

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

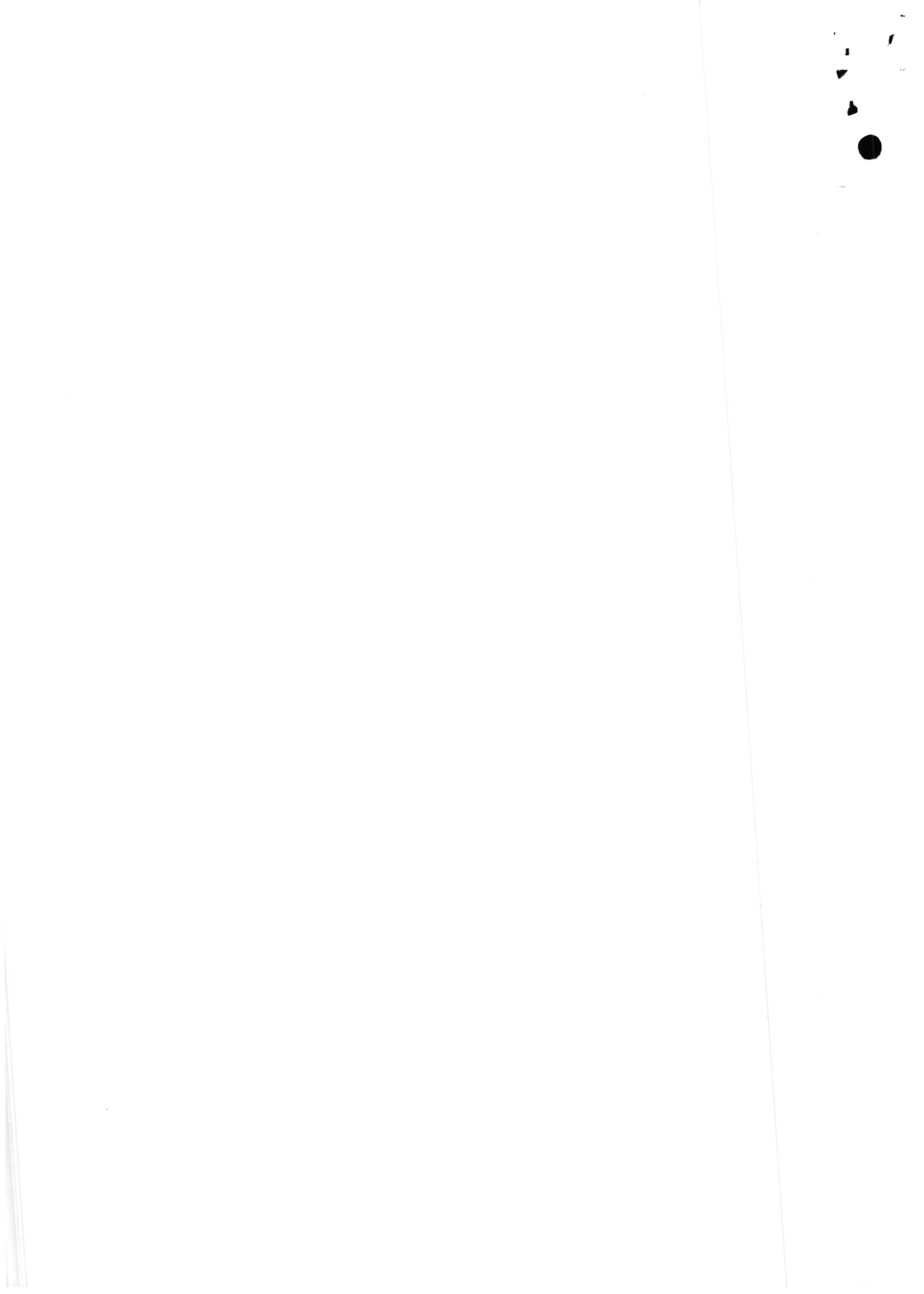
THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BARINGO NORTH CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2018



THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 13 SEP 2019 THURSDAY
Hon. Alan Dulle
Moses Lemuna,

PARLIAMENT
OF KENYA
LIBRARY





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

AMENDED REPORTS AND FINANCIAL STATEMENTS

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

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



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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF BARINGO 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 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	David Okoma
3.	Sub-County Accountant	Kipkirui Sigei
4.	Chairman NGCDFC	Stanley Amdany
5.	Member NGCDFC	Kennedy chebon

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF BARINGO NORTH Constituency Headquarters

P.O. Box 63
Sunflower Building
Kabarnet – Kabartonjo Road
Kabartonjo, KENYA

GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
BARINGO NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

(f) NGCDF BARINGO NORTH Constituency Contacts

Telephone: (254) 0722 402 480
E-mail: baringonorthcdf.go.ke
Website: www.go.ke

(g) NGCDF BARINGO NORTH Constituency Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank (specify the constituency account banker details)
Kenya Commercial Bank
Kabarnet Branch
Kabarnet

