

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 07 AUG 2019

DAY: Wednesday

REPORT

TABLED BY:

Hon. Benjamin Wadhvani  
(Majority Party Whip)

TABLED BY:

Halima Ahmed

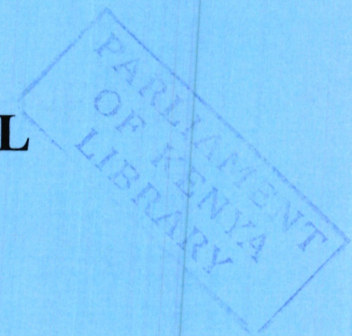
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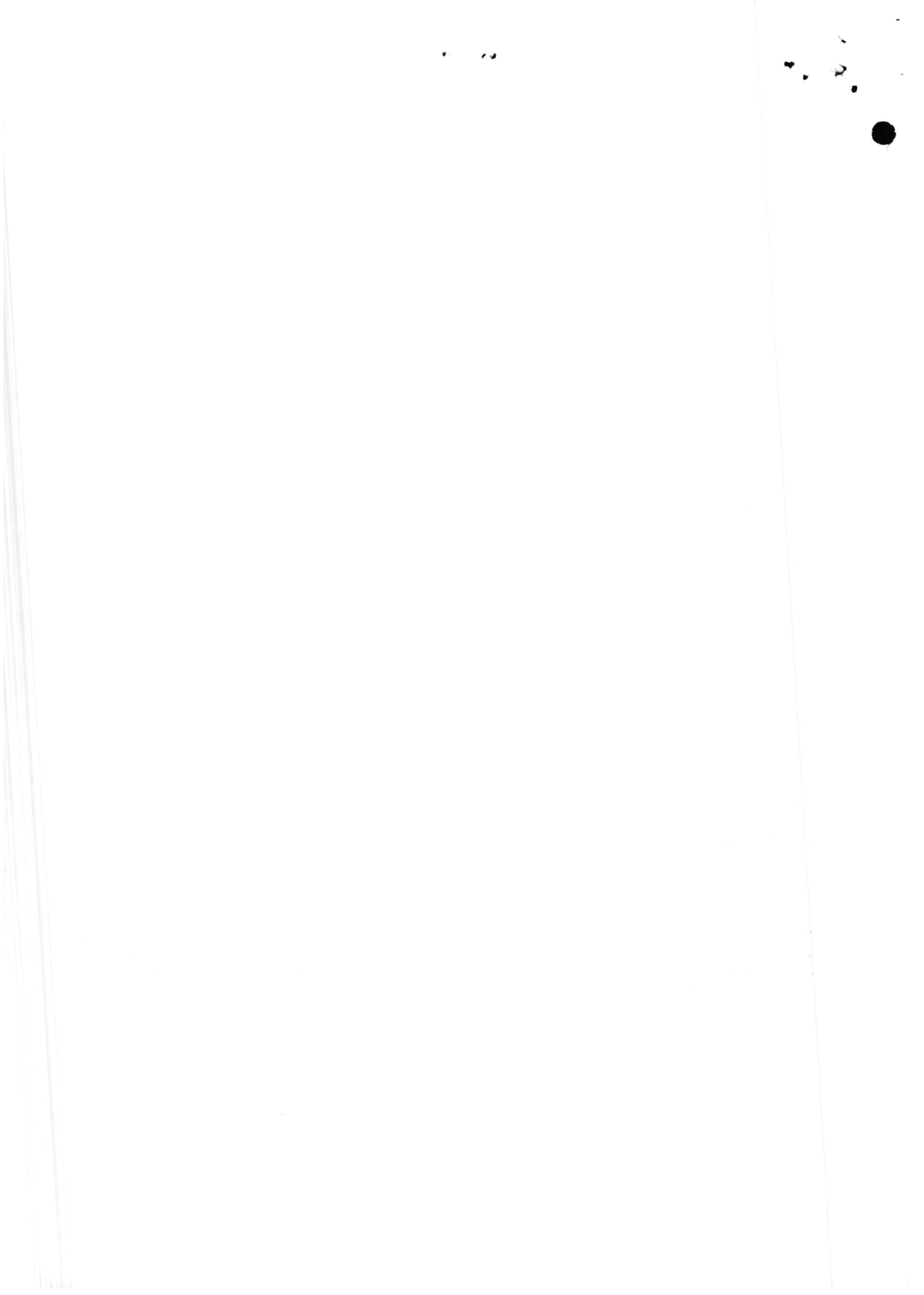
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
BANISA CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2018







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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- BANISSA  
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)**

7

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BANISSA  
CONSTITUENCY**

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

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Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	1
II. FORWARD BY THE NGCDF COMMITTEE CHAIRMAN .....	4
III. STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES .....	5
IV. STATEMENT OF RECEIPTS AND PAYMENTS .....	6
V. STATEMENT OF ASSETS AND LIABILITIES .....	7
VI. STATEMENT OF CASHFLOW .....	8
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	9
VIII. SIGNIFICANT ACCOUNTING POLICIES .....	10
IX. NOTES TO THE FINANCIAL STATEMENTS.....	14

7

2



**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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 BANISSA 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>Yussuf Abdi</b>
3.	Sub-County Accountant	<b>Dickson C Kinyanjui</b>
4.	Chairman NGCDFC	<b>Ahamed Wethow</b>
5.	Secretary NGCDFC	<b>Mohamed Maalim</b>

**(d) Fiduciary Oversight Arrangements**

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

NGCDF Office  
P.O Bo 37-70303  
Banissa Town  
Takaba  
Kenya.



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

**Reports and Financial Statements**

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

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**(f) NGCDF BANISSA Constituency Contacts**

Telephone: (+254) 728205570  
E-mail: [cdfbanissa@ngcdf.go.ke](mailto:cdfbanissa@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF BANISSA Constituency Bankers**

Equity Bank  
A/c No. 1000261939394  
Mandera Branch

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



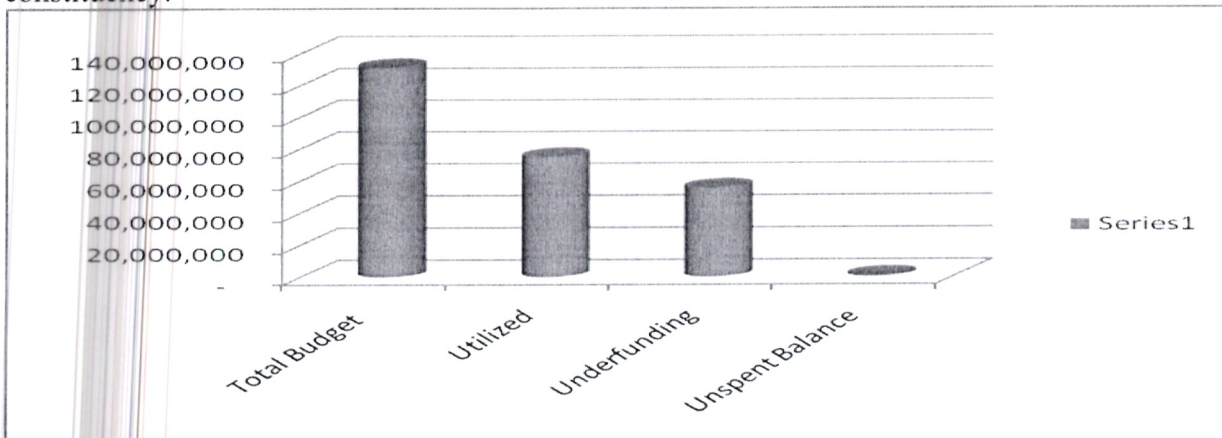
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
BANISSA CONSTITUENCY**

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

**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

The NG-CDF Banissa had a total budget of Kshs 131,311,823 in 2017-18 which includes previous financial year balances. The fund was underfunded by Kshs 55,484,484 representing 42% of the total budget. Disbursement was made to the PMCs promptly and the projects were implemented well. Over the years the entity improved access to quality education, proper sanitation and hygiene, security through construction of primary and secondary schools' infrastructure, provision of scholarships, bursaries, toilets, payment of fees to over 16,000 needy and vulnerable students across the constituency.



