


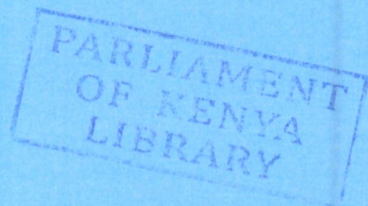
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	24 JUL 2019
	DAY: Wednesday
TABLED BY:	Hon. Aden Duale MP
CHECKED BY:	Hadiya Abame



REPORT

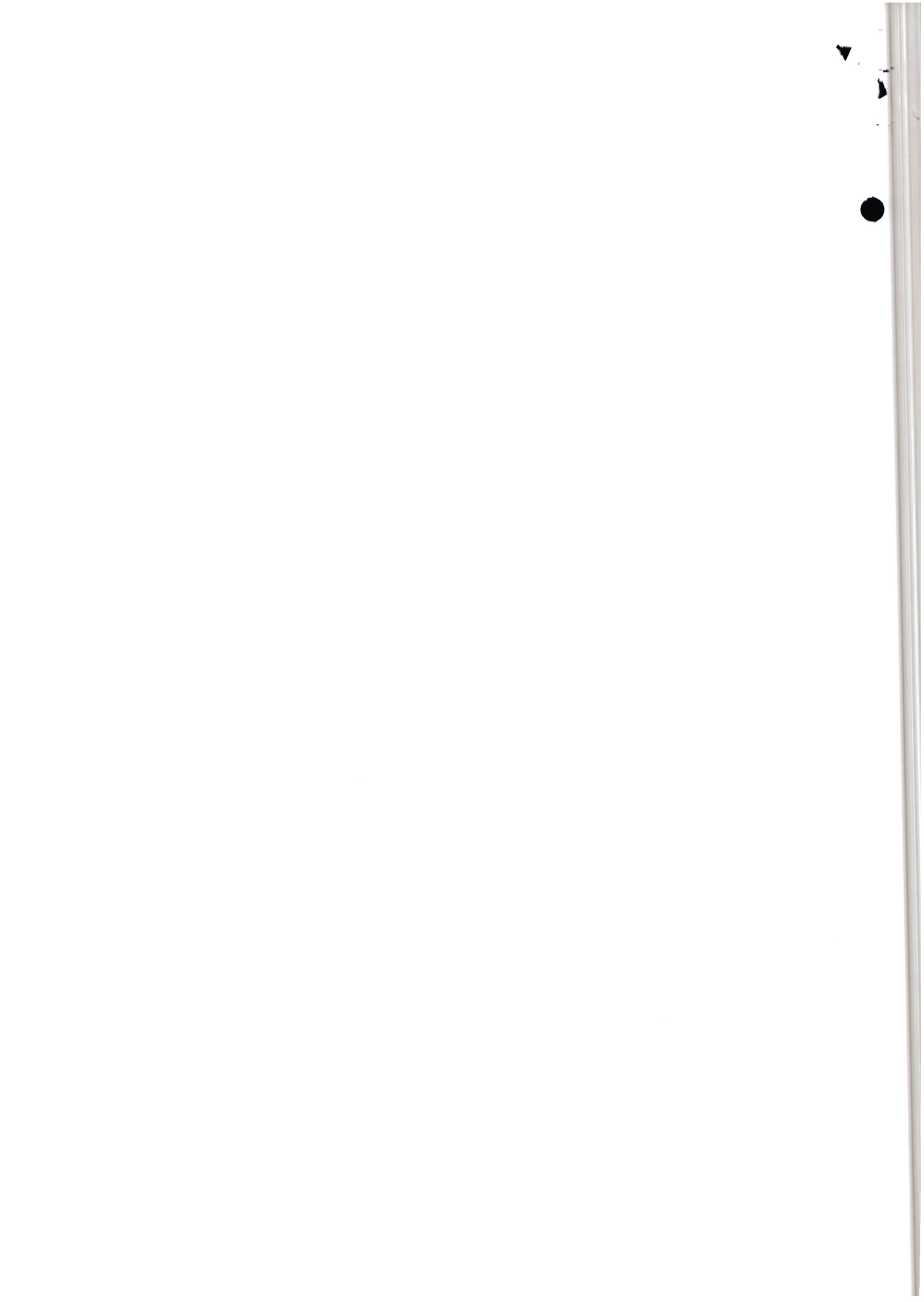
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
TURKANA SOUTH CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
TURKANA SOUTH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

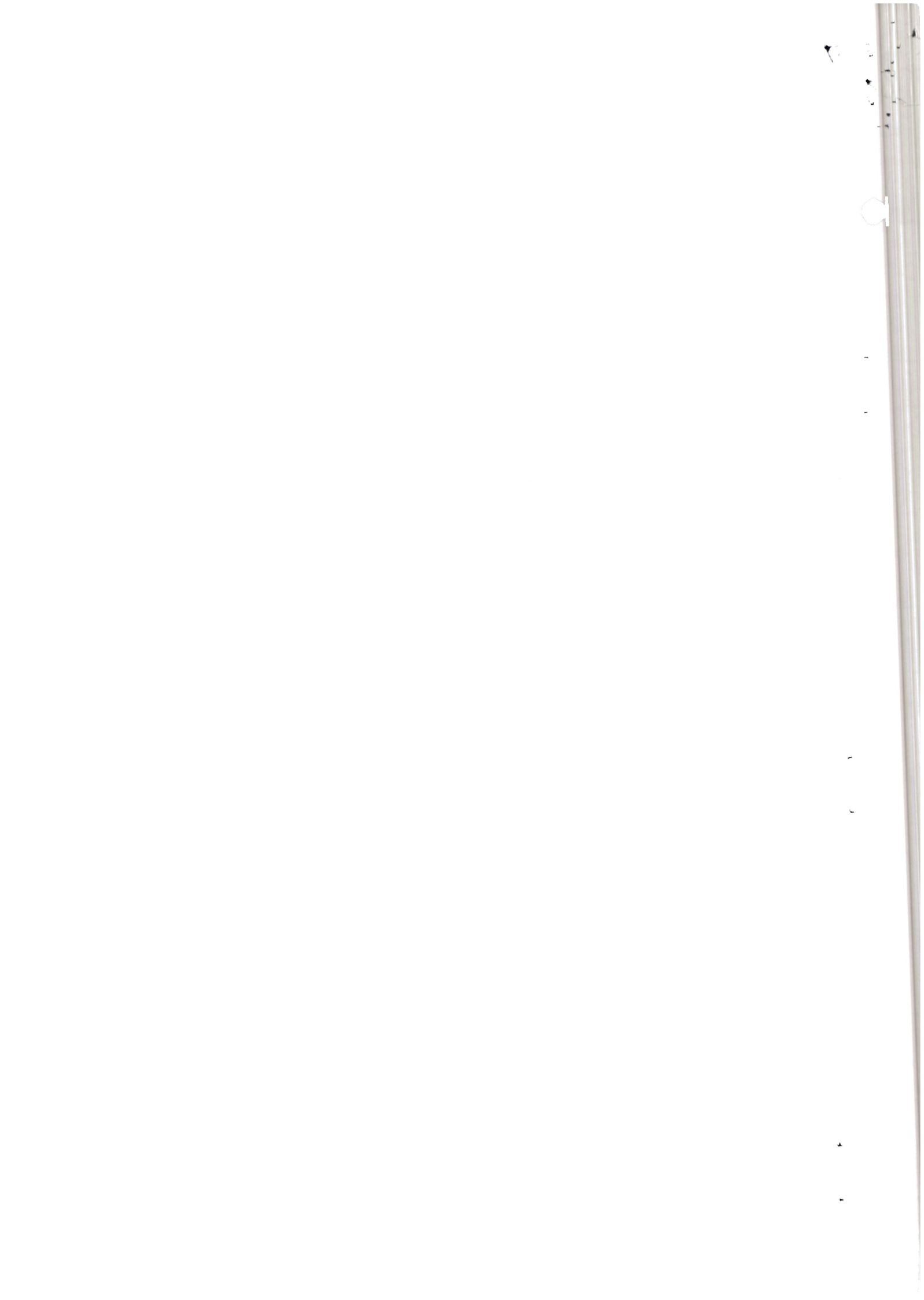


Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

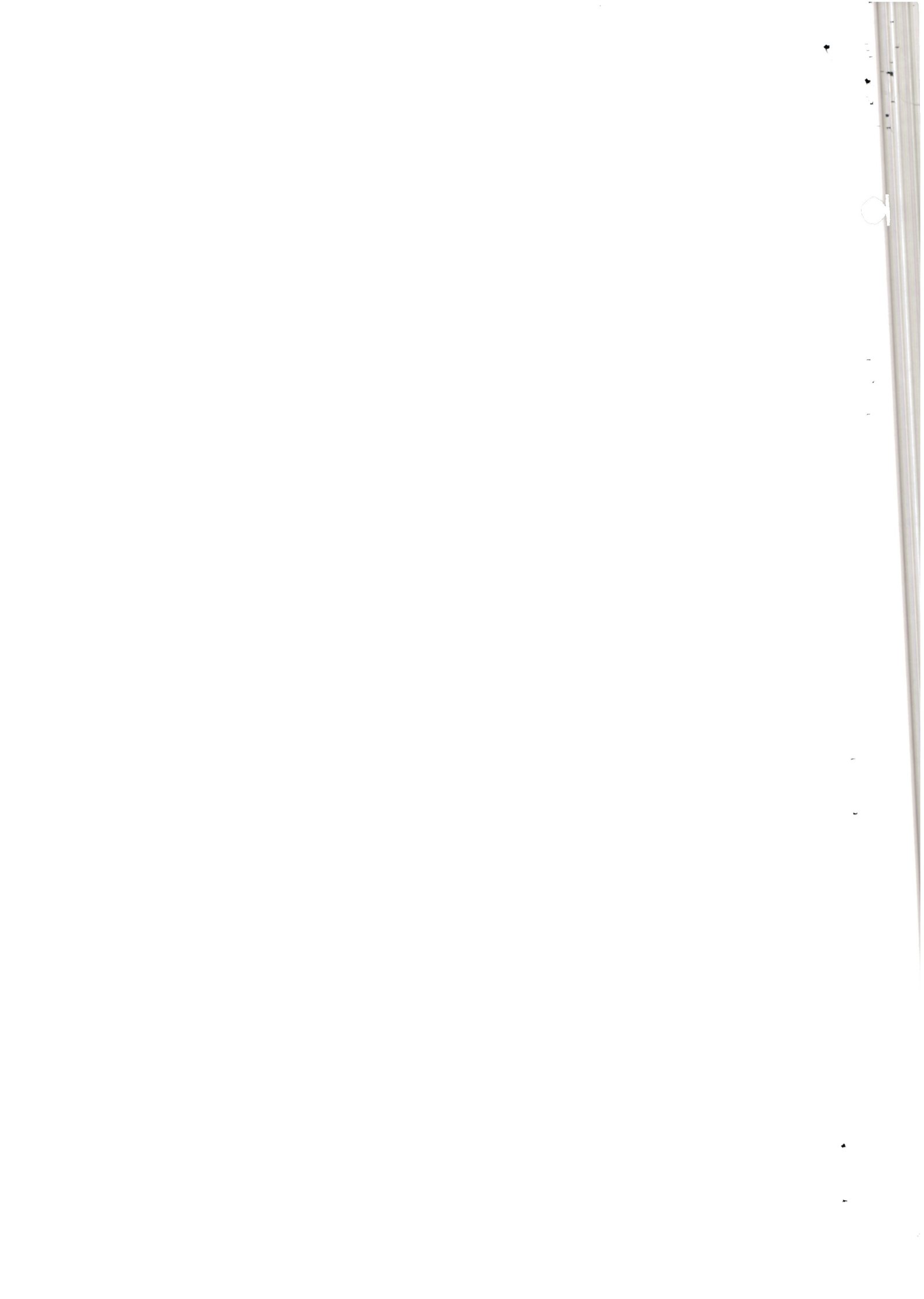
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

Core Values

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

(b) Key Management

The NGCDF Turkana South 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:

