

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper laid  
Wednesday  
14/2/2018  
Afternoon  
sitting  
AH*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
WAJIR NORTH CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**





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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
WAJIR NORTH CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND -  
WAJIR NORTH CONSTITUENCY

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

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## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - WAJIR NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Wajir North Constituency set out on pages 1 to 25, which comprise the statement of financial assets as at 30 June 2016 and the statement of receipts and payments, the 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. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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



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 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 adverse audit opinion.

### **Basis for Adverse opinion**

#### **1.0. Accuracy and Completeness of the Financial Statements**

The opening balances for the financial statements for 2015/2016 are supported by the balances from the audited accounts for 2014/2015. However, the account balances which are reflected as comparative figures under the financial year 2014/2015 differ with the opening balances reflected in the financial statements of 2015/2016 as reflected below:-

<b>Account</b>	<b>Comparative Balance Shown Under 2014/2015 (For 2015/2016) (Kshs.)</b>	<b>Audited Balances (Kshs.)</b>	<b>Difference (Kshs.)</b>
Compensation of Employees	1,471,024	1,447,024	-24,000
Use of Goods & Services	6,968,149	3,375,297	-3,592,852
Committee Expenses	-	3,859,000	3,859,000
Social Security Benefits	-	24,000	24,000
Surplus/Deficit	42,059,150	41,793,002	-266,148
Prior Year Adjustments	-	266,148	266,148

Further, the notes to the financial statements which are reflected as comparative information under the financial year 2014/2015 in the same financial statements also differed with the notes reflected in the audited financial statements as shown in the subsequent table.

#### **Note 5: Other Grants and Other Payments**

<b>Description</b>	<b>Comparative Balance Shown Under 2014/2015 (Kshs.)</b>	<b>Audited Balances (Kshs.)</b>	<b>Difference (Kshs.)</b>
Bursary – Secondary Schools	3,337,500	3,117,000	-220,500
Bursary – Tertiary	6,227,500	6,448,000	220,500



The correct balances were not carried to the financial statements for 2015/2016 and therefore this distorts the accuracy of the revenue and expenditure for the year under review. Further, there was no trial balance to support the balances in the financial statements under review.

In view of the foregoing, the accuracy, completeness and validity of the financial statements for 2015/2016 could not be ascertained as at 30 June 2016.

## **2.0 Outstanding Imprest**

The statement of financial assets and Note 7 to the financial statements reflects outstanding imprest totaling Kshs.115,000 which ought to have been surrendered on or before 30 June, 2016. However, contrary to Public Finance Management Act, 2012, the amount was outstanding as at 30 June 2016. No reason was given for the failure to surrender the imprest on time.

Under the circumstances, the recoverability of the outstanding imprest cannot be confirmed.

## **3.0. Irregular Award of Capital Contracts**

National CDF Board approved a total project allocation for 2015/2016 of Kshs.188,620,010 for NG-CDF Wajir North out of which Kshs.177,509,050 was allocated to various projects ranging from security, roads, water, education and emergency.

However, examination of payment vouchers and other records such as project files, Bills of Quantities and request for quotations revealed the projects worth Kshs.20,889,465.36 had the following anomalies: -

- (i) Tender notice did not have a provision for the criteria to be used when evaluating tenders for the projects advertised
- (ii) No evidence was availed to show the contracts were properly evaluated since there were no evaluation reports attached to the payment vouchers or availed to support the projects
- (iii) Bills of the quantities for some of the projects were not properly filled since they were not signed on one or two pages by members of tender committee as required by section 60(1) of Public Procurement and Disposal Regulations 2006.
- (iv) Contract agreements were not signed between the procuring entity (Fund) and the contractors as required by Section 68 of the Public Procurement and Disposal Act, 2005.
- (v) Quotations for some of the projects were neither availed for audit review nor attached to the payment vouchers hence the method of procurement used was not clear



- (vi) Physical verifications of the projects visited revealed that the projects were not labeled. In the absence of proper labelling of projects duplication of projects may be possible.

In the circumstances, it has not been possible to ascertain the propriety and value for money of the expenditure amounting to Kshs.20,889,465 as at 30 June 2016.

