

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 07 AUG 2019

DAY: Wednesday

TABLED BY:

Hon. Benjamin Wadhvani
(Majority Party Whip)

REPORT

Halima Ahmed

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
MANDERA SOUTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018







Revised Template 30th June 2018

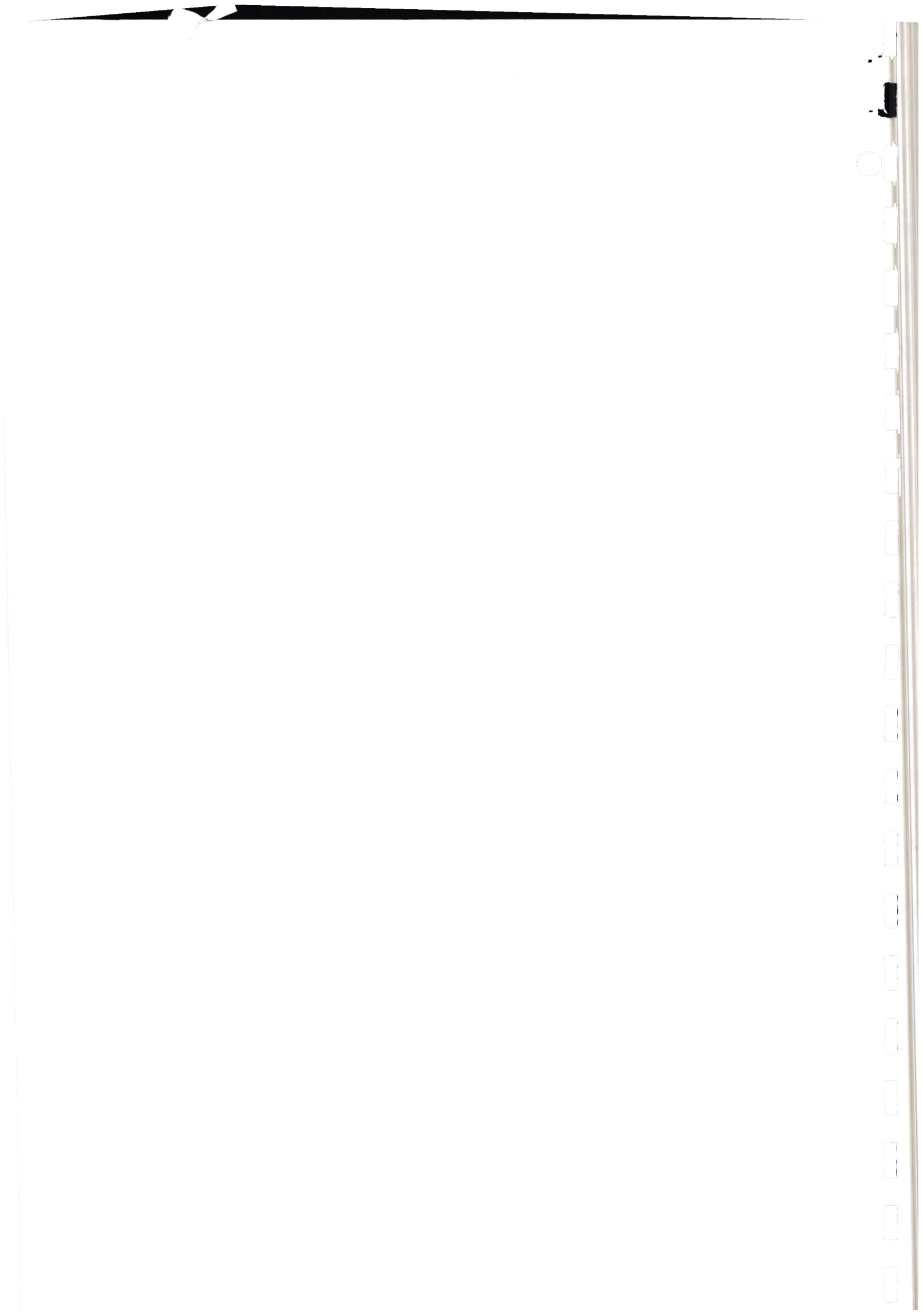


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MANDERA
SOUTH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

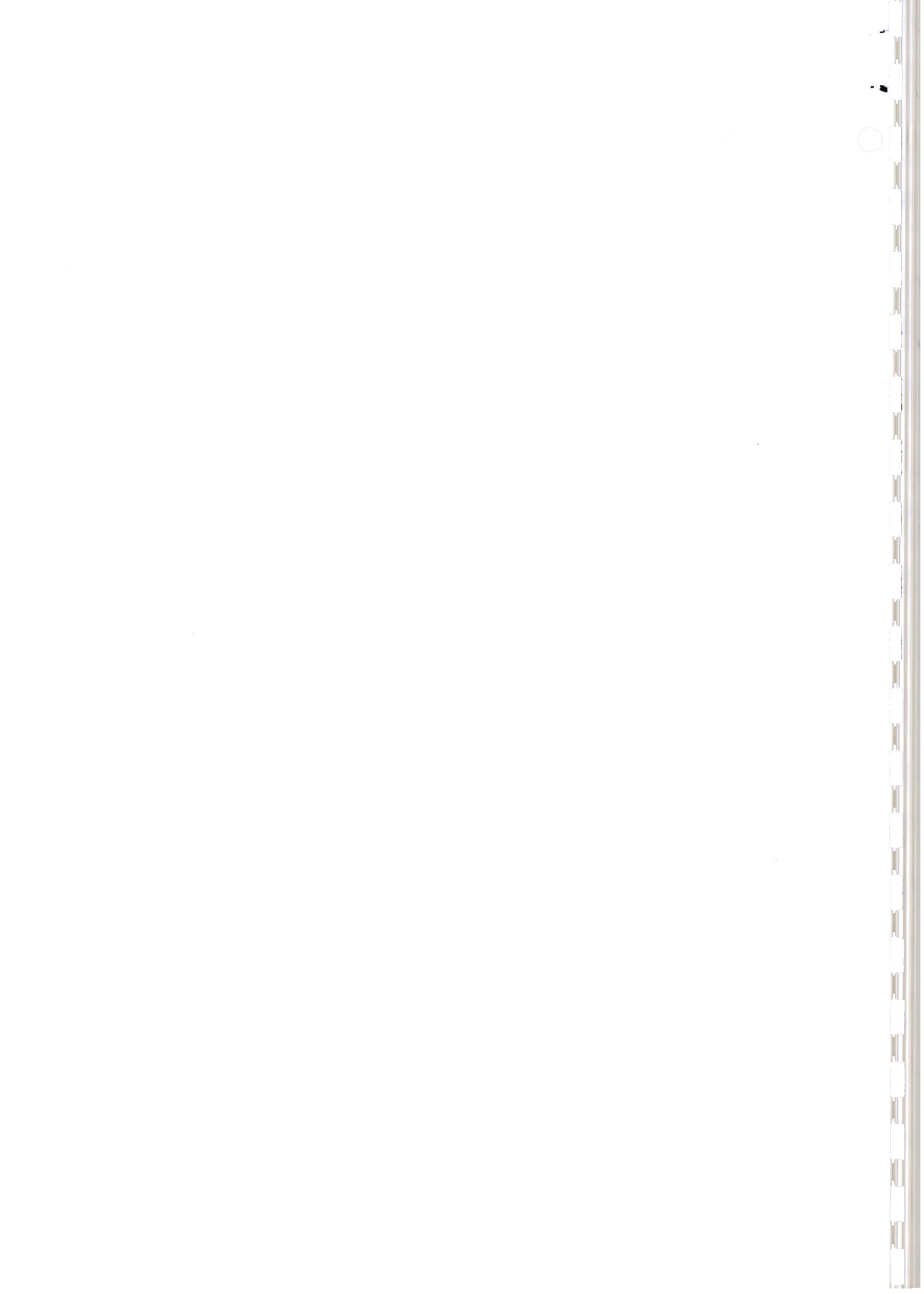
Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF MANDERA SOUTH day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

