

REPUBLIC OF KENYA



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Wednesday
14/2/2018
Afternoon sitting
A/S*

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
WAJIR WEST CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NG-CDF) WAJIR WEST**

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)

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – WAJIR 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 – Wajir West constituency set out on pages 1 to 22, which comprise the statement of financial assets 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. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of 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 National Government constituencies development fund – Wajir West constituency 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 Irregular Award of Contracts

National CDF Board approved a total project allocation for 2015/2016 of Kshs.150,852,025 for National Government Constituency Development Fund Wajir West out of which Kshs.140,746,753 were allocated to various projects ranging from education, water, Roads and Security. However, examination of records available such as project files, Bills of Quantities, request for quotations and payment vouchers revealed that projects worth Kshs.16,169,950 had anomalies as follows: -

- (i) Tender notice did not set the criteria to be used for evaluation of 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) No tender opening register was maintained by the Project management committees to show that meetings took place and deliberated on the purported procurements.
- (iv) Bills of 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 the Public Procurement And Disposal Regulations 2006.
- (v) Quotations, Bills of Quantities, and contract agreements for some of the projects were not made available for audit review hence the method of procurement used to procure the projects could not be ascertained.

In view of the foregoing, the propriety of the expenditure of Kshs.16,169,950 could not be confirmed as at 30 June 2016.

2.0 Unsupported Monitoring and Evaluation

The National Government Constituency Development Fund Board approved Kshs.2,000,000 for monitoring and Evaluation for the financial year 2015/2016 for the

Constituency. However, an amount of Kshs.1,027,000 was found to have anomalies as described below:-

- (i) The mode of transport used by the committee during the monitoring and evaluation was not indicated since the payment voucher was not supported with work ticket/bus ticket.
- (ii) List of the projects visited were neither attached to the payment voucher nor made available for audit. Further, monitoring and evaluation reports for the projects visited were not attached to payment voucher or availed for audit review.
- (iii) Some of the payment schedules supporting the payment vouchers were not signed by some recipients as evidence of money received.

Consequently, the propriety and value for money for the expenditure totaling Kshs.1,027,000 could not be ascertained.

3.0 Non-Maintenance of Bank Accounts for Project Management Committee

Section 15(10)(a) and 10(b) of National Government Constituencies Development Fund Regulations, 2016 requires Constituency Development Fund to maintain records of Bank accounts opened by project management committees and to prepare and table quarterly reports.

However, contrary to the regulations, records of bank accounts held by the various project management committees such as bank statements and cash books were not maintained by the National Government Constituency Development Fund Wajir West office. There was no bank reconciliation statement for the Project Management Committee accounts.

Under the circumstances, it was not possible to ascertain whether the funds disbursed to the Project Management Committee accounts were used for the intended purpose and accounted for as at 30 June 2016.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the National Government Constituencies Development Fund - Wajir 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 Budget and Budgetary Control

1.1 Budget Performance Analysis

During the year under review, National Government Constituency Development Fund Wajir west had a budget of Kshs.150,852,025 consisting of Kshs.124,493,027 for the

Financial year 2015/2016 and unspent balance of Kshs.26,358,998 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)	Over	Under
Compensation of Employees	3,345,536	1,865,200		1,480,336
Use of goods and services	6,759,736	4,945,605		1,814,131
Transfers to Other Government Units	59,410,601	24,155,710		35,254,891
Other grants and transfers	79,336,152	53,277,730		26,058,422
Acquisition of Assets	2,000,000	2,000,000		0
TOTAL	150,852,025	86,244,245		64,607,780

From the analysis above it was noted that the National Government Constituency Development Fund Wajir West spent an amount of Kshs.86,244,245 or 57.2% of the total budgeted allocation for the period under review. This means, the National Government Constituency Development Fund Wajir West management under spent Ksh.64,607,780.

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

1.3 Development Projects Budgeted for

A total of Kshs.140,746,753 was allocated during the financial year for seventy five (75) 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	46	59,410,601	24,155,710	46	Nil
Other grants and transfers	28	79,336,152	53,277,730	28	Nil
Acquisition of Assets	1	2,000,000	2,000,000	1	Nil
TOTAL	75	140,746,753	79,433,440	75	

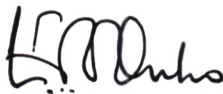
The Fund implemented and completed all the projects during the financial year. The same were physically verified during audit verification of the projects. However, the projects were not fully paid hence the under absorption of the funds and this led to pending bills of Kshs.61,313,313.

