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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT  
FUND MT. ELGON CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**MT.ELGON CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

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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
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 MT.ELGON 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 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder Sub-County	<b>CarolyneWanyonyi</b>
3.	Accountant	<b>Simon Asava</b>
4.	Chairman NGCDFC	<b>JuliasMasaranja</b>
5.	Member NGCDFC	<b>Nancy Kimachas</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -MT.ELGON 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) NGCDFMT.ELGON Constituency Headquarters**

P.O. Box 267-50203  
Mt Elgon Sub-County head quarters

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

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Planning and Devolution Building  
Kapsokwony,

**(f) NGCDF MT.ELGON Constituency Contacts**

(g) Telephone: (254) 727625192

(h) E-mail: [ngcdfmt.elgon@ngcdf.go.ke](mailto:ngcdfmt.elgon@ngcdf.go.ke)

(i) Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(j) NGCDF MT.ELGON Constituency Bankers**

1. Cooperative Bank of Kenya  
Kimilili Branch  
P.O. Box 552-50204  
Kimilili, Kenya

**(k) Independent Auditors**

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

**(l) 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 NGCDF COMMITTEE**

### **KEY ACHIEVEMENTS OF THE FUND**

The NG-CDF has (to some extent) given the local people an opportunity to come up with their own ways (in terms of projects) to address their own developmental problems. It has led to the initiation of development projects at the local level thereby availing financial resources at the grassroots level, thus, empowering communities economically. It has enhanced accessibility of health care services to majority of the MT.ELGON constituents especially in the rural areas. Cases of women giving birth at home have reduced as health services have been brought closer to the people. NG-CDF has greatly contributed to the increase of Health Facilities.

It has led to the expansion of education infrastructure through construction of new schools countrywide. This has improved accessibility of education to Kenyans especially to boys and girls at the primary and secondary school level. Parents are relieved from building classrooms. The increase in the number of schools and classrooms has increased enrolment rates and reduced crowding in schools.

Schools have been equipped with books, desks, chairs and laboratory equipment. Dormitories and laboratories have been constructed, renovated or expanded. This, coupled with the gains of free primary education, has increased primary school enrolment.

NG-CDF bursary fund has enabled needy children from poor backgrounds to acquire education, especially in secondary school.

The vocational training institutes have provided the youth with a chance to pursue several courses and to learn life skills.

The NG-CDF has contributed significantly to improvement of infrastructure particularly in rural areas and regions with high agricultural potential thereby making many areas accessible and hence, improving transport and communication. For instance; More rural access roads have been constructed, More feeder roads have been built, Bridges have been erected to connect villages, Drainage systems have been improved and expanded,

The NG-CDF has played a pivotal role in reducing the percentage of roads in poor state. This has increased efficiency in transport and communication which has improved citizens' wellbeing. The following are samples of projects we are undertaking to improve education and better housing in the constituency



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Administration block works at KIM girls on-going

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MT.ELGON CONSTITUENCY  
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**KAPSAMBU AP CAMP AT ITS FINAL STAGES**

We as Mt. Elgon NG-CDF we thank the NGCDF Board for their endless efforts to better the livelihood of Mt. Elgon Constituents in all spheres.

**Sign**

**CHAIRMAN NGCDFCOMMITTEE**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**MT.ELGON CONSTITUENCY**

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**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.

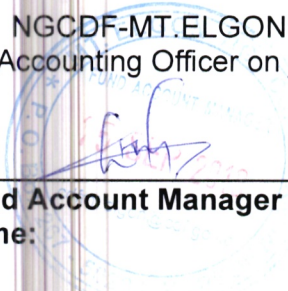
The Accounting Officer in charge of the NGCDF-MT.ELGON Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 20XX. 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.

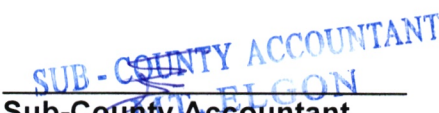
The Accounting Officer in charge of the NGCDF-MT.ELGON Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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-MT.ELGON 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-MT.ELGON 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-MT.ELGON Constituency financial statements were approved and signed by the Accounting Officer on 15/9/ 2018.

