REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND SAMBURU NORTH CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2018

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-SAMBURU NORTH

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2018

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

Table of Content Page

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *National Government Constituencies Development Fund (NG-CDF)* was set up under the NG-CDF Act, 2003 now repealed by the NG-CDF Act, 2013. 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 at least 7.5% of annual revenue is devoted to the constituency for infrastructural development, wealth in creation and in the fight against poverty.

(b) Key Management

The *SAMBURU NORTH 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 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	**Yusuf Mbuno**
2.	A.I.E holder	**DAVID CHERUIYOT**
3.	Accountant	**SAMMY KIPRONO**
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of National government CDF Board provide overall fiduciary oversight on the activities of SAMBURU NORTH 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 Board to the Cabinet Secretary and National Assembly Select Committee.

(e) SAMBURU NORTH NG-CDF Headquarters

P.O. Box 47
BARAGOI
KENYA

(f) SAMBURU NORTH NG-CDF Contacts

Telephone: (254) 721353349
E-mail: samburunorth constituency.go.ke
Website: www.go.ke

(g) SAMBURU NORTH NG-CDF Bankers

1. Kenya Commercial Bank
   Maralal Branch
   ...
   ...

(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 (NG-CDFC)

Samburu North national government constituency development fund committee comprises of very young and energetic men and women who are dedicated to developing their constituency through NG-CDF. The constituency is expansive and have very poor road networks with no tarmac .The committee endures rough terrains which worsen during rainy season. There is frequent banditry which impedes development in these remote parts.
Despite all odds the committee with the small budget have managed to improve education and health institutions within the areas. In Samburu County it's only Samburu North constituency which have poor health facilities .In the last financial year the committee managed to initiate three health facilities including to maternities which have since been equipped by the county government.
It's also the only constituency that survives on livestock and livestock products only. There is no agricultural activity.
On secondary education, several day secondary schools which has enabled several pupils to transit from primary schools to secondary. There was only one day school before last elections now we have five. The fees have been reduced drastically. The bursaries from NG-CDF are enough to take the beneficiaries through secondary education.

Some of the challenges that we face as a committee are;

- Insecurity
- Insufficient funding , there are several community needs
- Poor workmanship by some of the contructors contracted by the PMCs
- Low allowances especially to the officials yet they spend much of their time in the NG-CDF offices serving wananchi.
- Tribalism which breeds mistrust

The following are the committee members;

1. WILSON LESHORE - CHAIR
2. JAMES SAIPI LENGEWA – SECRETARY
3. MICHELINA AYENAE - MEMBER
4. ANN SALAIT LALANTARE - MEMBER
5. RAPHAEL LMATEKO LEMARKELE - MEMBER
6. BOSCO LOLOPETA - MEMBER
7. SUB COUNTY COORDINATOR
8. OFFICER OF THE BOARD

THANKYOU

WILSON LESHORE
CHAIRMAN NG-CDFC

III. STATEMENT OF NG-CDF 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 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 the samburu north is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* 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 Samburu North accepts responsibility for the *NG-CDF'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 *NG-CDF's* financial statements give a true and fair view of the state of transactions during the financial year ended June 30, 2016, and of the *NG-CDF's* financial position as at that date. The Accounting Officer charge of the *samburu north* further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Samburu North confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF'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 *NG-CDF'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 *CDF's* financial statements were approved and signed by the Accounting Officer on 30/9/ 2018.

CHAIRMAN NG-CDFC

FUND ACCOUNT MANAGER

THE FUND ACCOUNT MANAGER
SAMBURU NORTH NG-CDF
30 SEP 2018
P. O. Box 46-20600
BARAGOI

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-SAMBURU NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Samburu North Constituency set out on pages 6 to 27, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation–recurrent and development combined 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.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Samburu North Constituency as at 30 June 2018, 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 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Cash and Cash Equivalents - Unpresented Stale Cheques

The statement of assets reflects bank balances of Kshs.34,953,723 as at 30 June 2018. However, the bank reconciliation statement as at 30 June 2018 includes payments in the cash book not yet recorded in the bank statement (unpresented cheques) totalling Kshs.1,422,862.44, which were stale and could not be presented to the bank for payment. The management did not give justification for the failure to reverse the cheques in the cash book. Consequently, the accuracy of bank balances of Kshs.34,953,723 could not be confirmed.