Failure to pay the contractors during the financial year was explained to have caused by late receipt of the funds.

2.0 Constituency Oversight Committee

During the year under review, Constituency oversight committee was not appointed as required by Section 53(1) of the National Government Constituencies Development Fund Act, 2015. No explanation was given for not appointing the committee and therefore breaching the law.

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



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

Nairobi

21 September 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) was set up under the NG-CDF Act, 2015. The National Government Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the National Government 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 National Government Constituency Development Fund Wajir West Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. 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	Mohamed M. Osmail
3.	Accountant	Sammy Malova

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of National Government Constituencies Development Fund Board (NG-CDFB) provides overall fiduciary oversight on the activities of National Government Constituency Development Fund Wajir West Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the National

Government Constituency Development Fund Committee (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the NG-CDF Board to the Cabinet Secretary and National Assembly Select Committee.

(e) Entity Headquarters

The physical and postal address of National Government Constituency Development Fund (NG-CDF) Wajir West is:

P.O. BOX 23-70202 Griftu

NG-CDF Wajir West Offices

Along Wajir -Griftu Road

Griftu town, Wajir County, Kenya.

(f) Entity Contacts:

Telephone: (254) 0721-827370

E-mail: mosmail@cdf.go.ke

Website: www.cdf.go.ke

(g) Entity Bankers

First Community Bank, Wajir branch

Account No. 80001203

P.O. Box 426 -70200 Wajir, Wajir County, Kenya.

(h) Independent Auditors

Auditor General

Kenya National Audit Office

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

II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE WAJIR WEST

Forward note by the Chairman NG-CDFC Wajir West

The National Government Constituencies Development Fund (NG-CDF) which is a program meant to promote poverty eradication through decentralization was enacted through the NG-CDF Act 2015. The main aim of its establishment was to iron out imbalances brought about by patronage politics by providing funds to parliament jurisdictions, that is, Constituencies to fight poverty. The program is designed to fight poverty through the implementation of development projects which are National government functions at the local level and particularly those that provide basic needs like education, social welfare, security and education bursaries.

During the Financial year under review, National Government Constituency Development Fund Wajir West Constituency was allocated a total of Kshs. 124,493,027. From the summary of appropriation statement, the overall budget performance stood at 57%. The absorption of funds on development expenditure was very good at 56%. The low budget performance was as a result of the transition from the CDF Act 2013 to the NG-CDF Act 2015 which came into force on 19th February 2016. The formation of the National Government Constituency Development Fund Committee (NG-CDFC) which replaced the CDFC under the old Act took a period of about of 4 months which meant that there were no operations during the transition period.

The National Government Constituency Development Fund Wajir West has made tremendous achievements during the financial year under review. The major beneficiary was the education sector. Firstly, more than 700 needy and poor students pursuing various courses in more than 50 tertiary institutions have benefitted from a bursary disbursement of 11.2 Million. Secondly, to improve education infrastructure and hence access, twenty (20) new classrooms in 15 primary schools were constructed during the financial year. In addition, administration blocks and staff house were constructed in primary schools.

The main emerging issue during the year under review was the lapse of time as a result of a court ruling about the constitutionality of the CDF. This meant that the previous CDFC's term had lapsed and there was a need to form a new committee which took 4 months before the operations resumed again.

The main implementation challenge during the year under review was the time lost in the process of transiting to the new NG-CDF Act 2015 which meant projects implementation delayed by an equivalent time.

In conclusion, let me take this opportunity to sincerely register my appreciation to all those who have worked relentlessly in the entire Financial statements preparation process through the consultative forums organized by the NG-CDF Board. In particular, I would thank the Fund Account Manager, Wajir West who has taken a lead role in the process and the support provided by the District Treasury, Wajir West.