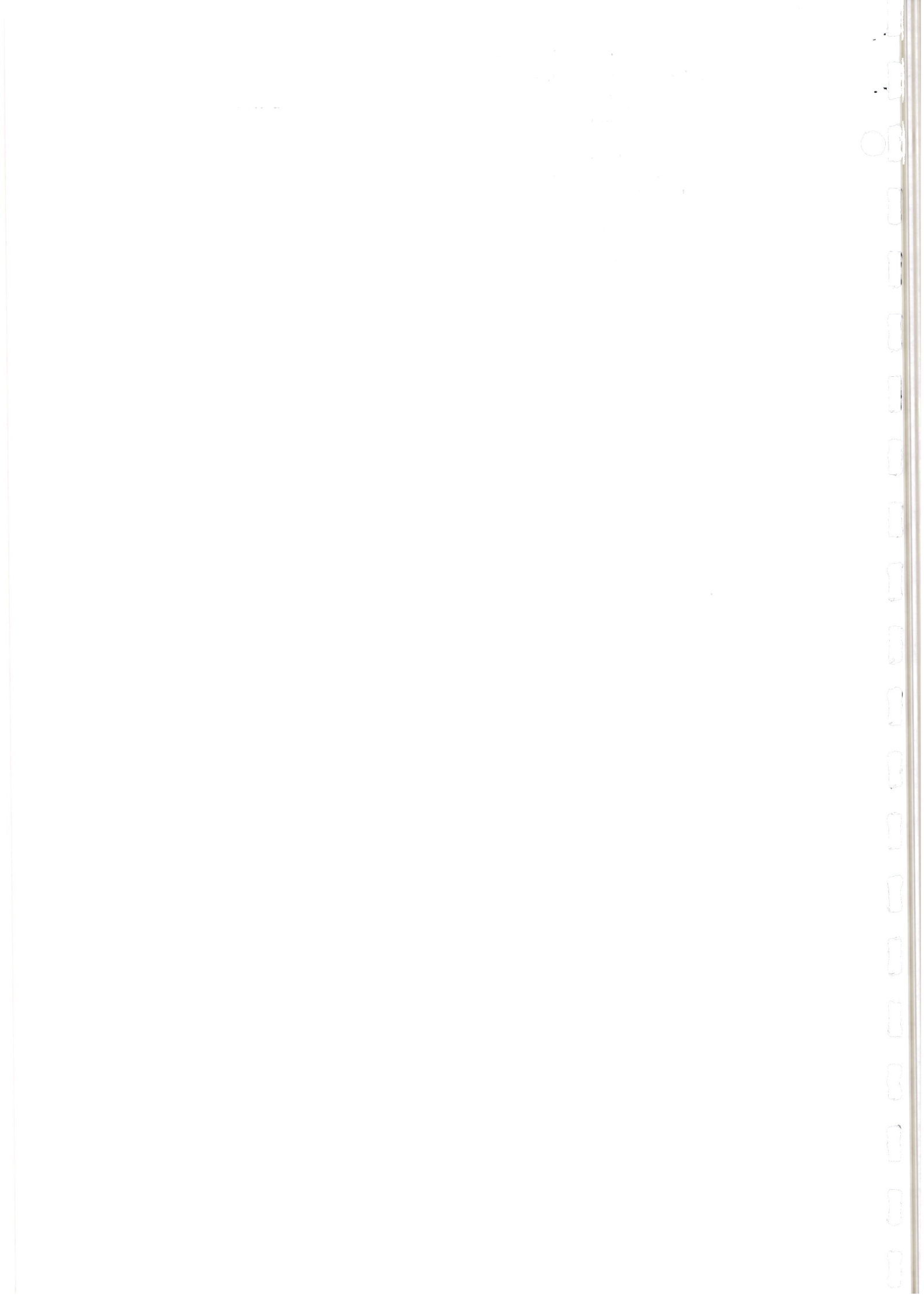
No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Mohamud Gedi
3.	Sub-County Accountant	Francis Murugi
4.	Chairman NGCDFC	Issa Haji
5.	Member NGCDFC	Hawa Adan

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -MANDERA SOUTH Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) NGCDF MANDERA SOUTH Constituency Headquarters

P.O. Box 10-70301
Mzee Shukri Building
Elwak_Wajir Road
Nairobi, KENYA



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

(f) NGCDF MANDERA SOUTH Constituency Contacts

Telephone: (254) 721726301
E-mail: mgedi@ngcdf.go.ke
Website: www.go.ke

(g) NGCDF MANDERA SOUTH Constituency Bankers

1. Equity Bank Limited
Mandera Branch
P.O. Box 75104_00200
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**


II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Include among others the following:

The Committee performed well during the period under review having implemented projects that were approved by the Board. However due to late release of funds by the Board the Committee could not absorb all the money. There was also delay by Learning Institutions to furnish the Committee with bursary application that delayed absorptions. Going forward the Committee will improve in following up with Institutions.

The Committee was able to increase enrolment to schools and also increased transition rate from Primary to Secondary Schools through Consturction of Classrooms and Bursary award.

The major challenge for the year under review is security that has continued to hamper development. The Constituency is prone to frequent attack by Militia Terror group because of close proximity to Somalia. This has led to teachers fleeing schools and also sometimes delay in supervision of projects. However the Committee is working with relevant security organ in the Constituency to ensure its programmes and projects is not affected.

Sign The stamp contains the text: CHAIRMAN NGCDF MANDERA SOUTH P. O. Box 10-70301, ELWAK.

CHAIRMAN NGCDF COMMITTEE



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. 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 NGCDF-MANDERA SOUTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. 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 entity; (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 entity; (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 NGCDF-MANDERA SOUTH Constituency accepts responsibility for the entity'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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MANDERA SOUTH Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-MANDERA SOUTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity'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 entity'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-MANDERA SOUTH Constituency financial statements were approved and signed by the Accounting Officer on _____ 2018.

Inchabed
**FUND ACCOUNT MANAGER
NGCDF MANDERA SOUTH**
Fund Account Manager P.O. Box 10 - 70301,
Name: *Mohamed Gedi* **ELWAK**

[Signature]
Sub-County Accountant
Name: *Francis Mungu*
ICPAK Member Number:



12/12/2012
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REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mandera South 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 and 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Mandera South Constituency as at 30 June 2018, and 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 the National Government Constituencies Development Fund Act, 2015.