**EMERGING ISSUES RELATED TO BANISSA NGCDFCC**

- Increasing population and settlements
- Increasing school enrolment
- Increasing vulnerability of communities and school/tertiary institutions going students

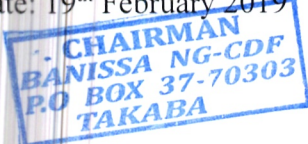
**IMPLEMENTATION CHALLENGES**

- Huge resources available Vs needs gap
- Low/lack of Capacity in some PMCs
- Security threats/Clan conflicts
- Low literate levels
- Persistent droughts leading lack of water sources for construction and usage

Prevalent droughts, inter clan conflicts have been a deterrent factor and the situation exasperated by the immense gap between the resources available and the needs of the community. The Banissa NG-CDF has ensured that the resources have been equally distributed to spread the gains from the fund. Despite the numerous challenges, the fund has been at the fore front in the provision of basic social amenities, improved the general economic standards of the population and has thus has been considered transformational by the community. By and large the impact of NG-CDF is felt and appreciated in the constituency

Sign: .....  
**CHAIRMAN NGCDF COMMITTEE**

Date: 19<sup>th</sup> February 2019





1

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

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

**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the NGCDF-BANISSA 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-BANISSA 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-BANISSA 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.

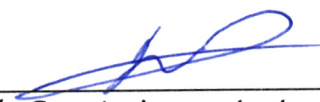
The Accounting Officer in charge of the NGCDF-BANISSA Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-BANISSA Constituency financial statements were approved and signed by the Accounting Officer on 19<sup>th</sup> February 2019.

  
Fund Account Manager  
Name: YUSSUF A. ALI



  
Sub-County Accountant  
Name: DICKSON C. KINYANJUI  
ICPAK Member Number: 13823



# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://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 - BANISA 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 - Banisa Constituency set out on pages 6 to 35 which comprise the statement of assets as at 30 June 2018 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect 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 - Banisa Constituency as at 30 June 2018, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with the National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1. Cash and Cash Equivalents

The cash and cash equivalents reflects a balance of Kshs.803,388 as at 30 June 2018. However, the bank reconciliation statement reflects payments in cash book in respect of stale cheques not yet recorded in bank statement amounting to Kshs.1,144,995, with some dating back to May 2014 and which have never been reversed to the cash book.

Consequently, it has not been possible to confirm that cash and cash equivalents balance of Kshs.803,388 as at 30 June 2018 is fairly stated:

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

## **2. Other Grants and Other Payments**

### **2.1. Unaccounted for Bursaries Expenses**

Included in other grants and other payments balance of Kshs.30,653,171 under note 7 to the financial statements is an amount of Kshs.4,924,500 and Kshs.15,623,500 for bursary to secondary schools and tertiary institutions respectively. However, out of the bursaries paid, an amount of Kshs.19,998,000 were not supported with records showing how the applicants were vetted and categorized, the procedure used in determination of the specific amount of money awarded to each beneficiary as well as cheque dispatch register.

Further, some payments lacked names of the beneficiary students while others lacked minutes of the CDFC committee meeting showing the criteria used to identify and award the needy students.

In view of the foregoing, the probity of the expenditure for Kshs.19,998,000 could not be ascertained.

### **2.2. Emergency Projects**

Included in the other grants and other payments balance of Kshs.30,653,171 is an expenditure on emergency projects amounting to Kshs.4,868,965. The expenditure relates to emergency renovation works for three (3) classrooms and two (2) dormitories in Banisa Primary School, renovation works for three (3) classrooms in Tarama Primary School and construction of twin toilet in Tarbey Primary School. A review of records for the same revealed that the project files lacked vital documents such as tax compliance certificate, certificate of incorporation, contractor's registration certificate from National Construction Authority, certificate of inspection and certificate of practical completion by Department of Public Works.

It was further noted that, as at the time of the audit, the utilization of the emergency fund had not been reported to the National Government Constituencies Development Fund board contrary to Section 20 of the National Government Constituencies Development Fund Regulations, 2016 which requires that utilization of the emergency should be reported to the Board within 30 days of the occurrence of the emergency.

Under the circumstances, it has not been possible to confirm the probity of the expenditure of Kshs.4,868,965 as at 30 June 2018.

### **2.3. Security Projects**

Included in other grants and other payments balance of Kshs.30,653,171 reflected under note 7 to the financial statements is an expenditure of Kshs.3,500,000 relating to security projects. However, the Project Management Committees (PMCs) and the Fund's management did not maintain project files for the projects implemented as required by Section 68 (6) of the Public Procurement and Assets Disposal Act, 2015. The bills of

quantities and other relevant information regarding the projects were not filed. The payments were not supported with evaluation reports, minutes of tender opening, tender notices or adverts and hand over reports from the PMC to the Constituency Committee. There was no evidence to show that 10% retention and 3% withholding tax was deducted from the contract sum paid.

In the circumstances, the authenticity and value for money of the expenditure of Kshs.3,500,000 as at 30 June 2018 could not be ascertained.

### **3. Transfer to Other Government Entities**

#### **3.1. Award of Contracts for Primary School Projects**

Included in the transfer to other government entities balance of Kshs.35,000,000 reflected under note 6 to the financial statements is an expenditure of Kshs.29,900,000 relating to transfers to primary schools. The projects were mainly construction of various primary school classes and construction of administration blocks. However, review of records availed for audit review established that out of the Kshs.29,900,000 transfer to primary schools, expenditure worth Kshs.16,800,000 had the following anomalies noted for several projects:-

- i) Some of the project management committees were not issued with notification of projects approval by the Constituency Development Fund Committee (CDFC) contrary to Section 16(2) of the National Government Constituency Development Fund Regulation, 2016 which states that a CDFC shall upon approval of the proposed projects by the board, inform the relevant institutions and the community of the approval. Further, there were no tender adverts or notices and tender evaluation minutes as well.
- ii) Some of the winning bidders did not fill the standard forms of tender documents such as tender questionnaire and confidential business questionnaire contrary to Section 70 of the Public Procurement and Assets Disposal Act, 2015.
- iii) The original bills of quantities for some of the projects had cancellation and adjustment of figures but were not counter signed by the tenderers.

In view of the foregoing, it has not been possible to ascertain the probity of the expenditure of Kshs.16,800,000.

#### **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.

## Other Matter

### 1. Non-Maintenance of Financial and Accounting Records.

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

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

### 2. Summary of Fixed Asset Register

Annex 4 a summary of fixed asset register attached to the financial statements discloses the value of fixed assets as Kshs.1,995,000.00. However, the asset register availed for audit review revealed a total asset balance of Kshs.1,710,000 resulting to a variance of Kshs.285,000 between the summary of the fixed asset disclosed in annex 4 of the financial statements and the asset register availed for audit scrutiny. In addition, the price cost of four items of ICT equipment's listed in the asset register were not included in the closing balance of assets register.

Consequently, it has not been possible to ascertain the validity, completeness and accuracy of the fixed assets balance of Kshs.1,995,000.

### 3. Budget Performance

#### 3.1. Budget Absorption

Review of summary statement of appropriation: recurrent and development combined revealed that during the year under review, the Fund had a final budget amounting to Kshs.131,311,823. Out of this budget for the financial year under review, an amount of Kshs.44,501,478 was unspent balance for the financial year 2016/2017. Budget utilization on receipts and expenditure are as follows: -

Item	Budget Kshs.	Actual Kshs.	Difference Kshs Kshs.	%
Receipts	131,311,823	43,905,172	87,406,651	66.6%
Expenditure	131,311,823	75,023,951	56,287,872	42.9%

The above analysis reflects actual receipts of Kshs.43,905,172 against budgeted amount of Kshs.131,311,823 resulting in a short fall of Kshs.87,406,651 representing 66.6% of undisbursed funds from the NGCDF Board. Further, the Fund incurred an under expenditure of Kshs.56,287,872 representing 42.9% of the final budget of Kshs.131,311,823.

