

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**

*Paper laid on the
Table of the
House by the
Majority leader
on Wednesday*

15/08/2018

(Afternoon)



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

ANNUAL REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –NORTH HORN
CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

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

Reports and Financial Statements

For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG CDF) was set up under the NG CDF Act, 2003 now repealed by the NG CDF Act, 2013. The National Government Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the National Government Constituencies Development Fund. The objective of the fund is to ensure specific portion of the national annual budget is devoted to the constituencies for the purposes of infrastructural development, wealth creation and fights against poverty in the constituencies.

(b) Key Management

The North Horr Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG CDFB)
- ii. National Government Constituency Development Fund Committee (NG CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Mamo E Michael
3.	Accountant	Simon Karanja

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG CDF Board provide overall fiduciary oversight on the activities of North Horr Constituency. The reports and recommendation of ARMC when adopted by the NG CDF Board are forwarded to the National Government Constituency Development Fund Committee (NG CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

Dr. Ibrae Umuro	Chairman NG CDFC
Denge Bonaya	Secretary NG CDFC
Hoko Funacha	Member
Isacko Kushi Roba	Member
Shuke Adano	Member
Talaso Abduba	Member
Ali Adano	Member
Marie Ode	Member
Mamo Michael	Fund Accounts Manager
North Horr Sub-County Commissioner (National Gov't Rep)	

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

**Reports and Financial Statements
For the year ended June 30, 2017**

(e) Entity Headquarters

Provide box and physical address of the constituency NG CDF office

P.O. Box 162- 60500
MARSABIT-KENYA

(f) Entity Contacts

Provide telephone number and email of the constituency NG CDF Office

Telephone: (254) 712317136
E-mail: mmamo@cdf.go.ke or cdfnorthhorn@cdf.go.ke
Website:

(g) Entity Bankers

Constituency NG CDF Main Banker
Bank: Kenya Commercial Bank
Branch: Marsabit
A/c No: 1102641855

(h) Independent Auditors

Office of the auditor general
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

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

**Reports and Financial Statements
For the year ended June 30, 2017**

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NG CDFC NORTH HORR)**

North Horr Constituency is one of the largest Constituency in Kenya located at Marsabit County with a population of 75,198 as per 1999 census, Estimated number of poor people 58, 581, constituency poverty Headcount 77.90, contribution to national poverty 0.33% and total allocation of Kshs **Kshs.81, 896,551.72** in the financial year 2016/2017.

Since inception NG CDF North Horr have started and fully funded six new secondary schools with all infrastructural developments, it has also started various new dispensaries and health centres that are distributed across the constituency.

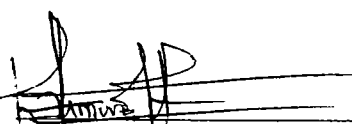
NG CDF North Horr owns four land cruisers GKA 925T station at North Horr ward,GKA 087V station at Turbi/Bubisa ward,GKA 088V station at Dukana ward and GKB 957G for office use as the rest of the vehicles are station on the border towns to help the community.

NG CDF North Horr have assisted needy students to attain education through bursary, in the financial year 2015/2016 and 2016/2017 NG CDF North Horr paid all the first term fees to the needy students joining form one in the month of February to motivate the parents to take their kids to school as there was persistent drought also NG CDF North Horr bursary committee gave special consideration to students joining Teaching and Medical Training Colleges so as to enable the constituency get professionals in above field where many have abandon.

The major implementation challenge is the vastness of the constituency thus making project cost high and also monitoring and evaluation vote not enough to cater for the expenses.

Also the Administration and Recurrent votes are not enough due to high fuel consumption by the vehicles and the maintenance cost.

In future the formulae dividing the constituency allocation should be review to consider the geographical coverage so as to enable vast constituencies get enough resources for efficient and effective implementation of projects.