Basis for Adverse Opinion

1. Bank Reconciliation Statement

1.1 Payments in Cash Book not in Bank Statement (Unrepresented Cheques)

The cash and cash equivalents balance reflects Kshs.20,147,678 as at 30 June 2018. However, the bank reconciliation statement presented for audit review reflects payment in the cash book not yet recorded in bank statement (unrepresented cheques) amounting to Kshs.1,187,045. However, the audit analysis showed that the actual amount of un-presented cheques is Kshs.1,317,045 resulting to an unreconciled variance of Kshs.130,000. Further, out of the Kshs.1,317,045 unrepresented cheques, an amount of Kshs.1,247,045 were stale cheques, some dating back to August 2016. In addition, it was noted that board of survey was not carried out at the closing of the financial year ended 30 June 2018.

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Mandera South Constituency for the year ended 30 June 2018

1.2 Payment in Bank Statement not in Cash Book

Review of the bank statements and the cash book revealed that payments amounting Kshs.55,764 were reflected in the bank statement but not in the cash book. This amount related to Kshs.36,764 for bank charges and cheques books purchased and Kshs.19,000 for stamp duties. Some of the bank charges dated back to January 2017 and have not been cleared.

In the circumstances, the accuracy, completeness and validity of the cash and cash equivalents balance of Kshs.20,147,678 in the statement of assets as at 30 June 2018 could not be ascertained.

2. Transfer to Other Government Entities

2.1 Transfer to Primary School Projects

Included in transfer to other Government entities balance of Kshs.49,112,872 reflected under note 6 to the financial statements is an expenditure of Kshs.39,812,872 relating to transfers to primary schools which in turn includes Kshs.35,450,000 spent on projects which were mainly construction of class rooms, administration blocks and fencing in various primary schools. However, the following anomalies were noted in respect of several projects:

- i. The tender notices and tender documents for the projects did not set the standard criteria to be used for the evaluation of tenders.
- ii. No tender advertisements were done for some projects.
- iii. There were no project files maintained for projects worth Kshs.19,500,000 contrary to Section 68 (6) of the Public Procurement and Assets Disposal Act, 2015.
- iv. The payments were not supported with bills of quantities, evaluation reports and minutes of tender opening and tender notices.
- v. Some payments were made as final payments, without deducting of 10% retention money and 3% withholding tax from the contract sum, hence it was difficult to establish whether the procurements were competitively and fairly carried out.

It was further noted that projects totaling to Kshs.15,950,000 were contracted to various companies without certificates of incorporation, valid KRA PIN as well as tax compliance certificates. Out these, an amount of Kshs.11,950,000 spent in the financial year 2017/2018 related to amounts carried forward from 2016/2017. However, the approved project code list for the financial year 2016/2017 was not availed for audit review hence it was not possible to establish whether these projects were approved by the National Government Constituency Development Fund Board.

Under the circumstances, the probity and validity of the expenditure of Kshs.35,450,000 as at 30 June 2018 could not be ascertained.

2.2 Transfer to Secondary Schools

Included in the transfer to other Government entities balance of Kshs.49,112,872 reflected under note 6 to the financial statements is an expenditure of Kshs.9,300,000 relating to transfer to secondary schools. The Fund transferred an amount of Kshs.9,300,000 as grants to various Project Management Committees for construction of classes and dormitories in various secondary schools within the Constituency. However, a review of the expenditure revealed that project files and other tender records had no vital tender documents such as bills of quantities, tender evaluation minutes, inspection and acceptance committee minutes and the contract agreements. It was also noted that 10% retention, 16% VAT and 3% withholding taxes was not deducted from the contract sums.

In the circumstances, the propriety and value for money for the expenditure on these projects costing Kshs.9,300,000 could not be confirmed.

3. Other Grants and Other Payments

3.1 Unaccounted Bursary Expenses

Included in the other grants and other payments balance of Kshs.36,897,810 reflected under note 7 to the financial statements is an expenditure of Kshs.20,856,410 being amount of bursaries disbursed to various learning institutions. However, bursaries worth Kshs.11,647,183 had not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions.

The expenditure were also not supported with minutes of the vetting committee hence it was not possible to ascertain the criteria used in vetting the beneficiaries. Further, cheque dispatch register with records of cheques issued out to learning institutions was also not availed for audit review.

In view of the foregoing, it was not possible to confirm that money was spent for the intended purposes and accounted for as at 30 June 2018.

3.2 Award of Contracts for Security Projects

Included in the other grants and other payments balance of Kshs.36,897,810 reflected under note 7 to the financial statements was Kshs.8,000,000 spent on security projects. These projects relates to completion and constructions of AP staff houses as well as fencing of the Elwak AP camp. However, a review of the project files revealed that there was lack of vital documents such as certificate of incorporation, tax compliance certificate, approved work plans, letter of acceptance of offer by the contractors, letter of award of contracts as well as contract agreements. In addition the original bills of quantities for some of the projects had cancellation and adjustment of figures. However, these were not counter signed by the bidders.

In view of the foregoing, it was not possible to ascertain the probity of the expenditure of Kshs.8,000,000 as at 30 June 2018.

3.3 Irregular Emergency Projects

Included in the other grants and other payments balance of Kshs.36,897,810 is an expenditure on emergency projects amounting to Kshs.4,569,000. However, a review of the expenditure and other supporting documents revealed that the entire amount was paid to a local company to provide emergency water trucking services to five (5) villages in Shimbir Fatuma and Kutulo wards. However, it was observed that the minutes of the NGCDFC meeting authorizing the emergency, the needs assessment on water trucking requirements and subsequently the report to the Board on utilization of the emergency reserve were not maintained. Further, the temporary work ticket and the water trucking schedule for Kutulo Ward were not availed for audit review.

In the circumstances, it has not been possible to ascertain the probity of the expenditure of Kshs.4,569,000 as at 30 June 2018.

4. Use of Goods and Services

4.1 Other Committee Expenses

Included in the use of goods and services balance of Kshs.9,471,893 reflected under note 5 to the financial statements is an expenditure on other committee expenses amounting to Kshs.1,500,000 which in turn includes Kshs.1,460,000 relating to monitoring and evaluation of projects. However, a review of the records for the same revealed that the payments did not have supporting documents such as temporary work tickets for the hired vehicle for a period of 60 days. Further, there was no contractual agreement specifying the period for the hire of vehicles. In addition, there was no list of prequalified suppliers maintained to prove that the contracted company was indeed a prequalified contractor for hire of motor vehicles.

In the circumstances, it was not possible to ascertain the probity of the expenditure of Kshs.1,460,000 as at 30 June 2018.

4.2 Supply and Delivery of Office Furniture

Included in the use of goods and services balance of Kshs.9,471,893 reflected under note 5 to the financial statements is an expenditure on utilities, supplies and services amounting to Kshs.1,471,893, which in turn includes Kshs.1,200,000 relating to supply and delivery of office furniture and stationeries paid to a local supplier. However, although the goods were received vide S13 counter receipt voucher No.9343705, there was no record to confirm that the items were taken on charge in the stores ledger and were subsequently issued out vide SII as required.

