMBURU EAST NGCDF financial statements were approved on 31/8 2016 and signed by:


Chairman NGCDF


Fund Account Manager



VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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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 30, 2016.

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IX. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES	I. NOTES TO THE FINANCIAL STATEMENTS	2015 - 2016		2014 - 2015	
		Kshs		Kshs	
	1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description				
1330407	Normal Allocation				
		A796365	20,000,000.00		7,300,000
		A724150	30,000,000.00		43,616,985
		A825768	27,286,954.00		50,916,985
		A825665	28,000,000.00		42,687,395
1330408	Conditional grants				
1330409	Receipt from other Constituency				
	TOTAL		105,286,954		144,521,364

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4 COMPENSATION OF EMPLOYEES		2015 - 2016	2014 - 2015
Description		Kshs	Kshs
2110201	Basic wages of contractual employees		
2110202	Basic wages of casual labour	2,972,708	1,680,331
Personal allowances paid as part of salary			
2110301	House allowance		
2110314	Transport allowance		
2110320	Leave allowance		
2110326	Other personnel payments		50,000
2120101	Employer contribution to NSSF	144,800	
2710120	gratuity	90,563	
	Total	3,208,071	1,762,731
5 USE OF GOODS AND SERVICES			
Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
2210100	Utilities, supplies and services		
2210104	Office rent		
2210200	Communication, supplies and services		
2210300	Domestic travel and subsistence		
2210500	Printing, advertising and information supplies & services	244,070	113,605

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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For the year ended June 30, 2014 (Kshs'000)

2210600	Rentals of produced assets			
2210700	Training expenses	478,500		704,000
2210800	Hospitality supplies and services			
2210802	Other committee expenses	3,559,300		2,880,500
2210809	Committee allowance	671,500		1,763,600
2210900	Insurance costs			
2211000	Specialised materials and services			
2211100	Office and general supplies and services	279,944		142,978
2211200	Fuel, oil & lubricants	1,226,755		
2211300	Other operating expenses	538,631		693,589
2220100	Routine maintenance – vehicles and other transport equipment			2,002,812
2220200	Routine maintenance – other assets			
	Total	6,998,750		8,386,555
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description	2015 - 2016	2014 - 2015	
		Kshs	Kshs	
2630204	Transfers to primary schools	30,906,114	49,676,830	
2630205	Transfers to secondary schools	12,450,000	6,486,100	
2630206	Transfers to Tertiary institutions	-	-	

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 For the year ended June 30, 2016 (Kshs'000)

3100000	8 ACQUISITION OF ASSETS	2015 - 2016		2014 - 2015	
		Kshs	Kshs	Kshs	Kshs
	Non Financial Assets				
3110102	Purchase of Buildings	-	-	-	-
3110202	Construction of Buildings	-	-	-	-
3110302	Refurbishment of Buildings	-	-	-	-
3110701	Purchase of Vehicles	-	-	-	-
3110704	Purchase of Bicycles & Motorcycles	-	-	-	-
3110801	Overhaul of Vehicles	-	-	-	-
3111001	Purchase of office furniture and fittings				
3111002	Purchase of computers ,printers and other IT equipments				
3111005	Purchase of photocopier				
3111009	Purchase of other office equipments				
3111112	Purchase of soft ware				
3130101	Acquisition of Land				
	Total				
9	Other Payments				
	strategic plan				
	specify		1,000,000	-	-

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specify	2015 - 2016	2014 - 2015
TOTAL	Kshs (30/6/2016)	Kshs (30/6/2015)
10A: Bank Balances (cash book bank balance)	8,717,312	19,158,864
Name of Bank, Account No. & currency		
EQUITY SAMBURU EAST	Account Number 1,100,261,742,735	
Total	8,717,312	19,158,864
10B: CASH IN HAND		
Location 1		
Location 2		

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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For the year ended June 30, 2014 (Kshs'000)



	Location 3			-
	Other receipts (specify)			-
	Total			-
			[Provide cash count certificates for each]	
	11: OUTSTANDING IMPRESTS			
	Name of Officer		Amount Taken	Amount Surrendered
	TERRAFFIN MOGAKA	Date imprest taken	Kshs 20,000	Kshs
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-

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15.2: PENDING STAFF PAYABLES (See Annex 2)		Kshs	Kshs
Senior management		-	-
Middle management		-	-
Unionisable employees		-	-
Others (specify)		-	-
		-	-
15.3: OTHER PENDING PAYABLES (See Annex 3)		Kshs	Kshs
Amounts due to other Government entities (see attached list)		-	-
Amounts due to other grants and other transfers (see attached list)		-	-
Others (specify)		-	-
		-	-



ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
	a					
Construction of buildings						
1.						
2.						
3.						
Sub-Total					2,014	
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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11.								
12.								
	Sub-Total							
	Grand Total							

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
Senior Management		a	b	c	d=a-c		
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							

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7.										
8.										
9.										
	Sub-Total									
	Others (specify) contractual employees									
10.	Kelvin lesasulunga	52998.84	-	-	52998.84					
11.	franca lelenguiya	209305.8	-	-	209305.8					
12.	gitonga lolkoloi	110112	-	-	110112					
13.	ben ekwam	164106.56	-	-	164106.56					
	Sub-Total									
	Grand Total									

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
Amounts due to other Government entities							
1. wamba boys secondary school	dormitory equipping	800,000				2,014	
2.						d=a-c	

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3.									
	Sub-Total								
	Amounts due to other grants and other transfers								
4.	laresoro primary school			3,450,000					
5.									
6.									
	Sub-Total								
	Others (specify)								
	audit fee								
8.							1,000,000		
9.									
	Sub-Total								
	Grand Total								

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	(Kshs) 2015/16	(Kshs) 2014/15
Land	0	0
Buildings and structures	0	0
Transport equipment	3,744,473	3,744,473
Office equipment, furniture and fittings	2,102,500	2,102,500
ICT Equipment, Software and Other ICT Assets	0	0
Other Machinery and Equipment	0	0
Heritage and cultural assets	0	0
Intangible assets	0	0
Total	5,846,973	5,846,973

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