#### **4.0 Monitoring and Evaluation Expenditure**

The National Government Constituency Development Fund Board approved Ksh.1,810,280 for monitoring and evaluation for the financial year 2014/2016 for Wajir North National Government Constituency Development Fund. However, out of this Kshs.673,000 was not properly supported. Temporary work tickets and copies of logbook were not maintained for the hired vehicles, list of the projects visited were neither attached to the payment voucher nor availed for audit and monitoring and evaluation reports for the projects visited were not attached to payment voucher or availed for audit review. Further, payment schedules supporting the payment vouchers were not signed by some of the recipients to acknowledge money received.

Consequently, the propriety of the expenditure of Kshs.673,000 could not be ascertained as at 30 June 2016.

#### **5.0 Non- Maintenance of Bank Accounts for Project Management Committee**

Section 15(10)(a) and 10(b) of National Government Constituency Development Fund Regulations, 2016 requires Project Management Committees to open and maintain records of Bank accounts as well as to prepare and table quarterly reports. Contrary to the regulations, it was noted that records of bank accounts held by the various project management committees such as bank statements and cashbooks were not maintained by the National Government Constituency Development Fund Wajir North office. There was also no bank reconciliation statement for the Project Management Committee accounts.

Under the circumstances, it has not been possible to ascertain whether the funds disbursed to the Project Management Committee accounts were utilized for the intended purposes and accounted for as at 30 June 2016.

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

During the year under review, a Constituency Oversight Committee was not appointed as required by Section 53(1) of the National Government Constituency Development Fund Act, 2015. No explanation was given for not having the committee in place.

Consequently, it was not clear how the Fund operated without an oversight committee.

#### **Adverse opinion**

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial



position of National Government Constituencies Development Fund - Wajir North 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 do not comply with National Government Constituencies Development Fund Act, 2015.

## Other Matter

### 1.0 Budget and Budgetary Control

#### 1.1 Budget Performance Analysis

During the year under review, National Government Constituency Development Fund - Wajir North had a budget of Kshs.188,620,010 consisting Kshs.142,709,892 for the Financial year 2015/2016 and unspent balance of Kshs.21,358,996 from the financial year 2014/2015.

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

#### 1.2 Under/Over Expenditure

Item	Budgeted (Kshs)	Actual (Kshs)	Under (Kshs.)
	3,482,200	2,827,800	654,400
Use of goods and services	7,628,760	4,809,952	2,818,808
Transfers to Other Government Units	46,050,000	27,024,200	19,025,800
Other grants and transfers	131,459,050.00	69,264,066	62,194,984
<b>TOTAL</b>	<b>188,620,010</b>	<b>103,926,018</b>	<b>84,693,992</b>

The National Government Constituency Development Fund-Wajir North Constituency spent an amount of Kshs.103,926,018 or 55.1% of the total budgeted allocation for the period under review. This means that the National Government Constituency Development Fund management under spent Ksh.84,693,992.

No explanation was given for not using in full the funds allocated to benefit the constituents.

#### 1.3 Projects Budgeted and Implemented but not paid for

A total of Kshs 177,509,050 was allocated during the financial year for twenty seven (27) development projects as detailed below:-



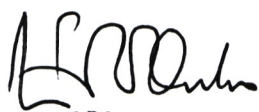
ITEM	No. Of Projects Budgeted	Budgeted Allocation ( Kshs)	Actual Expenditure (Kshs)	No. Of Projects Implemented	No. Of Projects Not Implemented
Transfers to Other Government Units	12	46,050,000	27,024,200	12	Nil
Other grants and transfers	15	131,459,050	69,264,066	15	Nil
<b>TOTAL</b>	<b>27</b>	<b>177,509,050</b>	<b>96,288,266</b>	<b>27</b>	

The Constituency implemented and completed all the projects during the financial year. However, the projects were not fully paid for hence the under absorption of the funds and this led to pending bills of Kshs.81,220,784.

No reason has been given for not paying for all the projects that were implemented.