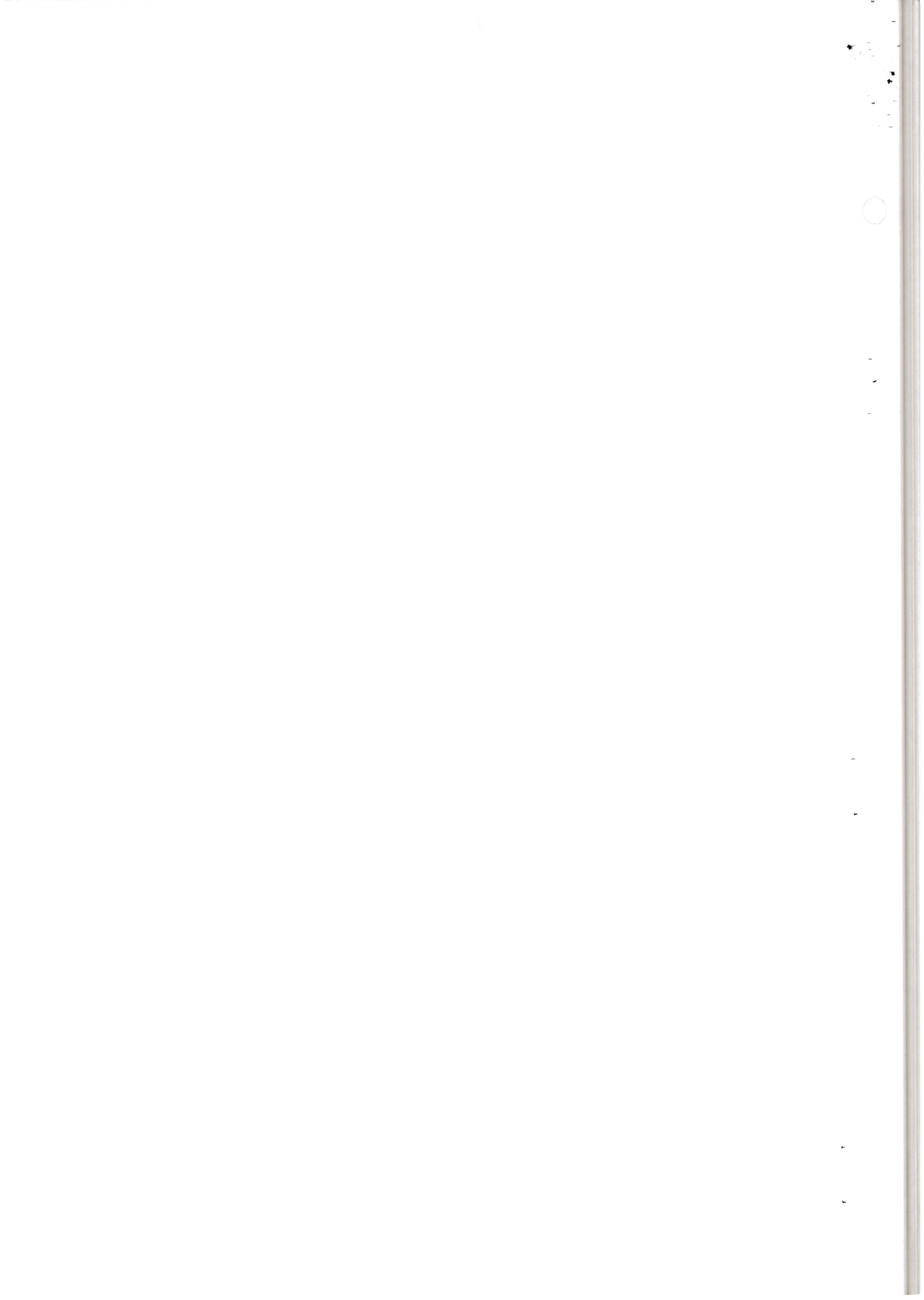
No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Locheria Nyikal Basil
3.	Sub-County Accountant	Benjamin Muchina
4.	Chairman NGCDFC	Rev. Peter Emeri Lodio

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Turkana South 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 Turkana South Constituency Headquarters

Turkana South NGCDFC Offices located next to DCC Offices Lokichar
NEXT to KPLC Power Station
P.O. Box 267 – 30500, Lodwar



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018.

(f) NGCDF Turkana South Constituency Contacts

Telephone: (254) 0724 028813, 0770 072 945

E-mail: ngcdfturkanasouth@ngcdf.go.ke

Website: www.ngcdf.go.ke

(g) NGCDF Turkana South Constituency Bankers

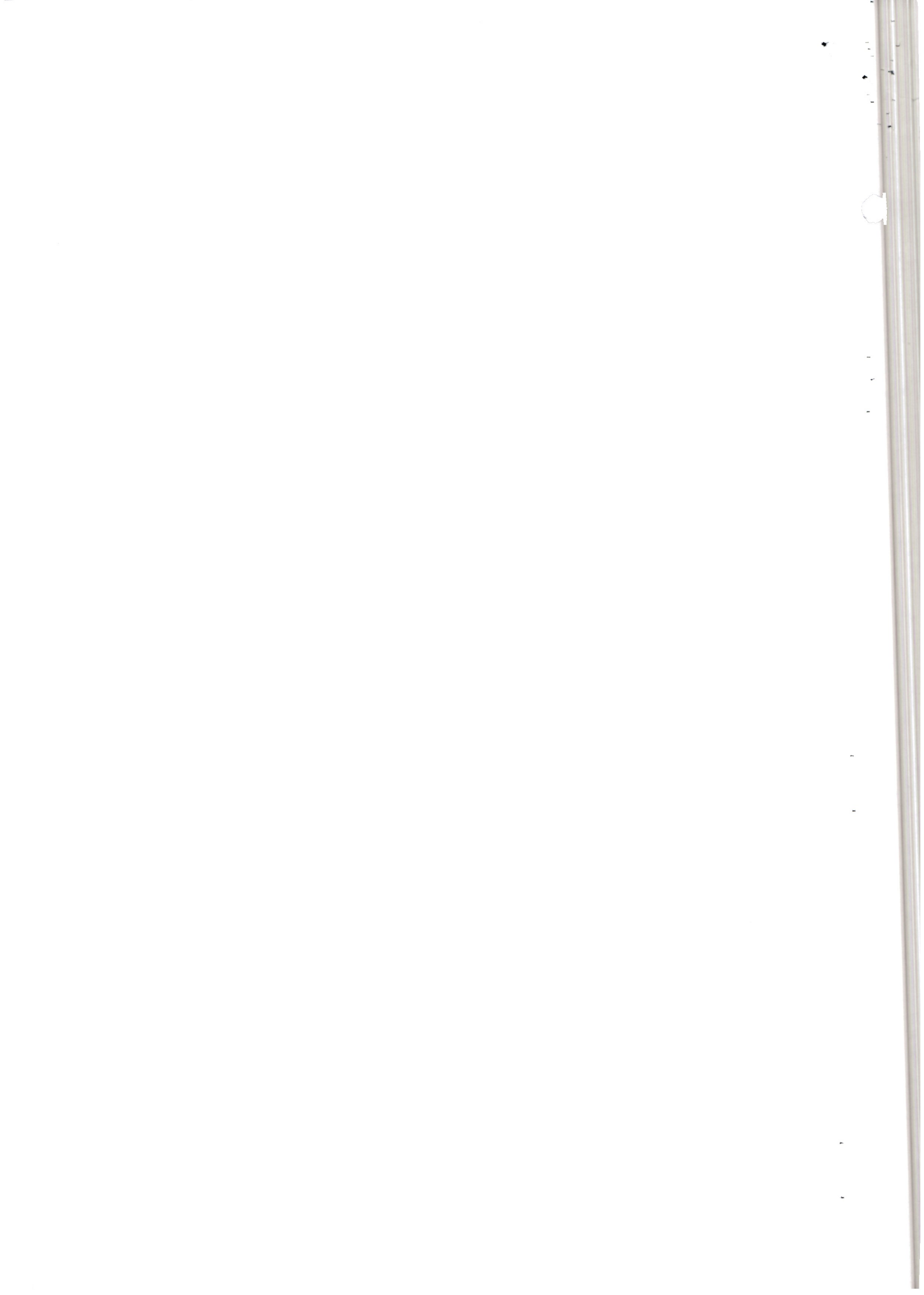
1. Kenya Commercial Bank
Lodwar Branch,
Account No: 114 665 4162

(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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA SOUTH CONSTITUENCY

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

This is a true reflection of Turkana South NGCDFs budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures within the Constituency which is evident from the Transfers to Other Government entities and Other Grants and transfers.

During the 2017/2018 FY, Turkana South NGCDF was allocated KES 86,810,344.83. There was an addition allocation of KES 11,379,310.34 which was added after the end of the FY

The total funds received and spent during the 2017/2018 FY was KES 83,353,447.10.

The budget performance was as follows;

▪ Compensation of employees	-	KES	2,612,538
▪ Use of goods and services	-	KES	5,351,658
▪ Transfers to other government units	-	KES	44,277,138
▪ Other grants and transfers	-	KES	21,652,038
▪ Acquisition of Assets	-	KES	2,047,486

Key achievements for the NGCDF,

1. Timely absorption of the funds as we release the funds to the PMC immediately we receive them.
2. Completion of the projects on time.
3. Proper management of the projects by the PMCs
4. Good quality projects
5. Emergency projects that have a great impact on the population,

Challenges

1. Late or delayed release of funds from the treasury and the NGCDF
2. Delayed approval of the projects by the CDF BOARD for the case of projects that needed any other supporting documents from the constituency.
3. Late approval of projects and reallocations

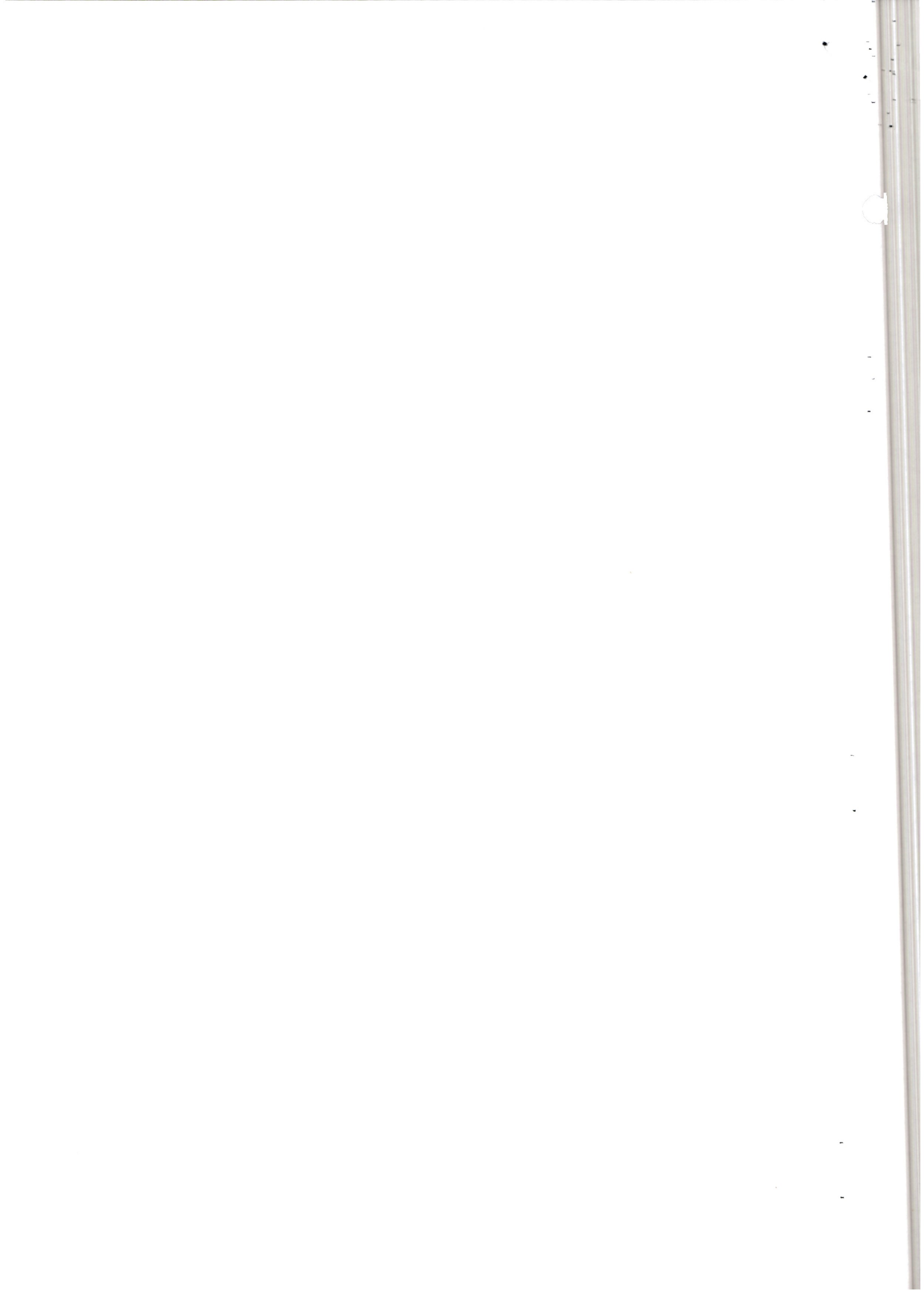
Recommendations

- The NGCDF BOARD secretariat should speed up the approval of any other projects requiring documents from the constituency once the documents are availed.
- Timely release of funds from the NGCDF BOARD to the constituency to make sure that all the Constituency allocation is disbursed by the end of the Financial Year.

Our main goal has always/and will always remain as DEVELOPMENT, and we want always to COMPLETE projects within ONE FINANCIAL YEAR but always making sure adequate funds are allocated to that particular project.



Rev. Peter Emeri Lodio,
Turkana South NG-CDFC Chairperson



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.

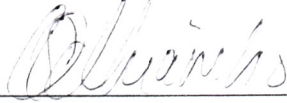
The Accounting Officer in charge of the NGCDF-Turkana South Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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-Turkana South 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, Turkana South 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- Turkana South 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- Turkana South Constituency financial statements were approved and signed by the Accounting Officer on _____ 2018.