Further, the expenditure was not supported with inspection and acceptance committee report. In addition, the nature or type of the furniture and stationeries were not specified and were not recorded in the asset register.

In the absence of the fixed asset register, it was not possible to ascertain the validity, completeness and accuracy of the fixed assets balance of Kshs.1,500,000.

3. Budget and Budgetary Control

3.1 Budget Performance Analysis

Review of summary statement of appropriation: recurrent and development combined revealed that during the year under review, the Fund had a final budget of Kshs.130,050,803. Out of the amount budgeted, Kshs.43,240,458 was unspent balance for the from the previous financial year 2016/2017. Budget utilization on receipts and expenditure was as follows:

Item	Budget Kshs.	Actual Kshs.	Difference Kshs.	% of Utilisation
Receipts	130,050,803	118,258,619	11,792,184	9%
Expenditure	130,050,803	98,523,848	31,526,955	24%

In view of the above a number of programmes may not have been carried out for the benefits of the constituents.

3.2 Project Implementation and Management

During the year under review, the Fund allocated Kshs.44,249,440 to 29 projects in various sectors including Education, Security, Sport, Environment and others.

Analysis as per Project Implementation Status (PIS) presented for audit review revealed that twenty-seven (27) projects were completed, one (1) had not started and one (1) was ongoing as analyzed in the table below:

Sector	Project Status	Project Cost Kshs.	No. of Projects
Sports	Complete	1,736,206	5
	Ongoing	0	0
	Not Started	0	0
Environment	Complete	1,736,206	4
	Ongoing	0	0
	Not Started	0	0
Security	Complete	2,000,000	1
	Ongoing	0	0
	Not Started	0	0
Education	Complete	30,100,001	17
	Ongoing	0	0
	Not Started	0	0

In view of the foregoing, the expenditure of Kshs.1,200,000 on office furniture could not be confirmed.

5. Unvouched Expenditure

A review of the financial statements, ledgers and the cash book availed revealed that the Fund did not avail payment vouchers and other supporting documents for expenditure amounting Kshs.18,183,699 for audit review.

In the absence of such vital documents, the validity and genuineness of the expenditure of Kshs.18,183,699 as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Mandera South 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 adverse opinion.

Key Audit Matters

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

Other Matter

1. Non-Maintenance of Financial and Accounting Records for the Project Management Committee Bank Accounts

Records of the bank accounts held by the various Project Management Committees (PMC) and quarterly reports to the constituency committee were not maintained by the Fund. No PMC's bank statements and cash books were maintained and subsequently no reconciliations were carried out for the PMCs accounts.

In view of the foregoing, it has not been possible to ascertain whether the funds or grants disbursed to the PMCs were properly managed.

2. Summary of Fixed Assets

Annex 4, a summary of fixed asset register attached to the financial statements discloses the value of fixed assets as Kshs.1,500,000. However, the Fund did not include office furniture worth Kshs.1,200,000 as additions during the year under review hence understating the fixed assets by the same amount. Further, the Fund did not maintain permanent fixed assets register to record the assets maintained contrary to Section 136 (1) of the Public Finance Management (National Government) Regulations, 2015.

Sector	Project Status	Project Cost Kshs.	No. of Projects
Others	Complete	0	0
	Ongoing	4,000,000	1
	Not started	4,677,027	1
Total		44,249,440	29

4. Constituency Oversight Committee

The Fund had not appointed Constituency Oversight Committee as required by Section 53(1) of the National Government Constituency Development Fund Act, 2015. No proper explanation was given for not appointing the committee as required by the Act.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm 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 because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires that I plan and perform the audit to obtain assurance about whether effective 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 Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the fund either intends to liquidate or 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 policies and procedures may deteriorate.

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

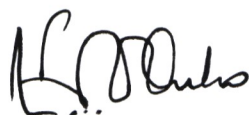
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 continue 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 continue as a going concern or 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 the Fund in order 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

30 May 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MANDERA SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016-2017 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	118,258,619	50,948,277
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		118,258,619	50,948,277
PAYMENTS			
Compensation of employees	4	3,041,238	3,119,928
Use of goods and services	5	9,471,893	3,837,890
Transfers to Other Government Units	6	49,112,872	97,256,897
Other grants and transfers	7	36,897,810	48,437,838
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		98,523,813	152,652,553
SURPLUS/DEFICIT		19,734,806	(101,704,277)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA SOUTH Constituency financial statements were approved on _____ 2018 and signed by:

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FUND ACCOUNT MANAGER
NGCDF MANDERA SOUTH
 P.O. Box 10 - 70301,
ELWAK
 Fund Account Manager
 Name: *M. Shamud Gedi*

Francis Mungu
 Sub-County Accountant
 Name: *Francis Mungu*
 ICPAK Member Number:



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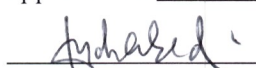
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

V. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	20,147,678	412,872
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		20,147,678	412,872
Accounts Receivables - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		20,147,678	412,872
FINANCIAL LIABILITIES			
Accounts Payables - Retention	12	-	-
NET FINANCIAL ASSETS		20,147,678	412,872
REPRESENTED BY			
Fund balance b/fwd 1st July....	13	412,872	102,117,149
Surplus/Defict for the year		19,734,806	(101,704,477)
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		20,147,678	412,872

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA SOUTH Constituency financial statements were approved on _____ 2018 and signed by:


FUND ACCOUNT MANAGER
NGCDF MANDERA SOUTH
 Name: Mohamud hedi ELWAK
 P.O. Box 10 - 70301,


Sub-County Accountant
 Name: Francis Murgu
 ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MANDERA SOUTH CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

VI. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from CDF Board	1	118,258,619	50,948,277
Other Receipts	3	-	
Total		<u>118,258,619</u>	<u>50,948,277</u>
Payments for operating expenses			
Compensation of Employees	4	3,041,238	3,119,928
Use of goods and services	5	9,471,893	3,837,890
Transfers to Other Government Units	6	49,112,872	97,256,897
Other grants and transfers	7	36,897,810	48,437,838
Other Payments	9	-	-
		<u>98,523,813</u>	<u>152,652,553</u>
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities			
		19,734,806	(101,117,149)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	
Net cash flows from Investing Activities			
		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		19,734,806	(101,704,277)
Cash and cash equivalent at BEGINNING of the year	13	412,872	102,117,149
Cash and cash equivalent at END of the year	10A	20,147,678	412,872

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA SOUTH Constituency financial statements were approved on _____ 2018 and signed by:

Mohamed Gadi
FUND ACCOUNT MANAGER
NGCDF MANDERA SOUTH
P.O. Box 10 - 70301,
ELWAK

Francis Mungu
Sub-County Accountant
Name: Francis Mungu
ICPAK Member Number:

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

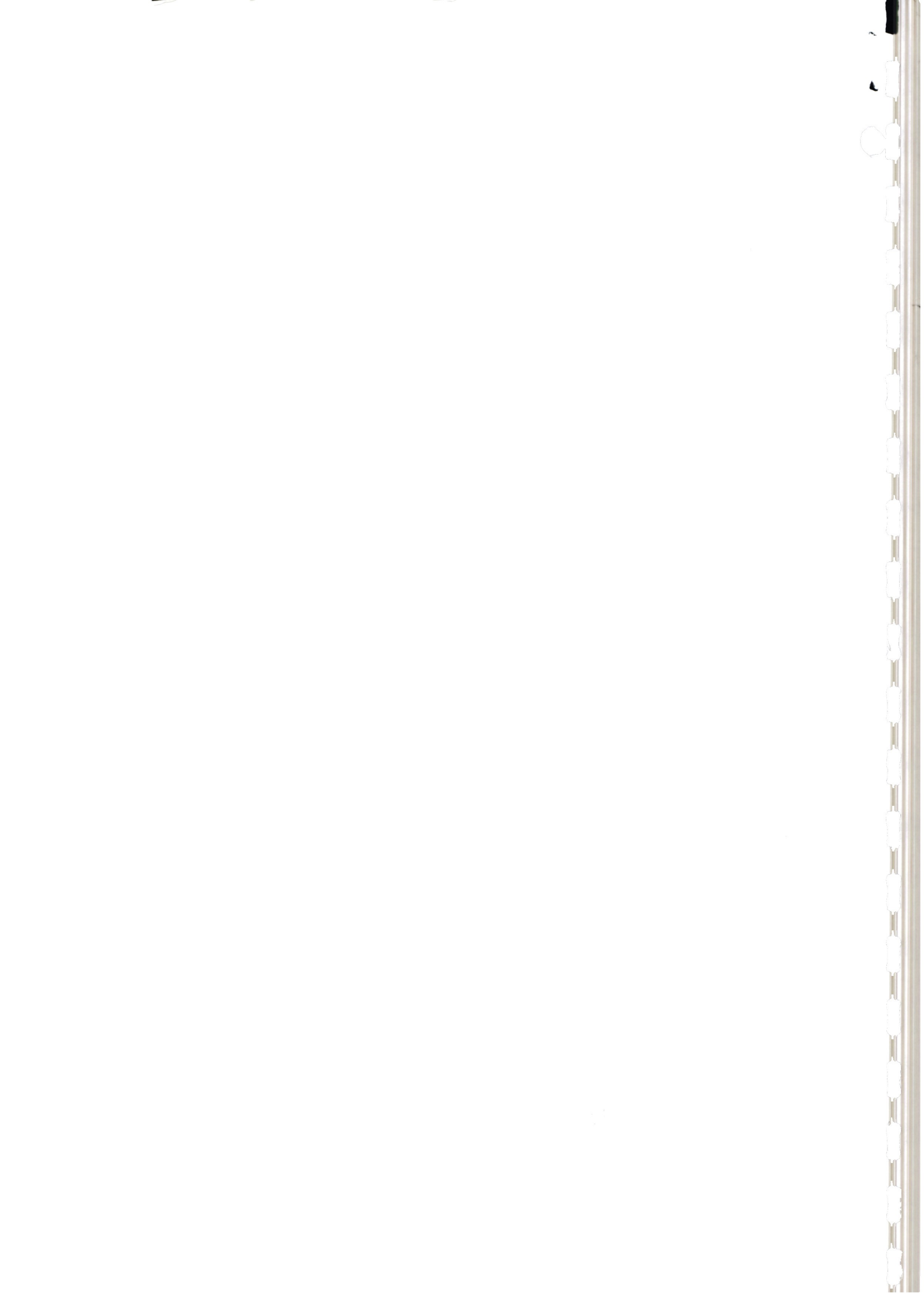
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget e=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e-c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,345	43,240,458	130,050,803	118,671,491	11,379,311	91%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
PAYMENTS						
Compensation of Employees	3,041,238	412,872	3,454,110	3,041,238	412,872	88%
Use of goods and services	4,771,693	-	4,771,693	9,471,893	(4,700,200)	199%
Transfers to Other Government Units	30,100,000	23,700,000	53,800,000	49,112,872	4,687,128	91%
Other grants and transfers	40,220,387	7,748,274	47,968,661	36,897,810	11,070,851	77%
Acquisition of Assets	-	-	-	-	-	
Other Payments	8,677,027	-	8,677,027	-	8,677,027	0%
Allocation awaiting approval	-	11,379,311	11,379,311	-	11,379,311	0%
TOTALS	86,810,345	43,240,458	130,050,803	98,523,813	31,526,990	76%

(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 90% of utilization) and any overutilization (above 100%)]

- i. Compensation of employees' underutilization of 88% was due to late disbursement by the Board.
- ii. Other Grants and transfers underutilization of 77% was due to the delayed return of bursary forms by the beneficiaries despite giving them deadlines.
- iii. Allocation awaiting approvals are funds for the supplementary budget that was allocated to the constituency in end of May that had not been approved by the Board despite submitting the proposal in time.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-MANDERA SOUTH Constituency financial statements were approved on _____ 2018 and signed by:


FUND ACCOUNT MANAGER
NGCDF MANDERA SOUTH
Fund Account Manager P.O. Box 10 - 70301,
Name: *Mohamed Wada* **ELWAK**

Sub-County Accountant
Name: *Finias Murgu*
ICPAK Member Number:



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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 Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-MANDERA SOUTH Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.



SIGNIFICANT ACCOUNTING POLICIES

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. 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.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. 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 Entity 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.

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

13. 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 30th June 2018.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Normal Allocation			
	AIE NO. A855919	5,500,000	
	AIE NO.A892671	500,000	
	AIE NO A892712	30,948,275	
	AIE NO.A896840	21,000,000	
	AIE NO.A896913	22,405,172	
	AIE NO.A892782	37,905,172	
	AIE NO B29912		4,094,828
	AIE NO A855057		36,853,449
	AIE NO 839686		10,000,000
Conditional grants			
	AIE NO...		
Receipt from other Constituency			
TOTAL		118,258,619	50,948,277

2. PROCEEDS FROM SALE OF ASSETS

Description		2017 - 2018	2016 - 2017
		Kshs	Kshs
Receipts from the Sale of Buildings			
Receipts from the Sale of Vehicles and Transport Equipment			
Receipts from the Sale Plant Machinery and Equipment			
Receipts from the Sale of office and general equipment			
	Total	-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere (specify)	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	2,929,638	2,829,528
Basic wages of casual labour		-
Personal allowances paid as part of salary		
House allowance		-
Transport allowance		-
Leave allowance		-
Other personnel payments		-
Employer contribution to NSSF gratuity	111,600	290,400
Total	3,041,238	3,119,928



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	1,471,893	441,890
Office rent	600,000	600,000
Communication, supplies and services	100,000	100,000
Domestic travel and subsistence		100,000
Printing, advertising and information supplies & services	-	-
Rentals of produced assets		-
Training expenses	900,000	656,000
Hospitality supplies and services		-
Other committee expenses	1,500,000	1,100,000
Committee allowance	900,000	840,000
Insurance costs		-
Specialised materials and services		-
Office and general supplies and services		-
Fuel ,oil & lubricants		-
Other operating expenses	4,000,000	-
Routine maintenance – vehicles and other transport equipment		-
Routine maintenance – other assets		-
Total	9,471,893	3,837,890



