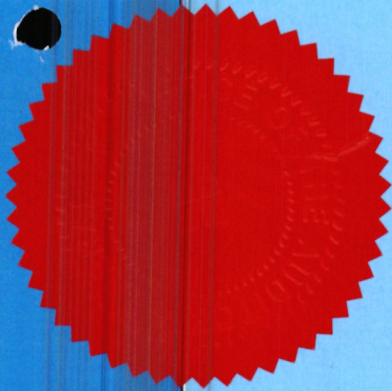

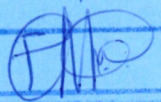


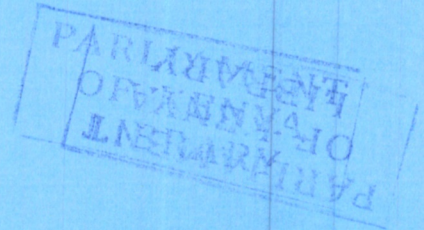


OFFICE OF THE AUDITOR-GENERAL



REPORT

 THE NATIONAL ASSEMBLY OF PAPERS LAID	
DATE:	01 AUG 2019
TABLED BY:	MAJORITY LEADER
CLERK OF THE TABLE:	



THE AUDITOR-GENERAL

ON

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

FOR THE YEAR ENDED  
 30 JUNE 2018





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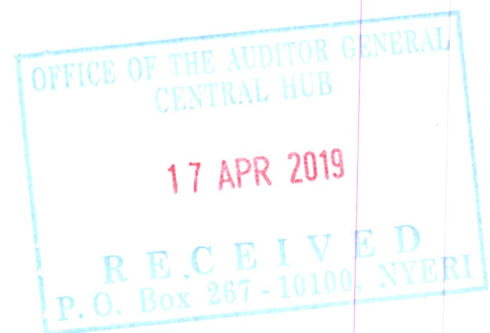
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LAIKIPIA  
NORTH CONSTITUENCY**

**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 (NG - CDF)**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LAIKIPIA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

**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 NG - Laikipia North 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	<b>Isaak Hassan Adan</b>
3.	Sub-County Accountant	<b>Winfred Wambui</b>
4.	Chairperson NG - CDFC	<b>Florence Lomwa</b>
5.	Member NG - CDFC	<b>John Ole Tingoi</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NG - CDF Board provide overall fiduciary oversight on the activities of NG – Laikipia North Constituency. The reports and recommendation of ARMC when adopted by the NG - CDF 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) NG - Laikipia North Constituency Headquarters**

P.O. Box 21 - 10401  
NG – Laikipia North CDF Building  
Kiwanja Ndege  
**DOLDOL**

**(f) NG - Laikipia North Constituency Contacts**

Telephone: (254) 720 907 270

E-mail: [iadan@ngcdf.go.ke](mailto:iadan@ngcdf.go.ke) , [laikipianorthcdf@gmail.com](mailto:laikipianorthcdf@gmail.com)

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

**(g) NG – Laikipia North Constituency Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI**
  
2. Equity Bank  
Nanyuki Branch  
P.O. Box 1482 - 10400  
**NANYUKI**

**(h) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
**NAIROBI**

**(i) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
**NAIROBI**

# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Laikipia North Constituency set out on pages 6 to 30 which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation—recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Laikipia North Constituency as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

#### Basis for Opinion

##### 1. Transfers to Other Government Units

Disclosed in Note 6 to the financial statements under transfers to other government entities totalling Kshs.39,317,176 are transfers to primary schools of Kshs.35,366,558 out of which Kshs.4,362,348 was paid to a contractor for construction of administration block at Soitoudo primary school. However, procurement records including tender advertisement, tender opening, evaluation and award minutes were not provided for audit verification. Consequently, the validity of the expenditure of Kshs.4,362,348 could not be confirmed.