Kwena Stephen
Fund Account Manager



Benjamin Muchina
Sub-County Accountant



REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TURKANA SOUTH 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 Turkana South Constituency set out on pages 7 to 30, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Turkana South 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

1.0 Cash and Cash Equivalents

The statement of assets reflects bank balance figure of Kshs.7,479,404 as at 30 June 2018. The June 2018 bank reconciliation statement reflects unrepresented cheques amounting to Kshs.14,944,835 and receipts in bank statement not recorded in cash book amounting to Kshs.65,477. However, the unrepresented cheques figure of Kshs.14,944,835 includes cheques amounting to Kshs.585,000 which were stale as at 30 June 2018 and had not been reversed or replaced in the cash book. Further, the remaining unrepresented cheques amounting to Kshs.1,125,394 had not cleared by 31 December 2018 and therefore had become stale.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.7,479,404 as at 30 June 2018 could not be ascertained.

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

2.0 Project Management Committees (PMCs) Bank Account Balances

Other important disclosures under note 15.4 to the financial statements reflects nil PMC account balances as at 30 June 2018. Available information revealed that during the year under review, an amount of Kshs.44,277,138 was disbursed to twenty two (22) project management committees. However, cash books, bank reconciliation statements and bank confirmation certificates for each project management committee bank account were not availed for audit review.

Under the circumstance, the validity and accuracy of the nil balance in respect of project management committee bank account balance as at 30 June 2018 could not be confirmed.

3.0 Presentation of Financial Statements

Note 15.1 and 15.2 to the financial statements reflects comparative pending account payables amount of Kshs.1,596,400 and pending staff payables figure of Kshs.197,900. However, the analysis of Kshs.1,596,400 and Kshs.197,900 is not disclosed in annex 1 and 2 to the financial statements nor supported as required. Further, the management has indicated in progress on follow up of Auditor's recommendations report that the query responded to and cleared instead of indicating management comments.

Consequently, the financial statements submitted do not comply with financial statements format approved by Public Sector Accounting Standards Board (PSASB) issued on 13 July 2017 vide circular Ref AG/4/16/1/Vol.IV/76.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund Turkana South 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(s) 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. Budgetary Control and Performance

1.1. Budgetary Control and Performance

Turkana South Constituency had final budget amount Kshs.138,204,745 for the year ended 30 June 2018 comprising of approved budget for the year amounting to Kshs.98,189,654

and unspent bank balance from 2016/2017 financial year amounting to Kshs.66,815 and undisbursed funds in respect to 2016/2017 financial year amounting to Kshs.39,948,275. During the year, payments amounting to Kshs.75,940,858 or 55% of the approved budget were made resulting in an under expenditure of Kshs.62,263,887 or 45% of the final budget as indicated below:

Expenditure	Approved Budget 2017/2018 (Kshs)	Actual Expenditure 2017/2018 (Kshs)	Under/Over Expenditure (Kshs)	Utilization (%)
Compensation of employees	3,195,680	2,612,538	583,142	18%
Use of goods and services	8,324,786	5,351,658	2,973,128	36%
Transfers to Other Government Units	76,777,138	44,277,138	32,500,000	42%
Other grants and transfers	49,407,141	21,652,038	27,755,103	56%
Acquisition of Assets	500,000	2,047,486	- 1,547,486	-309%
Total	138,204,745	75,940,858	62,263,887	45%

Non utilization of budgeted funds indicates that planned programs or activities were not implemented thus not achieving the intended objective of improving service delivery to the people of Turkana South Constituency.

1.2 Project Implementation

The status report availed for audit review indicated that the Fund had an approved budget of Kshs.126,684,279 to finance forty one (41) projects out of which twenty (20) projects with a budget of Kshs.38,700,000 were complete, eight (8) projects with a budget of Kshs.47,975,707 were on going and thirteen (13) projects with a budget of Kshs.40,008,572 were not funded during the year ended 30 June 2018 as indicated in **Appendix I**. The residents of Turkana South Constituency therefore may not have received the envisaged goods and services.

1.3 Project Verification

During the year under review, five (5) projects with a budget of Kshs.8,000,000 were verified and were found to be complete as indicated below:

No	Project name	Project Activity	Amount (Kshs)	Remarks
1	Kapese Primary School	Construction of chain link perimeter fence and steel metal gate to completion	2,000,000	Complete
2	Turkana South DCC Relief Food Store	Construction of food relief store at Lokichar	2,000,000	Complete

No	Project name	Project Activity	Amount (Kshs)	Remarks
3	National Government Constituencies Development Fund Turkana South Constituency Office	Retention fees for completion of works at National Government Constituencies Development Fund Turkana South Constituency Office	1,444,286	Complete
4	Nagetei Secondary School	Completion of Administration block - Roofing, Flooring, Walling, Painting, Septic tanks.	2,000,000	Complete
5	St. Theresa Kimabur	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	Complete
	Total		9,444,286	

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/ 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

1.0 Use of Goods and Services

1.1 Other Operating Expenses

The statement of receipts and payments reflects use of goods amount of Kshs.5,351,658 for the year ended 30 June 2018 which includes other operating expenses amount of Kshs.270,000 as disclosed in note 5 to the financial statements in respect of motor-vehicle hire services. However, procurement records such as register of prequalified suppliers, quotations, tender opening, evaluation and award minutes were not availed for audit review. In consequence, the propriety of other operating expenses figure of Kshs.270,000 for the year ended 30 June 2018 could not be confirmed.

1.2 Insurance Premium Payment

The statement of receipts and payments reflects use of goods amount of Kshs.5,351,658 for the year ended 30 June 2018 which includes insurance cost figure of Kshs.242,627 as disclosed in note 5 to the financial statements in respect of motor-vehicle insurance cover for Toyota Land cruiser registration number GKB 345M. However, procurement records such as register of prequalified suppliers, quotations, tender opening, evaluation and award

minutes and inspection and acceptance committee minutes were not availed for audit review.

AS a result, the propriety of the insurance payment amount of Kshs.242,627 for the year ended 30 June 2018 could not be confirmed.

2.0 Transfers to Other Government Entities

The statement of receipts and payments for the year ended 30 June 2018 reflects transfers to other government entities figure of Kshs.44,277,138 which comprises transfers to primary schools figure of Kshs.36,277,138 and Secondary schools figure of Kshs.8,000,000 as disclosed in note 6 to the financial statements. However, procurement records such as tender opening, evaluation and award minutes approved work plans, procurement plans and expenditure returns were not provided for audit review.

Under the circumstance, the propriety of the transfers to other government entities amount of Kshs.44,277,138 for the year ended 30 June 2018 could not be ascertained.

3.0 Education Bursary

The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and transfers amount of Kshs.21,652,038 which includes bursary to secondary schools of Kshs.9,996,911 and bursary to tertiary institutions of Kshs.8,239,127 all totaling to Kshs.18,236,038 as disclosed in note 7 to the financial statements. However, the management has not made available for audit review evidence to show that vetting, identification and categorizing of needy students was done by the bursary subcommittee that included area education officer or his representative and formal criteria used in identifying, vetting, awarding of the bursaries as required by the board vide CDF Board circular reference VOL1/111 dated 13 September 2010. Further, evidence in form of official receipts from respective institutions acknowledging receipt of bursary funds were also not provided for audit review. In the circumstances, the propriety of bursary payments amounting to Kshs.18,236,038 for the year ended 30 June 2018 could not be confirmed.

4.0 Emergency Fund Payments

The statement of receipts and payments reflects other grants and transfers amount of Kshs.21,652,038 for the year ended 30 June 2018 which includes emergency fund payments figure of Kshs.2,000,000 as disclosed in note 7 to the financial statements. However, the constituency committee did not report to the Board within thirty days of occurrence of emergency in respect to utilization of Kshs.2,000,000 in emergencies during the year contrary to section 20 (2) of National Government Constituencies Development Fund Regulations, 2016 which states that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.

Consequently, the management is in breach of the law.

5.0 Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets worth Kshs.2,047,486 for the year ended 30 June 2018 which includes overhaul of vehicles and other transport

equipment amounting to Kshs.603,200 as disclosed in note 8 to the financial statements. The amount of Kshs,603,200 was paid to M/s Toyota Kenya Limited for the purchase of one (1) Yamaha motorcycle. However, procurement records such as advertisements, tender opening, evaluation and award minutes and inspection and acceptance report were not availed for audit review. As a result, the propriety and value for money of Kshs.603,200 incurred on the purchase of motorcycle for the year ended 30 June 2018 could not be confirmed.

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis Qualified Opinion section of my report, 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.

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 National Government Constituencies Development Fund Turkana South Constituency ability to continue sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the National Government either intends to liquidate the National Government Constituencies Development Fund Turkana South 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 National Government Constituencies Development Fund Turkana South Constituency 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 National Government Constituencies Development Fund Turkana South Constituency 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 National Government Constituencies Development Fund Turkana South Constituency ability to continue as a going concern or 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 National Government Constituencies Development Fund Turkana South Constituency to cease to continue as a going concern or 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 National Government Constituencies Development Fund Turkana South Constituency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

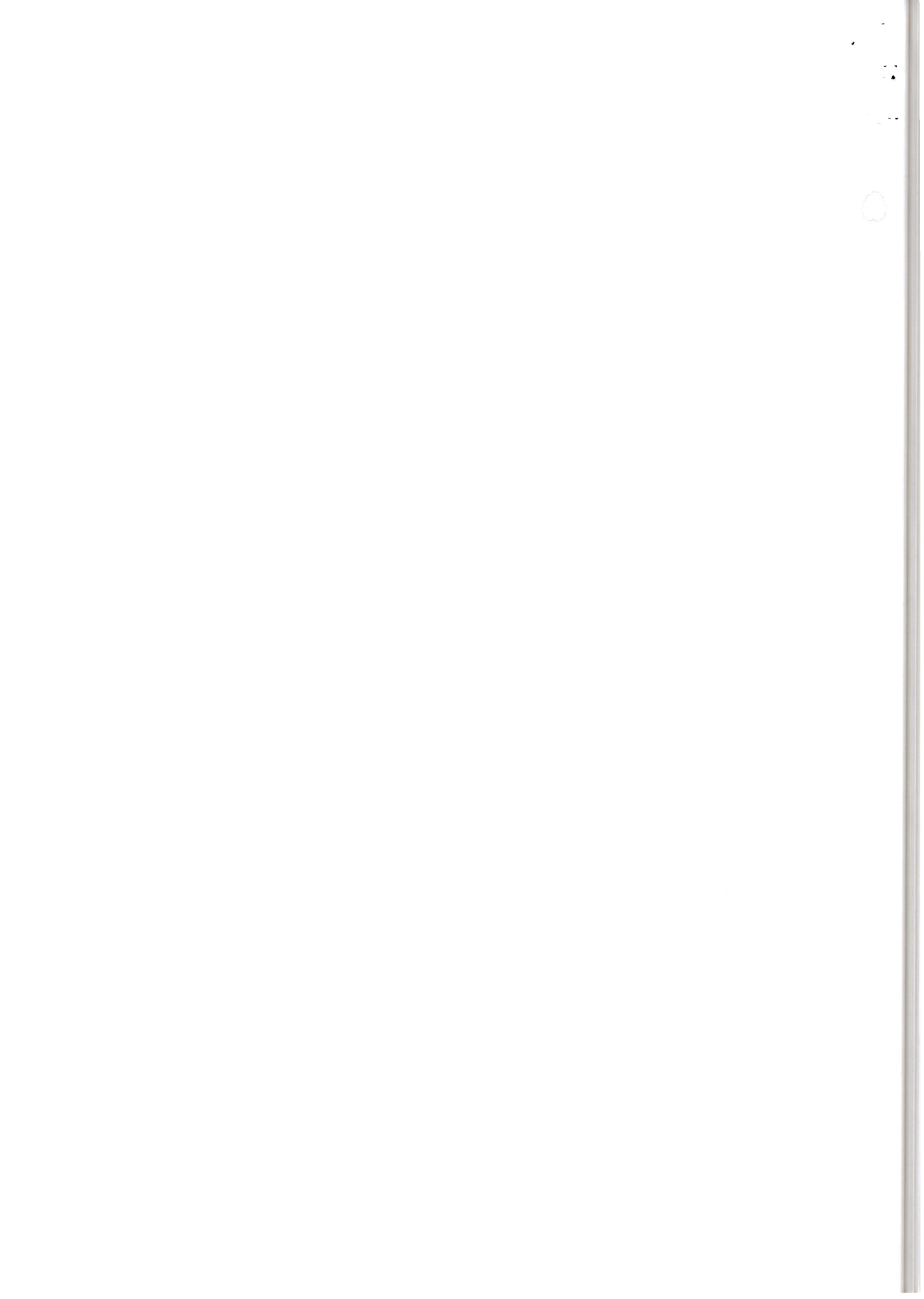
I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

17 May 2019



Appendices

Appendix I

PROJECT IMPLEMENTATION STATUS AS AT 30 JUNE 2018

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion Rate %	Remarks
Kalochaan Primary School	Completion of 2 classrooms and Equipping with 50 double desks	800,000	800,000	0	100%	Complete and in use
Nabaakan Primary School	Supply and Delivery of 25 school desks double desks	200,000	277,138	-77,138	100%	Complete and in use
Loupwala Pry School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Katioko Pry School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Kaputir Primary School NGCDF PMC Account	Construction of dormitory and equipping with 40 double decker beds	3,000,000	3,000,000	0	100%	Complete and in use
Kookito Pry School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Naregaekamar Pry School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Kagitankori Primary School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Aburur Primary School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Nabeye Pry School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Nakabosan Pry School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks	1,700,000	1,700,000	0	100%	Complete and in use