### 3.2. Under Expenditure on Budget

The Fund recorded an overall 57% under expenditure during the year under review as follows: -

Item	Final Budget Kshs.	Actual Expenditure Kshs.	Under Expenditure Kshs.	% Difference
Compensation of employees	3,755,163	1,120,800	2,634,363	29.8
Use of goods and services	10,259,046	8,249,980	2,009,066	80.0
Transfer to other Government units	75,445,001	35,000,000	40,445,001	36.4
Other grants and transfers	37,170,586	30,653,171	6,517,415	82.0
Other payments	4,682,027	0	4,682,027	100
<b>Total</b>	<b>131,311,823</b>	<b>75,023,951</b>	<b>56,287,872</b>	<b>57</b>

From the analysis above, the Fund realized under expenditure in all five (5) items during the year under review. Failure to fully utilize the budget may lead to vital services being denied by the constituents.

### 3.3. Project Implementation and Management

During the financial year under review, the Fund allocated Kshs.63,294,439 to 45 projects in various sectors including Education, Security, Sport, Environment and others. Analysis as per project implementation status presented for audit review revealed that eight (8) projects were completed, thirty (30) projects were ongoing and seven (7) had not started as analyzed below:-

Sector	Project Status	Project Cost Kshs.	Number of projects
<b>Sports</b>	Complete	1,736,206	3
	Ongoing	0	0
	Not started	0	0
<b>Environment</b>	Complete	0	0
	Ongoing	1,175,000	1
	Not started	561,206	1
<b>Security</b>	Complete	0	0
	Ongoing	3,200,000	2
	Not Started	0	0
<b>Education</b>	Complete	6,800,000	4
	Ongoing	32,350,000	27

<b>Sector</b>	<b>Project Status</b>	<b>Project Cost Kshs.</b>	<b>Number of projects</b>
	Not started	9,795,000	5
<b>Others</b>	Complete	3,000,000	1
	Ongoing	0	0
	Not started	4,677,027	1
<b>Total</b>		<b>63,294,439</b>	<b>45</b>

#### **4. Constituency Oversight Committee**

The Fund had not appointed Constituency Oversight Committee as required by Section 53(1) of the National Government Constituencies Development Fund Act, 2015. Consequently, the Fund was in breach of the law.

#### **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 so as 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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

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

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Fund's 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

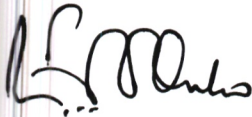
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

**Nairobi**

**26 June 2019**

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

**BANISSA CONSTITUENCY**

**Reports and Financial Statements**

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

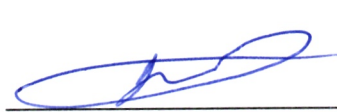
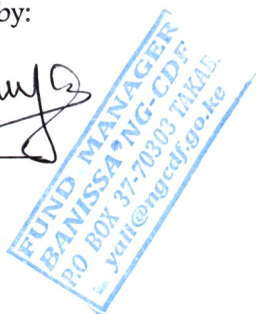
**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	43,905,172	159,234,293
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>43,905,172</b>	<b>159,234,293</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,120,800	1,738,039
Use of goods and services	5	8,249,980	12,164,855
Transfers to Other Government Units	6	35,000,000	86,336,034
Other grants and transfers	7	30,653,171	28,890,670
Acquisition of Assets		-	-
Other Payments		-	-
<b>TOTAL PAYMENTS</b>		<b>75,023,951</b>	<b>129,129,598</b>
<b>SURPLUS/DEFICIT</b>		<b>(31,118,779)</b>	<b>30,104,694</b>

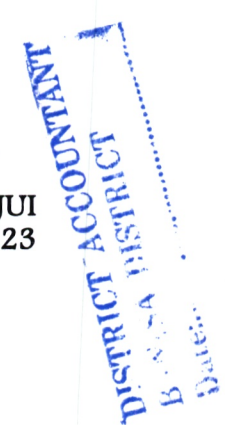
The deficit of Kshs 31,118,779 for the financial year 2017/18 was utilized from previous year balances. The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BANISSA Constituency financial statements were approved on 19<sup>th</sup> February 2019 and signed by:

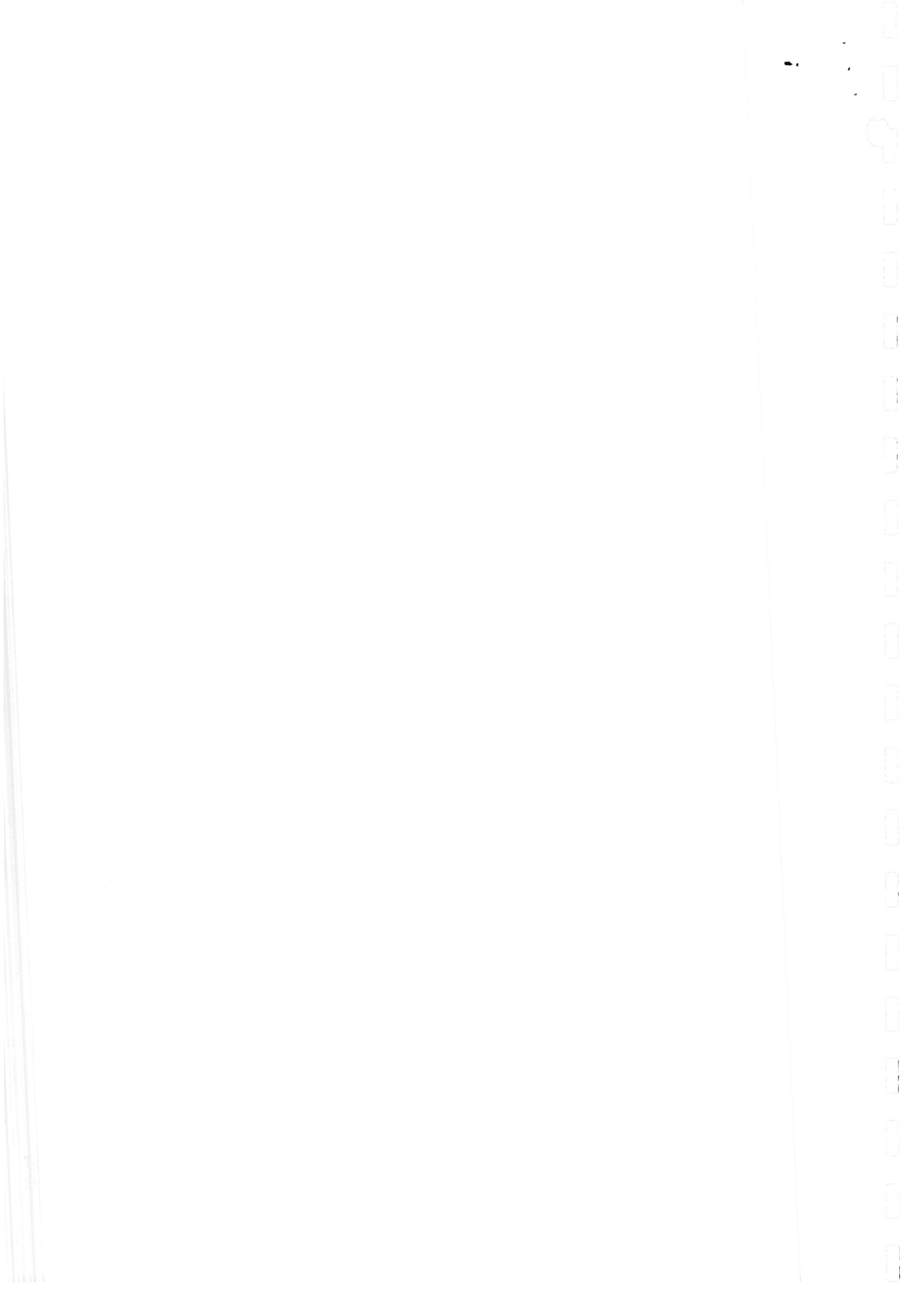


**Fund Account Manager**  
Name: YUSSUF A. ALI



**Sub-County Accountant**  
Name: DICKSON C. KINYANJUI  
ICPAK Member Number: 13823





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

**BANISSA CONSTITUENCY**

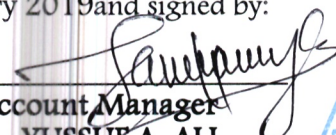

**Reports and Financial Statements**

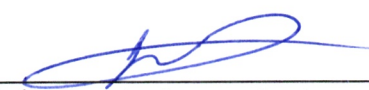

**For the year ended June 30, 2018**

**V. STATEMENT OF ASSETS**

	Note	2017-2018 Kshs	2016-2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8A	803,388	31,922,167
Cash Balances (cash at hand)	8B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>803,388</b>	<b>31,922,167</b>
Current Receivables - Outstanding Imprests	9	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>803,388</b>	<b>31,922,167</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable - Retention	10	-	-
		<b>803,388</b>	<b>31,922,167</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	11	31,922,167	1,817,473
Surplus/Deficit for the year		(31,118,779)	30,104,694
Prior year adjustments	12	-	-
<b>NET LIABILITIES</b>		<b>803,388</b>	<b>31,922,167</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BANISSA Constituency financial statements were approved on 19<sup>th</sup> February 2019 and signed by:

  
**Fund Account Manager**  
 Name: YUSSUF A. ALI  


  
**Sub-County Accountant**  
 Name: DICKSON C. KINYANJUI  
 ICPAK Member Number: 13823  


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

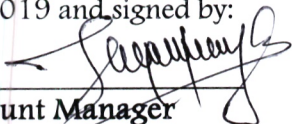
**Reports and Financial Statements**

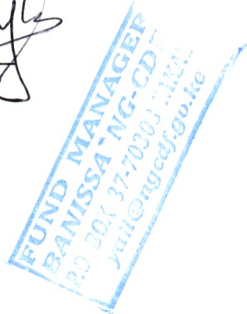
**For the year ended June 30, 2018**

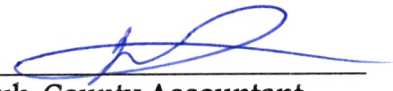
**VI. STATEMENT OF CASHFLOW**

Receipts for operating income		2017-2018	2016-2017
Transfers from CDF Board	1	43,905,172	159,234,293
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,120,800	1,738,039
Use of goods and services	5	8,249,980	12,164,855
Transfers to Other Government Units	6	35,000,000	86,336,034
Other grants and transfers	7	30,653,171	28,890,670
Other Payments		-	-
<b>Total Payment</b>		<b>75,023,951</b>	<b>129,129,598</b>
<b>Adjusted for:</b>			
Adjustments during the year		-	-
<b>Net cash flow from operating activities</b>		<b>(31,118,779)</b>	<b>30,104,694</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets		-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>(31,118,779)</b>	<b>30,104,694</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	11	<b>31,922,167</b>	<b>1,817,473</b>
<b>Cash and cash equivalent at END of the year</b>	8A	<b>803,388</b>	<b>31,922,167</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BANISSA Constituency financial statements were approved on 19<sup>th</sup> February 2019 and signed by:

  
**Fund Account Manager**  
Name: YUSSUF A. ALI



  
**Sub-County Accountant**  
Name: DICKSON C. KINYANJUI  
ICPAK Member Number: 13823

**DISTRICT ACCOUNTANT**  
**BANISSA DISTRICT**  
Date: .....

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

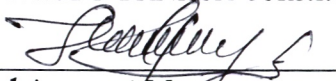
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	44,501,478	131,311,823	75,827,339	55,484,484	58
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
<b>TOTALS</b>	<b>86,810,345</b>	<b>44,501,478</b>	<b>131,311,823</b>	<b>75,827,339</b>	<b>55,484,484</b>	<b>58</b>
<b>PAYMENTS</b>						
Compensation of employees	1,518,500	2,236,663	3,755,163	1,120,800	2,634,363	30
Use of goods and services	9,294,431	964,615	10,259,046	8,249,980	2,009,066	80
Transfers to Other Government Units	39,150,000	36,295,001	75,445,001	35,000,000	40,445,001	46
Other grants and transfers	32,170,387	5,000,200	37,170,586	30,653,171	6,517,415	82
Acquisition of Assets	-	-	-	-	-	-
Other Payments	4,677,027	5,000	4,682,027	-	4,682,027	-
<b>TOTALS</b>	<b>86,810,345</b>	<b>44,501,478</b>	<b>131,311,823</b>	<b>75,023,951</b>	<b>56,287,872</b>	<b>57</b>

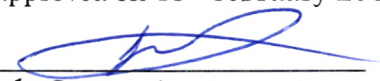
(a) Revenues do not include AIA

(b) The fund could not utilise Kshs 56,287,872 which included an underfunding of Kshs 55,484,484 from NGCDF Board

Compensation of employees, use of goods and services, Transfers to Other Government Units, Other grants and transfers and Other Payments were all underutilized due to the aforementioned under-funding

The NGCDF-BANISSA Constituency financial statements were approved on 19<sup>th</sup> February 2019 and signed by:

  
Fund Account Manager  
Name: YUSSUF A. ALI

  
Sub-County Accountant  
Name: DICKSON C. KINYANJUI  
ICPAK Member Number: 13823

FUND MANAGER  
BANISSA NG-CD  
P.O BOX 37-70303 TAKA  
yali@ngcdf.go.ke

FUND MANAGER  
BANISSA NG-CD

DISTRICT ACCOUNTANT  
BANISSA DISTRICT  
Date:.....



## **VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

### **2. Reporting Entity**

The financial statements are for the NGCDF-BANISSA 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**

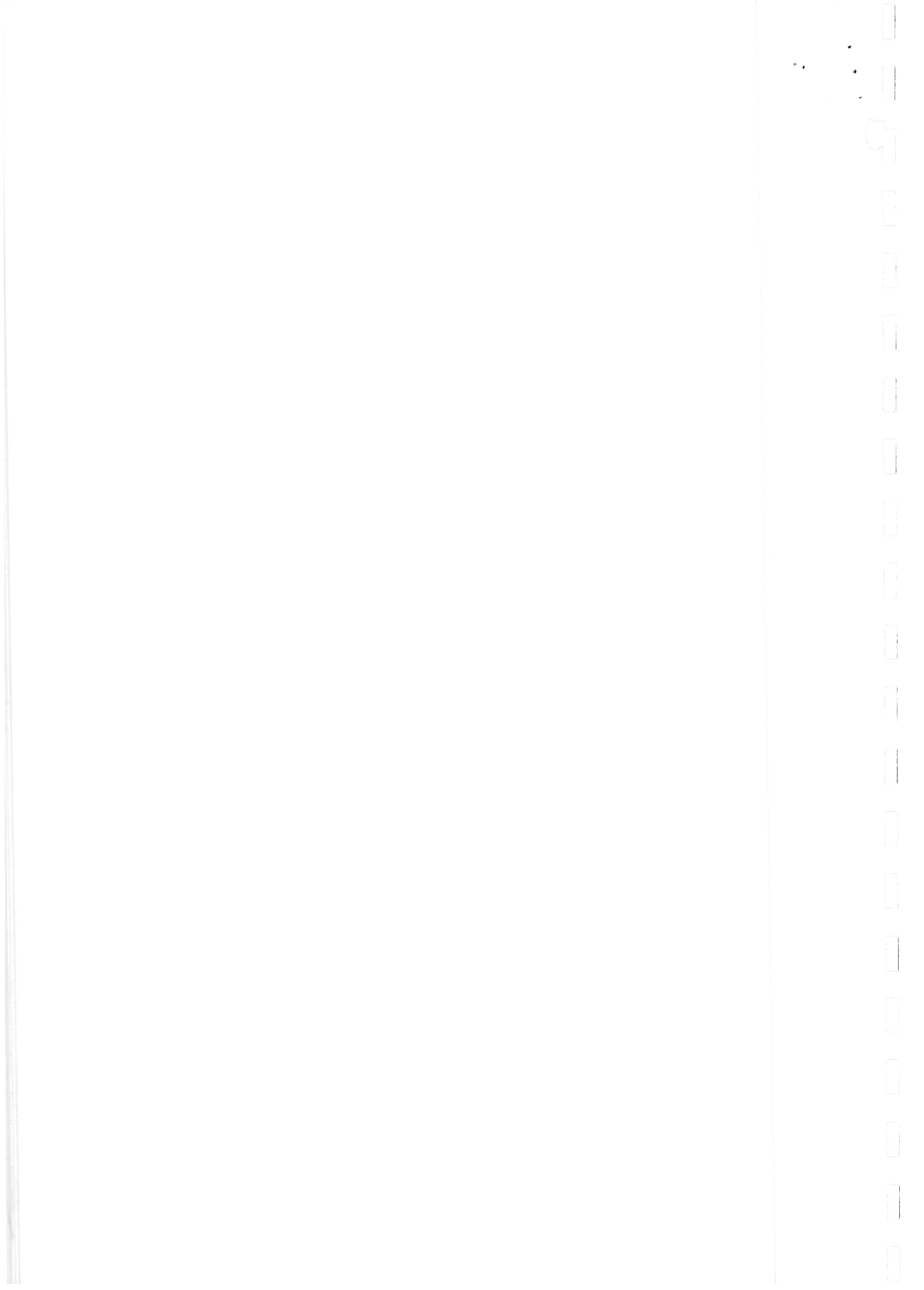
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