Dr. Ibrae Umuro
Chairman - NG CDFC

**CDFC CHAIRMAN
CDF NORTH HORR CONSTITUENCY
P. O. Box 162 - 60500
MARSABIT**

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

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NG CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NG CDF shall prepare financial statements in respect of that NG CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the North Horn NG CDF is responsible for the preparation and presentation of the NG CDF's financial statements, which give a true and fair view of the state of affairs of the NG CDF for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NG CDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NG CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

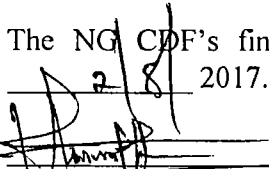
The Accounting Officer in charge of the North Horn NG CDF accepts responsibility for the NG CDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NG CDF's financial statements give a true and fair view of the state of NG CDF's transactions during the financial year ended June 30, 2015, and of the NG CDF's financial position as at that date. The Accounting Officer charge of the North Horn NG CDF further confirms the completeness of the accounting records maintained for the NG CDF, which have been relied upon in the preparation of the NG CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the North Horn NG CDF confirms that the NG CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NG CDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

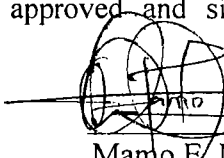
The NG CDF's financial statements were approved and signed by the Accounting Officer on

2/8/2017.


Dr. Ibrae Umuro

Chairman - NG CDFCA

**DFC CHAIRMAN
OF NORTH HORN CONSTITUENCY
P. O. Box 162 - 60500
NARSABIT**


Mamo E. Michael

Fund Account Manager

**FUND ACCOUNT MANAGER
CDF NORTH HORN CONSTITUENCY
P. O. Box 162 - 60500
NARSABIT**



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH HERR CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-North Horr Constituency set out on pages 5 to 15, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation : recurrent and development for the year the 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-North Horr Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1.0 Accuracy and Completeness of Financial Statements

1.1 Variances Between the Ledger and the Financial Statements

The Financial statements for the year under review reflected a balance of Kshs.55,740,025 on three (3) expenditure items while the respective schedules reflected a balance of Kshs.55,631,151 resulting in unexplained and unreconciled variance of Kshs.108,874 as follows;

Item	Financial Statements (Kshs)	Supporting Schedules (Kshs)	Variance (Kshs)
Compensation of Employees	2,331,100	2,259,600	(71,500)
Use of Goods and services	7,444,509	7,556,509	112,000
other grants and other payments	45,964,416	45,815,042	(149,374)
TOTALS	55,740,025	55,631,151	(108,874)

In the circumstances, the accuracy and completeness of the financial statements balances for the year ended 30 June 2017 could not be ascertained.

1.2 Presentation and Disclosure of the Financial Statements

The table of content and the key constituency information and management in the financial statements both bear the same page number (Page Number 1) while all the page numbers in the financial statements were not visible.

In addition, Paragraph two and three of the statement of NGCDF Management Responsibilities at page four of the financial statements for the year under review indicated that the information contained therein was for the financial year ended 30 June 2015. However, the information required for this audit should have been for the financial year ended 30 June 2017.

Further, Note 5 to the financial statements reflects other grants and other payments balance of Kshs.45,964,416 which included environment projects of Kshs.769,698 which have been incorrectly referred to as other capital grants and transfers.

In the circumstances, the accuracy in the presentation and disclosure of the financial statements as at 30 June 2017 could not be confirmed.

2.0 Unaccounted for Bursaries

Note 5 to the financial statements reflects bursary disbursements of Kshs.22,235,652 and Kshs.16,216,900 to secondary schools and tertiary institutions respectively all totaling to Kshs.38,452,552. However, the respective supporting schedules reflects Kshs.22,125,278 and Kshs.16,177,900 to secondary schools and tertiary institutions respectively both totaling to Kshs.38,303,178 resulting in unexplained variances of Kshs.110,374 and Kshs.39,000 for the secondary and tertiary institutions respectively both totaling to Kshs.149,374. Further, records made available indicated that only Kshs.750,000 had been acknowledged by tertiary institutions out of Kshs.16,216,900 disbursed leaving a balance of Kshs.15,427,900 un-acknowledged while secondary schools had not acknowledged the total amount of Kshs.22,125,278 disbursed resulting in a total of Kshs.37,553,178 un-acknowledged.

In the circumstances, the accuracy, propriety and accountability of the bursaries expenditure of Kshs.38,452,552 as at 30 June 2017 could not be confirmed.

3.0 Committee Expenses

Note 3 to the financial statements reflects other committee expenses and committee allowance balances of Kshs.1,573,000 and Kshs.1,590,000 respectively both totaling to Kshs.3,163,000. However, the respective supporting schedules reflected a total of Kshs.3,275,000 resulting in an unexplained and unreconciled variance of Kshs.112,000. Further, and included in the Kshs.3,163,000 expenditure was Kshs.1,666,000 which was paid to the Constituency Development Fund Committee (CDFC) for monitoring and evaluation of projects which exceeded the approved budget of Kshs.1,000,000 by Kshs.666,000 while another Kshs.450,000 was paid to a Constituency Oversight Committee for monitoring and evaluation, which exceeded the one percent cap of Kshs.100,000 set by Section 9 of the National Government Constituencies Development Fund (NGCDF) Act, 2015 by Kshs.350,000.