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion Rate %	Remarks
Amani Primary School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
St. Theresa Kimabur Pry School NGCDF PMC Account	Construction of 1 classroom to completion and equipping with 25 desks, 2 latrines	2,000,000	2,000,000	0	100%	Complete and in use
Lochwaa Primary School NGCDF PMC Account	Construction of dormitory and equipping with 40 double decker beds	3,000,000	3,000,000	0	100%	Complete and in use
Lokaburu Primary School NGCDF PMC Account	Construction of 2 classrooms to completion and 2 latrines	3,000,000	3,000,000	0	100%	Complete and in use
Kapese Primary School NGCDF PMC Account	Construction of chain link perimeter fence and steel metal gate to completion	2,000,000	2,000,000	0	100%	Complete and in use
Lokapel Secondary School	Completion of Administration block - Roofing, Flooring, Walling, Painting, Septic tanks,	2,000,000	2,000,000	0	100%	Complete and in use
Nagetei Secondary School	Completion of Administration block - Roofing, Flooring, Walling, Painting, Septic tanks.	2,000,000	2,000,000	0	100%	Complete and in use
Kainuk Mixed Secondary School PMC Account	Construction of two classrooms	2,500,000	2,500,000	0	100%	Complete and in use
Toyota kenya Limited	Purchase of one (1) Yamaha motorcycle	500,000	603,200	-103,200	100%	Complete and in use
	Completed Projects	38,700,000	38,880,338	-180,338		
Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	5,137,931	2,000,000	3,137,931	39%	On going
Bursary - Secondary Schools	Bursary for Secondary Schools	13,031,224	9,996,911	3,034,313	77%	On going
Bursary - Tertiary Institutions	Bursary for Tertiary Institutions	9,702,000	8,239,127	1,462,873	85%	On going
Sports	Purchase of sports kits i.e. balls, uniforms for five(5) teams in the constituency @347,241/= per team, Constituency Persons With Disability Athletics to be held in Katilu to be participated by the Visually Impaired and	3,163,707	816,000	2,347,707	26%	On going

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion Rate %	Remarks
	Physically handicap, the activity to be Organized in the Olympic Village Model					
Environment	Purchase and Planting of tree seedlings in the eight(8) schools across the constituency.	3,163,707	600,000	2,563,707	19%	On going
Turkana South DCC GOK Relief Store	Construction of GOK Relief/Emergency Food store for the Sub-County to completion	4,000,000	2,000,000	2,000,000	90%	On going
Ngabaakan Primary School	Construction of 2 Classrooms (2,500,000/=) and equipping with 25 double desks (277,138/=)	2,777,138	2,500,000	277,138	90%	On going
Kaputir Secondary School	Construction of 2 Classrooms - 2,500,000/=, Construction of Girls Dormitory (2,500,000/=) with 40 double decker beds 500,000/=, Supply and Delivery of 50 Double Decker Beds (600,000/=) and 40 Student Lockers - 400,000/=	7,000,000	1,500,000	5,500,000	21%	On going
	On-going projects	47,975,707	27,652,038	20,323,669		
National Government Constituencies Development Fund Turkana South ConstituencyC Strategic Plan	Development of 5 year NGCDFC Strategic Plan	4,000,000	0	4,000,000	0%	Not funded
Turkana South Constituency ICT Innovation Hub Project	Support for Implementation of 4 Constituency Innovation ICT Hubs	4,677,028	0	4,677,028	0%	Not funded
Katilu Mixed Primary School	Construction of 2 Classrooms to Completion and Equipping with 50 double Desks	2,500,000	0	2,500,000	0%	Not funded
Nawoyaregae Primary School	Construction of 2 Units (2 Door Pit Latrines) for both Boys and Girls	700,000	0	700,000	0%	Not funded

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion Rate %	Remarks
Lochwaa Primary School	Construction of Pit Latrines (4 Units comprising of (2 Unit of 4 Pit Latrines for Girls and (2 Units of 3 pit Latrines and a urinal area for the Boys)	1,400,000	0	1,400,000	0%	Not funded
Kaapese Primary School	Completion of School Perimeter Fence	1,000,000	0	1,000,000	0%	Not funded
Immaculate Primary School		1,200,000	0	1,200,000	0%	Not funded
Katilu Girls Secondary School	Renovation and Completion of Economic Stimulus Project - Multipurpose School Hall/Dining Hall (Flooring, Plastering, One wall upto the cable, roofing and painting	4,000,000	0	4,000,000	0%	Not funded
Nagetei Secondary School	Construction of 2 Classrooms - 2,500,000/=, Drilling and Mechanization of Borehole with 20,000 Litres Overhead tank - 2,500,000/=, Supply and Delivery of 50 Double Decker Beds and 50 Student Lockers - 1,000,000/=, Construction of Ablution Block/Shower block - 1,500,000/=	7,500,000	0	7,500,000	0%	Not funded
Lokapel Secondary School	Construction of 2 Classrooms - 2,500,000/=, Drilling and Mechanization of Borehole with 20,000 Litres Overhead tank - 2,500,000/=, Supply and Delivery of 50 Double Decker Beds and 50 Student Lockers - 1,000,000/=, Construction of Ablution Block/Shower Block - 1,500,000/=	7,500,000	0	7,500,000	0%	Not funded
Kasuroi Boys Secondary School	Construction of 2 Classrooms (2,500,000/=) Supply of 45 Student Lockers (500,000/=)	3,000,000	0	3,000,000	0%	Not funded

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion Rate %	Remarks
Lokichar Police Station	Construction of Prisoners' Cell (KES 500,000/=), Renovation of the Lokichar Police Station (KES 531,544.83/=), Fencing of the Police Station (KES 1,000,000/=)	2,031,545	0	2,031,545	0%	Not funded
Turkana South DCC Office	Purchase of Office Furniture for the DCC Office : 2 Metal Filing Cabinets, 1 Conference tables (to accomodate 12 pax each), 4 High Leather back Seats, 2 Executive Desks , 10 Conference Seats)	500,000	0	500,000	0%	Not funded
	Projects not funded	40,008,572	0	40,008,572		
	Grand Total	126,684,279	66,532,376	60,151,903		



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

TURKANA SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	83,353,447	113,867,171
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		83,353,447	113,867,171
PAYMENTS			
Compensation of employees	4	2,612,538	2,954,723
Use of goods and services	5	5,351,658	6,346,919
Transfers to Other Government Units	6	44,277,138	95,934,265
Other grants and transfers	7	21,652,038	32,364,957
Acquisition of Assets	8	2,047,486	2,400,000
Other Payments	9	-	-
TOTAL PAYMENTS		75,940,858	140,000,864
SURPLUS/ (DEFICIT)		7,412,589	(26,133,693)

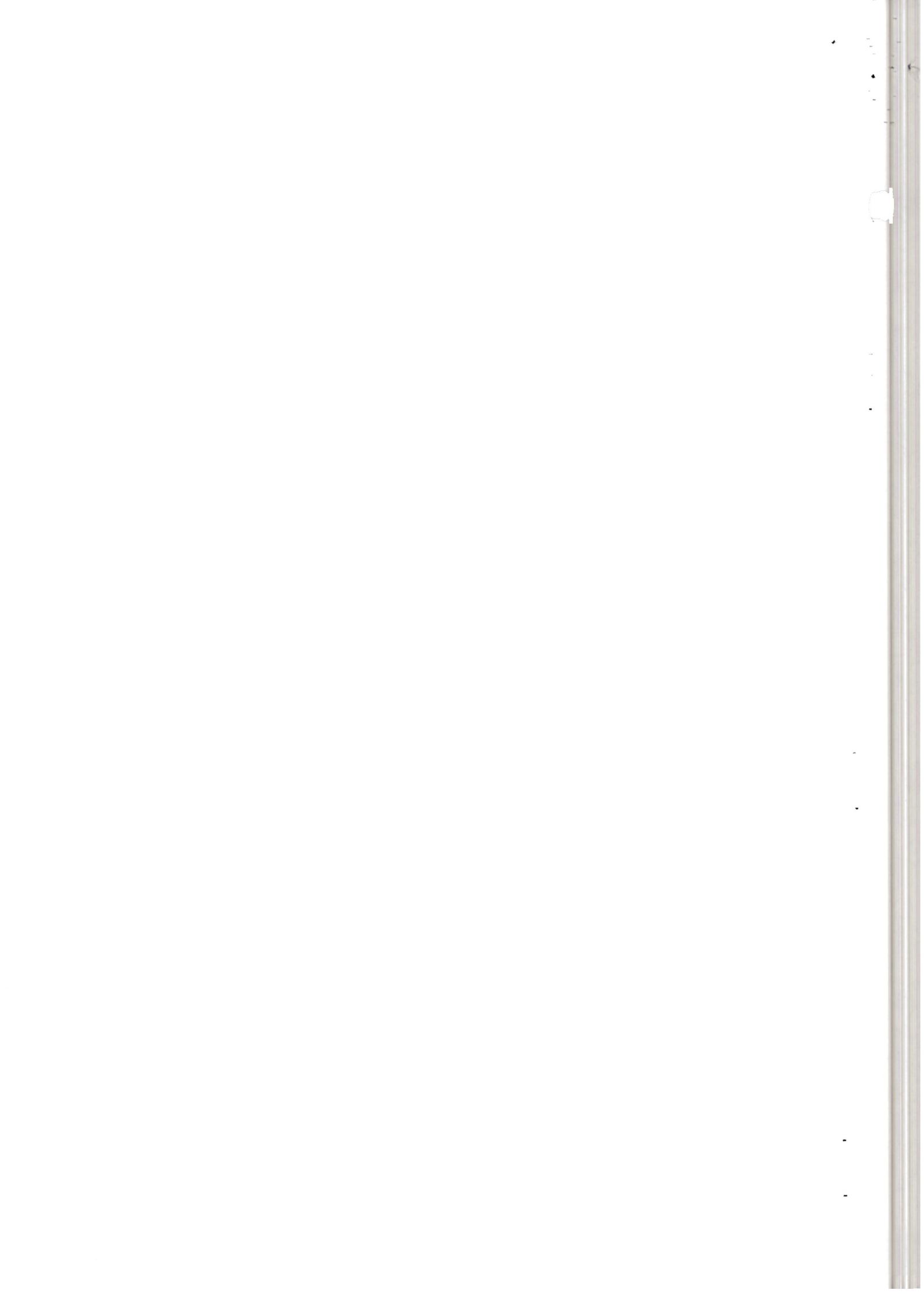
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Turkana South Constituency financial statements were approved on _____ 2018 and signed by:



Kwena Stephen
Fund Account Manager



Benjamin Muchina
Sub-County Accountant



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

TURKANA SOUTH CONSTITUENCY

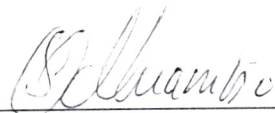
Reports and Financial Statements

For the year ended June 30, 2018

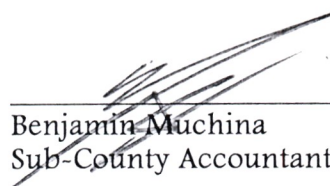
V. STATEMENT OF ASSETS
AS AT 30 JUNE, 2018

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	7,479,404	66,815
Cash Balances (cash at hand)	10B	-	-
TOTAL CASH AND CASH EQUIVALENTS		7,479,404	66,815
Current Receivables - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		7,479,404	66,815
FINANCIAL LIABILITIES			
Accounts Payable - Retention	12	-	-
NET FINANCIAL ASSETS		7,479,404	66,815
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	66,815	27,367,053
Surplus/Deficit for the year		7,412,589	-26,133,693
Prior year adjustments	14	-	-1,166,545
NET FINANCIAL POSITION		7,479,404	66,815