2. Unsupported Transfer to Other Government Entities

The statement of receipts and payments for the year ended 30 June 2018 reflects transfer to other government entities totalling Kshs.31,895,561. However, records presented for

audit and payment vouchers indicated an amount of Kshs.12,944,196 as having been paid, resulting in unexplained and unreconciled difference of Kshs.18,951,365.

Consequently, the accuracy and completeness of the expenditure of Kshs.31,895,561 on transfer to other government entities could not be confirmed.

3. Bursary to Needy Students

Disclosed in Note 7 to the financial statements under other grants and transfers are payments of Kshs.5,228,449 and Kshs.9,527,007 for bursary-secondary schools and bursary-tertiary institutions, respectively. However, acknowledgement letters from the beneficiaries and institutions to confirm receipt of the bursaries were not provided for audit review. Consequently, it has not been possible to ascertain whether the bursary payments amounting to Kshs.14,755,456 reached the intended beneficiaries and were properly accounted for.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund-Samburu North Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund-Samburu North Constituency to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of National Government Constituencies Development Fund-Samburu North Constituency to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

Nairobi

4 July 2019

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	86,810,345	91,896,551
Proceeds from Sale of Assets	2		-
Other Receipts	3	-	-
TOTAL RECEIPTS		**86,810,345**	**91,896,551**
PAYMENTS			
Compensation to employees	4	4,277,303	7,715,131
Use of goods and services	5	930,000	7,558,859
Transfers to Other Government Units	6	31,895,561	47,920,723
Other grants and transfers	7	14,755,457	58,284,343
Acquisition of Assets	8		-
Other Payments	9	-	10,457,069
TOTAL PAYMENTS		**51,858,321**	**131,936,125**
SURPLUS/DEFICIT		**34,952,024**	**(40,039,574)**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SAMBURU NORTH NG-CDF financial statements were approved on 30/9 2018 and signed by:

WILSON LESHORE
Chairman – NG-CDFC

DAVID CHERUIYOT
Fund Account Manager

THE FUND ACCOUNT MANAGER
SAMBURU NORTH NG-CDF
30 SEP 2018
P. O. Box 46-20600
BARAGOI

V. STATEMENT OF ASSETS

	Note	2017-2018	2016-2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	34,953,723	1,699
Cash Balances (sale of tenders,hire of grader)	10B	-	
Total cash and Cash equivalent		34,953,723	1,699
Outstanding Imprests	11	-	
Total Financial Assets	12	34,953,723	1,699
Less Finacial Liabilities			
Retention and Deposits	12	-	-
NET FINANCIAL ASSET		34,953,723	1,699
Represented By			
Fund balance b/fwd 1st July...	13	1,699	40,041,273
Surplus / Deficit for the year		34,952,024	(40,039,574)
Prior year adjustments	14	-	-
NET FINANCIAL ASSET		**34,953,723**	**1,699**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SAMBURU NORTH NG-CDF financial statements were approved on 30/9 2018 and signed by:

Chairman – NG-CDFC

Fund Account Manager

THE FUND ACCOUNT MANAGER
SAMBURU NORTH NG-CDF
30 SEP 2018
P. O. Box 46-20600
BARAGOI

VI.STATEMENT OF CASHFLOW

Receipts for operating Activities (a)			
		2017/2018	**2016/2017**
		Kshs	Kshs
Transfers from the CDF Board	**1**	86,810,345	91,896,551
Other Receipts	**3**	-	-
		86,810,345	91,896,551
Payments for operating expenses (b)			
Compensation of Employees	**4**	4,277,303	7,715,131
Use of goods and services	**5**	930,000	7,558,859
Transfers to Other Government Units	**6**	31,895,561	47,920,723
Other grants and transfers	**7**	14,755,457	58,284,343
Acquisation of assets	**8**	-	-
Other Expenses	**9**	-	10,457,069
Adjusted for:		-	-
Adjustments during the year		-	-
		51,858,321	131,936,125
Net cashflow from operating activities (c = a - b)		**34,952,024**	**(40,039,574)**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	**2**	-	-
Acquisition of Assets	**8**	-	-
Net cash flows from Investing Activities (d)		-	-
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities (e')		-	-
NET INCREASE/(DECREASE)IN CASH AND CASH EQUIVALENT (f= c+d+e)		34,952,024	(40,039,574)
Cash and cash equivalent at BEGINNING of the year (g)	13	1,699	40,041,273
Cash and cash equivalent at END of the year (h=f+g)		**34,953,723**	**1,699**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SAMBURU NORTH NG-CDF financial statements were approved on 30/9/ 2018 and signed by:

Chairman NG-CDFC **Fund Account Manager**

THE FUND ACCOUNT MANAGER
SAMBURU NORTH NG-CDF
30 SEP 2018
P. O. Box 46-20600
BARAGOI

I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipts/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c%
RECEIPTS						
Transfer from CDF Board	86,810,345	11,399,009	98,209,354	86,812,044	11,397,311	88%
Proceeds from sale of Assets			-		-	
Other Receipts			-		-	
Totals	86,810,345	11,399,009	98,209,354	86,812,044	11,397,311	
PAYMENTS			-		-	
Compensation of Employees	5,208,620	1,699	5,210,319	4,277,303	933,016	82%
Use of goods and services	930,700	-	930,700	930,000	700	100%
Transfers to Other Government Units	46,852,000	-	46,852,000	31,895,561	14,956,439	68%
Other grants and transfers	14,755,457	11,397,310	26,152,767	14,755,457	11,397,310	56%
Acquisition of Assets	-	-	-	-	-	#DIV/0!
Other Payments	19,063,568	-	19,063,568	-	19,063,568	0%
TOTALS	**86,810,345**	**11,399,009**	**98,209,354**	**51,858,321**	**46,351,033**	53%

The SAMBURU NORTH NG-CDF financial statements were approved on _____ 2018 and signed by:

Chairman NG-CDF **Fund Account Manager**

THE FUND ACCOUNT MANAGER
SAMBURU NORTH NG-CDF
30 SEP 2018
P. O. Box 46-20600
BARAGOI

VII. 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* 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*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *NG-CDF* 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* 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* 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'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 *NG-CDF'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, 2018.

VIII. NOTES TO THE FINANCIAL STATEMENTS

	I. NOTES TO THE FINANCIAL STATEMENTS			
GFS CODES				
	1 TRANSFERS FROM CDF BOARD			
		Description	**2017-2018**	**2016-2017**
			Kshs	**Kshs**
1330407		A892973	37,905,172.00	4,094,827.60
		A896349	43,405,172.80	36,853,449.00
		A855999	5,500,000.00	10,000,000.00
				40,948,275.00
1330408		AIE NO…		
		AIE NO...	-	
		TOTAL	**86,810,344.80**	**91,896,551.60**
3510000	**2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS**			
			2017-2018	**2016-2017**
			Kshs	**Kshs**
3510202		Receipts from the Sale of Buildings	-	xxx

3510601		Receipts from the Sale of Vehicles and Transport Equipment	-	xxx
3510801		Receipts from the Sale Plant Machinery and Equipment	-	xxx
3510803		Receipts from the Sale of office and general equipment	-	xxx
		Total	**-**	**xxx**
1400000	**3 OTHER RECEIPTS**			
			2017-2018	**2016-2017**
			Kshs	**Kshs**
	1410107	Interest Received	-	xxx
	1410405	Rents	-	xxx
	1420601	Sale of tender documents	-	xxx
	1450207	Other Receipts Not Classified Elsewhere (specify)	-	xxx
		Total	**-**	**xxx**

2110000	**4 COMPENSATION OF EMPLOYEES**			
			2017-2018	**2016-2017**

			Kshs	Kshs
	2110201	Basic wages of contractual employees	4,277,303.00	7,715,131.00
	2110202	Basic wages of casual labour	-	-
		Personal allowances paid as part of salary		
	2110301	House allowance	-	-
	2110314	Transport allowance	-	-
	2110320	Leave allowance	-	-
	2110326	Other personnel payments	-	-
	2710120	gratuity		
		Total	**4,277,303.00**	**7,715,131.00**
2200000	**5 USE OF GOODS AND SERVICES**			
			2017-2018	**2016-2017**
			Kshs	**Kshs**
	2210100	Utilities, supplies and services	930,000.00	
	2210104	Office rent	-	-
	2210200	Communication, supplies and services		
	2210300	Domestic travel and subsistence	-	-
	2210500	Printing, advertising and information supplies & services	-	-
	2210600	Rentals of produced assets	-	-