(h) Independent Auditors

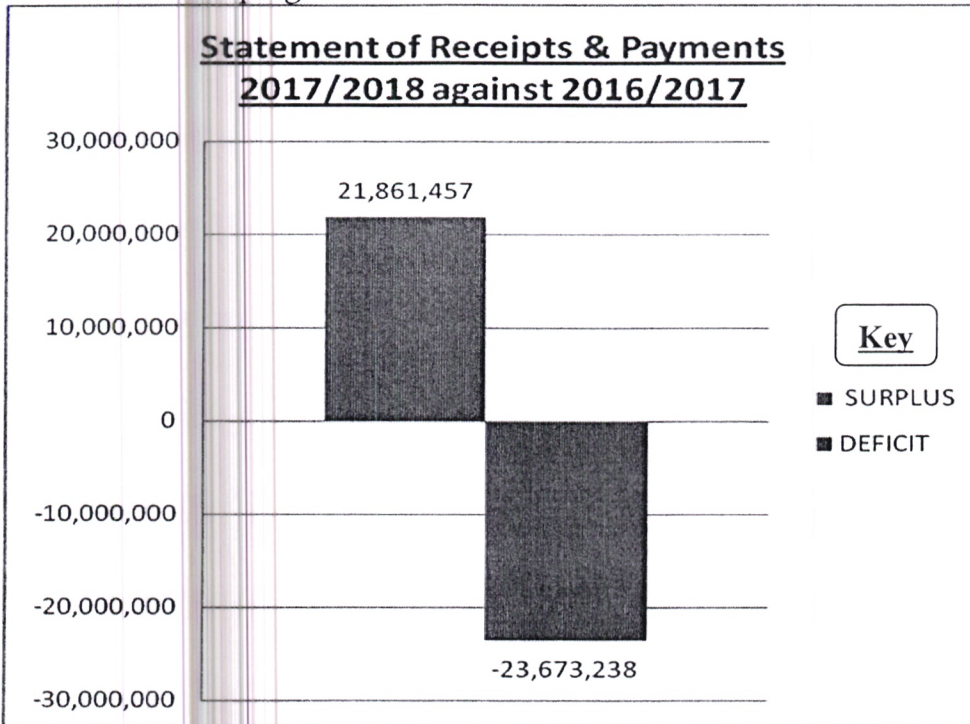
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

II. FORWARD BY THE CHAIRMAN NG-CDF COMMITTEE

Summary of the budget performance against actual amount for current year based on economic classification and programmes



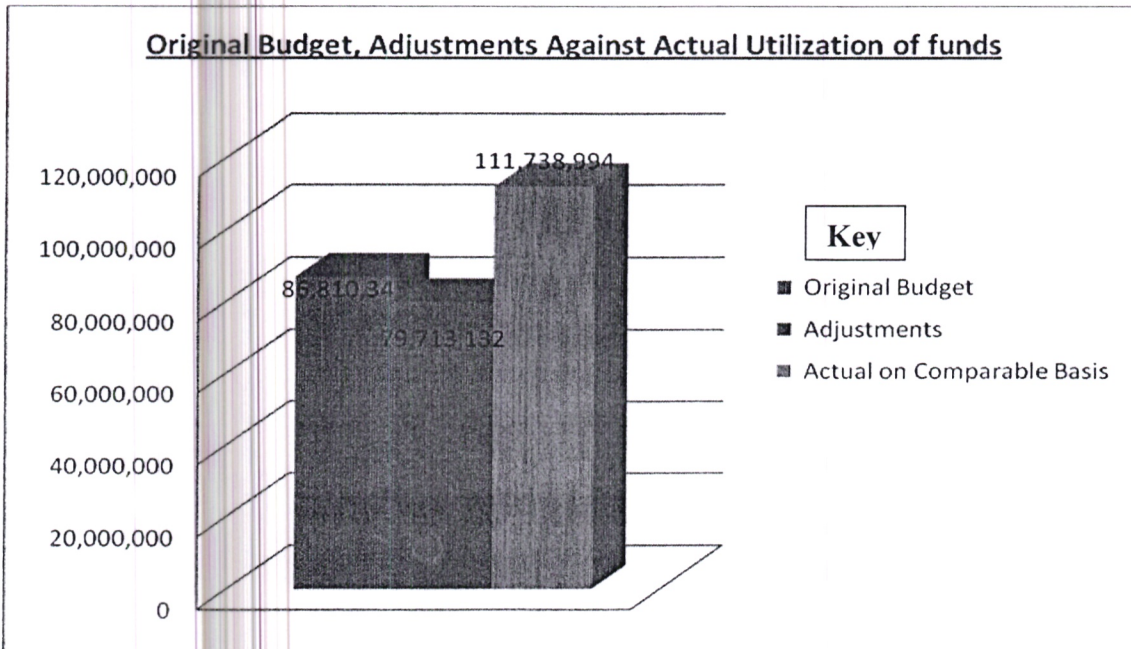
Key:

Surplus of F/Y 2017/ 2018

Deficit of F/Y 2016/ 2017

This is an indicator of a better performed year 2017/2018 compared to 2016/2017

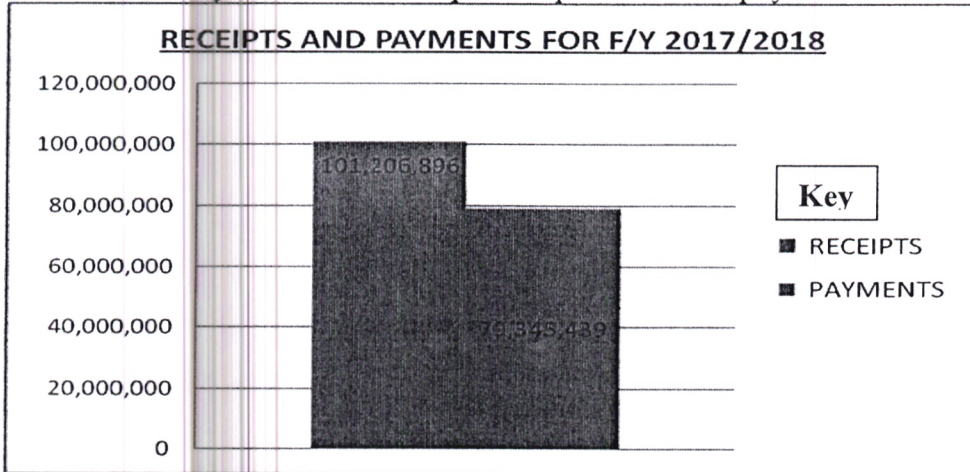
Below: Summary of the original budget, adjustments against actual utilization of funds



Below: Summary of the total allocation for financial year 2017/2018 compared to financial year 2016/2017



Below: Summary of the total receipts compared to total payments for the financial year 2017/2018



KEY ACHIEVEMENTS IN THE FINANCIAL 2017/2018

- ❖ During the financial year the committee disbursed **Kshs. 21,807,000** as bursary to needy students in secondary schools and tertiary institution and this benefited a total 1,769 students.
- ❖ Also the committee managed to purchase NG-CDF office vehicle and completed most physical structures including classrooms and chiefs offices as shown below.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
BARINGO NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

Above: Kaimogol Primary School – 3 No. Classrooms



Above: Kasesia Primary School – 4 No. Classrooms

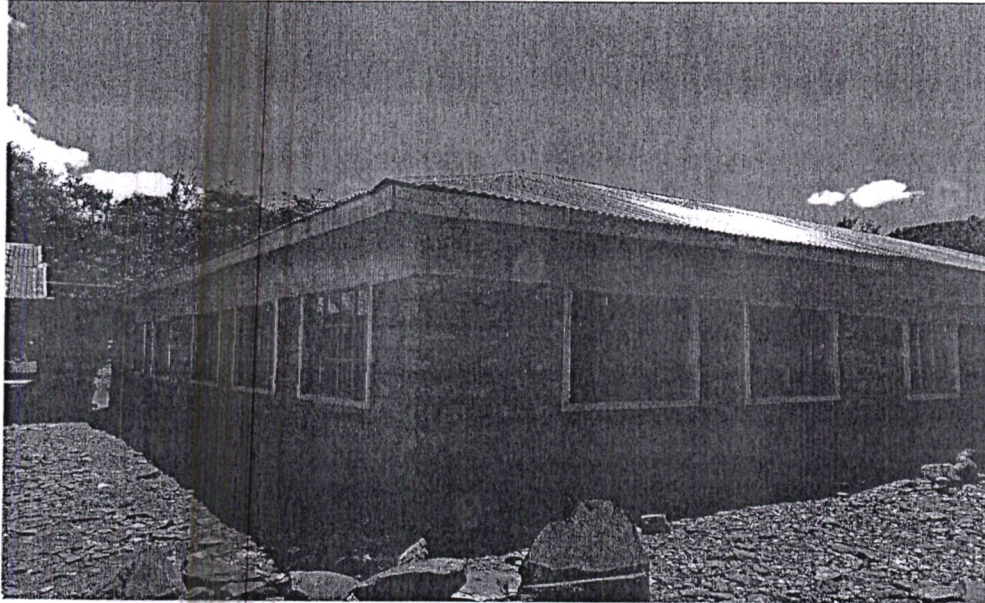


Above: Sesoi Primary School – 4 No. Classrooms



Above: Kapturo Chief's Office

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
BARINGO NORTH CONSTITUENCY
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For the year ended June 30, 2018**



Bartabwa Primary School – 2 No. Classrooms



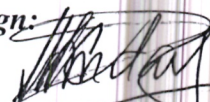
Above: The F.A.M handing over the keys of NG-CDF Office Vehicle to the NG-CDFC Chairman

IMPLEMENTATION CHALLENGES

Despite of the above impressive performance the NG-CDFC noted the following challenges:-

- There has been insecurity challenges in some parts of the constituency; hence leading to slow implementation of projects in the affected areas.
- The terrain of the constituency is also a challenge where contractors find it difficult while accessing the project construction site.

In the financial year 2017/2018 the NG-CDFC scaled up by constructing security administrative structures in the affected areas hence improving security.

Sign: 

STANLEY AMDANY

CHAIRMAN NG-CDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)

BARINGO NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

II. STATEMENT OF ENTITY 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 Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-BARINGO NORTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-BARINGO NORTH Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-BARINGO NORTH Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

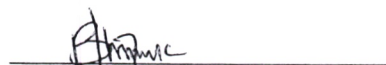
The Accounting Officer in charge of the NGCDF-BARINGO NORTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for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

Approval of the financial statements

The NGCDF-BARINGO NORTH Constituency financial statements were approved and signed by the Accounting Officer on 16th April, 2019.