  
\_\_\_\_\_  
**Fund Account Manager**  
Name:

  
\_\_\_\_\_  
**Sub-County Accountant**  
Name:

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MT. ELGON CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Mt. Elgon Constituency set out on pages 10 to 30, 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund– Mt. Elgon 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.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgement are of most significance in the audit of the financial statements. I have determined that there are no Key Audit Matters to report.

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Mt. Elgon Constituency for the year ended 30 June 2018*

## Other Matter

### 1. Budgetary Control and Performance

During the year under review, the Fund spent Kshs.79,415,180 against a budgeted amount of Kshs.104,431,013 resulting in under-absorption of Kshs.25,015,833 representing 24% as highlighted below;

Receipt/Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Budget Un-utilization Difference Kshs.	% of Utilization
<b>Receipts</b>				
Transfers from CDF Board	104,431,013	87,551,703	16,879,310	16%
<b>Total</b>	<b>104,431,013</b>	<b>87,551,703</b>	<b>16,879,310</b>	<b>16%</b>
<b>Payments</b>				
Compensation of Employees	6,081,250	3,651,140	2,430,110	40%
Use of goods and services	10,130,175	6,938,240	3,191,935	32%
Transfers to Other Government Units	34,603,045	28,500,000	6,103,045	18%
Acquisition of assets	6,962,232	850,000	6,112,232	88%
Other grants and transfers	41,977,284	36,975,800	5,001,484	12%
Other Payments	4,677,027	2,500,000	2,177,027	47%
<b>Total</b>	<b>104,431,013</b>	<b>79,415,180</b>	<b>25,015,833</b>	<b>24%</b>

Consequently, the Fund did not achieve its projects completion targets and thus could not provide residents with the services intended from the projects.

### 2. Project Implementation Status

The Fund was to implement a total of 27 projects/programmes under Security, Education, Sports and Environment sectors during the financial year under review. Further analysis indicated that 1 or 4% of the projects had started, 25 or 93% were still on going and 1 or 4% had been completed as at the time of audit as highlighted below;

		Not Started	Ongoing	Complete	Total	Complete Percentage
Transfers	Primary	-	9	-	9	-
	Secondary	-	2	-	2	-
	Tertiary	-	1	-	1	-
Security		-	3	-	3	-
Sports		-	1	-	1	-
Environment		-	1	-	1	-
CDF Office		1	0	1	2	50%
Bursary	Secondary	-	1	-	1	-
	Special	-	1	-	1	-

<b>Mt-Elgon NG-CDF Project Implementation Status for the Year Ended 30<sup>th</sup> June 2018</b>						
		<b>Not Started</b>	<b>Ongoing</b>	<b>Complete</b>	<b>Total</b>	<b>Complete Percentage</b>
	Tertiary	-	1	-	1	-
Emergency		-	1	-	1	-
Other Payments		-	4	-	4	-
<b>Total</b>		<b>1</b>	<b>25</b>	<b>1</b>	<b>27</b>	<b>4%</b>
<b>%</b>		<b>4%</b>	<b>93%</b>	<b>4%</b>		

Consequently, the Fund had not achieved its projects completion targets and could therefore not provide its constituents with all the services planned and budgeted for the year ended.

### **3. Low Disbursement of Funds by the NGCDF-Board**

Included in the transfers from NGCDF Board under the statement of receipts and payments is Kshs.81,310,345 received during the year under review compared to the approved budget allocation figure of Kshs.86,810,345 resulting into a deficit of Kshs.5,500,000.

Consequently, the low disbursement of funds by the Board may affect ability of the Fund to provide required services to its constituents.

## **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, I confirm that, nothing 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, I confirm that, nothing has come to my attention to cause me to believe 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 standards require 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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue 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 liquidate the Fund 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.

Those charged with governance are responsible for overseeing the Fund 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**

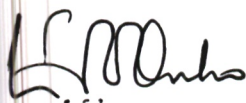
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 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.