##### 2. Committee Expenses

Disclosed in Note 5 to the financial statements under use of goods and services is an expenditure of Kshs.3,660,000 on committee expenses. Included in the expenditure is

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

Kshs.1,076,000 in respect of the Constituency Development Fund Committee (CDFC) members' expenses for while carrying out monitoring of the projects during the year under review. However, monitoring and evaluation reports emanating from the exercise were not provided for audit verification. Consequently, the propriety and validity of the expenses of Kshs.1,076,000 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-Laikipia North Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

## **Basis for Conclusion**

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

## **Responsibilities of Management and Those Charged with Governance**

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

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

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

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

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

## **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

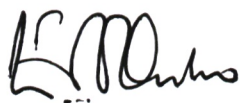
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of National Government Constituencies Development Fund-Laikipia North Constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**05 July 2019**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LAIKIPIA NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

**III. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	86,334,483	81,896,552.70
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>86,334,483</b>	<b>81,896,552.70</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,375,286	2,220,406
Use of goods and services	5	5,473,035	9,543,445
Transfers to Other Government Units	6	39,317,176	72,913,986
Other grants and transfers	7	30,479,299	44,747,000
Acquisition of Assets	8	-	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>76,644,796</b>	<b>129,424,837</b>
<b>SURPLUS/(DEFICIT)</b>		<b>9,689,686</b>	<b>(47,528,284)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG - Laikipia North Constituency financial statements were approved on 14/09/2018 2018 and signed by:



**Fund Account Manager  
Isaak Hassan Adan**



**Sub-County Accountant  
Winfred Wambui  
ICPAK Member Number:**

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

**LAIKIPIA NORTH CONSTITUENCY**

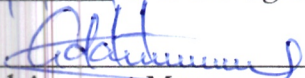
**Reports and Financial Statements**

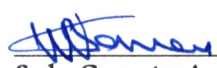
**For the year ended June 30, 2018**

**IV. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	17,607,825.55	7,918,138.65
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		17,607,825.55	7,918,138.65
Current receivables - Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>17,607,826</u></b>	<b><u>7,918,139</u></b>
<b>REPRESENTED BY</b>			
Accounts payable - Retention	12	-	-
Fund balance b/fwd 1st July...	13	7,918,139	55,446,723
Surplus/Deficit for the year		9,689,686	(47,528,284)
Prior year adjustments	14	-	(300)
<b>NET FINANCIAL POSITION</b>		<b><u>17,607,826</u></b>	<b><u>7,918,139</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG - Laikipia North Constituency financial statements were approved on 14/09/2018 and signed by:

  
Fund Account Manager  
Isaak Hassan Adan

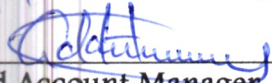
  
Sub-County Accountant  
Winfred Wambui  
ICPAK Member Number:




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)****LAIKIPIA NORTH CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2018****V. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2017 – 2018</b>	<b>2016 - 2017</b>
Transfers from NGCDF Board	1	86,334,483	81,896,552.70
Other Receipts	3	-	-
		<b>86,334,483</b>	<b>81,896,552.70</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,375,286	2,220,406
Use of goods and services	5	5,473,035	9,543,445
Transfers to Other Government Units	6	39,317,176	72,913,986
Other grants and transfers	7	30,479,299	44,747,000
Other Payments	9	-	
		<b>76,644,796</b>	<b>129,424,837</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	(300)
<b>Net cash flow from operating activities</b>		<b>9,689,687</b>	<b>(47,528,584)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>9,689,687</b>	<b>(4 7,528,584)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>7,918,139</b>	<b>55,446,723</b>
<b>Cash and cash equivalent at END of the year</b>		<b><u>17,607,826</u></b>	<b><u>7,918,139</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG - Laikipia North Constituency financial statements were approved on 14/09/2018 and signed by:

  
 Fund Account Manager  
 Isaak Hassan Adan

  
 Sub-County Accountant  
 Winfred Wambui  
 ICPAK Member Number:



## VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

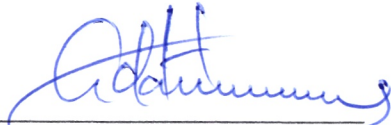
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	86,810,345	19,297,449	106,107,794	94,252,622	11,855,172	89%
Proceeds from Sale of Assets						
Other Receipts						
	86,810,345	19,297,449	106,107,794	94,252,622	11,855,172	89%
<b>PAYMENTS</b>						
Compensation of Employees	2,191,200	480,000	2,671,200	1,375,286	1,295,914	52%
Use of goods and services	5,621,732	2,364,137	7,985,869	5,473,035	2,512,834	69%
Transfers to Other Government Units	36,476,420	9,935,787	46,412,207	39,317,176	7,095,031	85%
Other grants and transfers	33,843,965.62	6,517,525	40,361,491	30,479,299	9,882,192	76%
Acquisition of Assets	-	-	-	-	-	
Other Payments	8,677,027	-	8,677,027	-	8,677,027	0%
<b>TOTALS</b>	86,810,345	19,297,449	106,107,794	76,644,796	29,462,998	72%