Fund Account Manager
David Okoma



Sub-County Accountant
Kipkirui Sigei
ICPAK No: 11884

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Baringo North Constituency set out on pages 10 to 29, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Baringo 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.

Basis for Qualified Opinion

1. Inaccuracy in Financial Statements

1.1 Cash and Cash Equivalents

The statement of assets reported cash and bank balance of Kshs.33,631,193 compared to Kshs.9,091,309 as at 30 June 2017. It was noted that the unrepresented cheques included stale cheques worth Kshs.218,256 hence overstating the cashbook balance. The cashbook had payments of Kshs.1,748,100 that were not supported by payment vouchers, while imprest warrants and other supporting documents were not presented for verification. Annex 5 to financial statements had project management committee balance of Kshs.6,058,201

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

that were not supported by certificate of bank balances and bank statements. Under the circumstances, the accuracy of cash and cash equivalent balance 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- Baringo 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 matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budget Analysis and Performance

The National Government Constituencies Development Fund (NG-CDF) Board approved a budget of Kshs.98,189,655.17 as per code list for Baringo North NG-CDF. However, the summary statement of appropriation indicated budget amount of Kshs.166,523,477 hence unexplained variance of Kshs.68,333,821.83. Further the actual amount received from the board was Kshs.101,206,896 while the statement of appropriation reported Kshs.111,738,994 resulting to unexplained variance of Kshs.10,532,098. Details of summary statement of appropriation were as follows;

	2017/2018 Budget (Kshs)	2017/2018 Actual (Kshs)	Variance Kshs	Absorption rate %
Receipts				
Transfer from NG-CDF	166,523,477.00	111,738,994	54,784,483	67%
Total	166,523,477.00	111,738,994	54,784,483	67%
Expenditure				
Compensation of Employees	3,067,142.00	2,057,721.00	1,009,421.00	67%
Use of goods and services	13,312,153.00	9,518,346.00	3,793,807.00	72%
Transfers to Other Government Units	48,455,581.00	32,358,759.00	16,096,822.00	67%
Other grants and transfers	40,179,701.00	22,327,600.00	17,852,101.00	56%

	2017/2018 Budget (Kshs)	2017/2018 Actual (Kshs)	Variance Kshs	Absorption rate %
Acquisition of Assets	52,900,813.00	13,083,013.00	39,817,800.00	25%
Other Payments	8,177,027.00	-	8,177,027.00	0%
Other Receipts	90,000.00	-	90,000.00	0%
P.M.C (Savings)	341,060.00	-	341,060.00	0%
Total	166,523,477.00	79,345,439.00	87,178,038.00	48%

Included in use of goods and services figure of Kshs.9,518,346 is Kshs.4,186,000 on training expenses whose approved budget was Kshs.1,230,180, hence unexplained over expenditure of Kshs.2,955,820. The underutilization of funds of Kshs.87,178,038 denied the constituents the much needed services.

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 matter(s) described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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

1. Irregular Bursary Expenditure

The statement of receipts and payments reflected other grants and transfers at Kshs.22,327,600 compared to Kshs.42,933,861 in 2016/2017 a decrease by Kshs.20,606,261. Included in this expenditure is Kshs.21,262,800 in respect to bursary expenditure. It was noted that some high school students were awarded bursary of up to Kshs.50,000 contrary to the set limit of Kshs.10,000. Additionally, bursary was being awarded to students in day secondary schools yet the National Government has free secondary education programme for them. The criteria for appointment of bursary committee members was not clearly stated, hence we could not establish whether the membership is properly constituted.

Under the circumstances, bursary may have been awarded to undeserving students at the expenses of the very needy cases.

2. Procurement of Offices

The constituency advertised in only one daily newspaper the proposed erection and completion of Baringo North Constituency Development Fund offices, contrary to section 96

of the PPAD Act 2015 and denied eligible contractors a chance to bid. Only bids from M/s Triumph Construction and M/s Belion Constructors at Kshs.34,067,112.00 and Kshs.40,714,213.60 respectively were received. M/s Triumph Construction was disqualified for submitting a bid bond from an insurance company. M/s Belion signed contract agreement on 19 April 2017 at a contract sum of Kshs.37,801,268 with duration period of 52 weeks ending 30 April 2018. Physical verification revealed that the contractor was on site but the entry and exit to the building without intensive landscaping is difficult and the project is behind schedule by forty-seven (47) weeks. Therefore, the intended benefits of the project have not yet been realized.

3. Incomplete Projects

Transfer to other government entities was reported at Kshs.32,358,759 compared to Kshs.53,923,140 in 2016/2017 a decrease by Kshs.21,564,381. Katorin Resource Centre was allocated and paid Kshs.1,000,000 for various works. Physical verification revealed that the construction was up to the lintel level, the contractor was not on site and roofing, plastering, painting, fixing of doors and windows were pending. The project account had no balance and it is likely that the project may stall hindering service delivery to the community and therefore no value for money.

The constituency re-allocated Kshs.1,500,000 from Chepkesin Dispensary to Arap Moi Secondary school for construction of two (2) one-bedroom staff houses which was duly paid. Physical verification revealed that only one (1) bedroom house has been constructed and not the intended two (2) staff houses without proper explanations. The project's bank account had only Kshs.115,267.50 which clearly is not enough to construct to completion the remaining staff house. Proper utilization of the funds was not observed and the school has not fully realized the intended benefits.