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's 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 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 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**

**20 May 2019**

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Mt. Elgon Constituency for the year ended 30 June 2018*



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MT.ELGON CONSTITUENCY**


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


**ICPAK Member Number:**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>RECEIPTS</b>			
Transfers from NG-CDF board-AIEs' Received	1	81,310,345	149,742,142
<b>TOTAL RECEIPTS</b>		<b>81,310,345</b>	<b>149,742,142</b>
<b>PAYMENTS</b>			
Compensation of employees	2	3,651,140	2,277,270
Use of goods and services	3	6,938,240	9,751,920
Transfers to Other Government Units	4	28,500,000	83,883,956
Other grants and transfers	5	36,975,800	63,820,048
Acquisition of Assets	6	850,000	149,600
Other Payments	7	2,500,000	4,048,622
<b>TOTAL PAYMENTS</b>		<b>79,415,180</b>	<b>163,931,417</b>
<b>SURPLUS/DEFICIT</b>		<b>1,895,165</b>	<b>(14,189,275)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MT.ELGON Constituency financial statements were approved on 15/9/2018 and signed by:

  
\_\_\_\_\_  
**Fund Account Manager  
Name:**

  
\_\_\_\_\_  
**Sub-County Accountant  
Name:  
ICPAK Member Number:**

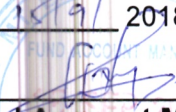
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
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**V. STATEMENT OF ASSETS**

	Note	2017-2018 Kshs	2016 - 2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8	8136,523	5,358,860
<b>TOTAL FINANCIAL ASSETS</b>		<b>8136,523</b>	<b>5,358,860</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9	5,358,860	18,998,135
Surplus/Defict for the year		1,895,165	(14,189,275)
Prior year adjustments	10	882,498	550,000
<b>NET FINANCIAL POSITION</b>		<b>8136,523</b>	<b>5,358,860</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MT.ELGON Constituency financial statements were approved on

15/9/2018 2018 and signed by:

  
**Fund Account Manager**  
**Name:**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**MT.ELGON CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

		<b>2017 – 2018</b>	<b>2016 – 2017</b>
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	81,310,345	149,742,142
		<b>81,310,345</b>	<b>149,742,142</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	3,651,140	2,277,270
Use of goods and services	3	6,938,240	9,751,920
Transfers to Other Government Units	4	28,500,000	83,883,956
Other grants and transfers	5	36,975,800	63,820,048
Other Payments	7	2,500,000	4,048,623
		<b>78,565,180</b>	
<b>Adjusted for:</b>			
Adjustments during the year	10	882,498	550,000
<b>Net cash flow from operating activities</b>		<b>3,627,663</b>	<b>(13,489,675)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(850,000)	(149,600)
<b>Net cash flows from Investing Activities</b>		<b>(850,000)</b>	<b>(149,600)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>2,777,663</b>	<b>(13,639,275)</b>
Cash and cash equivalent at BEGINNING of the year	9	5,358,860	18,998,135
Cash and cash equivalent at END of the year	8	<b>8,136,523</b>	<b>5,358,860</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MT.ELGON Constituency financial statements were approved on 15/9/2018 and signed by:

**Fund Account Manager**  
Name:

**SUB-COUNTY ACCOUNTANT**  
**MT. ELGON**  
**Sub-County Accountant**  
Name:  
ICPAK Member Number:

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VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	A	b	c=a+b	D	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	17,620,668	104,431,013	87,551,703	16,879,310	
<b>TOTAL</b>	<b>86,810,345</b>	<b>16,738,170</b>	<b>104,431,013</b>	<b>87,551,703</b>	<b>16,879,310</b>	84%
<b>PAYMENTS</b>						
Compensation of Employees	3,002,000	3,079,250	6,081,250	3,651,140	2,430,110	60%
Use of goods and services	7,310,930	2,819,245	10,130,175	6,938,240	3,191,935	68%
Transfers to Other Government Units	28,500,000	6,103,045	34,603,045	28,500,000.00	6,103,045	82%
Acquisition of assets	6,350,000	612,232	6,962,232	850,000	6,112,232	12%
Other grants and transfers	36,970,388	5,006,897	41,977,284	36,975,800	5,001,484	88%
Other Payments	4,677,027		4,677,027	2,500,000	2,177,027	53%
<b>TOTAL</b>	<b>86,810,345</b>	<b>17,620,668</b>	<b>104,431,013</b>	<b>79,415,180</b>	<b>25,015,833</b>	76%

(a) All revenue was received from NG-CDF board

(b) All the vote heads were underutilised because there was delay in release of funds.