#### **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.

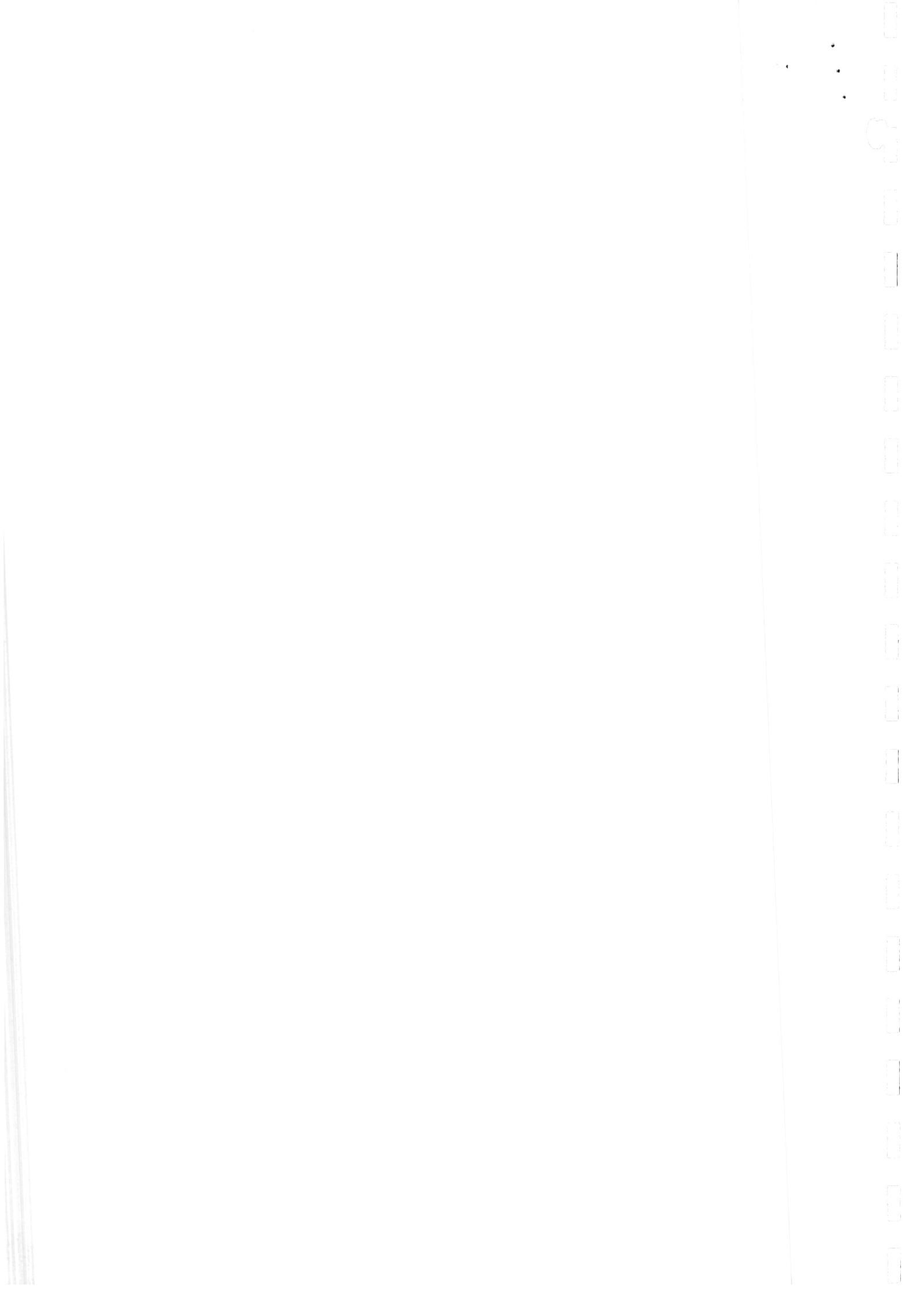
### **Use of Goods and Services**

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.



**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 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.

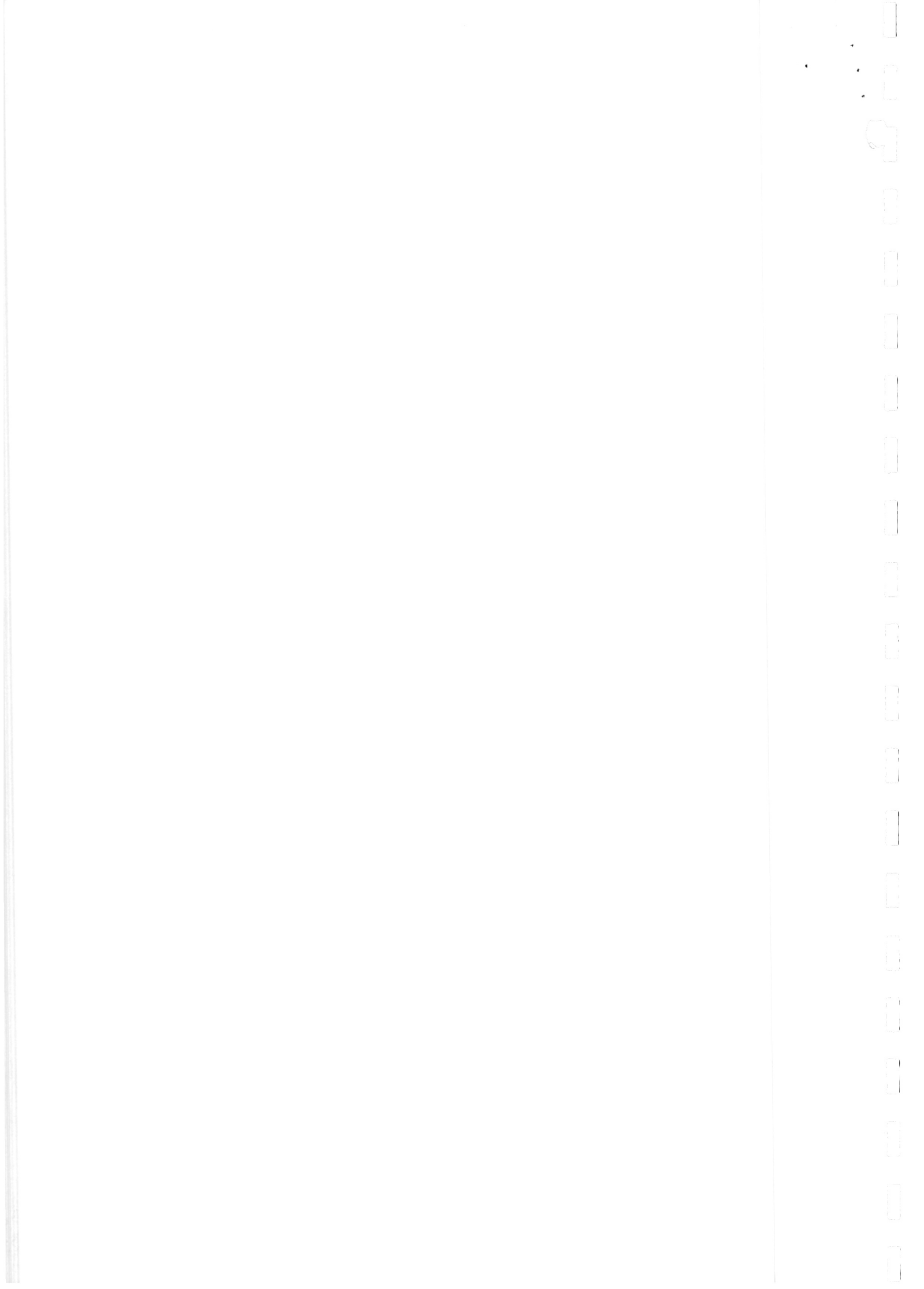
**14. Errors**

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.



IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
Normal Allocation	A825781		75,637,741
	A825696		2,400,000
	A826000		4,094,828
	A839642		36,853,449
	A839662		40,248,275
	A855759	5,500,000	
	A892816	37,905,172	
	A892651	500,000	
Conditional grants	AIE NO...	-	
Receipt from other Constituency	AIE NO...	-	
<b>TOTAL</b>		<b>43,905,172</b>	<b>159,234,293</b>

2. PROCEEDS FROM SALE OF ASSETS

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



*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

Description	2017-2018	2016-2017
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Interest Received	-	-
Other Receipts Not Classified Elsewhere (specify)	-	-
<b>Total</b>	-	-

**4. COMPENSATION OF EMPLOYEES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,110,000	1,688,119
Employer Contribution NSSF	10,800	49,920
Basic wages of casual labour		
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
gratuity		
<b>Total</b>	<b>1,120,800</b>	<b>1,738,039</b>



*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	-	-
Office rent	800,000	790,000
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	1,200,000	1,642,000
Committee Allowance	1,205,920	1,615,000
Other Allowance Expenses	650,000	3,220,000
Hospitality supplies and services	-	-
Insurance costs		
Specialised materials and services		
Office and general supplies and services	644,060	3,947,855
Fuel ,oil & lubricants		
Other operating expenses	3,750,000	950,000
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets	-	-
<b>Total</b>	<b>8,249,980</b>	<b>12,164,855</b>



6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to primary schools	29,900,000	55,946,034
Transfers to secondary schools	5,100,000	30,390,000
Transfers to Tertiary institutions		
Transfers to Health institutions		
<b>TOTAL</b>	<b>35,000,000</b>	<b>86,336,034</b>

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017-2018	2016-2017
	Kshs	Kshs
Bursary -Secondary	4,924,500	5,486,000
Bursary -Tertiary	15,623,500	8,999,440
Bursary-Special schools		
Mocks & CAT		
water		
Agriculture (food security)		
Electricity projects		
Security	3,500,000	1,700,000
Roads	-	1,900,000
Sports	1,736,206	3,042,755
Environmental Projects	-	700,000
Emergency Projects (specify)	4,868,965	7,062,475
<b>Total</b>	<b>30,653,171</b>	<b>28,890,670</b>



*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency		2017-2018	2016-2017
	Account Number	Kshs (30/6/2018)	Kshs (30/6/2017)
Equity Bank Mandera Branch A/C	1000261939394	803,388	31,922,167
<b>Total</b>		<b>803,388</b>	<b>31,922,167</b>

**8B: CASH IN HAND)**

		2017-2018	2016-2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9: OUTSTANDING IMPRESTS**

<b>Name of Officer</b>		<b>Amount Taken</b>	<b>Amount Surrendered</b>	<b>Balance (30/6/2016)</b>
	<b>Date imprest taken</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
			-	-

**10. RETENTION**

<b>Name of Company</b>			
	-	-	-

**11. BALANCES BROUGHT FORWARD**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs (1/7/2017)</b>	<b>Kshs (1/7/2016)</b>
Bank accounts	31,922,167	1,817,473
Cash in hand	-	
Imprest		-
<b>Total</b>	<b>31,922,167</b>	<b>1,817,473</b>

12. PRIOR YEAR ADJUSTMENTS

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

13. OTHER IMPORTANT DISCLOSURES

13.1: PENDING ACCOUNTS PAYABLE

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

13.2: PENDING STAFF PAYABLES

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	-	-
<b>TOTAL</b>	-	-

13.3: UNUTILIZED FUNDS (See Annex 1)

	Kshs	Kshs
Compensation of employees	2,634,363	2,136,663
Use of goods and services	2,009,066	49,270
Amounts due to other Government entities (see attached list)	40,445,001	25,500,001.00
Amounts due to other grants and other transfers (see attached list)	6,517,415	4,431,234.00
Acquisition of assets	-	-
Others (specify)	4,682,027	1,005,000.00
<b>TOTAL</b>	<b>56,287,872</b>	<b>33,122,168</b>



13.4: PMC account balances (See Annex 2)

	2017-2018	2016-2017
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances	13,017	1,220
	<b>13,017</b>	<b>1,220</b>



**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)****Reports and Financial Statements****For the year ended June 30, 2014 (Kshs'000)****ANNEX 1 – UNUTILIZED FUNDS**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Outstanding Balance 2017/18</b>	<b>Outstanding Balance 2016/17</b>	<b>Comments</b>
<b>Compensation of employees</b>	NG-CDFC staffs salaries	2,634,363	2,136,663	
<b>Use of goods &amp; services</b>	Committee sitting allowances, travel and subsistence and other general office administrations	2,009,066	49,270	
<b>Amounts due to other Government entities</b>			-	
Noordin Integrated Primary School	Construction of 2no Classrooms and a set of Twin Toilet.		1,900,000	
Malkaroqa Primary School	Construction of an Administration Block.		1,700,000	
Qordobo Shaba Primary School	Construction of 2no. Classrooms		1,600,000	
Achini Primary School	Construction of 2no. Classrooms		1,600,000	
Arda Agarsu Primary School	Construction of 2no. Classrooms		1,600,000	
Muradelo primary School	Construction of 2no. Classrooms		1,600,000	
Qalim Primary School	Construction of 2no. Classrooms		1,600,000	
Sukela Suga Primary School	Construction of 2no. Classrooms		1,600,000	
Khatisa Primary School	Construction of 2no. Classrooms		1,600,000	
Sigirso Primary School	Construction of 3no. Classrooms at ksh(2,400,000) and asset of twin Toilet at ksh(300,000)		2,700,000	
Domal Primary School	Construction of 1no. Classroom		800,000	
Ameyi Primary School	Construction of 1no Classroom		800,000	
Marille Primary School	Construction of 1no Classroom		800,000	
Tarama Primary School	Renovation of 4no Classrooms		1,400,000	
Chiracha Primary School	Construction of an Administration Block.		1,700,000	
Yattani Primary School	Construction of two sets of Twin Toilets.		600,000	
Malkamri Secondary School	Construction of 2no Classrooms		1,600,000	
Wayam Secondary School	Construction of a set of twin Toilet.		300,000	
Health Vote book Balance	Votebook Balance		1	
Health Vote book Balance	Votebook Balance	1	-	
Chief haji primary School	Construction of 1no. Classroom	850,000	-	