	2210700	Training expenses	-	-
	2210800	Hospitality supplies and services	-	-
	2210900	Insurance costs	-	-
	2211000	Specialised materials and services	-	-
	2211100	Office and general supplies and services		
	2211200	Fuel, Oil, & Lubricants		
	2211300	Other operating expenses		7,558,859.00
	2220100	Routine maintenance – vehicles and other transport equipment	-	-
	2220200	Routine maintenance – other assets	-	-
		Total	**930,000.00**	**7,558,859.00**
2630200	**6 TRANSFER TO OTHER GOVERNMENT ENTITIES**			
		Description	**2017-2018**	**2016-2017**
			Kshs	**Kshs**
	2630204	Transfers to primary schools	24,000,000.00	32,120,723.00
	2630205	Transfers to secondary schools	7,895,561.48	5,800,000.00
	2630206	Transfers to Tertiary institutions		10,000,000.00
	2630207	Transfers to Health institutions		

		TOTAL	**31,895,561.48**	**47,920,723.00**
2640000	**7 OTHER GRANTS AND OTHER PAYMENTS**			
			2017-2018	**2016-2017**
			Kshs	**Kshs**
	2640101	Bursary -Secondary	5,228,449.28	25,636,744.00
	2640102	Bursary -Tertiary	9,527,007.22	32,647,599.00
	2640104	Bursary-Special schools	-	-
	2640105	Mocks & CAT	-	-
	2640504	water		
	2640505	Agriculture (food security)		
	2640506	Electricity projects		
	2640507	Security		
	2640508	Roads		
	2640509	Sports		
	2640510	Environment		
	2640200	Emergency Projects (specify)		
		Total	**14,755,456.50**	**58,284,343.00**
3100000	**8 ACQUISITION OF ASSETS**			
		Non Financial Assets	**2017-2018**	**2016-2017**
			Kshs	**Kshs**
	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**	-	-
	12 Bank Balances (cash book bank balance)			
		Name of Bank, Account No. & currency	**2017-2018**	**2016-2017**
			Kshs	**Kshs**
		KCB		1,698.70
		Total		**1,698.70**

	13 CASH IN HAND)			
			2017-2018	**2016-2017**
			Kshs	**Kshs**
		Sale of tender	-	-
		Hire of graders	-	-
		Hire of hall	-	-
		Other receipts (specify)	-	-
		Total	**-**	**-**
			[Provide cash count certificates for each]	
	14 OUTSTANDING IMPRESTS			
	Name of Officer	***Amount Taken***	***Amount Surrendered***	***Balance***
		Kshs	***Kshs***	***Kshs***
	Total	**-**	-	**-**
	15 Cash equivalents (short-term deposits)			
		Name of Bank, Account No.	**2017-2018**	**2015-2016**
			Kshs	**Kshs**
		Sale of tender docs held in banker chq	-	xxx

		Describe the nature of deposit	-	xxx
		Describe the nature of deposit	-	xxx
		Describe the nature of deposit	-	xxx
		Total	**-**	**xxx**
	16 BALANCES BROUGHT FORWARD			
			2017-2018	**2016-2017**
			Kshs	**Kshs**
		Bank accounts	-	xx
		Cash in hand	-	xx
		Cash equivalents (short-term deposits)	-	xx
		Imprest	-	xx
		Total	-	xx
		[Provide short appropriate explanations as necessary]		
	17	**PRIOR YEAR ADJUSTMENTS**		

			2017-2018	2016-2017
			Kshs	Kshs
		Bank accounts		xx
		Cash in hand	-	xx
		Cash equivalents (short-term deposits)	-	xx
		Imprest	-	xx
		Total	-	**xx**
	18	**OTHER DISCLOSURES**		
		18.1 FIXED ASSET REGISTER		
		18.2 RECEIVABLES FROM BOARD & OTHER RECEIVABLES		
			-	
		18.3 PAYABLES	-	

		18.4 FUNDS DUE TO PROJECTS		
		18.5 DISBURSEMENTS FROM THE BOARD	-	

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
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 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
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 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to other grants and other transfers							
4.							
5.							
6.							
Sub-Total							
Sub-Total							
Others (*specify*)							
7.							
8.							
9.							
Sub-Total							
Grand Total							

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2017/18	Historical Cos (Kshs 2016/1
Land	-	
Buildings and structures		
Transport equipment	**6,500,000**	**6,500,000**
Office equipment, furniture and fittings	**344,500**	**344,500**
ICT Equipment, Software and Other ICT Assets		
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	**6,844,500**	**6,844,500**

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
NIL	NIL			
Total				