The NGCDF-MT.ELGON Constituency financial statements were approved on 15/9 2018 and signed by:



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SUB-COUNTY ACCOUNTANT  
MT. ELGON

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MT.ELGON CONSTITUENCY**

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**Fund Account Manager  
Name:**

  
**Sub-County Accountant**

**Name:** ~~SUB-COUNTY ACCOUNTANT~~

**ICPAK Member Number:** ~~MT. ELGON~~

**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-MT.ELGON 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 30<sup>th</sup> 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-

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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.

## **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**



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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 previous year(s) 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.

**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 1<sup>st</sup> July 2017 to 30<sup>th</sup> 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 30<sup>th</sup> 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.

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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.

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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018 Kshs	2016-2017 Kshs
NGCDF Board	A825938		67,345,590
AIE NO	A829938		4,094,828.00
AIE NO	A839635		36,853,449
AIE NO	A855532		500,000
AIE NO	A855663		40,948,275
AIE NO	A855944	5,500,000	
AIE NO	A892630	37,905,172	
AIE NO	A896892	37,905,173	
<b>TOTAL</b>		<b>81,310,345</b>	<b>149,742,142</b>

**2. COMPENSATION OF EMPLOYEES**

Description	2017 - 2018 Kshs	2017 -2018 Kshs
Basic wages of contractual employees	1,722,920	1,926,000
Transport allowance	-	25,000
Employer contribution to NSSF	83,160	68,040
gratuity	1,845,060	258,230
<b>Total</b>	<b>3,651,140</b>	<b>2,277,270</b>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. USE OF GOODS AND SERVICES**

Description	2017- 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	1,558,840	35,000
Communication, supplies and services	-	376,805
Domestic travel and subsistence	-	249,700
Training expenses	800,000	500,000
Other committee expenses	1,492,600	
Committee allowance	3,086,800	4,996,770
Specialised materials and services	-	18,600
Office and general supplies and services	-	273,750
Fuel ,oil & lubricants	-	
Other operating expenses	-	106,234
Routine maintenance – vehicles and other transport equipment	-	3,195,061
<b>Total</b>	<b>6,938,240</b>	<b>9,751,920</b>

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	-	51,590,427
Transfers to primary schools	13,500,000	32,293,529
Transfers to secondary schools	5,000,000	-
Transfers to tertiary institutions	10,000,000	-
<b>TOTAL</b>	<b>28,500,000</b>	<b>83,883,956</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools	10,204,000	17,718,600
Bursary – tertiary institutions	9,941,800	19,161,500
Bursary – special schools	700,000	75,000
Security projects	8,848,000	12,000,000
Sports projects	1,736,000	1,742,700
Environment projects	1,736,000	-
Emergency projects	3,810,000	4,100,000
Roads projects	-	9,022,248

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<b>Total</b>	<b>36,975,800</b>	<b>63,820,048</b>
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. ACQUISITION OF ASSETS**

<u>Non-Financial Assets</u>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Refurbishment of Buildings	500,000	-
Purchase of ICT Equipment, Software and Other ICT Assets	350,000	149,600
<b>Total</b>	<b>850,000</b>	<b>149,600</b>

**7. OTHER PAYMENTS**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Strategic plan	2,500,000	-
	<b>2,500,00</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
COOPERATIVE BANK 01120050483200	8,136,523	-
<b>Total</b>	<b>8,136,523</b>	<b>5,358,860</b>

**9. BALANCES BROUGHT FORWARD**

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	5,358,860	18,998,134
<b>Total</b>	<b>5,358,860</b>	<b>18,998,134</b>

**10. PRIOR YEAR ADJUSTMENTS**

	2017- 2018	2016-2017
	Kshs	Kshs
*Bank accounts	882,498	550,000
<b>Total</b>	<b>882,498</b>	<b>550,000</b>

- Being Stale cheques for the year 2015/2016/2017 being reversed from the cash book