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

**Reports and Financial Statements**

**For the year ended June 30, 2017 (Kshs'000)**

Yattani primary	Construction of 1no. Classroom	850,000	-	
Merile primary	Construction of 1no. Classroom	850,000	-	
Chiracha primary	Renovations to 4 classrooms	800,000	-	
Diribor Primary	Construction of 2 classrooms (1,700,000) and Twin Toilets (300,000)	2,000,000	-	
Tarama primary	Construction of Administration block	1,600,000	-	
kukub primary	Construction of 1 No classroom	850,000	-	
Burashum primary	Construction of 1No classroom	850,000	-	
Qoljo Primary	Construction of 1 Number Water Tank	1,500,000	-	
Funan Teso Primary	Construction of 2 No classrooms	1,700,000	-	
Karari Dertu Primary	Construction of 1 No classroom	850,000		
Khotkhot Primary	Construction of 1no. Classroom	850,000		
Umur Primary	Construction of 2no. Classrooms	1,700,000		
Orqoqle Primary	Construction of 1no. Classroom	850,000		
Aemey Primary	Construction of 1no. Classroom	850,000		
Dakarbor Primary	Construction of 1no. Classroom	850,000		
Moratelo Primary	Construction of 1no. Classroom	850,000		
Tarbei Primary	Construction of 1no. Classroom	850,000		
Qotqot Primary	Construction of 1no. Classroom	850,000		
Hulow Primary	Renovations to 1 No. dormitory	1,000,000		
Farjan Primary	Construction of 1no. Classroom	850,000		



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

**Reports and Financial Statements**

**For the year ended June 30, 2017 (Kshs'000)**

Malkaruqa Primary	Construction of 1no. Classroom	850,000		
Doomal Primary	Construction of 2no. Classrooms	1,700,000		
Banisa Girls Secondary	Construction of 2no classrooms	1,700,000		
Wayam Secondary	Renovations to 1 No. laboratory	2,500,000		
Guba Secondary	Construction of 2no. Classrooms	1,700,000		
Tarama primary School	Additional Funds for Construction of Administration Block (Staff Room And Deputy Head teacher's Office)	1,900,000		
Eymole Primary	Mattresses	301,000		
Kiliwehiri Primary	Mattresses	294,000		
Banisa Girls secondary	Construction of Twin Toilets	300,000		
Kiliwehiri Secondary	Purchase and Delivery of the following Science Laboratory Equipments	1,400,000		
Malakamari Secondary	Purchase and Delivery of the following Science Laboratory Equipments	1,400,000		
Wayam Secondary	Purchase and Delivery of the following Science Laboratory Equipments	1,400,000		
Banisa Girls Secondary	Purchase and Delivery of the following Science Laboratory Equipments	1,400,000		
Banisa Mixed Day Sec	Purchase and Delivery of the following Science Laboratory Equipments	1,400,000		
<b>Sub-Total</b>		<b>40,445,001</b>	<b>25,500,001</b>	
<b>Amounts due to other grants and other transfers</b>				
<b>Emergency</b>	To cater for any unforeseen occurrences in the constituency during the financial year		231,234	
Sport Equipment's for Banisa Youth Sport Association.	Purchase and Distribution of Sport Equipment for Banisa Youth Sport Association		700,000	



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

**Reports and Financial Statements**

**For the year ended June 30, 2017 (Kshs'000)**

Kiliwehiri Administration Police Camp	Construction of 3no Housing Units for Residential Purpose.		1,500,000	
Banisa Administration Police Camp	Construction of 4no Housing Units for Residential Purpose.		2,000,000	
<b>Emergency</b>	To cater for any unforeseen occurrences in the constituency during the financial year	231,235		
Sport Equipment's for Banisa Youth Sport Association.	Purchase and Distribution of Sport Equipment for Banisa Youth Sport Association	700,000		
Kiliwehiri DCC Office	Construction of Administration offices for Kiliwehiri Deputy County Commissioner's Office	1,700,000		
Choroqo AP Station	Construction of 1 No. water tank for Choroqo Administration Police Station	1,500,000		
Emergency Reserve	Supporting of urgent, unforeseen need for expenditure.	268,966		
Emergency Reserve	Supporting of urgent, unforeseen need for expenditure.	1		
Bursary Secondary School	Provision of bursary awards to needy students in secondary education institutions.	381,009		
Institutions	Dustbins	1,175,000		
Bansia Primary School	Purchase, Planting watering and fencing of Trees at Takaba Primary School	561,206		
<b>Sub-Total</b>		<b>6,517,416</b>	<b>4,431,234</b>	
<b>Others (specify)</b>				
Kenao Audit Fees(2014/2015fy)	Amount to be reallocated to other projects		500,000	
Kenao Audit Fees(2015/2016FY)	Amount to be resubmitted to other projects		500,000	
Other Payment Balance(2013/14fy)	Balance on the allocation of office furniture 2013/14fy		5,000	
Other Payment Balance(2013/14fy)	Balance on the allocation of office furniture 2013/14fy	5,000		
Constituency Innovation Hubs	Establishment of (4) CIH in partnership with Ministry of ICT through Telkom Kenya in Banisa, kiliwehiri, Guba, Derkale wards.	4,677,027		
<b>Sub-Total</b>		<b>4,682,027</b>	<b>1,005,000</b>	
<b>Grand Total</b>		<b>56,287,872</b>	<b>33,122,168</b>	



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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
TARBEY PRIMARY SCHOOL PMC	Equity	,1000168061251	-	100
GUBA PRIMARY SCHOOL PMC	Equity	,1000269218905	-	0
HULLOW PRIMARY SCHOOL PMC	Equity	,1000167978549	-	0
BIRKAN PRIMARY SCHOOL PMC	Equity	,1000169195585	-	0
EYMOLE PRIMARY SCHOOL PMC	Equity	,1000264029237	-	1,120
DOMAL PRIMARY SCHOOL	Equity	1020162628797	1,565	-
MARILLE PRIMARY SCHOOL	Equity	1020163305584	1,230	-
TARAMA PRIMARY SCHOOL	Equity	1000163823927	1,207	-
MALKAMARI SECONDARY	Equity	1000269270979	2,447	-
WAYAM SECONDARY SCHOOL	Equity	1000264028052	2,410	-
TARBEY PRIMARY SCHOOL	Equity	1000168061251	360	-
HAJI MOHAMED GIRA PRIMARY	Equity	1020163288781	84	-
BANISA PRIMARY SCHOOL	Equity	1020162592210	3,714	-
<b>Total</b>			<b>13,017</b>	<b>1,220</b>

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

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings	1,179,000.00	-	-	1,179,000.00
ICT Equipment, Software and Other ICT Assets	816,000.00	-	-	816,000.00
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>1,995,000.00</b>	<b>-</b>	<b>-</b>	<b>1,995,000.00</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
BANISSA CONSTITUENCY**

**Reports and Financial Statements**

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

**ANNEX 4 – 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 ( <i>Name and designation</i> )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Paragraph 1.0	<p><b>4.1 <u>Cash and Cash Equivalent</u></b> The National Government Constituency Development Fund - Banisa maintained one bank account No. A/C 100026939394 with Equity Bank with a bank balance of Ksh.31,922,167.43 as at 30 June, 2017. The balance was supported by certificate of bank balances, cash book, bank statement and bank reconciliation statement. However, a review of the bank reconciliation statement for the month of June 2017 revealed stale cheques amounting to Kshs.564,500 reflected as payments in Cash Book not yet recorded in the Bank Statement (Unrepresented Cheques). Some of the cheques which were paid to various learning institutions being payment of bursaries to needy students and Kenya Revenue</p>	<p>The stale cheques of Kshs 564,500 were payments to various institutions of learning and statutory bodies. However the institutions delayed in presenting the cheques on time to be honoured by the Drawee bank. We have since replaced some of the stale cheques and credited back to the cash book as shown in the attached cash book extract and NG CDFC Minutes. We have however discussed that in subsequent financial year the Fund will use efficient way to address the issue of unrepresented cheques</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>April 2018</p>



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

	Authority were continued reflected as unpresented cheques. It was not clear why the cash book had not been updated.				
Paragraph 2.0	<p><b>4.2 <u>Award of Contracts for Primary School Projects</u></b></p> <p>Examination of payment vouchers and other records relating to procurement of projects revealed that an amount of Kshs.12,500,000 transferred as grants for primary school projects had he following anomalies;                  No contract agreement created as form of agreement was not executed by both parties in the contract against section 235 (2) of the Public Procurement and Asset Disposal Act, 2015 which requires accounting officers to enter into a written contract with the persons submitting the successful tenders                  There was no evidence availed to show that Certificate of practical completion was not availed for audit review.                  No evidence to show that money for defects was retained.                  Bill of quantities were not signed by the tender committee on one or more pages as</p>	<p>The NG CDF Act,2015 section 36(1) provides for the implementation of the Projects through Project Management Committees at the Constituency level                  Notification of grants are sent out to PMCs once projects are approved and funds released which contain detailed instructions on how the PMCs should conduct the procurement based on the applicable Procurement laws in place. However, the PMCs lack the capacity to properly document all procurement procedures.                  The fund has since identified the need to capacity build all PMCs.                  Tender opening register form, contract agreement, practical completion certificates and delivery notes were in the files maintained by the PMCs and are now made available for audit verification                  Notification of Grant is sent out to the PMCs detailing the guidelines to be used in procuring the project</p>	NG-CDF Fund Account Manager	Not Resolved	July 2018