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

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance 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

1. Internal Control Weaknesses

The Constituency has not embraced use of information technology and there are no measures in place to detect and prevent fraud. Risk assessment is not performed and the management is not in a position to identify individual risks, significance / likelihood of identified risks and the risky areas and therefore the relevant controls have also not been identified and put in place.

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

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for 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 to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Constituency or to cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

08 August 2019

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

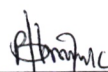
IV. STATEMENT OF RECEIPTS AND PAYMENTS

Description	Note	2017 - 2018	2016 - 2017
		Kshs.	Kshs.
RECEIPTS			
Transfers from NGCDF board	1	101,206,896	80,825,601
Proceeds from Sale of Assets	2	0	85,000
Other Receipts	3	0	5,000
TOTAL RECEIPTS		101,206,896	80,915,601
PAYMENTS			
Compensation of employees	4	2,057,721	1,633,533
Use of goods and services	5	9,518,346	7,431,810
Transfers to Other Government Units	6	32,358,759	53,923,140
Other grants and transfers	7	22,327,600	42,933,861
Acquisition of Assets	8 & 10	13,083,013	269,920
TOTAL PAYMENTS		79,345,439	106,192,264
SURPLUS/(DEFICIT)		<u>21,861,457</u>	<u>(25,276,664)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BARINGO NORTH Constituency financial statements were approved on 16th April, 2019 and signed by:



Fund Account Manager
 Name: DAVID OKOMA



Sub-County Accountant
 Name: KIPKIRUI SIGEI
 ICPAK No: 11884

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)

BARINGO NORTH CONSTITUENCY

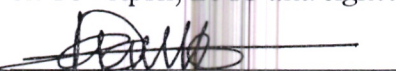
Reports and Financial Statements

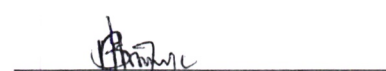
For the year ended June 30, 2018

V. STATEMENT OF ASSETS

Description	Note	2017 - 2018	2016 - 2017
		Kshs.	Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	33,631,193	9,091,309
Total Cash and Cash Equivalents		33,631,193	9,091,309
Current Receivables - Outstanding Imprests	9A	<u>0</u>	<u>0</u>
TOTAL FINANCIAL ASSETS		<u>33,631,193</u>	<u>9,091,309</u>
FINANCIAL LIABILITIES			
Accounts Payable - Retention	10	1,237,638	0
NET FINANCIAL ASSETS		<u>32,393,555</u>	<u>9,091,309</u>
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	9,091,309	28,768,037
Surplus/Deficit for the year		21,861,457	(25,276,664)
Prior year adjustments	12	<u>1,440,789</u>	<u>5,599,935</u>
NET LIABILITIES		<u>32,393,555</u>	<u>9,091,309</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BARINGO NORTH Constituency financial statements were approved on 16th April, 2019 and signed by:


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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)

BARINGO NORTH CONSTITUENCY

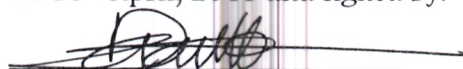
Reports and Financial Statements

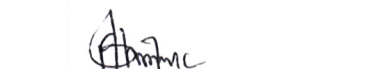
For the year ended June 30, 2018

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	101,206,896	80,825,601
Proceeds from Sale of Assets	2	-	85,000
Other Receipts	3	<u>0</u>	<u>5,000</u>
		101,206,896	80,915,601
Payments for operating expenses			
Compensation of Employees	4	2,057,721	1,633,533
Use of goods and services	5	9,518,346	7,431,810
Transfers to Other Government Units	6	32,358,759	53,923,140
Other grants and transfers	7	22,327,600	42,933,861
		66,262,425	105,922,344
Adjusted for:			
Adjustments during the year	12	1,440,789	5,599,935
Retention	10	1,237,638	0
Net cash flow from operating activities		37,622,897	(19,406,809)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2 & 3	0	0
Acquisition of Assets	8 & 10	(13,083,013)	(269,920)
Net cash flows from Investing Activities		(13,083,013)	(269,920)
NET INCREASE IN CASH AND CASH EQUIVALENT		24,539,884	(19,676,729)
Cash and cash equivalent at BEGINNING of the year	9	9,091,309	28,768,037
Cash and cash equivalent at END of the year		<u>33,631,193</u>	<u>9,091,309</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BARINGO NORTH Constituency financial statements were approved on 16th April, 2019 and signed by:


Fund Account Manager
Name: DAVID OKOMA

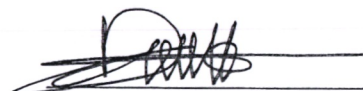

Sub-County Accountant
Name: KIPKIRUI SIGEI
ICPAK No: 11884

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

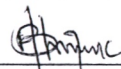
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,345	79,713,132	166,523,477	111,738,994	54,784,483	67.1%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTAL	86,810,345	79,713,132	166,523,477	111,738,994	54,784,483	67.1%
PAYMENTS						
Compensation of Employees	1,780,168	1,286,974	3,067,142	2,057,721	1,009,421	67.1%
Use of goods and services	5,621,556	7,690,597	13,312,153	9,518,346	3,793,807	71.5%
Transfers to Other Government Units	3,510,616	44,944,965	48,455,581	32,358,759	16,096,822	66.8%
Other grants and transfers	33,220,978	6,958,723	40,179,701	22,327,600	17,852,101	55.6%
Acquisition of Assets	34,500,000	18,400,813	52,900,813	13,083,013	39,817,800	24.7%
Other Payments	8,177,027	-	8,177,027	-	8,177,027	0.0%
Other Receipts	-	90,000	90,000	-	90,000	0.0%
P.M.C (Savings)	-	341,060	341,060	-	341,060	0.0%
TOTAL	86,810,345	79,713,132	166,523,477	79,345,439	87,178,039	47.6%

- i.* On receipts, the total receipts from the NG-CDF Board is at 67.1% this is due to an additional budget of Kshs. 11,379,310.34
- ii.* Compensation of Employees is at 67.1% it's because the budget for salaries was over budgeted
- iii.* Use of goods and services is at 71.5% it's because some funds had not been disbursed by NG-CDF Board
- iv.* Transfers to Other Government Units is at 66.8%, this is due to delay in disbursement of funds by NG-CDF Board
- v.* Other grants and transfers is at 55.6%, this was underutilized because funds had not been released from NG-CDF Board
- vi.* Acquisition of Assets 24.7%, these funds were meant for construction of NG-CDF Office which delayed because of some challenges
- vii.* Other Payments is at 0.0%, it's because funds had not been released from NG-CDF Board
- viii.* Other Receipts is at 0.0%, these are funds received from sale of motorcycle and they had not been budgeted
- ix.* P.M.C Savings is at 0.0%, these are savings from P.M.C accounts and they had not been budgeted

The NGCDF-BARINGO NORTH Constituency financial statements were approved on 16th April, 2019 and signed by:-



Fund Account Manager
 Name: DAVID OKOMA



Sub-County Accountant
 Name: KIPKIRUI SIGEI
 ICPAK No: 11884

II. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-BARINGO 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 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
BARINGO NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2018.

14. Errors

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

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

15. Related Party Transactions

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

XI. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs.	Kshs.
NG-CDF Board			
AIE NO. A829502	1		4,094,827.60
AIE NO. A855143	2		56,730,773.00
AIE NO. A839723	3		20,000,000.00
AIE NO. A839744	1	16,853,448.00	
AIE NO. A855761	2	5,500,000.00	
AIE NO. A892910	3	40,948,276.10	
AIE NO. A896793	4	37,905,172.00	
TOTAL		101,206,896.10	80,825,600.60

2. PROCEEDS FROM SALE OF ASSETS

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Receipts from the Sale of Vehicles and Transport Equipment	0	85,000
TOTAL	0	85,000

3. OTHER RECEIPTS

Description	2017- 2018	2016-2017
	Kshs.	Kshs.
Receipts from Sale of tender documents	0	5,000
TOTAL	0	5,000

4. COMPENSATION OF EMPLOYEES

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Basic wages of contractual employees	1,439,301	1,566,573
Personal allowances paid as part of salary		
Employer Contribution to NSSF	51,840	66,960
Gratuity	566,580	0
TOTAL	2,057,721	1,633,533

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
BARINGO NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Other committee expenses - M&E	1,508,585	2,554,035
Committee allowance	1,341,500	2,975,086
Office rent	325,000	325,000
Communication, supplies and services	174,162	339,360
Domestic travel and subsistence	1,089,635	0
Printing, advertising and information supplies & services	283,504	0
Training expenses	4,186,000	324,300
Office and general supplies and services	559,960	70,725
Other operating expenses-fuel	50,000	0
Other operating Expenses	0	843,304
TOTAL	9,518,346	7,431,810

6. TRANSFER TO OTHER GOVERNMENT UNITS

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to primary schools (see attached list)	25,208,759	45,423,140
Transfers to secondary schools (see attached list)	6,150,000	8,500,000
Transfers to tertiary institutions (see attached list)	1,000,000	0
TOTAL	32,358,759	53,923,140

7. OTHER GRANTS AND TRANSFERS

Description	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – Secondary schools (see attached list)	11,265,150	14,555,125
Bursary – Tertiary institutions (see attached list)	9,997,650	12,509,947
Mock & CAT (see attached list)	0	850,000
Electricity projects	0	1,100,000
Security projects (see attached list)	1,050,000	6,000,000
Sports projects (see attached list)	14,800	2,955,050
Environment projects (see attached list)	0	2,965,264
Emergency projects (see attached list)	0	1,998,475
TOTAL	22,327,600	42,933,861

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
BARINGO NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS
Non Financial Assets

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Purchase of Buildings	0	0
Construction of Buildings	11,287,563	269,920
Purchase of Purchase of Motorcycles	557,813	0
TOTAL	11,845,376	269,920

9. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs. (30/6/2018)	Kshs. (30/6/2017)
<i>Kenya Commercial Bank , Account No. 1103776142</i>	33,631,193	9,091,309
TOTAL	33,631,193	9,091,309
9. A: CASH IN HAND		
	Kshs. (30/6/2018)	Kshs. (30/6/2017)
Other Locations (<i>Specify</i>)	0	0
TOTAL	0	0