**11. OTHER IMPORTANT DISCLOSURES**

**11.1: UNUTILIZED FUNDS (See Annex 1)**

	Kshs	Kshs
Compensation of employees	643,000	-
Use of goods and services	868,153	-
Amounts due to other grants and other transfers (see attached list)	1,448,343	-
Others ( <i>specify</i> )	5,177,027	-
	<b>8,136,523</b>	<b>-</b>





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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11.2 : PMC account balances (See Annex 2)**

	<b>2017- 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	<b>28,633,638</b>	<b>963</b>
	<b>28,633,638</b>	<b>963</b>



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**ANNEX 1 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstandi ng Balance 2017/18	Outstandi ng Balance 2016/17	Comments
<b>Compensation of employees</b>	salaries	643,000		
<b>Use of goods &amp; services</b>		868,153		
<b>Amounts due to other Government entities</b>				
<b>Sub-Total</b>		<b>1,511,153</b>		
<b>Amounts due to other grants and other transfers</b>		1,448,343		
<b>Sub-Total</b>				
<b>Sub-Total</b>		<b>875,050</b>		
<b>Acquisition of assets</b>				
<b>Others (specify)</b>				
ICT hubs		4,677,027		
KENAO		500,000		
<b>Sub-Total</b>		<b>5,177,027</b>		
<b>Grand Total</b>		<b>8,136,523</b>		



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**ANNEX 2 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
TOROSO PRIMARY SCHOOL	EQUITY	0480294445378	1,920,000	
KANANACHI PRIMARY	EQUITY	0480277386540	1,400,000	
EMGWEN PRIMARY	EQUITY	0480277386500	1,250,000	
KIMORONG PRIMARY	EQUITY	04800277386450	1,200,000	
CHELILDE PRIMARY	CO-OP	01141049015800	450,000	
KIPKAMA PRIMARY	CO-OP	01141049014800	1,200,000	963
CHANGEYWA PR	CO-OP	01141049015600	950,000	
CHERENDIO PRIMARY	EQUITY	0480294445360	950,000	
KAPTOBOI PRIMARY	EQUITY	0480294445358	1,000,000	
KAPSOKWONY SEC	EQUITY	0480294445336	1,200,000	
CHEPTONON SEC	EQUITY	0480294445338	1,980,000	
CHEPTAIS COMMUNITY COLLEGE	EQUITY	0480277128980	9,800,000	
KOPSIRO DOS OFFICE	EQUITY	0480277128960	1,450,000	
KOPSIRO DCCS RESIDENCE	EQUITY	0480277128987	2,433,638	
KIPSIGON AP	EQUITY	0480277386578	1,450,000	
<b>TOTALS</b>			<b>28,633,638</b>	<b>963</b>



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**ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2016/17</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2017/18</b>
Land	1,000,000	-	-	1,000,000
Buildings and structures	10,000,000	500,000	-	10,500,000
Transport equipment	9,750,000	-	-	9,750,000
Office equipment, furniture and fittings	201,600	-	-	201,600
ICT Equipment, Software and Other ICT Assets	566,495	350,000	-	916,945
<b>Total</b>	<b>21,518,895</b>	<b>850,000</b>		<b>22,368,895</b>