Abdiaziz Adan Hassan

CHAIRMAN NG-CDFC

CHAIRMAN
NG-CDFC WAJIR WEST
P. O. Box 23-70201
GRIFTU, WAJIR COUNTY

III. STATEMENT OF NG-CDF WAJIR WEST MANAGEMENT RESPONSIBILITIES

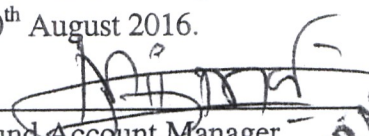
Section 81 (1) of the Public Finance Management Act 2012 requires that, at the end of each financial year, the accounting officer for the National Government Constituency Development Fund (NG-CDF) shall prepare financial statements in respect of that NG-CDF. Section 81 (3) requires the financial statements 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 National Government Constituency Development Fund Wajir West is responsible for the preparation and presentation of the **NG-CDF Wajir West** financial statements, which give a true and fair view of the state of affairs of the NG-CDF Wajir West 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 NG-CDF; (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 NG-CDF; (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 NG-CDF Wajir West accepts responsibility for the *NG-CDF Wajir West* 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 *NG-CDF Wajir West* financial statements give a true and fair view of the state of *NG-CDF Wajir West* transactions during the financial year ended June 30, 2016, and of the *NG-CDF Wajir West* financial position as at that date. The Accounting Officer charge of the *NG-CDF Wajir West* further confirms the completeness of the accounting records maintained for the *NG-CDF Wajir West*, which have been relied upon in the preparation of the *NG-CDF Wajir West* financial statements as well as the adequacy of the systems of internal financial control.

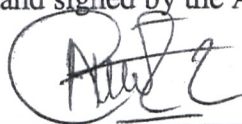
The Accounting Officer in charge of the *NG-CDF Wajir West* confirms that the NG-CDF Wajir West has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF Wajir West funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *NG-CDF Wajir West* 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 *NG-CDF Wajir West* financial statements were approved and signed by the Accounting Officer on 30th August 2016.


Fund Account Manager

FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
P.O. Box 23-70201
GRIFTU, WAJIR COUNTY



Chairman, NG-CDFC Wajir West

CHAIRMAN
NG-CDFC WAJIR WEST
P.O. Box 23-70201
GRIFTU, WAJIR COUNTY

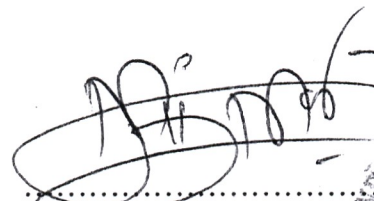
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from NG-CDF board-AIEs' Received	1	67,000,002.00	112,400,993.00
TOTAL RECEIPTS		67,000,002.00	112,400,993.00
PAYMENTS			
Compensation of employees	2	1,865,200.00	1,600,400.00
Use of goods and services	3	4,945,605.00	4,952,240.00
Transfers to Other Government Units	4	24,155,710.00	48,066,679.00
Other grants and transfers	5	53,277,730.00	47,899,514.00
Acquisition of Assets	6	2,000,000.00	-
Total Payments		86,244,245.00	102,518,833
SURPLUS/DEFICIT		(19,244,243.00)	9,882,160.00

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


CHAIRMAN
NG-CDFC WAJIR WEST
 P.O. Box 23-70201
 GRIFTU, WAJIR COUNTY

Abdiaziz A. Hassan
 Chairman, NG-CDFC


FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
 P.O. Box 23-70201
 GRIFTU, WAJIR COUNTY


Mohamed Maalim Osman
 Fund Account Manager

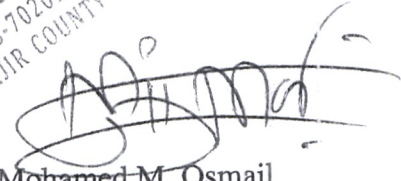
V. STATEMENT OF FINANCIAL POSITION

	Notes	2015-2016	2014-2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7A	2,114,754.00	20,408,996.00
Outstanding imprests	8	-	950,000.00
TOTAL FINANCIAL ASSETS			21,358,996.00
REPRESENTED BY			
Fund Balance b/fwd 1st July 2015	9	21,358,996.00	11,476,836.00
Surplus/Deficit for the year		(19,244,243.00)	9,882,160.00
NET FINANCIAL POSITION		2,114,754.00	21,358,996.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The National Government Constituency Development Fund Wajir West financial statements were approved on 30th August 2016 and signed by:



 Abdiaziz A. Hassan
Chairman - NG-CDFC
 CHAIRMAN
 NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY


 Mohamed M. Osmail
Fund Account Manager
 FUND ACCOUNT MANAGER
 NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY

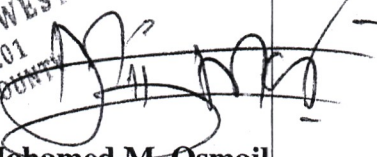
VI. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from NG-CDF Board	1	67,000,002.00	112,400,993.00
		67,000,002.00	112,400,993.00
Payments for operating expenses			
Compensation of Employees	2	1,865,200.00	1,600,400.00
Use of goods and services	3	4,945,605.00	4,952,240.00
Transfers to Other Government Units	4	24,155,710.00	48,066,679.00
Other grants and transfers	5	53,277,730.00	47,899,514.00
		84,244,245.00	102,518,833.00
Net cash flow from operating activities		(17,244,243.00)	9,882,160.00
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	2,000,000.00	0.00
Net cash flows from Investing Activities		2,000,000.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENT		(19,244,243.00)	9,882,160.00
Cash and cash equivalent at BEGINNING of the year	9	21,358,996.00	11,476,836.00
Cash and cash equivalent at END of the year		2,114,754.00	21,358,996.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Wajir West financial statements were approved on **30th August 2016** and signed by:


CHAIRMAN
NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY

Abdiaziz A. Hassan
 Chairman - NG-CDFC



FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFTU, WAJIR COUNTY

Mohamed M. Osmail
 Fund Account Manager

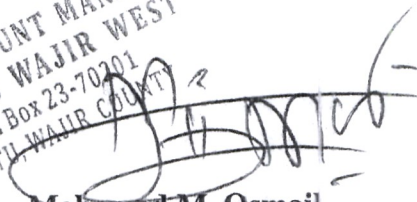
VII. TRIAL BALANCE

TRIAL BALANCE AS AT 30 TH JUNE 2016		DR	CR
Cash and Cash equivalents			
	Bank Balances	2,114,754.00	
Payments			
	Compensation of Employees	1,865,200.00	
	Use of goods and services	4,945,605.00	
	Transfers to Other Government Units	24,155,710.00	
	Other grants and transfers	53,277,730.00	
	Acquisition of Assets	2,000,000.00	
Receipts			
	Transfers from the Board		67,000,002.00
Fund Balance b/f			21,358,996.00
TOTAL		88,358,999.00	88,358,999.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF Wajir West financial statements were approved on **30th August 2016** and signed by:


Abdiaziz A. Hassan
 Chairman - NG-CDFC

CHAIRMAN
NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFFIN, WAJIR COUNTY


Mohamed M. Osmail
 Fund Account Manager


FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
 P. O. Box 23-70201
 GRIFFIN, WAJIR COUNTY

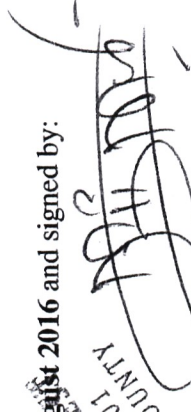
Reports and Financial Statements
For the year ended June 30, 2016

VIII: SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	124,493,027	26,358,998	150,852,025	88,358,999	62,493,027	58.6%
TOTAL	124,493,027	26,358,998	150,852,025	88,358,999	62,493,027	58.6%
PAYMENTS						
Compensation of Employees	2,500,000	845,536.00	3,345,536	1,865,200	1,480,336	55.8%
Use of goods and services	4,625,380	2,134,356.00	6,759,736	4,945,605	1,814,131	73.2%
Transfers to Other Government Units	48,400,000	11,010,601.00	59,410,601	24,155,710	35,254,891	40.7%
Other grants and transfers	66,967,647	12,368,505.00	79,336,152	53,277,730	26,058,423	67.2%
Acquisition of Assets	2,000,000	0.00	2,000,000	2,000,000	-	100.0%
TOTAL	124,493,027	26,358,998.00	150,852,025	86,244,245	64,607,781	57.2%

The NG-CDF Wajir West financial statements were approved on 30th August 2016 and signed by:


Abdhaziz A. Hassan
FUND ACCOUNT MANAGER
NG-CDFC WAJIR WEST
P. O. Box 23-70201
GREETU, WAJIR COUNTY


Mohammed Maalim Osmail
Fund Account Manager
NG-CDFC WAJIR WEST
P. O. Box 23-70201
GREETU, WAJIR COUNTY

Chairman NG-CDFC

Fund Account Manager

IX. 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 *NG-CDF Wajir West* 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 *NG-CDF Wajir West*.