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to primary schools	39,812,872	46,300,000
Transfers to secondary schools	9,300,000	36,956,897
Transfers to Tertiary institutions	-	14,000,000
Transfers to Health institutions	-	-
TOTAL	49,112,872	97,256,897

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	13,316,000	5,200,000
Bursary -Tertiary	7,540,410	16,643,011
Bursary-Special schools	-	
Mocks & CAT	-	
Water	-	
Agriculture (food security)	-	-
Electricity projects	-	10,000,000
Security	8,000,000	9,500,000
Roads	-	-
Sports	1,736,200	1,500,000
Environment	1,736,200	1,500,000
Resorce centres and Social Halls	-	
Emergency Projects (specify)	4,569,000	4,094,827
Others		-
Total	36,897,810	48,437,838

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2017 - 2018	2016 - 2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
<i>Equity Bank Mandera Branch A/C Number: 1000261176664</i>		20,147,678	412,872
Total		20,147,678	
10B: CASH IN HAND)			
		2017 - 2018	2016 - 2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
Location 1			
Location 2			
Location 3			
Other receipts (specify)			
Total		-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer</i>	Date imprest taken		
<i>Name of Officer</i>	-		
<i>Name of Officer</i>	-		
<i>Name of Officer</i>	-		
<i>Name of Officer</i>	-		
<i>Name of Officer</i>	-		
<i>Name of Officer</i>	-		
Total	-		

[Include an annex of the list is longer than 1 page.]

12 RETENTION

Supplier/Contractor	PV no	2017 - 2018	2016 - 2017
-	-	-	-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017 - 2018	2016 - 2017
	Kshs (1//7/2017)	Kshs (1//7/2016)
Bank accounts	412,872	102,117,149
Cash in hand		
Imprest		855,800
Total	412,872	102,972,949

[Provide short appropriate explanations as necessary]



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MANDERA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

		2017 - 2018	2016 - 2017
		Kshs	Kshs
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
		-	-
Total		-	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

		2017 - 2018	2016 - 2017
		Kshs	Kshs
Construction of buildings			
Construction of civil works			
Supply of goods			
Supply of services			
TOTAL		-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

		Kshs	Kshs
Staff Gratuity			
		-	-

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees		-
Use of goods and services		-
Amounts due to other Government entities (see attached list)	5,100,000	23,700,000.00
Amounts due to other grants and other transfers (see attached list)	10,370,651.16	7,748,276.00
Acquisition of assets		-
Others (<i>ICT HUB</i>)	4,617,027.20	-
Allocation awaiting approval	11,379,311	
	31,526,990	31,448,276.00

1954
MAY 17

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

MANDERA SOUTH CONSTITUENCY

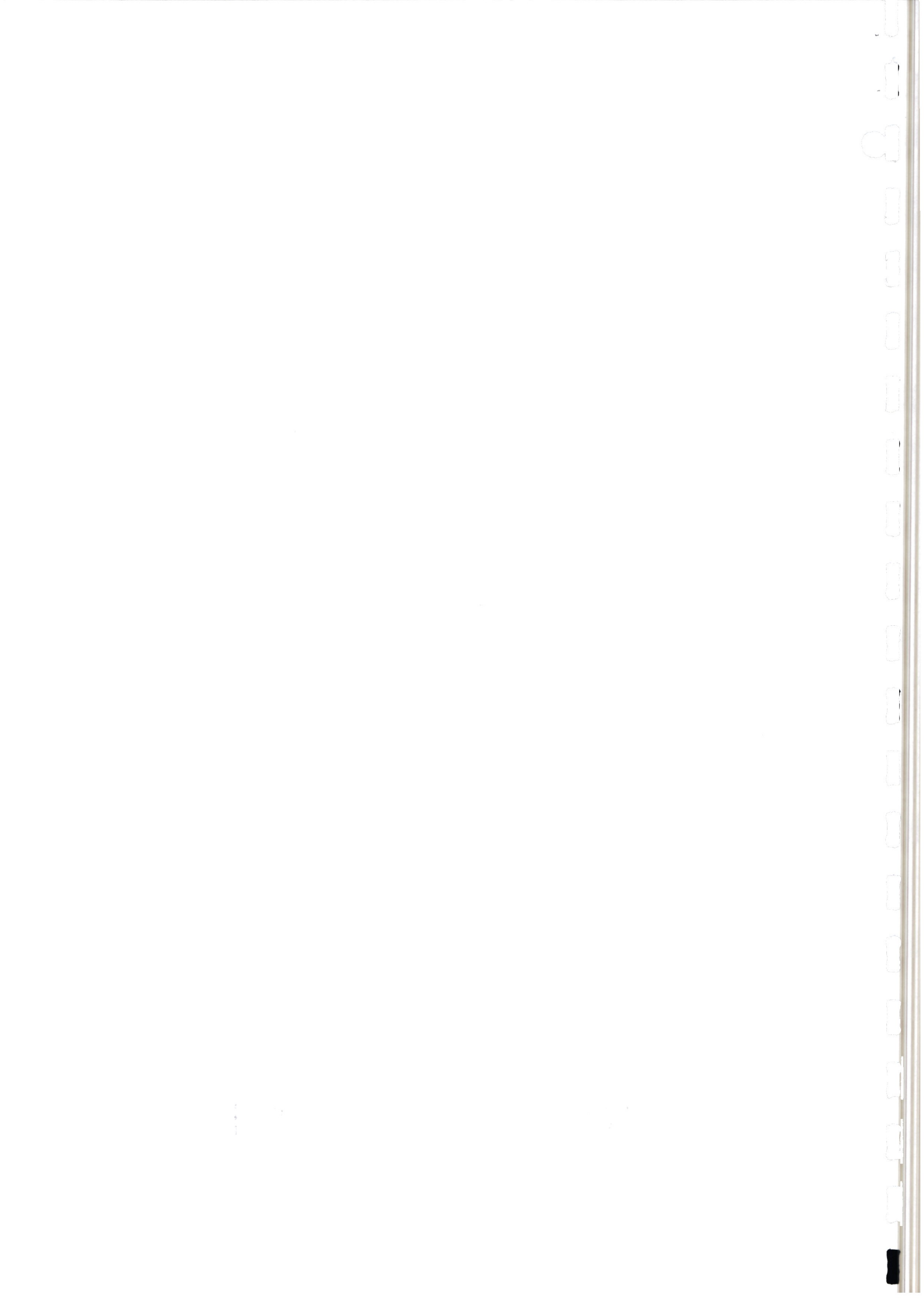
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