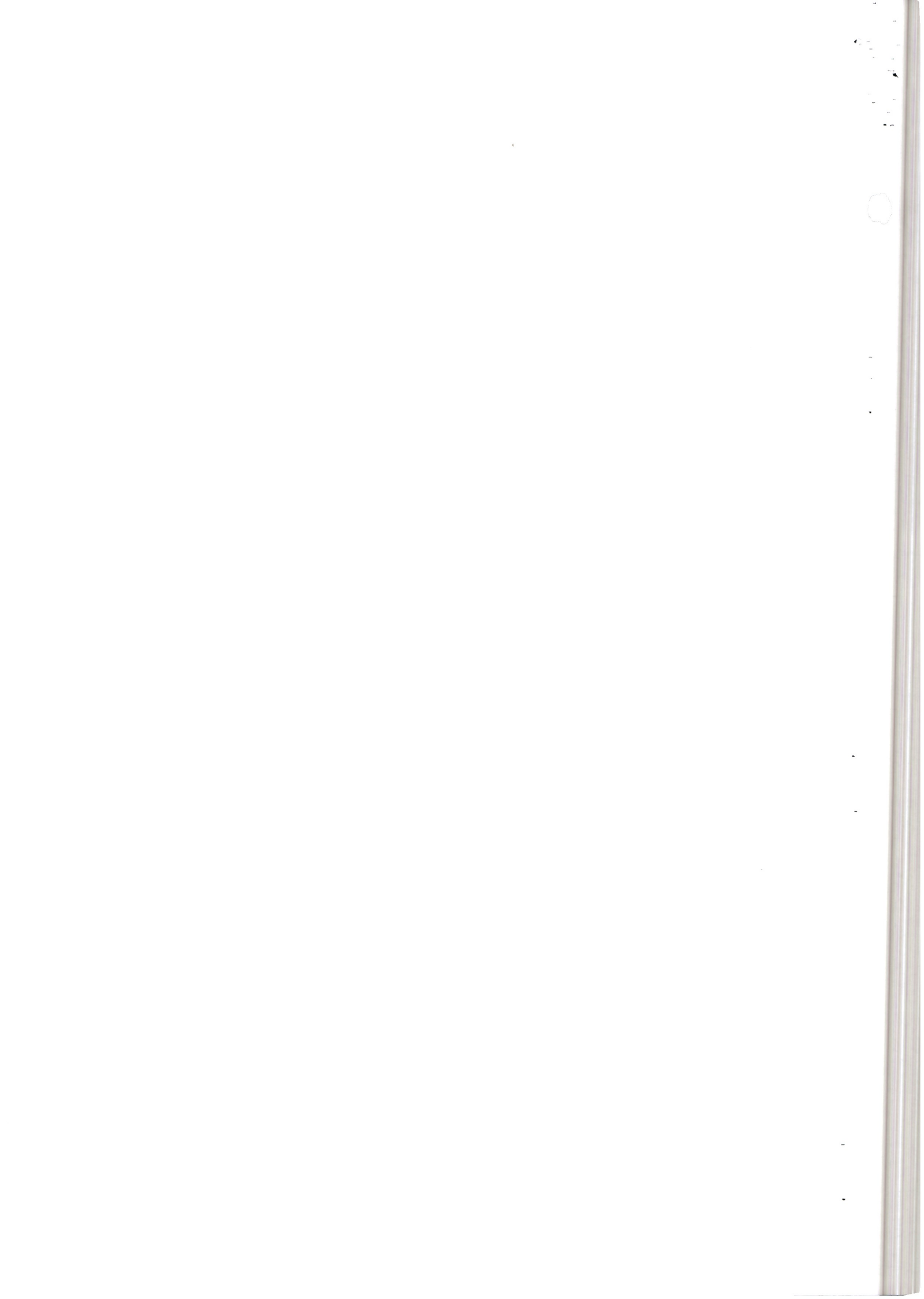
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Turkana South Constituency financial statements were approved on _____ 2018 and signed by:



Kwena Stephen
Fund Account Manager



Benjamin Muchina
Sub-County Accountant



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

TURKANA SOUTH CONSTITUENCY

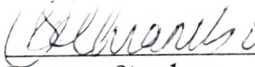
Reports and Financial Statements

For the year ended June 30, 2018

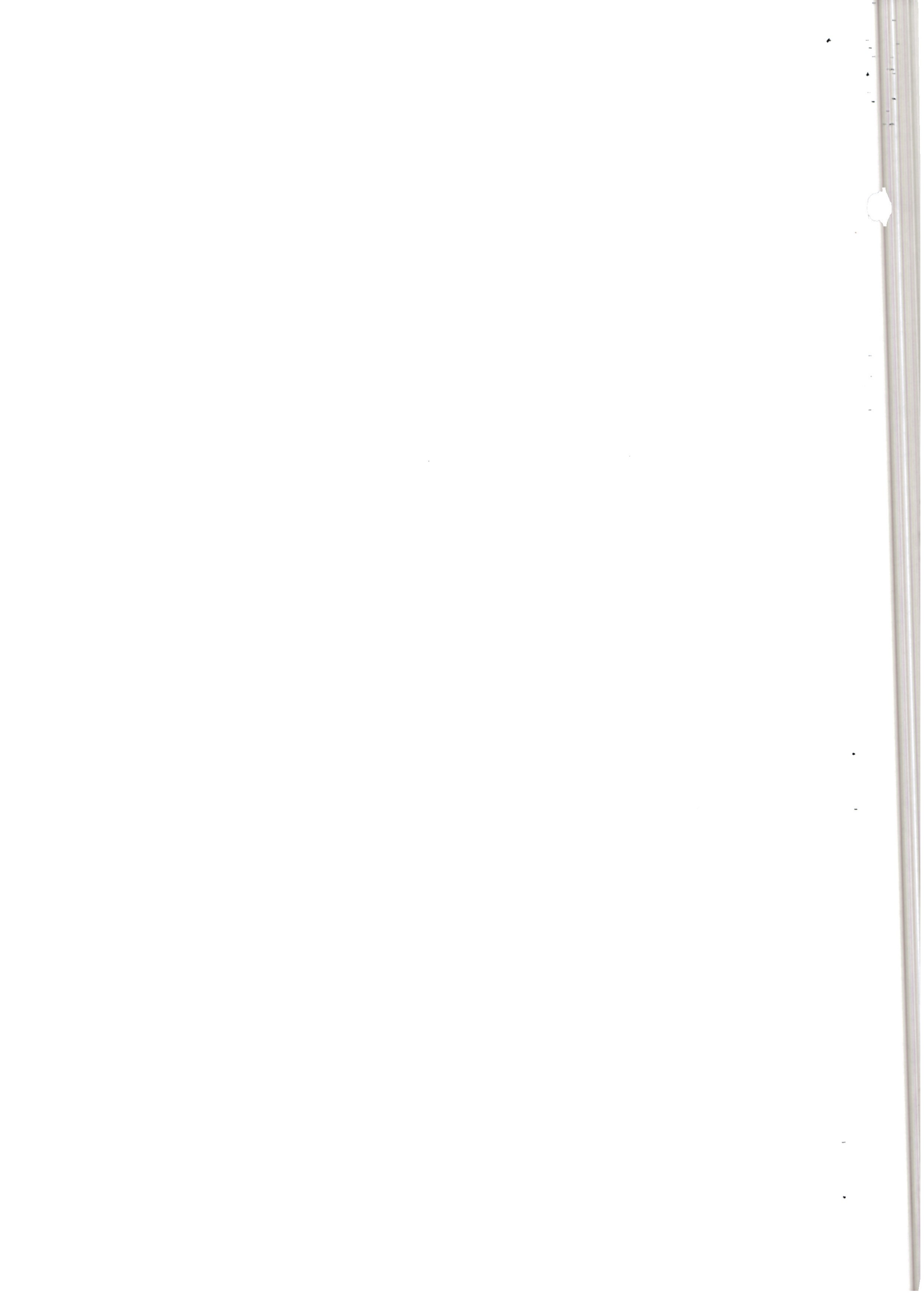
VI. STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30 JUNE, 2018

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	83,353,447	113,867,171
Other Receipts	3	-	-
		83,353,447	113,867,171
Payments for operating expenses			
Compensation of Employees	4	2,612,538	2,954,723
Use of goods and services	5	5,351,658	6,346,919
Transfers to Other Government Units	6	44,277,138	95,934,265
Other grants and transfers	7	21,652,038	32,364,957
Other Payments	9	-	-
		73,893,372	137,600,864
Adjusted for:			
Adjustments during the year	14		
Net cash flow from operating activities		9,460,075	(23,733,693)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	2,047,486	2,400,000
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(2,047,486)	-2,400,000
Cash and cash equivalent at BEGINNING of the year	13	66,815	26,200,508
Cash and cash equivalent at END of the year	10A	7,479,404	66,815

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Turkana South Constituency financial statements were approved on _____ 2018 and signed by:


Kwena Stephen
Fund Account Manager


Benjamin Muchina
Sub-County Accountant



VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCCDF Board	98,189,655	40,015,090	138,204,745	83,420,262	54,717,668	60
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
PAYMENTS	98,189,655	40,015,090	138,204,745	83,420,262	54,717,668	60
Compensation of Employees	2,858,840	336,840	3,195,680	2,612,538	583,142	82
Use of goods and services	5,977,760	2,347,026	8,324,786	5,351,658	2,906,313	65
Transfers to Other Government Units	42,377,138	34,400,000	76,777,138	44,277,138	32,500,000	58
Other grants and transfers	46,975,917	2,431,224	49,407,141	21,652,038	27,755,103	44
Acquisition of Assets	0	500,000	500,000	2,047,486	-1,547,486	409
Other Payments						
TOTALS	98,189,655	40,015,090	138,204,745	75,940,858	62,197,072	55


(a) There was no any ALA received within the FY


(b) Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)

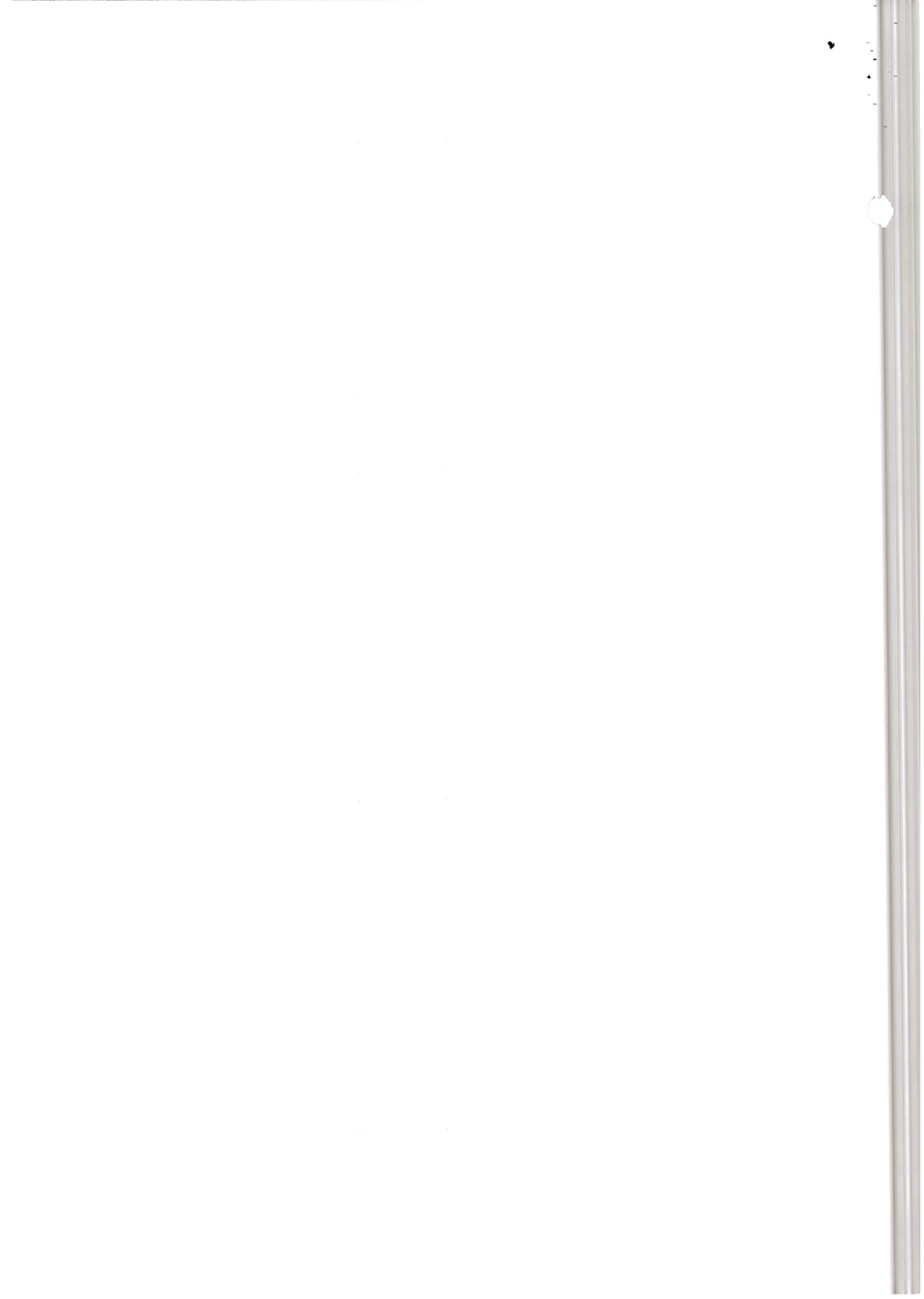
- i. This reflects the actual position based on the 50% receipt of funds from the NGCCDF Board. The balance of 50% was disbursed after the end of the FY

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCCDF-Turkana South Constituency financial statements were approved on _____ 2019 and signed by:


 Kwenha Stephen
 Fund Account Manager


 Benjamin Muchina
 Sub-County Accountant



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-Turkana South 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