During the financial year under review, two items had been reclassified by *NG-CDF Wajir West*. First, Social Security benefits (employer contribution to NSSF), a standalone item in the FY 2014/15 amounting to Kshs.19,800 has been reclassified as part of compensation of employees. Second, committee expenses, a standalone item in the FY 2014/15 amounting to Kshs. 2,448,800 has been reclassified as part of the Use of goods and services. This is in line with the draft template provided by the Public Sector Accounting Standards Board (PSAB) available at the National Treasury website. It is worth mentioning that it is only the PSAB which has the mandate of developing guidelines under the PFM Act 2012.

2. **Recognition of revenue and expenses**

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

3. **In-kind contributions**

In-kind contributions are donations that are made to the *NG-CDF Wajir West* 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 NG-CDF Wajir West 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 *NG-CDF* Wajir West 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 NG-CDF Wajir West budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NG-CDF Wajir West 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.

X. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES	1 TRANSFERS FROM CDF BOARD			
	Description	2015 - 2016 Kshs	2014 - 2015 Kshs	
1330407	Normal Allocation	AIE NO. A 790823	5,000,002.00	7,300,00.00
		AIE NO. 796458	62,000,000.00	51,400,497.00
		AIE NO. A 797162		53,700,497.00
		TOTAL	67,000,002.00	112,400,993.00
2110000	2 COMPENSATION OF EMPLOYEES			
			2015 - 2016 Kshs	2014 - 2015 Kshs
	2110201	Basic wages of contractual employees	1,818,400.00	1,580,600.00
	2120101	Employer Contribution to NSSF	46,800.00	19,800.00
		Total	1,865,200.00	1,600,400.00
2200000	3 USE OF GOODS AND SERVICES			
			2015 - 2016 Kshs	2014 - 2015 Kshs
	2210100	Utilities, supplies and services	85,677.00	6,250.00
	2210300	Domestic travel and subsistence	150,000.00	1,321,600.00
	2210500	Printing, advertising and information supplies & services		999,000.00
	2210600	Rentals of Produced assets	239,500.00	-
	2210800	Hospitality supplies and services		100,000.00
	2210802	Other Committee expenses	4,460,428.00	998,800.00
	2210809	Committee Allowance	-	1,450,000.00
	2211100	Office and general supplies and services	-	76,590.00
	2220200	Routine maintenance – other assets	10,000.00	-
		Total	4,945,605.00	4,952,240.00

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2630200 4 TRANSFER TO OTHER GOVERNMENT ENTITIES				
		Description	2015 - 2016	2014 - 2015
			Kshs	Kshs
	2630204	Transfers to primary schools	13,451,026.00	37,832,500.00
	2630205	Transfers to secondary schools	10,534,684.00	6,715,285.00
	2630207	Transfers to Health institutions	170,000.00	3,518,894.00
		TOTAL	24,155,710.00	48,066,679.00
2640000 5 OTHER GRANTS AND OTHER PAYMENTS				
			2015 - 2016	2014 - 2015
			Kshs	Kshs
	2640101	Bursary –Secondary	1,585,000.00	945,000.00
	2640102	Bursary –Tertiary	11,275,800.00	3,115,000.00
	2640504	Water	24,863,000.00	4,500,000.00
	2640507	Security/ others	5,400,619.00	17,866,514.00
	2640508	Roads	9,483,311.00	12,200,000.00
	2640509	Sports	-	1,500,000.00
	2640510	Environment	-	500,000.00
	2640200	Emergency Projects (Specify)	670,000.00	7,273,000.00
		Total	53,277,730.00	47,899,514.00
3100000 6 ACQUISITION OF ASSETS				
			2015 - 2016	2014 - 2015
Non Financial Assets			Kshs	Kshs
	31110302	Refurbishment of Buildings	2,000,000.00	-
		Total	2,000,000.00	-
7 Bank Balances (cash book bank balance)				
		Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
			Kshs	Kshs
		First Community Bank, Wajir Branch 80001203, KHS.	2,114,754.00	20,408,996.00
		Total	2,114,754.00	20,408,996.00
8 BALANCES BROUGHT FORWARD				
			2015-2016	2014-2015
			Kshs	Kshs
		Bank Accounts	20,408,96.00	10,820,836.00
		Imprests	950,000.00	656,000.00
		Total	21,358,996.00	11,476,836.00