**NOTES ON UTILIZATION**

- i. Absorption rate was 88.8% because of the Kshs 11,379,310.44 which had not been received from NG-CDF Board
- ii. Compensation of Employees was less than 90% because staff had finished their contracts and new staff were employed late in the Financial Year.
- iii. Use of goods and services was less than 90% because there were funds received after end of Financial Year
- iv. Transfers to other government units was less than 90% because there were funds for schools received after end of Financial Year

- v. *Other grants and transfers was less than 90% because some funds for bursary, emergency was received after end of Financial Year.*
- vi. *Other payments consists of Strategic Plan and ICT hubs which the Constituency had not implemented by end of year due to lack of clear implementation guidelines from the NG-CDF Board by end of Financial year.*

The NG-Laikipia North Constituency financial statements were approved on 14/09 2018 and signed by:

  
Fund Account Manager  
Isaak Hassan Adan

  
Sub-County Accountant  
Winfred Wambui  
ICPAK Member Number:

## **VII. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of Compliance and basis of Preparation**

The financial statements have been prepared in accordance with 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 NG-Laikipia North 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-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.

**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 NG - CDF Act, 2015.

**Reports and Financial Statements**

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

**SIGNIFICANT ACCOUNTING POLICIES**

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**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.

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 NG – LAIKIPIA  
NORTH CONSTITUENCY  
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For the year ended June 30, 2018**

**VIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
NG - CDF Board			
AIE NO	A896910	21,929,310.80	36,853,449.00
AIE NO	A896837	21,000,000.00	4,094,827.60
AIE NO	A892776	37,905,172.00	40,948,275.10
AIE NO	A855895	5,500,000.00	
<b>TOTAL</b>		<b>86,334,483.00</b>	<b>81,896,552.70</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2017-2018	2016-2017
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	506,951.50	1,916,511
Basic wages of casual labour	140,000	140,000
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		24,000
Gratuity	728,334	127,295
Other personnel payments	6,000	12,600
<b>Total</b>	<b>1,375,286</b>	<b>2,220,406</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NG – LAIKIPIA  
NORTH CONSTITUENCY**

**Reports and Financial Statements  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee Expenses	3,660,000	5,037,520
Utilities, supplies and services		
Communication, supplies and services		
Domestic travel and subsistence		
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses		
Hospitality supplies and services		
Insurance costs		
Fuel, Oil & lubricants	300,000	900,000
Office and general supplies and services	879,000	1,220,000
Other operating expenses	411,724	27,357
Routine maintenance – vehicles and other transport equipment	222,311	501,468
Routine maintenance – other assets		
<b>Total</b>	<b>5,473,035</b>	<b>9,543,445</b>

NORTH 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 National Government entities		
Transfers to primary schools (see attached list)	35,366,558	52,172,606
Transfers to secondary schools (see attached list)	2,550,618	12,250,000
Transfers to tertiary institutions (see attached list)	1,400,000	8,491,380
Transfers to health institutions (see attached list)		
<b>TOTAL</b>	<b>39,317,176</b>	<b>72,913,986</b>

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	11,790,885	12,474,138
Bursary – tertiary institutions (see attached list)	7,000,000	8,000,000
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Security projects (see attached list)	4,950,000	4,100,000
Sports projects (see attached list)	1,736,207	2,637,931
Environment projects (see attached list)	1,736,207	2,637,931
Emergency projects (see attached list)	3,266,000	1,897,000
<b>Total</b>	<b>30,479,299</b>	<b>31,747,000</b>

**NORTH CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

<u>Non Financial Assets</u>	2017-2018 Kshs	2016-2017 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	-	-

**9. OTHER PAYMENTS**

	2017-2018	2016-2017
	Kshs	Kshs
ICT Hub	-	-
<b>TOTAL</b>	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NG – LAIKIPIA  
NORTH CONSTITUENCY**

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Equity Bank – Nanyuki Branch 0270261109758</i>	17,607,825.55	7,918,138.65
<b>Total</b>	<b>17,607,825.55</b>	<b>7,918,138.65</b>
<b>10B: CASH IN HAND</b>		
Location 1		
Location 2		
Location 3		
Other Locations ( <i>specify</i> )		
<b>Total</b>		
<i>[Provide cash count certificates for each]</i>		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NG – LAIKIPIA  
NORTH CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>		~	~	~
<i>Name of Officer or Institution</i>		~	~	~
<i>Name of Officer or Institution</i>		~	~	~
<i>Name of Officer or Institution</i>		~	~	~
<i>Name of Officer or Institution</i>		~	~	~
<i>Name of Officer or Institution</i>		~	~	~
<b>Total</b>				~