In the circumstances, the accuracy and propriety of the Kshs.3,163,000 expenditure reflected in the financial statements as at 30 June 2017 could not be confirmed.

4.0 Unsupported and Irregular Compensation of Employees

The financial statements for the year under review reflected a balance of Kshs.2,331,100 under compensation of employees while the respective schedules showed Kshs.2,259,600 resulting in an unexplained and unreconciled variance of Kshs.71,500. Further, out of the Fund's nine staff members, personnel files for four (4) employees and employment contracts for eight (8) were not availed for audit review. In addition, only a maximum of five staff were to be employed by CDF and not nine employees.

In the circumstances, the accuracy, legality and propriety of the expenditure of Kshs.2,331,100 as at 30 June 2017 could not be confirmed.

5.0 Unsupported Office and General Supplies and Services Expenditure

Note 3 of the notes to the financial statements reflected Kshs.1,644,000 spent under office and general supplies services. However, no supporting documents were availed for audit review.

In the circumstances, the accuracy and propriety of the Kshs.1,644,000 expenditure as at 30 June 2017 could not be confirmed.

6.0 Unsupported Transfers to Tertiary Institutions

Note 4 of the notes to the financial statements reflected Fund transfers of Kshs.5,443,104 to tertiary institutions. However, supporting documents availed for audit review revealed that the disbursements were made to secondary schools and there was no Board approval in regard to the re allocation.

In the circumstances, the propriety of the expenditure of Kshs.5,443,104 as at 30 June 2017 could not be confirmed.

7.0 Irregular Emergency Expenditure

Note 5 to the financial statements reflects an emergency expenditure of Kshs.4,353,066 which included Kshs.3,557,067 in respect to purchase of fuel and vehicle accessories including tyres, batteries and general services which however, did not meet the threshold of an emergency as defined under Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the propriety of the Kshs.3,557,067 expenditure on emergency projects as at 30 June 2017 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-North Horr 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 significance in the audit of the financial statements. Except for the matters discussed in the Basis for Adverse Opinion and Other Matter sections of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0 Budget Control and Performance.

The combined summary statement of appropriation reflected an original budget of Kshs.81,896,552. However, the amount received from the Board was Kshs.51,448,277 which included Kshs.10,500,000 relating to the financial year 2015/2016 but received in the year under audit and Kshs.40,948,275 for the year 2016/2017. The Fund did not receive Kshs.40,948,275 of the sum of Kshs.81,896,551 budgeted for during the year. In addition, the statement of receipts and payments reflects receipts of Kshs.51,448,277 and payments of Kshs.71,283,129 resulting in a deficit of Kshs.19,834,852. Further, the statement of receipts and payments and the combined summary statements of appropriation reflected receipts of Kshs.51,448,277 and Kshs.80,228,483 respectively resulting in an unexplained and unreconciled variance of Kshs.28,780,277.

2.0 Project Implementation Status

During the year under review, and as per note 4 and 5 of the financial statements, the Fund disbursed Kshs.15,543,104 and Kshs.45,964,416 respectively both totaling to Kshs.61,507,520 to undertake various projects in the Constituency. However, the project implementation status report was not provided for audit review.

Consequently, it was not possible to confirm the number of projects that were planned for implementation during the year 2016/2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 as a going concern, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting.

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's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 scepticism 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

17 July 2018

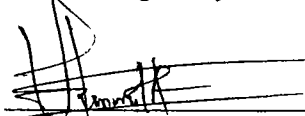
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NORTH HERR
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

I. STATEMENT OF RECEIPTS AND PAYMENTS			
	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	51,448,277	114,954,708
TOTAL RECEIPTS		51,448,277	114,954,708
PAYMENTS			
Compensation of employees	2	2,331,100	2,496,400
Use of goods and services	3	7,444,509	7,315,926
Transfers to Other Government Units	4	15,543,104	94,281,409
Other grants and transfers	5	45,964,416	38,621,398
Acquisition of Assets	6	-	97,862
TOTAL PAYMENTS		71,283,129	142,812,995
SURPLUS/DEFICIT		(19,834,852)	(27,858,287)