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9 OUTSTANDING IMPRESTS					
	<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>
			<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	Nassir B Elmi	21/06/2015	420,000.00	-	420,000.00
	Idris M Abdullahi	21/06/2015	50,000.00	-	50,000.00
	Bare I Amin	21/06/2015	130,000.00	-	130,000.00
	DEO Wajir West		350,000.00	-	350,000.00
			950,000.00		950,000.00
10. OTHER DISCLOSURES					
10.1 OTHER PENDING PAYABLES (See Annex 1)					
			2015-2016	2014-2015	
			Kshs.	Kshs	
		Amounts due to other government entities (see attached list)	31,700,000.00	17,475,547.00	
		Amounts due to other grants and other transfers (see attached list)	30,793,027.00	2,433,449.00	
		Others- Use of Goods and Services	2,000,000.00	950,000.00	
			64,493,027.00	20,858,996.00	
10.2 SUMMARY OF FIXED ASSETS (See Annex 2)					
			2015 - 2016	2014 - 2015	
			Kshs	Kshs.	
		Historical cost of Fixed Assets	15,363,111.00	13,363,111.00	
		Total	15,363,111.00	13,363,111.00	

ANNEX 1: OTHER ACCOUNTS PAYABLE

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance
Amounts due to other Government entities					
Maunau Primary School	Construction of complete 1 classroom and 2 toilets	1,000,000			1,000,000
Hadado Primary School	Construction of complete administration block	1,200,000			1,200,000
Kubeyurun Primary School	Construction of complete staff house	1,200,000			1,200,000
Baji Primary School	Construction of complete 2 classrooms	1,400,000			1,400,000
Wel Athi Primary School	Construction of complete 2 classrooms	1,400,000			1,400,000
Ganyurey Primary School	Construction of complete 2 classrooms	1,400,000			1,400,000
Kukale Primary School	Construction of complete 1 classroom and 2 toilets	1,000,000			1,000,000
Bojiyarey Primary School	Construction of complete administration block	1,200,000			1,200,000
Hon Khalif Girls Primary School	Construction of complete 1 classroom and 2 toilets	1,000,000			1,000,000
Lolkuta North Primary School	Construction of complete administration block	1,200,000			1,200,000
Waso Girls Primary School	Complete fencing of school with a gate	2,000,000			2,000,000
Laghdima Primary School	Construction of complete 2 classrooms	1,400,000			1,400,000
Kanjara Primary School	Construction of complete staff house	1,200,000			1,200,000
Laghbogol Primary School	Construction of complete 2 classrooms	1,400,000			1,400,000
Kalkacha West Primary School	Construction of complete 1 classroom and 2 toilets	1,000,000			1,000,000
Barmish Primary School	Complete fencing of the school with cedar post	1,000,000			1,000,000
Hadado Primary School	Complete fencing of the school with concrete post	2,000,000			2,000,000

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Arbajahan Secondary school	Construction of administration block	2,000,000		2,000,000
Arbajahan Secondary school	Construction of a complete dormitory	2,000,000		2,000,000
Laghogol Secondary school	Construction of a complete dormitory	2,000,000		2,000,000
Laghogol Secondary school	Construction of a complete staff house	1,200,000		1,200,000
Laghogol Secondary school	Construction of a complete classroom	700,000		700,000
Hadado Secondary school	Construction of a complete dining hall	1,800,000		1,800,000
Sub-Total		31,700,000		31,700,000
Amounts due to other grants and other transfers				
Bursary for Secondary	Payment of bursary to secondary schools.	500,000		500,000
Bursary for Tertiary	Payment of bursary to colleges and universities.	4,000,000		4,000,000
Emergency	To cater for unseen occurrences in the constituency	5,093,027		5,093,027
Shanta abaq Borehole	Surveying, drilling and casing of a new borehole	4,000,000		4,000,000
Showli Borehole	Surveying, drilling and casing of a new borehole	2,500,000		2,500,000
Hadado	Construction of a complete 5 public toilets	1,000,000		1,000,000
Griftu	Construction of a complete 5 public toilets	1,000,000		1,000,000
Wachir	Construction of a complete 5 public toilets	1,000,000		1,000,000
Boji Yare	Construction of a complete 3 public toilets	600,000		600,000
Darusalam	Drilling and pump testing of a borehole	2,500,000		2,500,000
Ademsajida AP camp	Construction of 2 unit AP houses with toilets	2,100,000		2,100,000
Griftu Chief Office	Construction of a complete chief office	1,000,000		1,000,000
Matho Chief Office	Construction of a complete chief office	1,000,000		1,000,000
Hadado Chief Office	Construction of a complete chief office	1,000,000		1,000,000