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

<p>required by the public procurement and disposal Act, 2015                  Some projects were not labeled as at time of audit verification. It was therefore not possible to confirm whether the projects relate to the financial year under review or implemented by another entity. The NGCDF procured and supplied office furniture to six primary schools within the constituency at a cost of Kshs.3,000,000. The items were procured through Quotations. The Quotations were however opened by only one person, the Secretary to the Project Management Committee an indication that there was no competitive procurement procedures. A visit to some of the schools revealed the furniture was supplied and in use. However, there were no signed distribution lists or delivery notes showing the recipient of the furniture. It was also noted that the furniture was not labeled to show the name of the NGCDF and the Financial Year the items were procured. It was therefore not possible to confirm whether the project</p>				
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
BANISSA CONSTITUENCY**

**Reports and Financial Statements**

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

	related to the Financial Year or the items were supplied by other entities				
Paragraph 3.0	<p><b><u>4.3 Award of Contracts for Secondary School Projects</u></b></p> <p>A review of the project files revealed that they lacked vital documents such as evaluation reports, certificate of practical completions, inspection and acceptance committee reports and contract agreement signed between the PMC and the contractors. There was no tender opening register maintained by the Project management committees to show that they actually sat and deliberated on the said procurements. Tender notices did not set the criteria to be used in the evaluation of the tenders</p> <p>The original Bills of Quantities for some of the projects were not made available for audit review. It was also noted that Confidential Business Questionnaires were not properly filled as required by the procurement Laws.</p>	<p>The NG CDF Act,2015 section 36(1) provides for the implementation of the Projects through Project Management Committees at the Constituency level. Notification of grants are sent out to PMCs once projects are approved and funds released which contain detailed instructions on how the PMCs should conduct the procurement based on the applicable Procurement laws in place. However, the PMCs lack the capacity to properly document all procurement procedures. The fund has since identified the need to capacity build all PMCs.</p> <p>-Tender analysis was done and that the evaluation minutes with criteria was indeed used as the basis for recommending the successful bidder</p> <p>-Tender opening register form, contract agreement, practical completion certificates and Original Bill of Quantities were in the files maintained by the PMCs and are now made available for audit verification</p> <p>-Inspection and acceptance committee was constituted as per PPDA 2015 section 48 and the committee verified the works as having being satisfactorily been completed</p> <p>-Notification of Grant is sent out to the PMCs detailing</p>	NG-CDF Fund Account Manager	Not Resolved	July 2018



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
BANISSA CONSTITUENCY**

**Reports and Financial Statements**

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

		the guidelines to be used in procuring the project			
Paragraph 4.0	<p><b><u>4.4 Unaccounted For Monitoring And Evaluation</u></b> Lists of projects visited during the monitoring and evaluation exercise and the progress reports on the status of the projects visited were not produced for audit scrutiny. Temporary work tickets, contract agreements, copies of the log books, insurance covers and drivers driving licenses for the vehicles purported to have been hired for the exercise were not attached to the payment vouchers or made available for audit review</p>	Lists of projects visited during the monitoring and evaluation exercise, progress reports on the status of the projects visited, Temporary work tickets, contract agreements, copies of the log books, insurance covers and drivers driving licenses for the vehicles hired were in the Monitoring & Evaluation file at the time of the audit and are now made available for audit review	NG-CDF Fund Account Manager	Not Resolved	July 2018
Paragraph 5.0	<p><b><u>4.5 Unaccounted For Bursary Expenses</u></b> However, examination of payment vouchers and its supporting documents revealed that an amount of Kshs.2,885,440 disbursed to various institutions has not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions Further, cheque dispatch register was not maintained to record the cheques that were issued out, It was</p>	The cheques attached with covering letter and beneficiaries list is physically delivered to the Institutions however, some of the Institutions delay in acknowledging the cheque payments as they wait the funds to be credited into their account. The fund managed to get official receipts/acknowledgement for some of the amounts being queried and we are making efforts to ensure all receipts of funds are fully accounted for by the recipient institutions in the future. Further cheques are physically delivered to different Institutions across	NG-CDF Fund Account Manager	Not Resolved	July 2018

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

	<p>also noted that the payment schedules did not indicate the level of studies for the beneficiaries and the minutes of the bursary vetting committee were neither attached to the payment vouchers nor availed for audit review.</p>	<p>the Republic and Institutions acknowledge receipt by way of Issuing official fees receipt/or stamp the copy of the cheque and the beneficiary list hence acts as dispatch record. It's a requirement that all applicants indicate their names, institution, level of study and registration number in the application form. All payment schedules indicate names of the bursary beneficiaries and sometimes due to regular updating of the list, the payment schedule may have one or two beneficiaries with level of studies missing Vetting of the beneficiaries is done by the NG CDFC and minutes are maintained as proof of vetting done</p>			
<p>Paragraph 6.0</p>	<p><b><u>4.6 Appointment of the Constituency Oversight Committee</u></b> It was observed that constituency oversight committee was not appointed as at the time of audit</p>	<p>The fund has initiated the process of complying with the National Government Constituency Development Act, 2015 and it is Regulation, 2016 by writing to the Area Member of Parliament on the requirement of the Law by appointing constituency oversight committees.</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>July 2018</p>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BANISSA CONSTITUENCY**

**Reports and Financial Statements**

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

<p>Paragraph 7.0</p>	<p><b><u>4.7 on-Maintenance of financial and accounting records for PMCs</u></b> Records of the bank accounts held by the various project Management committees were not maintained by National Government Development Fund – Bainsa. No PMC’s Bank Statements and cash books were maintained subsequently no reconciliations were carried out for the PMCs accounts</p>	<p>The accounting records were not maintained due to lack of capacity by the PMCs in the Constituency. However PMCs have been advised to maintain records of all projects implemented such as bank statements, cash books and reconciliations</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>July 2018</p>
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
BANISSA CONSTITUENCY**

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

<p>Paragraph 8.0</p>	<p><b>4.8 Budget Control and Performance</b> Out of the Kshs.155,128,695.09 budgeted for the financial year under review, an amount of Kshs.72,732,143.37 was unspent balance from the financial year 2015/2016. The above analysis reflects actual receipts of Kshs.161,051,765 against budgeted amount of Kshs.161,751,765 resulting in a short fall of Kshs.700,000 or 0.5% of funds budgeted for the year. Further, the National Government Constituency Development Fund - Banisa incurred an under expenditure of Kshs.129,129,599 resulting to under expenditure of Kshs.32,622,166 or 20% of the approved budget.</p>	<p>The delay in disbursement of all budgeted funds from the board made the fund unable to meet its expenditure needs fully. We have since brought the same to the attention of the Board to ensure release of all budgeted funds to realize implementation of projects for the benefit of the constituents</p>	<p>NG-CDF Fund Account Manager</p>	<p>Not Resolved</p>	<p>July 2018</p>
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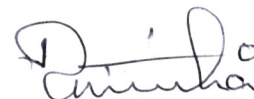
Prepared by:



**YUSUF A. ALI  
FUND ACCOUNT MANAGER  
BANISSA NG-CDF**

FUND MANAGER  
BANISSA NG-CDF  
P.O BOX 37-70303 TAKABA  
E- mail@ngcdf.go.ke

Confirmed by:



**AHAMED WETHOW  
CHAIRPERSON  
BANISSA NG-CDF**

CHAIRMAN  
BANISSA NG-CDF  
P.O BOX 37 70303  
TAKABA

19/2/2019