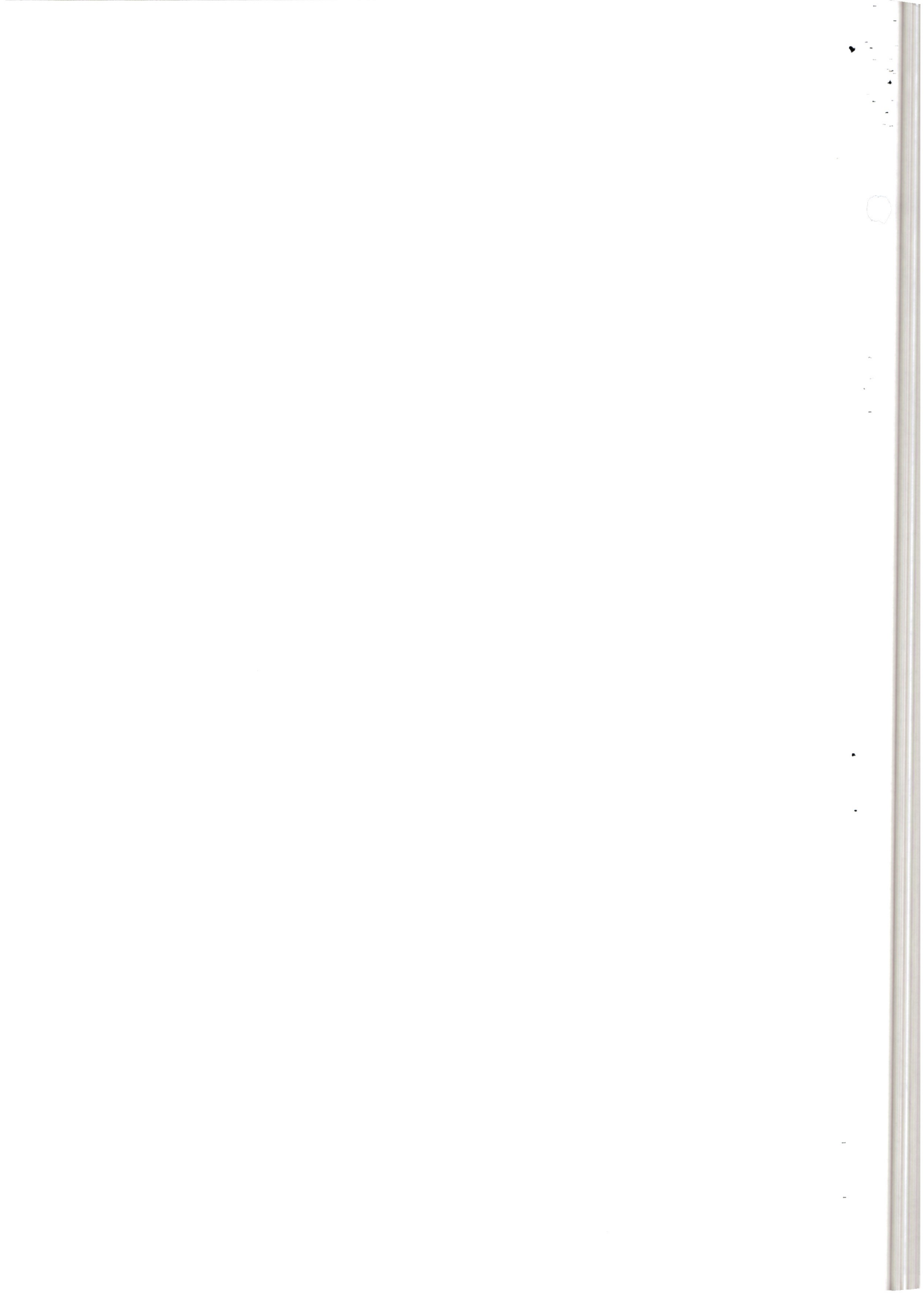
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

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.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

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.

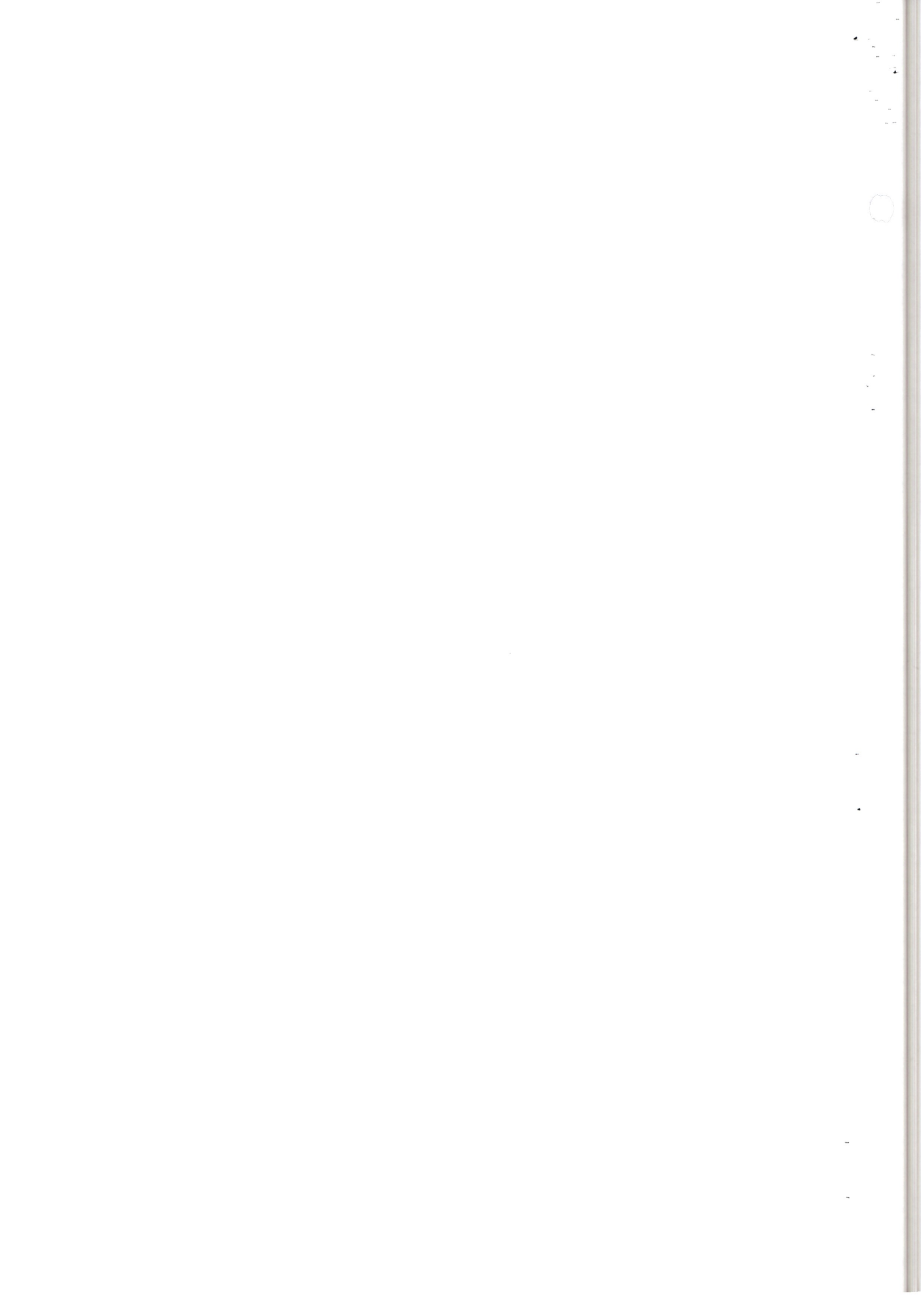
Use of Goods and Services

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.



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

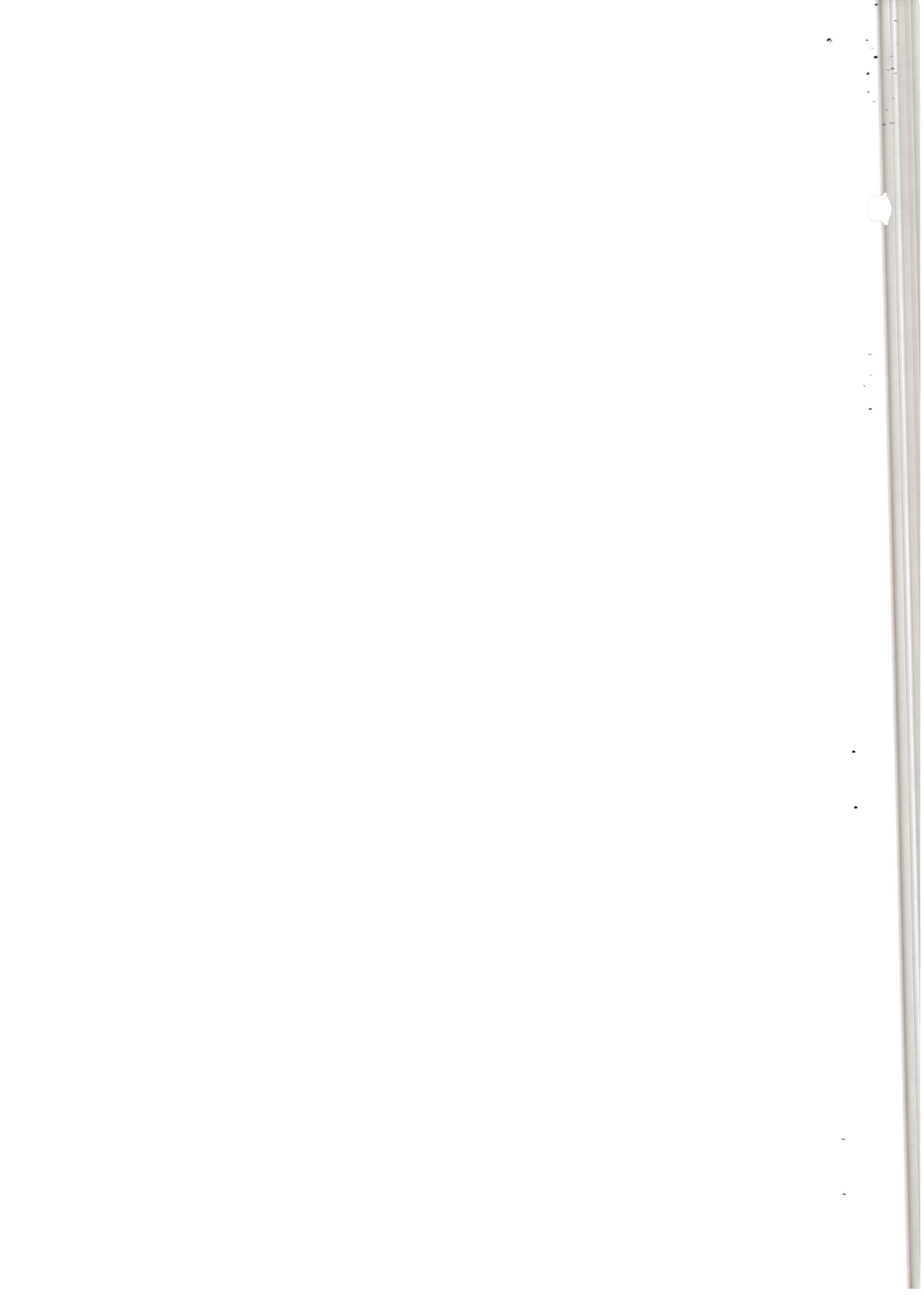
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations 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.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

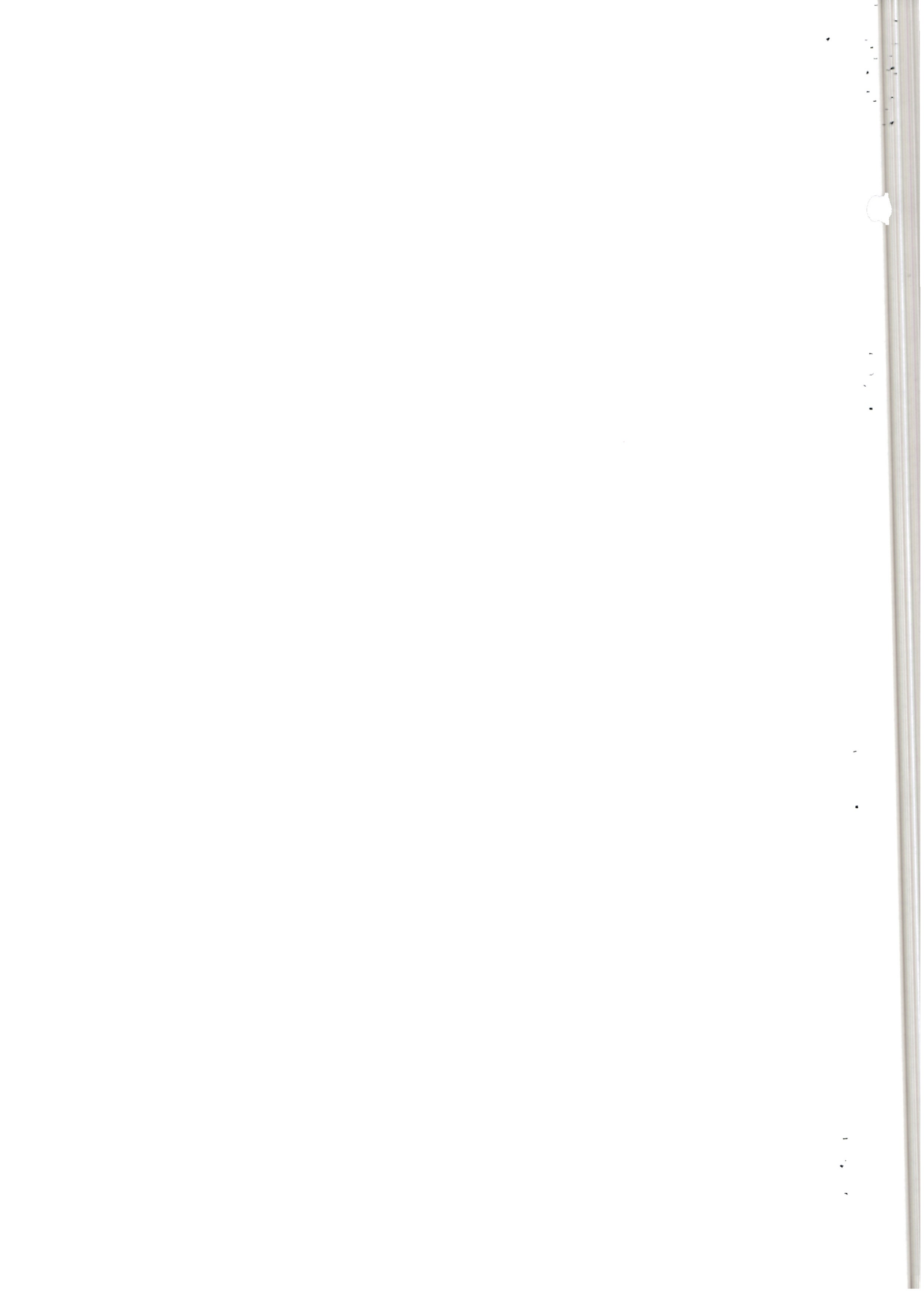
IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	1	39,948,275	72,918,895
AIE NO	2	5,500,000	4,094,827
AIE NO	3	37,905,172	36,853,449
TOTAL		83,353,447	113,867,171