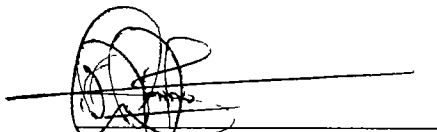
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The **NORTH HERR** NG CDF financial statements were approved on 2/8/17 2017 and signed by:



Dr. Ibrae Umuro

Chairman - NG CDFC

**CDFC CHAIRMAN
CDF NORTH HERR CONSTITUENCY
P. O. Box 162 - 60500
MARSABIT**



Mamo E. Michael

Fund Account Manager

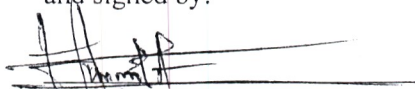
**FUND ACCOUNT MANAGER
CDF NORTH HERR CONSTITUENCY
P. O. Box 162 - 60500
MARSABIT**

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

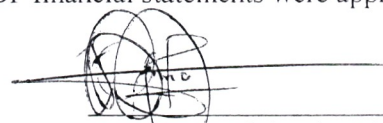
**Reports and Financial Statements
For the year ended June 30, 2017**

II. STATEMENT OF FINANCIAL ASSETS			
	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	8,945,354	28,780,206
TOTAL FINANCIAL ASSETS		8,945,354	28,780,206
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	28,780,206	56,638,493
Surplus/Deficit for the year		(19,834,852)	(27,858,287)
NET LIABILITIES		8,945,355	28,780,206

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NORTH HORN NG CDF financial statements were approved on 2/8 2017 and signed by:


Dr. Ibrae Umuro
Chairman - NG CDFC

**CDFC CHAIRMAN
CDF NORTH HORN CONSTITUENCY
P. O. Box 162 - 60500
MARSABIT**


Mamo E. Michael
Fund Account Manager

**FUND ACCOUNT MANAGER
CDF NORTH HORN CONSTITUENCY
P. O. Box 162 - 60500
MARSABIT**

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NORTH HORR CONSTITUENCY

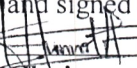
Reports and Financial Statements


For the year ended June 30, 2017

III. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from CDF Board	1	51,448,277	114,954,708
		51,448,277	
Payments for operating expenses			
Compensation of Employees	2	2,331,100	2,496,400
Use of goods and services	3	7,444,509	7,315,926
Transfers to Other Government Units	4	15,543,104	94,281,409
Other grants and transfers	5	45,964,416	38,621,398
		71,283,129	142,715,133
Net cash flow from operating activities		(19,834,852)	(142,715,133)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	(97,862)
Net cash flows from Investing Activities		-	(97,862)
NET INCREASE IN CASH AND CASH EQUIVALENT		(19,834,852)	(142,812,995)
Cash and cash equivalent at BEGINNING of the year	13	28,780,206	2,249,636
Cash and cash equivalent at END of the year		8,945,355	28,780,206

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NORTH HORR NG CDF financial statements were approved on 2/8/2017 and signed by:


 Chairman NG CDF
 CDFC CHAIRMAN
 CDF NORTH HORR CONSTITUENCY
 P. O. Box 162 - 60500
 MARSABIT


 Fund Account Manager
 FUND ACCOUNT MANAGER
 CDF NORTH HORR CONSTITUENCY
 P. O. Box 162 - 60500
 MARSABIT

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH
HORR CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2016

**IV. 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 %
RECEIPTS						
Transfers from CDF Board	81,896,552	28,780,206	110,676,758	80,228,483	30,448,275	72.5%
TOTAL	81,896,552	28,780,206	110,676,758	80,228,483	30,448,275	72.5%
PAYMENTS						
Compensation of Employees	2,265,600	547,521	2,813,121	2,331,100	482,021	82.9%
Use of goods and services	5,105,090	2,339,419	7,444,509	7,444,509	-	100.0%
Transfers to Other Government Units	36,900,000	6,900,000	43,800,000	15,543,104	28,256,896	35.5%
Other grants and transfers	37,625,861	18,426,495	56,052,356	45,964,416	10,087,941	82.0%
TOTAL	81,896,551	28,213,436	110,109,987	71,283,129	38,826,858	64.7%

The North Horr NG CDF financial statements were approved on 21/6/2017 2017 and signed by: [Signature]
Transfer to government units which is 35.5% was due to delay funds from NG-CDF board.