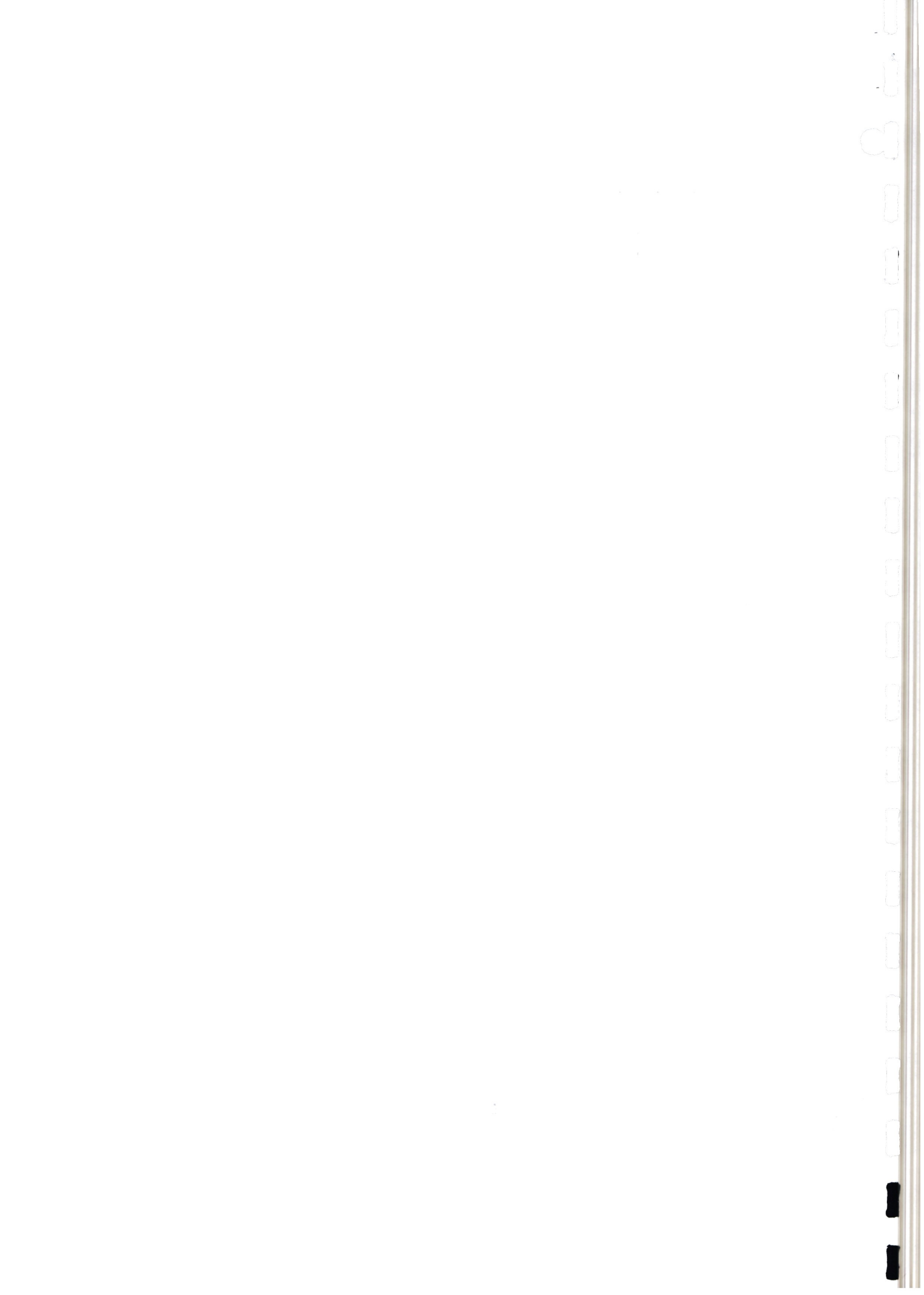
	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	11,626.00	8,660.0
	11,626.00	8,660.00



NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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ANNEX 3 – UNUTILIZED FUNDS

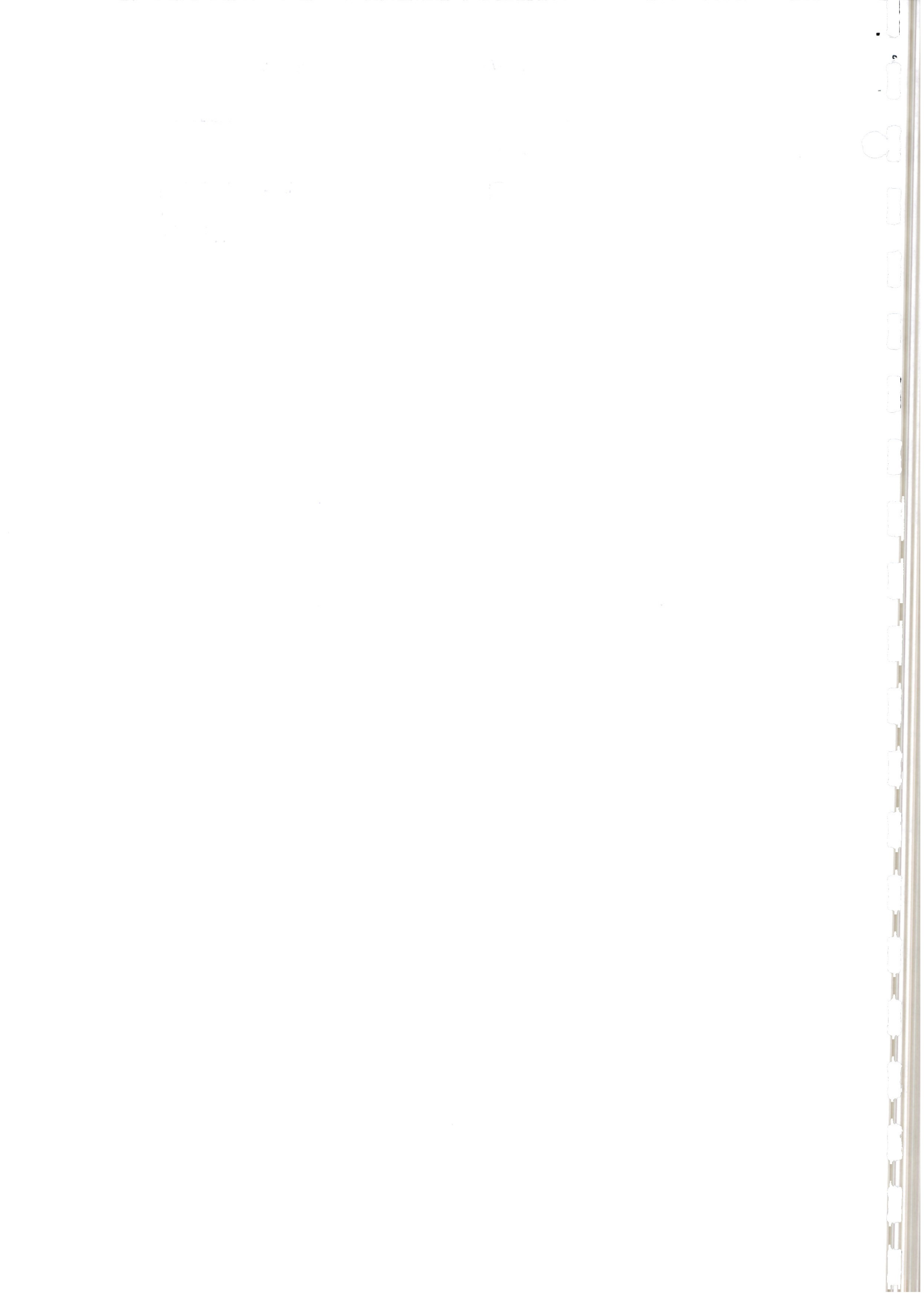
Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
El Kala Primary School		1,700,000		
Qalanaqalesa primary school		1,700,000		
Eiram Primary school		1,700,000		
Sub-Total		5,100,00		
Amounts due to other grants and other transfers				
Bursary		10,370,651		
Sub-Total				
Sub-Total				
Acquisition of assets				
Others (<i>specify</i>)				
ICT HUBS		4,677,027		
Allocation awaiting approval		11,379,311		
Sub-Total				
Grand Total		31,526,990		