## 2.0. Outstanding Prior Year Audit Issues - 2014/2015

- (i) Accuracy, Presentation and Completeness of the Financial Statements. The financial statement were not prepared in accordance with the IPSAS requirements.
- (ii) Irregular Award of Capital Project – Projects worth Kshs.27,387,00 were not properly procured.
- (iii) Unsupported Administration, Monitoring & evaluation Expenses – an amount of Kshs.2,223,000 in respect of Administration, Monitoring and Evaluation was not supported by temporary work tickets for hired vehicles, a list of projects visited and minutes of CDFC meetings were not provided for audit scrutiny. These issues were still outstanding as at 30 June 2016.



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

**Nairobi**

**23 October 2017**



**CONSTITUENCY DEVELOPMENT FUND- WAJIR NORTH 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 (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013. The Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

**(b) Key Management**

The Wajir North 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 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>YUSUF MBUNO</b>
2.	A.I.E holder	<b>IBRAHIM ABASS</b>
3.	Accountant	<b>RASHID AHMED</b>
4.		

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Wajir North 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) WAJIR NORTH NGCDF Headquarters**

NGCDF OFFICE BUILDING.  
P.O BO 149-60700  
MOYALE



Reports and Financial Statements

For the year ended June 30, 2016

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**(f) WAJIR NORTH NGCDF Contacts**

Telephone: (254) 0727 389 947  
E-mail: labdullahi@NGCDF.go.ke

**(g) WAJIR NORTH NGCDF Bankers**

1. Kenya Commercial Bank  
P.O Box 149  
MOYALE  
...  
...

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



**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 Security infrastructures of wajir North.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations

The NGNGCDFCs wish that the issues of having the project on going for more than 2years be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Sign.....  
CHAIRMAN NGCDFC



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 Wajir North 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 Wajir North 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 Wajir North 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 Wajir North 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 1<sup>st</sup> September 2016.

  
Fund Account Manager  
WAJIR NORTH CONSTITUENCY FUND  
ACCOUNT MANAGER  
P.O. Box 149,  
MOYALE

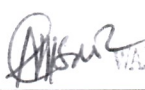
  
Chairman



IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	71,000,000	192,550,063
<b>TOTAL RECEIPTS</b>		<b>71,000,000</b>	<b>192,550,063</b>
<b>PAYMENTS</b>			
Compensation of employees	2	2827800	1471,024.10
Use of goods and services	3	4809952	6968149
Transfers to Other Government Units	4	27,024,200	30,886,288
Other grants and transfers	5	69,264,066	111,165,452
Acquisition of Assets			
Other Payments			
<b>TOTAL PAYMENTS</b>		<b>103,926018</b>	<b>150,490,913</b>
		<b>( 32,926,018)</b>	<b>42,059,150</b>
<b>SURPLUS/DEFICIT</b>			

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir North NGCDF financial statements were approved on 1<sup>st</sup> September 2016 and signed by:

  
**Chairman - NGCDFC**  
 WAJIR NORTH CONSTITUENCY FUND  
 ACCOUNT MANAGER  
 P.O. Box 149,  
 MOYALE

  
**Fund Account Manager**



V. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	6A	12,869,100	45,651,118
Cash Balances (cash at hand)	6B	0 -	- 0
Outstanding Imprests	7	115000	259000
<b>TOTAL FINANCIAL ASSETS</b>		<b>12,984,100</b>	<b>45,910,118</b>
<b>REPRESENTED BY</b>			
Retention		0	0
Fund balance b/fwd 1st July...	8	45,910,118	3,850,968
Surplus/Deficit for the year		(32,926,018)	<b>42,059,149.85</b>
Prior year adjustments		0	0
<b>NET ASSETS</b>		<b>12,984,100</b>	<b>45,910,118</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir North NGCDF financial statements were approved on 1<sup>st</sup> September 2016 and signed by:

  
\_\_\_\_\_  
**Chairman - NGCDFC**

  
\_\_\_\_\_  
**Fund Account Manager**

WAJIR NORTH CONSTITUENCY FUND  
ACCOUNT MANAGER  
P.O. Box 149,  
MOYALE



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

VI. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	71,000,000	192,550,063
Other Receipts		-	-
		<b>71,000,000</b>	<b>192,550,063</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	2827800	1447024.10
Use of goods and services	3	4809952	6992149
Transfers to Other Government Units	4	27,024,200	30,886,288
Other grants and transfers	5	69,264,066	111,165,452.00
			0
Other Payments			0
		<b>103,926018</b>	<b>150,490,913</b>
<b>Adjusted for:</b>			
Adjustments during the year		-	0
<b>Net cash flow from operating activities</b>		<b>(32,926,018)</b>	<b>42,059,150</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
<b>Net cash flows from Investing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(32,926,018)</b>	<b>42,059,150</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	8	<b>45,910,118</b>	<b>3,850,968</b>
<b>Cash and cash equivalent at END of the year</b>		<b>12,984,100</b>	<b>45,910,118</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Wajir North NGCDF financial statements were approved on 1<sup>st</sup> September 2016 and signed by:

  
\_\_\_\_\_  
**Chairman NGCDFC**

  
\_\_\_\_\_  
**Fund Account Manager**

WAJIR NORTH CONSTITUENCY FUND  
ACCOUNT MANAGER  
P.O. Box 149  
MOYALE

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	142,709,892	45,910,118	188,620,010	103,926,018	84,693,992	55.1%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
<b>TOTAL</b>	142,709,892	45,910,118	188,620,010	103,926,018	84,693,992	55.1%
<b>PAYMENTS</b>						
Compensation of Employees	1,723,200	1,759,000	3,482,200	2827800	654,400	81.2%
Use of goods and services	4,628,760	3,000,000	7,628,760	4809952	2,818,808	63.1%
Transfers to Other Government Units	31,050,000	15,000,000	46,050,000	27,024,200	19,025,800	58.7%
Other grants and transfers	105,307,932	26,151,118	131459050.00	69,264,066	62,194,984	52.7%
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
<b>TOTAL</b>	142,709,892	45,910,118	188,620,010	103,926,018	84,693,992	55.1%



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

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(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. Frequent delays in funds disbursement making projects implementations very slow
- ii. Frequent court battles challenging the legality of **cdf** in the new constitution
- iii. Political interferences in the managements of projects implementation

The WAJIR NORTH NGCDF financial statements were approved on 1<sup>st</sup> September 2016 and signed  
by:



**Chairman NGCDF**



**Fund Account Manager**

WAJIR NORTH CONSTITUENCY FUND  
ACCOUNT MANAGER  
P.O. Box 149,  
MOYALE

## VIII. SIGNIFICANT ACCOUNTING POLICIES

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of revenue and expenses

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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



**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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – WAJIR  
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	ALE NO 796393	10,000,000.00	57,624,433
	A724174	10,000,000.00	33,731,408
	A820664	20,000,000.00	18,238,844
	A820508	20,000,000.00	15,492,563
	A825505	11,000,000.00	33,731,408
			33,731,408
<b>TOTAL</b>		<b>71,000,000</b>	<b>192,550,063</b>



**2. COMPENSATION OF EMPLOYEES**

Description	2015 – 2016	2014 – 2015
	Kshs	Kshs
Basic wages of contractual employees	1,913,400	1,471,024
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	14,400	
Gratuity	900,000	
<b>Total</b>	<b>2827800</b>	<b>1,471,024</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

Description	2015 – 2016 Kshs	2014 – 2015 Kshs
Utilities, supplies and services		
Office rent	-	0
Communication, supplies and services	-	1,087,000
Domestic travel and subsistence	1,083,952	
Printing, advertising and information supplies & services		
Rentals of produced assets	-	-
Training expenses	415,000	-
Hospitality supplies and services	-	
Other committee expenses		-
Committee allowance	1,706,000	2,781,000
Insurance costs	-	
Specialised materials and services	-	
Office and general supplies and services	-	208,912
Fuel ,oil & lubricants	545,000	2,436,574
Other operating expenses	600,000	61,798
Routine maintenance – vehicles and other transport equipment	460,000	392,865
Routine maintenance – other assets	-	
<b>Total</b>	<b>4,809,952</b>	<b>6,968,149</b>