[Signature]
Dr. Ibrae Umuro

Chairman - NG CDFC

**CDFC CHAIRMAN
CDF NORTH HORR CONSTITUENCY
P. O. Box 162 - 60500
MARSABIT**

[Signature]
Mamo E. Michael

Fund Account Manager

**FUND ACCOUNT MANAGER
CDF NORTH HORR CONSTITUENCY
P. O. Box 162 - 60500
MARSABIT**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH
HOKURU CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

V. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH
HOKURUO CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

V. SIGNIFICANT ACCOUNTING POLICIES

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH
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SIGNIFICANT ACCOUNTING POLICIES

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the NG CDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NG CDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NG CDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH
HORR CONSTITUENCY
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IX. NOTES TO THE FINANCIAL STATEMENTS

I. NOTES TO THE FINANCIAL STATEMENTS			
1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation	A825967	500,000.00	10,000,000.00
	A829966	4,094,828.00	10,000,000.00
	A855072	36,853,449.00	20,000,000.00
	A839695	10,000,000.00	10,000,000.00
			64,954,708.00
TOTAL		51,448,277	114,954,708
2. COMPENSATION OF EMPLOYEES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Basic wages of contractual employees		2,226,700	2,446,000
Basic wages of casual labour		-	-
Employer contribution to NSSF		104,400	50,400
gratuity			
Total		2,331,100	2,496,400
3. USE OF GOODS AND SERVICES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Utilities, supplies and services		106,009	95,426
Office rent		455,000	350,000.00
Training expenses		1,265,500	1,720,000
Hospitality supplies and services			
Other committee expenses		1,573,000	

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			855,000
Committee allowance		1,590,000	1,598,500
Office and general supplies and services		1,644,000	2,197,000
Routine maintenance – vehicles and other transport equipment		811,000	500,000
Total		7,444,509	7,315,926
4. TRANSFER TO OTHER GOVERNMENT ENTITIES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Transfers to primary schools		10,100,000	55,502,087
Transfers to secondary schools			38,779,322
Transfers to Tertiary institutions		5,443,104	
Transfers to Health institutions		-	
TOTAL		15,543,104	94,281,409
5. OTHER GRANTS AND OTHER PAYMENTS			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Bursary -Secondary		22,235,652	12,038,809
Bursary -Tertiary		16,216,900	11,411,000
Mocks & CAT			1,396,320
water		1,500,000	
Security		500,000	1,149,000
Sports		389,100	2,237,298
Other capital grants and transfer		769,698	3,718,164
Emergency Projects (specify)		4,353,066	6,670,807
Total		45,964,416	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH
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Reports and Financial Statements
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			38,621,398
6. ACQUISITION OF ASSETS			
Non Financial Assets		2016 - 2017	2015 - 2016
		Kshs	Kshs
Purchase of computers ,printers and other IT equipments			97,862
Total		-	97,862
10A: Bank Balances (cash book bank balance)			
Name of Bank, Account No. & currency		2016 - 2017	2015 - 2016
	Account Number	Kshs (30/6/2017)	Kshs (30/6/2016)
KCB Marsabit Branch	1102641855	8,945,354	28,780,206
Total		8,945,354	28,780,206
13 BALANCES BROUGHT FORWARD			
		2016 - 2017	2015 - 2016
		Kshs (1/7/2016)	Kshs (1/7/2015)
Bank accounts		28,780,206	56,638,494
Total		28,780,206	56,638,494

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2016/2017	2015/2016
Motor Vehicle(4 Land Cruisers)	19,281,000	19,281,000
Office equipment, furniture and fittings	205,662	205,662
Total	19,388,800	19,388,800

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH
HARRISBURG CONSTITUENCY**

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For the year ended June 30, 2017

TRIAL BALANCE AS AT 30TH JUNE 2017			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	8,945,354	
Payments			
	Compensation of Employees	2,331,100	
	Use of goods and services	7,444,509	
	Transfers to Other Government Units	15,543,104	
	Other grants and transfers	45,964,416	
Receipts			
	Transfers from the Board		51,448,277
Fund Balance b/f			28,780,206
TOTAL		80,228,483	80,228,483

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

As at 30th June 2017 there are no PMC balances at the Bank.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NORTH HERRING CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

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)
EH/AU D/NORTH HERRING CDF/2015-2016/2	Project Implementation delayed.	Delay by the Board to release funds to the constituency.	Fund Account Manager.	Resolved	

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