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Ademsajida	Repair of DO office and supply of office furniture	1,000,000		1,000,000
Adhibohol Chief Office	Construction of a complete chief office	1,000,000		1,000,000
Barmish Chief Office	Construction of a complete chief office	1,000,000		1,000,000
Sports activities	Purchase of ball games and uniforms	500,000		500,000
Sub-Total		30,793,027		30,793,027
OTHERS				
Goods and Services	Hire of vehicles for monitoring of projects	700,000		700,000
Committee Expenses	Payment of Committee sitting allowances, transport	800,000		800,000
CDFC / PMC Capacity building	Undertake training of the PMC/CDFC	500,000		500,000
Sub-Total		2,000,000		2,000,000
Grand Total		64,493,027		64,493,027

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ANNEX 2- SUMMARY OF FIXED ASSETS

Asset Class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land (Unregistered)	500,000.00	500,000.00
Buildings and structures	17,111,280.00	15,111,280
Office equipment, furniture and fittings	2,211,000.00	2,211,000.00
ICT equipment, software and other ICT assets	520,000.00	520,000.00
Total	20,342,280.00	18,342,280

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FIXED ASSETS REGISTER

Land

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
5 Acres of unregistered but fenced Land	CDF/036/01	Nil	2008	500,000	Good	CDF Office

Buildings and Structures

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
Modern Office block made up of 5 offices, conference halls, 4 toilets and 2 bathrooms and an external twin VIP Latrine	CDF/036/01	Nil	2008, 2009 and 2016	11,938,000	Good	CDF Office
Water tank with stand	CDF/036/01	Nil	2010	500,000	Good	CDF Office
Two bedroom staff house	CDF/036/01	Nil	2009 and 2010	4,673,280	Good	CDF Office
				17,111,280		

Office Equipment, Furniture & Fittings

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
Office chairs (plastic)	CDF/036/01-7	Nil	2007	10,000	Working but old	CDF Office
Office cabinet	CDF/036/01-6	Nil	2006, 2008 and 2014	200,000	Working but one old	CDF Office
Conference tables	CDF/036/01-12	Nil	2008	200,000	Good	CDF Office
Conference chairs	CDF/036/01-50	Nil	2008 and 2014	590,000	Good condition Some broken	CDF Office
Medium density office chair	CDF/036/01-3	Nil	2014	45,000	Good	CDF Office
Beddings for staff house	4beds, 4 mattresses & 5 seater sofa set	Nil	2011	700,000	Good condition	CDF staff house
Elemax SH 7600 EXS petrol genset	CDF/036/01	SH 7600 EXS	2010	260,000	Working	CDF Office
Nashuatec 1505 copier	CDF/036/01	1505/364029 07	2010	186,000	Working	CDF Office
HD Kangaroo Stapler	CDF/036/01	Nil	2010	10,000	Working	CDF Office
HD Kangaroo Bunch	CDF/036/01	Nil	2010	10,000	Working	CDF Office
				2,211,000		

ICT Equipment, Software and other ICT Assets

Asset Name / Description	Asset No	Asset Serial No	Acquisition date	Cost (Ksh)	Current condition	Physical Location
HP laserjet printer P2055d	CDF/036/02	CNCJH39310	2010	Donated by CDF board	Good	CDF Office
HP Desktop computer	CDF/036/02	CNC0052kvz	2010	Donated by CDF board	Good	CDF Office
UPS power com	CDF/036/01	40079870905	2010	Donated by CDF board	Good	CDF Office
HP laserjet printer 1018	CDF/036/01	CNC1C23303	2008	40,000	Good	CDF Office
HP Laptop	CDF/036/01	5cb41619xv	2014	90,000	Good	CDF Office

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Toshiba laptop	CDF/036/02	ZD173006s	2014	90,000	Good	CDF Office
HP Desktop computer	CDF/036/003	6cm4080g2f	2014	90,000	Good	CDF Office
HP Desktop computer	CDF/036/04		2014	90,000	Good	CDF Office
HP projector	CDF/036/01		2014	120,000	Good	CDF Office
				520,000		

X. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Management of NG-CDF Wajir West appreciates the fact 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 the audit in December 2016, the Auditor General's report for the 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.