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

**12 RETENTION**

	<b>2017 - 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Supplier 1	~	~
Supplier 2	~	~
Supplier 3	~	~
<b>Total</b>	~	~

*[Provide short appropriate explanations as necessary]*

**13. BALANCES BROUGHT FORWARD**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	7,918,139	55,446,723
Cash in hand		
Imprest		
<b>Total</b>	<b>7,918,139</b>	<b>55,446,723</b>

*[Provide short appropriate explanations as necessary]*



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NG – LAIKIPIA  
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**For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**14. PRIOR YEAR ADJUSTMENTS**

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	<b>-</b>	<b>-</b>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	Kshs	Kshs
Staff Salaries	-	-
Staff Gratuity	-	-
	<b>-</b>	<b>-</b>

**15.3: UNUTILIZED FUNDS (See Annex 3)**

	Kshs	Kshs
Compensation of employees	1,295,914	-
Use of goods and services	6,512,834	-
Amounts due to other Government entities (see attached list)	7,095,031	-
Amounts due to other grants and other transfers (see attached list)	9,882,192	-
Acquisition of assets	0	-
Others ( <i>Ict hubs</i> )	4,677,027	-
	<b>29,462,998</b>	<b>-</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NG – LAIKIPIA  
NORTH 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)**

	<b>2017- 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	5,958,719	6,297,886
	<b>5,958,719</b>	<b>6,297,886</b>



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

**Reports and Financial Statements**

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

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	A	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
Sub-Total						
<b>Construction of civil works</b>						
4.						
5.						
6.						
Sub-Total						
<b>Supply of goods</b>						
7.						
8.						
9.						
Sub-Total						
<b>Supply of services</b>						
10.						
11.						
12.						
Sub-Total						
Grand Total						



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

**Reports and Financial Statements**

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

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
Sub-Total							
<b>Middle Management</b>							
4.							
5.							
6.							
Sub-Total							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
Sub-Total							
<b>Others (specify)</b>							
10.							
11.							
12.							
Sub-Total							
Grand Total							



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

**Reports and Financial Statements**

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

**ANNEX 3 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		1,295,914		
Use of goods & services		6,512,834		
<b>Amounts due to other Government entities</b>	Kairigire Bidii Primary School	500,000		
	Mukima Primary School	1,600,000		
	Musul Primary School	4,362,348		
	Soitoudo Primary School	632,683		
	Sub-Total	14,903,779		
<b>Amounts due to other grants and other transfers</b>	Bursary	6,263,226		
	Emergency	3,618,966		
	Sub-Total	9,882,192		
Acquisition of assets		0		
<b>Others (specify)</b>	ICT Hubs	4,677,027		
	Sub-Total	4,677,027		
	Grand Total	29,462,998		



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

**Reports and Financial Statements**

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

**ANNEX 4 – 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				
Buildings and structures	12,644,195			12,644,195
Transport equipment	6,158,843			6,158,843
Office equipment, furniture and fittings	1,814,918			1,814,918
ICT Equipment, Software and Other ICT Assets	161,800			161,800
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>20,779,759</b>			<b>20,779,759</b>



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

**Reports and Financial Statements**

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

**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

S/No.	Name of Project	Bank	Branch	Account No.	Balance
1.	Mbogoini Primary School	Equity	Nanyuki	0270273698053	635.00
2.	Kemsii Primary School	Equity	Nyahururu	0160173978264	130.00
3.	Ethi Primary School	Equity	Nanyuki	0270193078775	726.00
4.	Olgirgiri Primary School	Equity	Nanyuki	0270298076604	883,430.00
5.	Kiwanja Ndege Primary School	Equity	Nanyuki	0270271682975	1,390.00
6.	Olmajor Primary School	Equity	Nyahururu	0160276254160	89,425.00
7.	Lowabene Primary School	Equity	Nyahururu	0160262498462	250.00
8.	Gathanji Primary School	Equity	Nyahururu	0160276262346	44,975.00
9.	Mutarakwa Primary School	Equity	Nyahururu	0160276262633	45,030.00
10.	Mirango Primary School	Equity	Nyahururu	0160276263009	45,155.00
11.	Ngenia Secondary School	Equity	Nanyuki	0270273633113	4,353.00
12.	Olmotunyi Primary School	Equity	Nyahururu	0160272917680	220.00
13.	Olokirisiai Primary School	Equity	Nanyuki	0270262238555	47,295.00
14.	Mowarak D.O's House	Equity	Nyahururu	0160171775228	301,640.00
15.	St. Ann Nosirai Primary School	Equity	Nanyuki	0270271707394	103,727.00
16.	Ereri Baptist Primary School	Equity	Nanyuki	0270271651223	265,009.00
17.	Donyoriwo Primary School	Equity	Nyahururu	0160263148573	-145.00
18.	Seek Primary School	Equity	Nanyuki	0270262307145	1,400.00