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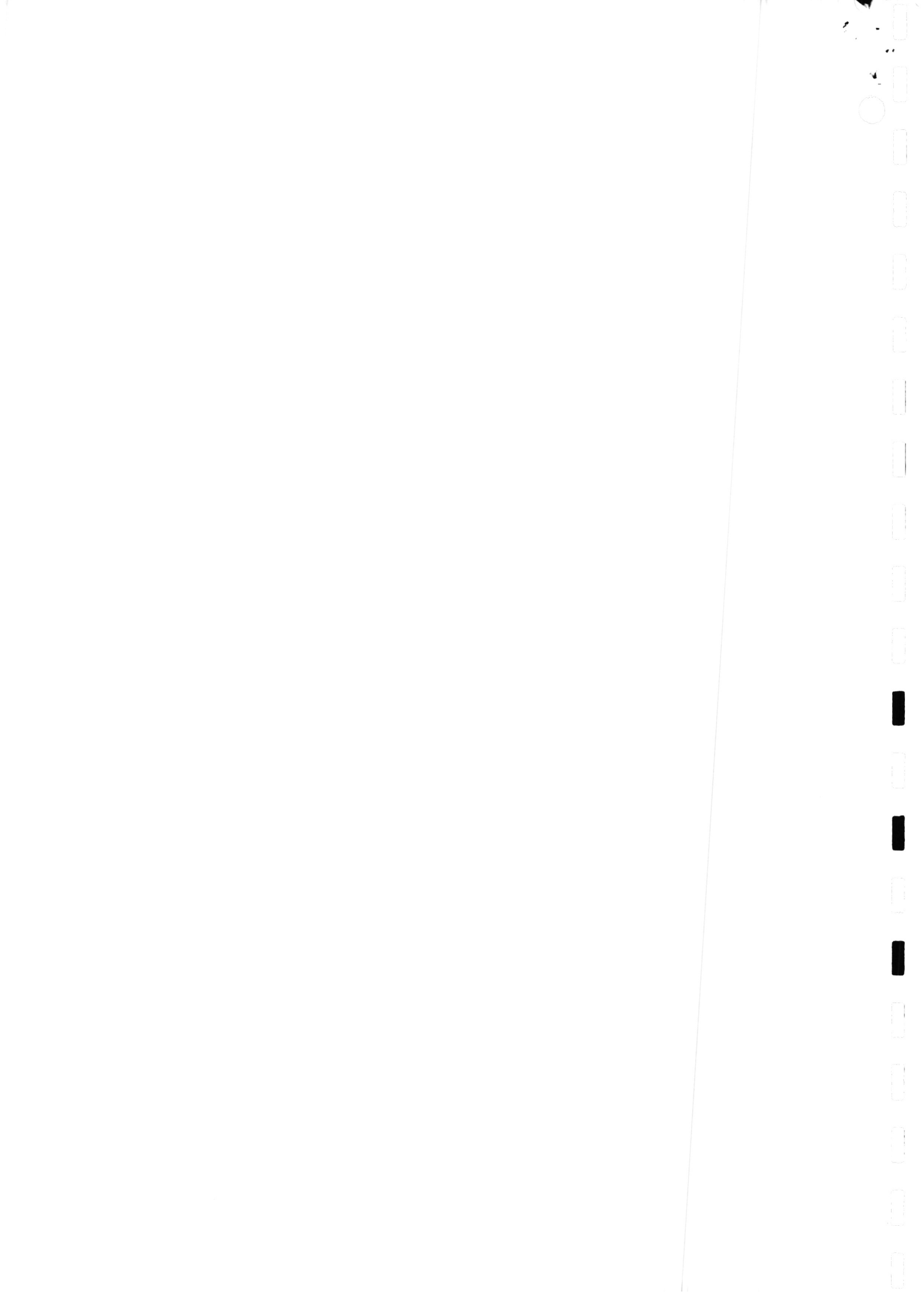
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**12.0 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Unsupported land acquisition- chemositet primary school had been funded ksh.800, 000 for purchase of land. The school had not acquired the land tittle deed as at the time of the audit	The school had spent all the money and had no extra funds to process the tittle deed. The school administration is planning to use FPE funds to initiate the process.	Head teacher of the school	Not resolved	5months
	During the year under review, the fund spent ksh.163,931,417 against a budgeted amount of ksh.168,540,276 resulting to an overall under absorption of ksh. 4,808,860 or 3% .there were instances where the fund had 43%underabsorption on	The management has noted the under absorption and over absorption with concern and will ensure that such an anomaly will not occur again	NGCDFC	Resolved	immediately



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	<p>compensation of employees while incurring 1603% on absorption on other payments hence overspending the budgetary line.</p>				
	<p>The fund was to implement a total of 44 projects through different PMCs during the financial year under review. Analysis indicated that 17 or 39% of the projects were on-going, 27% representing 61% of the projects had been completed as at the time of the audit. Consequently the had not achieved its project completion targets and could therefore not provide its constituents with all the services planned and budgeted for the year ended</p>	<p>Delays in implementation of the projects were caused by delays in disbursement of funds from NG-CDF BOARD.  The management has noted this issue with concern and will ensure that delay in implementation of the projects will be minimized</p>	<p>NG-CDFC</p>	<p>Resolved</p>	<p>immediately</p>