10. RETENTION

Description	2017 - 2018	2016-2017
	Kshs.	Kshs.
Bellion Hardware & Building Contractors	200,000	0
Bellion Hardware & Building Contractors	210,269	0
Bellion Hardware & Building Contractors	368,209	0
Bellion Hardware & Building Contractors	459,159	0
TOTAL	1,237,638	0

11. BALANCES BROUGHT FORWARD

Description	2017-2018	2016-2017
	Kshs. (1/7/2017)	Kshs. (1/7/2016)
Bank Accounts	33,631,193	9,091,309
Imprest	0	0
TOTAL	33,631,193	9,091,309

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
BARINGO NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. PRIOR YEAR ADJUSTMENTS

Description	2017- 2018	2016-2017
	Kshs.	Kshs.
Reversed Cheques	0	5,258,875.00
Savings from PMC's	0	341,060.30
Cash Omitted (2016/2017)	1,603,425	0
Overstatement of bank balance (Note 13. e)	(162,636)	0
TOTAL	1,440,789	5,599,935.30

13. OTHER IMPORTANT DISCLOSURES

a. PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	2017- 2018	2016-2017
	Kshs.	Kshs.
Supply of goods (Office Magazine)	0	283,504.00
Construction of buildings	25,276,068	37,801,268.00
Purchase of Motorbike	0	557,813.00
Purchase of Vehicle	5,200,000	0
TOTAL	30,476,068	38,642,585.00

b. PENDING STAFF PAYABLES (See Annex 2)

Description	Kshs.	Kshs.
Others (<i>Staff Gratuity</i>)	314,616.81	0
TOTAL	314,616.81	0

c. UNUTILIZED FUNDS (See Annex 3)

Description	2017- 2018	2016 - 2017
	Kshs.	Kshs.
Compensation of employees	1,009,421	0
Use of goods and services	3,793,807	2,852,086.00
Amounts due to other Government entities (see attached list)	16,096,822	2,900,000.00
Amounts due to other grants and other transfers (see attached list)	17,852,101	3,848,952.00
Acquisition of assets	39,817,800	500,000.00
Other Payments	8,177,027	0
Others (Receipts)	90,000	90,000
P.M.C (Savings)	341,060	341,060
TOTAL	87,178,039	10,532,098.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
 BARINGO NORTH CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d. PMC Account Balances (See Annex 5)

Description	2017- 2018	2016 - 2017
	Kshs.	Kshs.
PMC account Balances (see attached list)	6,058,201.45	28,055,926.31
TOTAL	6,058,201.45	28,055,926.31

e. Overstatement of bank balance (2016/2017)

Description	2017- 2018	2016 - 2017
	Kshs.	Kshs.
Bank Balance as reflected in the financial statement (2016/2017)	9,091,309.00	0
Actual Bank Balance as per cash book as at 30 th June, 2017	8,928,673.00	0
TOTAL	162,636.00	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – BARINGO NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

XII. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Comments
	a	b	c	d=a-c	
Construction of buildings					
1. Construction of NG-CDF Office	37,801,268	19/04/2017	12,525,200	25,276,068	
2.	0		0	0	
Sub-Total	37,801,268		12,525,200	25,276,068	
Purchase of Vehicle					
3. Purchase of NG-CDF Office Vehicle	5,200,000	22/06/2018	0	5,200,000	
Sub-Total	5,200,000		0	5,200,000	
Grand Total	43,001,268		12,525,200	30,476,068	

XIII. ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018	Comments
		a	b	c	d=a-c	
Others (Staff Gratuity)						
1. Sheila Chesang		79,012.81	01/07/16	0	79,012.81	
2. Vincent K. Kulei		235,604.00	11/02/16	0	235,604	
Sub-Total		314,616.81		0	314,616.81	
Grand Total		314,616.81		0	314,616.81	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – BARINGO NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

XIV. ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
OTHER RECEIPTS				
Income from sale of Motorbike			85,000.00	
Income from sale of Tender Documents			5,000.00	
Sub-Total			90,000.00	
Compensation of employees		1,009,421.00	0	
Sub-Total		1,009,421.00	0	
Use of goods & services				
Other committee expenses - M&E		2,593,808.00	1,193,406.00	
Committee allowance		1,200,000.00	1,658,680.00	
Sub-Total		3,793,808.00	2,852,086.00	
Amounts due to other Government entities				
Transfers to Primary schools		13,496,822.40	1,400,000.00	
Transfers to Health Projects		0	1,500,000.00	
Transfers to Secondary schools		2,600,000.00	0	
Sub-Total		16,096,822.40	2,900,000.00	
Amounts due to other grants and other transfers				
Bursary -Secondary		4,515,330.87	0	
Bursary -Tertiary/universities		4,000,000.00	0	
Mocks & CAT		850,000.00	0	
Security		700,000.00	0	
Sports		1,644,827.59	0	
Emergency Projects (specify)		6,141,942.52	3,848,952.00	
Sub-Total		17,852,100.98	3,848,952.00	
Other Payments				
Communication, supplies and services (HCI)		4,677,027.20		
Constituency Strategic Plan		3,500,000.00		
Sub-Total		8,177,027.20		
Acquisition of assets				
Office Vehicle		8,000,000.00		
Constituency Office		29,817,799.60		