**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)****Reports and Financial Statements****For the year ended June 30, 2018 (Kshs'000)**

19.	Olotasha Primary School	Cooperative	Nanyuki	01139368033900	53,000.00
20.	Mia Moja Primary School	Equity	Nanyuki	0270299835273	236,498.00
21.	Jikaze Primary School	KCB	Nanyuki	1137292806	229,968.50
22.	Kandutura Primary School	Equity	Nyahururu	0160268654328	90,680.00
23.	Reteti Primary School	Equity	Nanyuki	0270262835174	30.00
24.	Irura Primary School	Equity	Nanyuki	0270271100564	950.00
25.	Narok Primary School	Equity	Nyahururu	0160191693466	3,106.00
26.	Luoniek Primary School	Equity	Nyahururu	0160262477002	-2,563.00
27.	Ngarendare Primary School	KCB	Nanyuki	1137365943	101,720.05
28.	Soitoudo Primary School	Equity	Nanyuki	0270272872705	37,152.00
29.	Arjiju Secondary School	Equity	Nanyuki	0270272521742	127,600.00
30.	Mukima Chief's Office	Equity	Nanyuki	0270271173455	760.00
31.	Chumvi Secondary School	Equity	Nanyuki	0270269663898	505.00
32.	Mutirithia Primary School	Equity	Nanyuki	0270276345737	531,780.00
33.	Ngenia Primary School	Equity	Nanyuki	0270276244549	90.00
34.	Shiloh Naibor Primary School	Equity	Nanyuki	0270276511830	246,393.00
35.	Muramati Police Patrol Base	Equity	Nanyuki	0270276775354	3,170.00
36.	Doldol Police Station	Equity	Nanyuki	0270276356006	224,010.00
37.	Bokish Primary School	Equity	Nanyuki	0270262368232	10.00
38.	Endana Primary School	Equity	Nanyuki	0270276349260	2,280.00



**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018 (Kshs'000)**

39.	Sherton Musul Primary School	Equity	Nanyuki	0270277382244	2,188,536.00
40.	Marura Narok Primary School	Equity	Nyahururu	0160276253847	44,820.00
41.	Tangi Nyeusi Primary School	Equity	Nanyuki	0270277394375	560.00
42.	Muramati Primary School	Equity	Nanyuki	0270277383331	890.00
43.	Saramba Primary School	KCB	Nanyuki	1137346639	1,908.30
44.	Olmutunyi Primary School	Equity	Nyahururu	0160272917680	220.00



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

**Reports and Financial Statements**

**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)	Time frame (Put a date when you expect the issue to be resolved)
1.1	Overall budget performance	Laikipia North NG-CDFC used Kshs.88,704,830 for the year ended 30 <sup>th</sup> June 2016 out of the possible Kshs.144,151,552 available for utilisation. This was 61.5% absorption rate for the year. Underutilization was Kshs.38.1% not vice versa.	Fund Account Manager	Resolved	N/A
2.0	Ilpolei Borehole Project	All devolved projects were to be completed by 28 <sup>th</sup> February 2016. There was need to pay the contractor because the project had no PMC. The contractor signed a contract agreement before the transfer was made. The normal procurement procedure was followed. All devolved projects were to have their funds released and implemented before end of February 2016. Due diligence was observed before funds were transferred to the contractor. The project was completed and certificate of completion availed.	Fund Account Manager	Resolved	N/A

**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)
3.0	Kimanjo Secondary School – Dormitory block project	<p>The contract sum for the construction of the dormitory was Kshs.4,597,938. CDF office had allocated Kshs 3,000,000 for two financial years. The additional allocation was funded from reallocation from Ilpolei dormitory.</p> <p>Please find the reallocation letter on the same.</p> <p>Open tender was used for the project procurement, whereby prequalified contractors applied for the job. The project is complete and in use and has solved problem of accommodation in the school.</p>	Fund Account Manager	Resolved	N/A