2. PROCEEDS FROM SALE OF ASSETS

	2017-2018	2016-2017
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 TURKANA SOUTH CONSTITUENCY

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For the year ended June 30, 2018

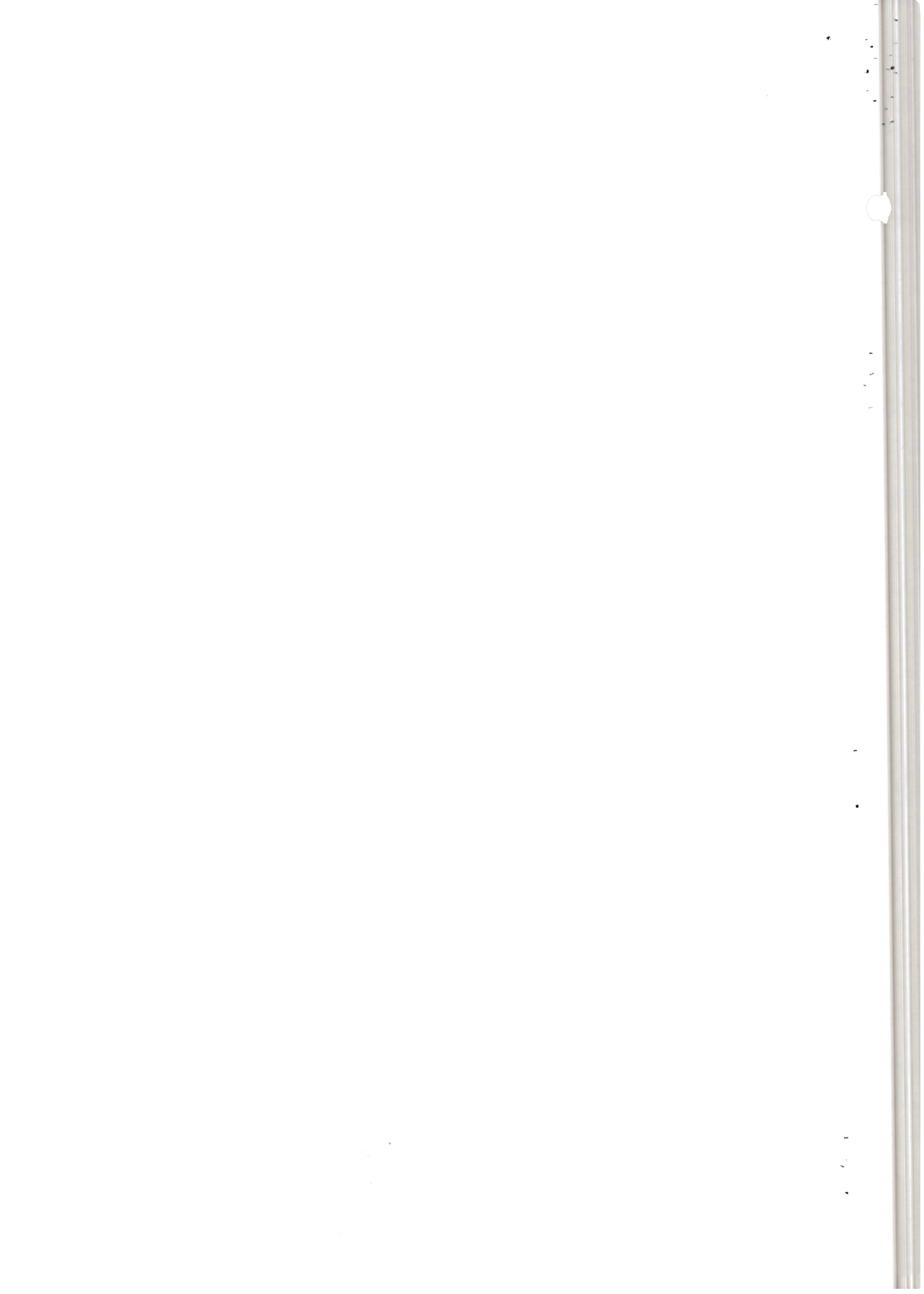
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	0	0

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,558,936	2,816,309
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	36,240	61,440
Other personnel payments	1,017,362	76,974
Total	2,612,538	2,954,723



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA SOUTH CONSTITUENCY

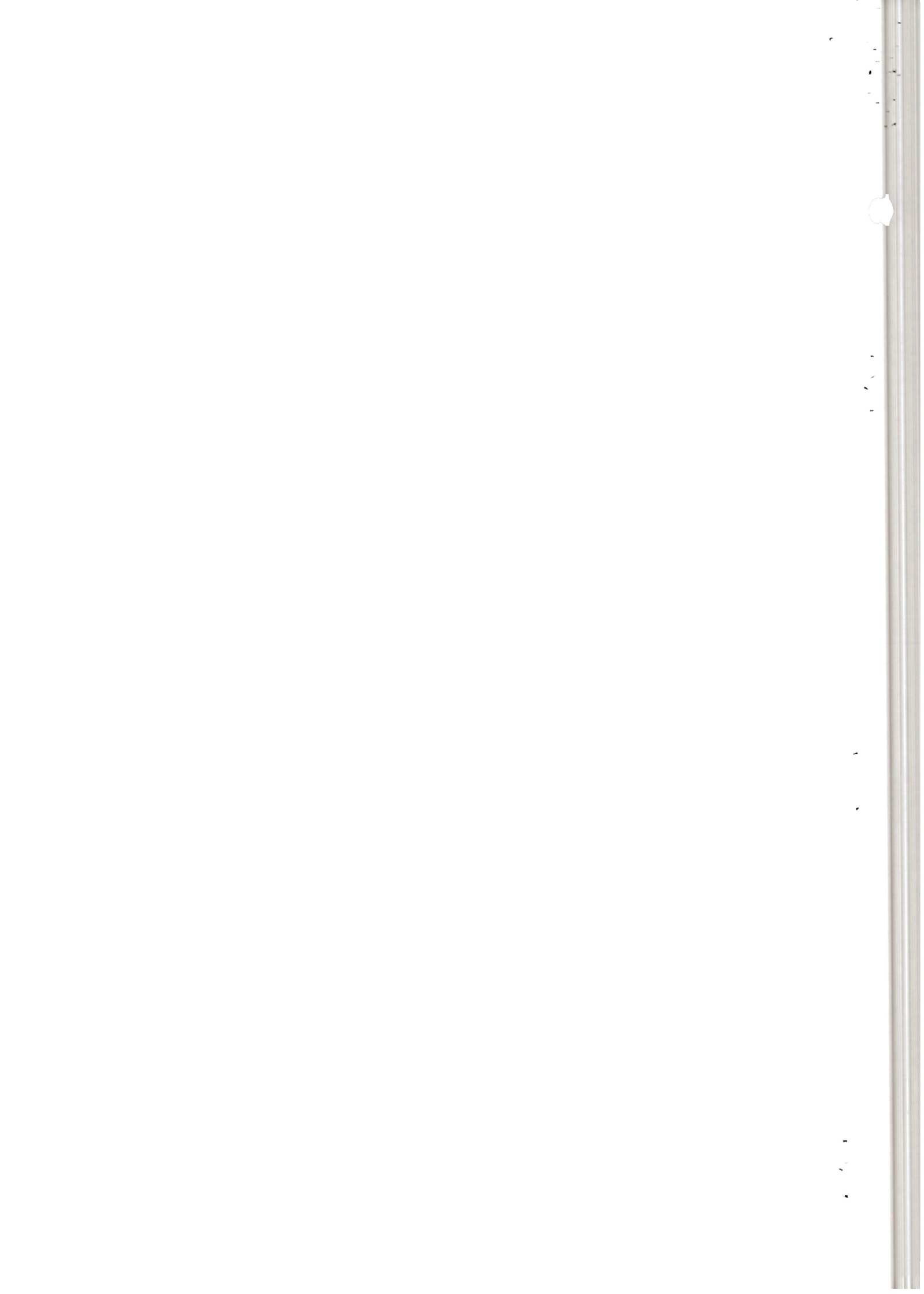
Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	587,233	-
Utilities, supplies and services	-	56,000
Communication, supplies and services	-	52,000
Domestic travel and subsistence	512,300	798,400
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	553,850	553,850
Hospitality supplies and services	545,500	-
Committee Allowances	1,509,860	3,382,593
Insurance costs	242,627	446,520
Specialized materials and services	-	-
Office and general supplies and services	624,140	223,310
Fuel	150,904	194,140
Other operating expenses	270,000	-
Routine maintenance – vehicles and other transport equipment	355,244	640,106
Routine maintenance – other assets	-	-
Total	5,351,658	6,346,919



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA SOUTH CONSTITUENCY

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For the year ended June 30, 2018

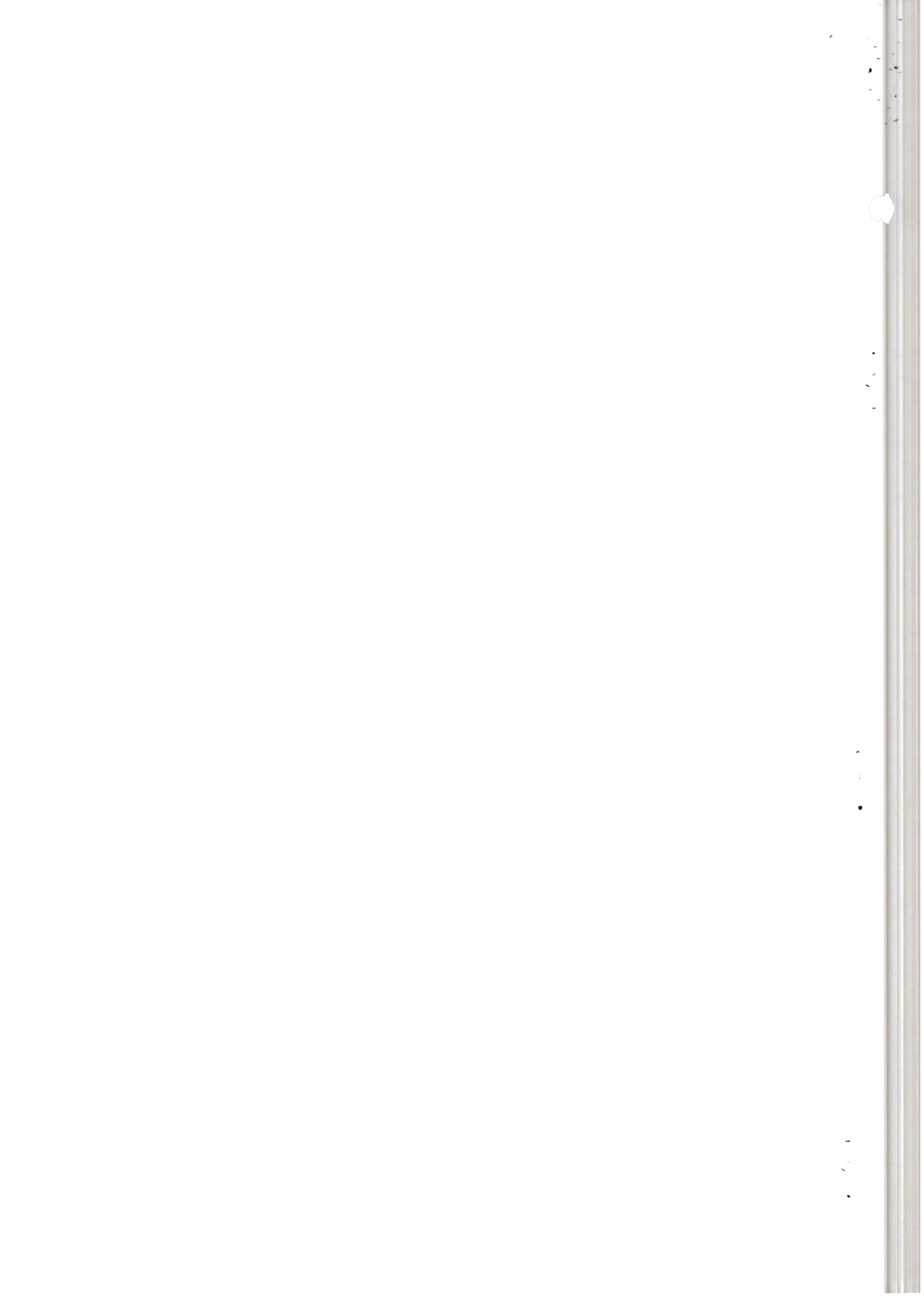
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to primary schools (see attached list)	36,277,138	69,234,265
Transfers to secondary schools (see attached list)	8,000,000	26,700,000
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
TOTAL	44,277,138	95,934,265