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings	1,500,000.00			1,500,000
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	1,500,000.00			1,500,000



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

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18
Alweis Primary School	Equity Bank	1000199447459	88
Ababusune Primary School	Equity Bank	1000272221076	280
Midina Primary School	Equity Bank	1000176270329	890
Dadach Majani Primary School	Equity Bank	1000176353476	90
Harwale Primary School	Equity Bank	1000297186592	160
Garse Dam Primary School	Equity Bank	1000297858633	170
Eltul Primary School	Equity Bank	1000786253584	140
Weledo Primary School	Equity Bank	1000256873253	120
Chachabole Primary School	Equity Bank	1000266137461	170
Shimpir Fatuma Secondary School	Equity Bank	1000294111616	1761
Elwak AP Camp Project Committee	Equity Bank	1000176348405	90
Elram Primary School	Equity Bank	1000261541491	6070
Borehore 11 AP Camp	Equity Bank	1000170665535	1450
Wargadud Secondary School	Equity Bank	1000295051786	147.50
Total			11,626.50



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

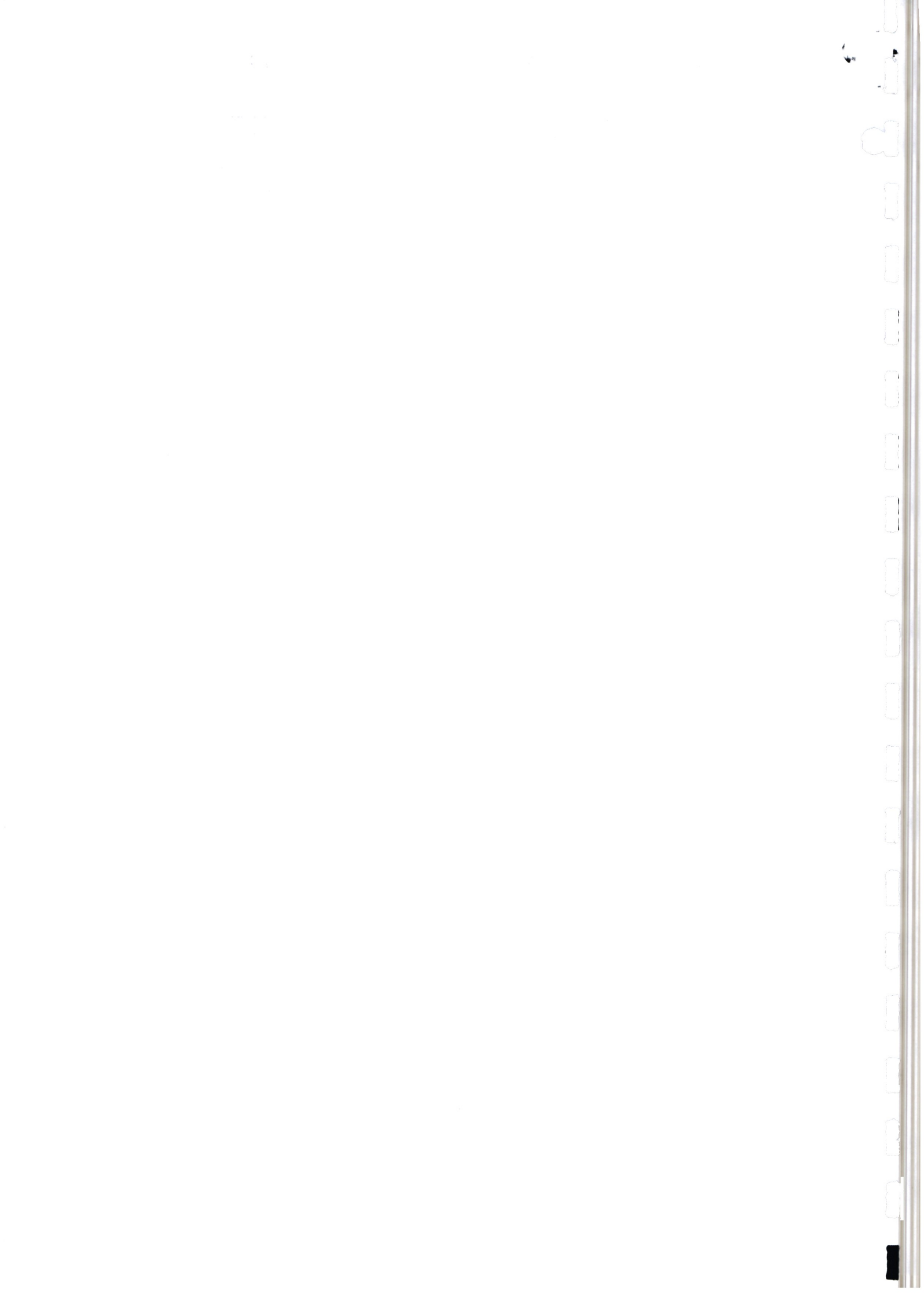
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For the year ended June 30, 2018 (Kshs'000)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MDR/CDF/INSF/SOUTH/VOL.1/(9)	The Mandera South NGCDF underspent on Transfers to Govt entities by 103,617,149. Few projects implemented in the year	The NGCDF Board released this amount on 30th June 2016, the last day of The Financial year hence spent in 2016/17 FY	Mr. Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	December 2017
MDR/CDF/INSF/SOUTH/VOL.1/(9)	Bank Reconciliation reflects stalled cheques that needed to be debited back	Done and credited back to the cashbook	Mr. Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	December 2017
MDR/CDF/INSF/SOUTH/VOL.1/(9)	Non maintenance of Bank accounts by PMC	To comply	Mr. Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	By end of 2017/18 FY
MDR/CDF/INSF/SOUTH/VOL.1/(9)	Constituency Oversight Committee not in place	The area MP did not appoint the Committee as expected	Mr. Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	By end December 2017
MDR/CDF/INSF/SOUTH/VOL.1/(9)	Award of Capital projects amounting to 13,034,995 certificate of completion not availed	To follow up and avail the documents	Mr. Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	December 2017



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

Reports and Financial Statements

For the year ended June 30, 2018 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MDR/CDF/INSP/SOUTH/VOL.1/(9)	Bursary expenses of Kshs 4,490,384 did not have acknowledgment	Most Institutions in far areas of The Country didn't send acknowledgments.To follow up with respective institutions.	Mr.Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	December 2017
MDR/CDF/INSP/SOUTH/VOL.1/(9)	Administration/M&E of kshs 1,995,000.No progress report,list of projects not attached	List availed	Mr.Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	December 2017