**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016 Kshs	2014 – 2015 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	16,771,000.00	11,100,000
Transfers to secondary schools (see attached list)	10,253,200.00	15,986,288
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
<b>-TOTAL</b>	<b>27,024,200</b>	<b>27,086,288</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2015 – 2016 Kshs	2014 -2015 Kshs
Bursary – secondary schools (see attached list)	125000	3337500
Bursary – tertiary institutions (see attached list)	737000	6,227,500
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	14,347,617	84,302,452
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	7,670,000.00	4,498,000
Roads projects (see attached list)	40,779,118.90	6,700,000
Sports projects (see attached list)	-	-
Environment projects (see attached list)	-	-
Other Projects (see attached list)	-	-
Emergency Projects (specify)	5,605,330.00	6,100,000
<b>Total</b>	<b>69,264,066</b>	<b>111,165,452</b>

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

6A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Kenya commercial bank 1105253643	12,984,100	45,651,118
	-	-
	-	-
	-	-
<b>6B: CASH IN HAND</b>		
	2015– 2016	2014– 2015
	Kshs	Kshs
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
<b>Total</b>		
[Provide cash count certificates for each]		



## 7: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
<i>ibrahim abass</i>	20/06/2015	115,000	-	115000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	45,910,118	3,850,968.40
Cash in hand		
Imprest	-	-
<b>Total</b>	<b>45,910,118</b>	<b>3,850,968.40</b>

[Provide short appropriate explanations as necessary]



**9. OTHER IMPORTANT DISCLOSURES****9.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2015- 2016</b>	<b>2014– 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	2,984,100	10,540,000
Construction of civil works	9,000,000	34,830,000
Supply of goods	500,000	-
Supply of services	500,000	281,118
	<b>12,984,100</b>	<b>45,651,118</b>

NATIONAL GOVERNMENT ENTITY - (WAJIR NORTH CONSTITUENCY)

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracte d	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	A	b	C	d=a-c		
<b>Construction of buildings</b>						
primary school project	17,661,200	various dates by respective e pmcs	16,77,100.00	1,584,100	primary school project	
secondary school project	11,653,200	various dates by respective e pmcs	10,253,200.00	1,400,000	secondary school project	
3						
<b>Sub-Total</b>	29314400		26,330,300	2,984100	<b>Sub-Total</b>	
<b>Construction of civil works</b>					<b>Construction of civil works</b>	
EXCAVATION of new water pan at kobole location,c	9000,000	various dates by respective e pmcs	0	9,000,000	9000,000	
3.					3.	
<b>Sub-Total</b>					<b>Sub-Total</b>	
<b>Construction of civil works</b>						



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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
3.					3.	
<b>Sub-Total</b>					<b>Sub-Total</b>	
good and services				500,000		
committee expenses				500,000		
<b>Sub-Total</b>						
<b>Grand Total</b>				<b>12,984,100</b>		

**NATIONAL GOVERNMENT ENTITY - (WAJIR NORTH CONSTITUENCY)**

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**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	N/A	N/A
Buildings and structures( five office and a board room	5300,000	5,300,000
Transport equipment		
Office equipment, furniture and fittings( conference table , cabinets and seminars chairs , executive chairs	808,800	808,800
ICT Equipment, Software and Other ICT Assets ( generators	258000	258000
Other Machinery and Equipment	3520,000	3,520,00
Heritage and cultural assets	0	0
Intangible assets	0	0
<b>Total</b>	<b>9,889,900</b>	<b>9,889,900</b>

Prepared by:



**IBRAHIM ABASS**

**Fund Account Manager**

**WAJIR North**

WAJIR NORTH CONSTITUENCY FUND  
ACCOUNT MANAGER  
P.O. Box 146  
MOYALE



**NATIONAL GOVERNMENT ENTITY - (WAJIR NORTH CONSTITUENCY)**  
**For the year ended June 30, 2016 (Kshs'000)**


**ANNEX 3. FIXED ASSETS REGISTERS FOR WAJIR NORTH CONSTITUENCY AS AT 30<sup>TH</sup> JUNE 2016**

DATE OF ACQUISITION	TYPE OF FURNITURE	ASSET SERIAL NO	ASSET NUMBER	COST	TOTAL	CURRENT STATUS	DATE OF ACQUISITION
15/09/2008	3cabinets	-	CDF/WJR/CBNT/001-003	24000	72000	GOOD	15/09/2008
15/09/2008	Executive Table		CDF/WN/EXT -001	32000	32000	GOOD	15/09/2008
15/09/2008	12 Seminar Chairs		CDF /WN /SM/CH/-01-12	5500	66000	GOOD	15/09/2008
15/09/2008	Printer (4*1)	Cn81e525mz	CDF/WN/034/PR/01	20,000	20,000	GOOD	15/09/2008
15/09/2008	Digital Camera	4137008	CDF/WN/034/DGT/01	16000	16000	GOOD	15/09/2008
15/09/2008	Solar Panel	0745ch0391	CDF/WN/034/SP/011	26000	26000	GOOD	15/09/2008
15/09/2008	Solar Power Controller	12 Vol-6a	CDF/WN/034/SP-001	5000	5000	GOOD	15/09/2008
15/09/2008	One Computer And Its Accessories	00045425-476-015	CDF/WN/034/CP/01	46000	46000	GOOD	15/09/2008
15/09/2008	7 Plastic Chair		CDF/WJR/NRTH-01-07	700	4900	GOOD	15/09/2008
15/09/2008	One Cabinet		CDF/WN/034-004	25000	25000	GOOD	15/09/2008
15/09/2008	Two Executive Table		CDF/WN/034-EXT -001-002	10,000	20,000	GOOD	15/09/2008
16/4/2010	Printer	CNC	CDF/WN/034/PRT/01	Procured By CDF Board		GOOD	16/4/2010
16/06/2010	Generator2200	JGU43887	CDF/WN/GNRT/001	124000	124000	GOOD	16/06/2010
16/06/2010	One Cabinet	SH 4600EX	CDF/WN/CBT/005	25000	25000	GOOD	16/06/2010
16/06/2010	Safaricom Modem	HSPA/USBTIC K/-E1750	CDF/WN/MDM/001-002	6000	12000	GOOD	16/06/2010
16/06/2010	1Laptops	250GB TOSHIBA X90198R	CDF/WN/LPT/01-02	90,000	90,000	GOOD	16/06/2010
16/06/2010	1 Laptops	250GB TOSHIBA X90198R	CDF/WN/LPT/01-02	90,000	90,000	GOOD	16/06/2010
15/10/2010	Digital Camera	40886857	CDF/WN/DCM/01	Procured By CDF Board	Procured By CDF	GOOD	15/10/2010

**NATIONAL GOVERNMENT ENTITY - (WAJIR NORTH CONSTITUENCY)**

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

									Board	
10/06/2010	Toyota Land Cruiser	GK A063V	CDF/WN/01/10	3400,000	3400,000				GOOD	10/06/2010
20/5/2012	THREECABINETS	-	CDF/WN/CBNT/005-008	52,000	156,000				GOOD	20/5/2012
20/5/2012	Ten OFFICE CHIARS	-	CDF/WN /CH/2011/20-12/001-010	7500	75000				GOOD	20/5/2012
20/5/2012	Two EXECUTIVE CHAIRS	-	CDF/WN/ECH/001-002	75,000	150,000				GOOD	20/5/2012
20/5/2012	Two OFFICE DESK	-	CDF/WN/DESKS/001-002	35,000	70,000				GOOD	20/5/2012
20/5/2012	One CONFERENCE TABLE	-	CDF/WN/CT/001	65000	65000				GOOD	20/5/2012
20/07/2009	Modern office standing on one acre land with four office block and conference and one store and one underground water tank	-	CDF/WN/033/0		5,300,000				GOOD	20/08/2009

  
**PREPARED BY**  
**IBRAHIM A ABDULLAHI**  
**FUND ACCOUNT MANAGER**

WAJIR NORTH CONSTITUENCY FUND  
 ACCOUNT MANAGER  
 P.O.Box 149,  
 MOYALE



**NATIONAL GOVERNMENT ENTITY - (WAJIR NORTH CONSTITUENCY)**  
**For the year ended June 30, 2016 (Kshs'000)**

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**X. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The NG.CDF Wajir North appreciates the facts that the cash basis of accounting method under the International public sector accounting standards (IPSAS) requires an inclusion of progress on follow up of auditor recommendations as part of the financial statements. as at the time of audit in December 2016, the auditor general report for financial year 2014/2015 was not received .however we had received a management letter which we satisfactorily addressed all the issues raised by the audit team .