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Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Purchase of office Furniture		2,000,000.00		
Purchase of Bicycles & Motorcycles		0	500,000.00	
Sub-Total		39,817,799.60	500,000.00	
<i>Others (Specify)</i>				
P.M.C Savings		341,060.00	341,060.00	
Sub-Total		341,060.00	341,060.00	
Sale of Tender		90,000.00	0	
Sub-Total		90,000.00	341,060.00	
Grand Total		87,178,039.18	10,532,098.00	

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XV. ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost B/F (Kshs.) 2016/17	Additions during the year (Kshs.)	Disposals during the year (Kshs.)	Historical Cost (Kshs.) 2017/18
Buildings and structures	269,920	13,083,013	0	13,083,013
Transport equipment	0	557,813	0	557,813
Office equipment, furniture and fittings	171,300	0	0	171,300
ICT Equipment, Software and Other ICT Assets	578,400	0	0	578,400
TOTAL	1,019,620	13,640,826	0	14,390,526

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

PMC	ACCOUNT NUMBER	BRANCH	BANK BALANCE - 2017/18
1. Biringweny Primary school	1111069158	KABARNET	700,786.50
2. Kapchepkor Primary School	1110667213	KABARNET	500,670.00
3. Kapng'etyo Pry. School	1119497086	KABARNET	784,536.00
4. Kaptumin Primary School	1110479468	KABARNET	600,625.00
5. Kapturo Chiefs Office & A.P Camp	1205759646	KABARTONJO	82,178.00
6. Sibilo Chief's office	1206617667	MARIGAT	2,000,109.00
7. Kapluk Primary School	1139117130	KABARNET	302,428.45
8. Koiserat Primary School	1110685238	KABARNET	1,735.50
9. Kimugul Sec. School	1138318558	KABARNET	257,315.00
10. Poi Sec. School	1116021072	KABARNET	39,899.00
11. Ruth Kiptui Kasok Girls Sec. School	1112494537	KABARNET	472.00
12. Kapluk Sec. School	1167785118	KABARNET	163,018.00
13. Kasisit Primary School	1116713543	KABARNET	24,108.00
14. Kalel Primary School	1110544790	KABARNET	600,321.00
		TOTAL	6,058,201.45

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XVII. 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)
	<p>1. Unsupported cash balances</p> <p>a) The reported cash and bank balance of Kshs. 9,091,309 while the closing cashbook balance was Kshs. 8,928,673.40 hence unexplained difference of Kshs. 162,635.60</p>	<p>- The unexplained difference of Kshs. 162,635.60 represents stale cheques which were reversed at the end of the financial year. Attached is a copy of the cash book</p>	David Okoma F.A.M	Resolved	
	<p>2. Unsupported Bursary Expenditure</p> <p>a) It was noted that the individual student applications were incomplete; the only supporting document which was attached was a fee structure which is not proof enough that the applicant is student of the institution.</p>	<p>- The NG-CDFC identifies beneficiaries for the bursary from sub location level where a committee is elected from among the community members to vet the applicants and identify most needy and bright students to benefit. The NG-CDFC only releases cheques on the basis of recommendations by sub locational bursary committee. - Also the students are instructed to take the bursary form to the various learning</p>	David Okoma F.A.M	Resolved	

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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)
	<p>b) The CDF did not present criteria on who appoints the bursary committee or how it should be formed and its membership. Only guidelines on the disbursement of funds was presented, therefore we could not ascertain the authenticity of the bursary committee</p> <p>c) It was noted that the process of awarding bursaries could be misused since money is allocated to the chiefs who then appoints the bursary committee through a public baraza which subsequently invites applications, vets them and then comes up with the list of students to be awarded bursaries.</p>	<p>institutions to be stamped; hence proofing that applicant is currently a student in the institution.</p> <p>- The NG-CDFC draws a letter to the area assistant chief who is national government officer at that level to convene a baraza, where the community members meet and elect the bursary committee. Attached is copy of such Letter</p> <p>- The chiefs and assistant chiefs are ex-official in the sub locational bursary committee meetings hence there are minimal cases of misuse of bursaries. - We instruct the bursary committee to invite the NG-CDFC ward representative during awarding of bursaries meetings hence checks and balance are met. Attached is copy of the Letter to the bursary committee</p>			
	<p>3. Budget and Budgetary Control During the year under review the Constituency had received Kshs. 166,586,627 transfers from the NG-CDF Board.</p>				

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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)
	<p>- The approved budget for 2016/2017 was for Kshs. 81,896,552 however the CDF received only Kshs. 24,094,827.60 leading to a variance of Kshs. 57,801,724.12. It was noted that out of the budgeted Kshs. 39,803,586.09 for projects only Kshs. 2,894,827.59. This implies that the budgeted projects are not implemented as scheduled and denies residence benefits associated with them.</p>	<p>- The projects were not funded during the financial year because their funds were not released from the NG-CDF Board; the funds were later released after the financial year ended.</p> <p>Attached is copy of the A.I.E's reflecting the balance.</p>	<p>David Okoma F.A.M</p>	<p><i>Resolved</i></p>	