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	9,996,911	11,510,491
Bursary – tertiary institutions (see attached list)	8,239,127	9,150,866
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	2,000,000
Security projects (see attached list)	-	-
Sports projects (see attached list)	816,000	3,100,000
Environment projects (see attached list)	600,000	2,600,000
Emergency projects (see attached list)	2,000,000	4,003,600
Total	21,652,038	32,364,957



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA SOUTH CONSTITUENCY

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For the year ended June 30, 2018

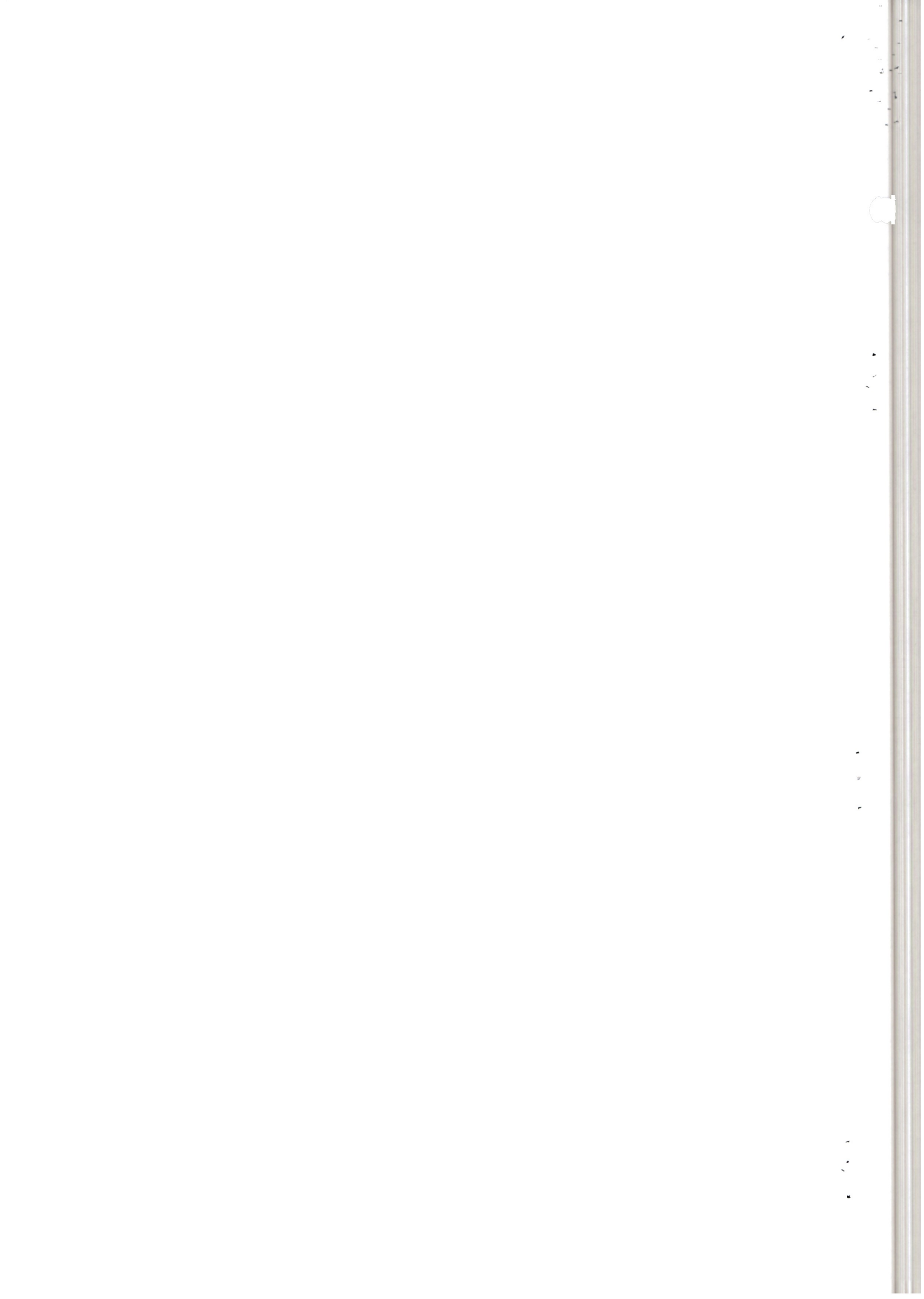
NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	1,444,286	1,900,000
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	603,200	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	500,000
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	2,047,486	2,400,000

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
TIVET	-	-
TOTALS	-	-



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 TURKANA SOUTH CONSTITUENCY

Reports and Financial Statements

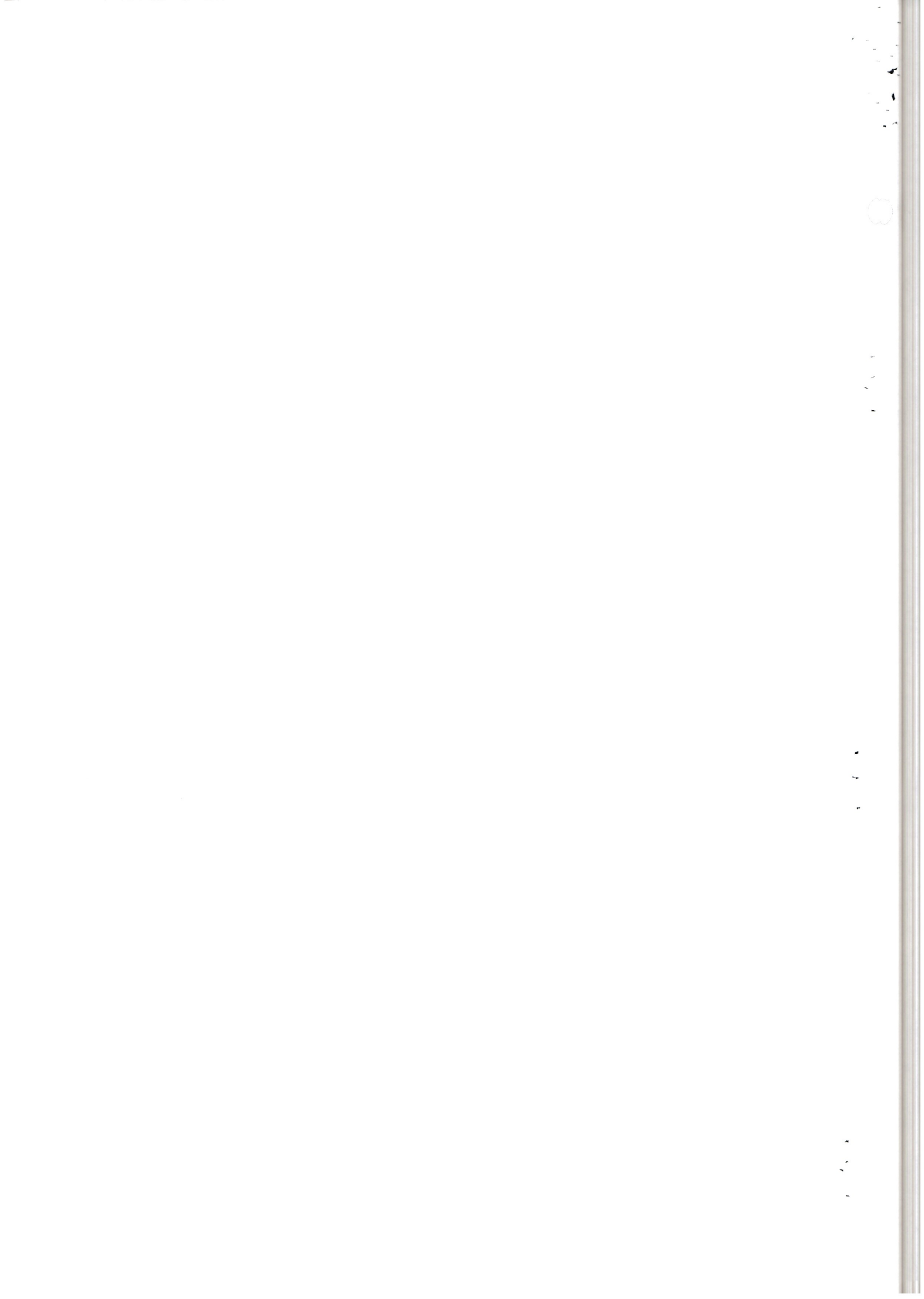
For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Turkana South Constituency, KCB Bank, Lodwar Branch, A/C no: 1146654162.</i>	7,479,404	66,815
Total	7,479,404	66,815

10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA SOUTH CONSTITUENCY

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For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

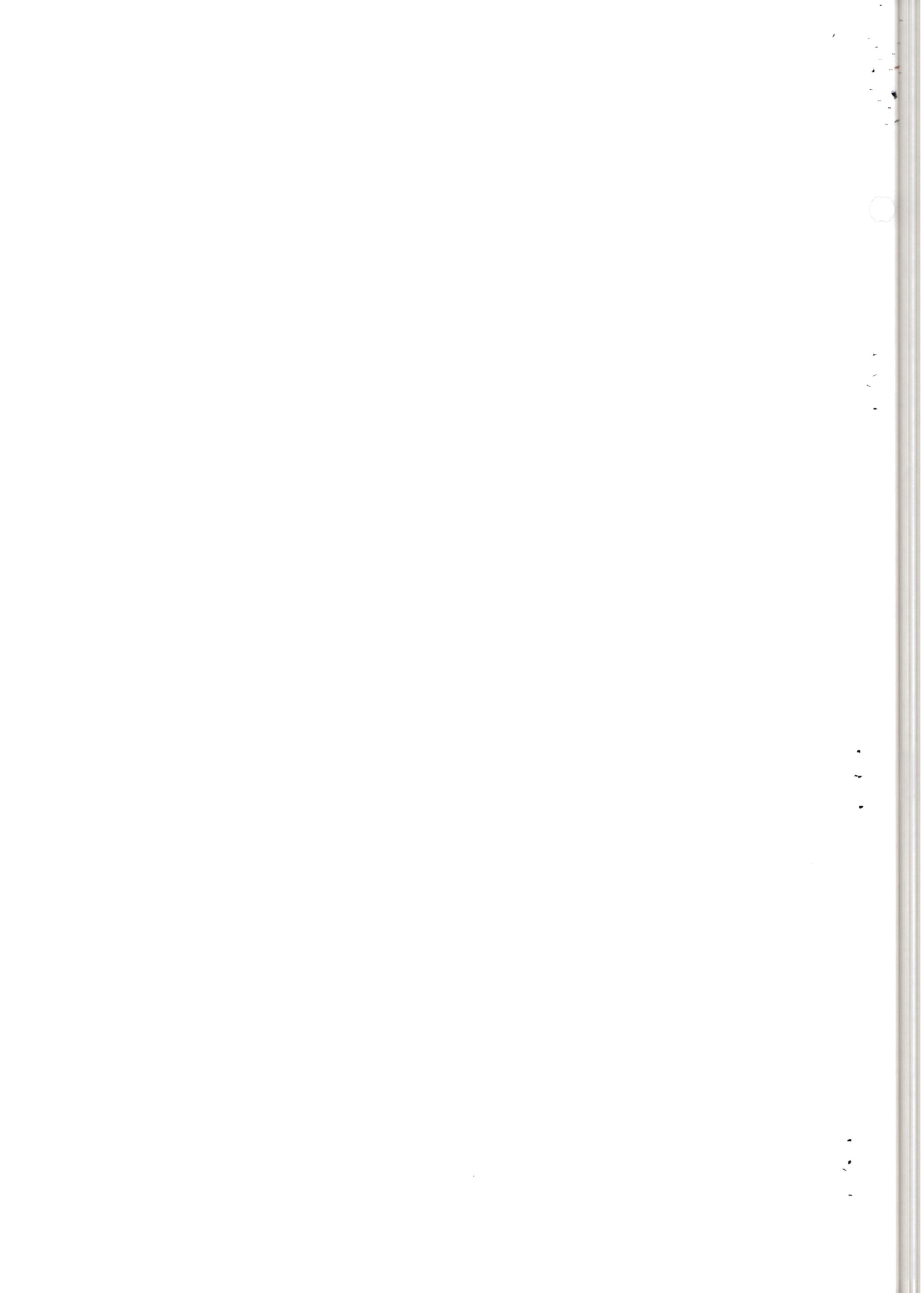
Total

12RETENTION

	2017 - 2018	2016-2017
	Kshs	Kshs
-	-	-
-	-	-
-	-	-
Total	-	-

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	66,815	26,200,508
Cash in hand	-	-
Imprest	-	-
Total	66,815	26,200,508



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018	2016-2017
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
Total	-	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

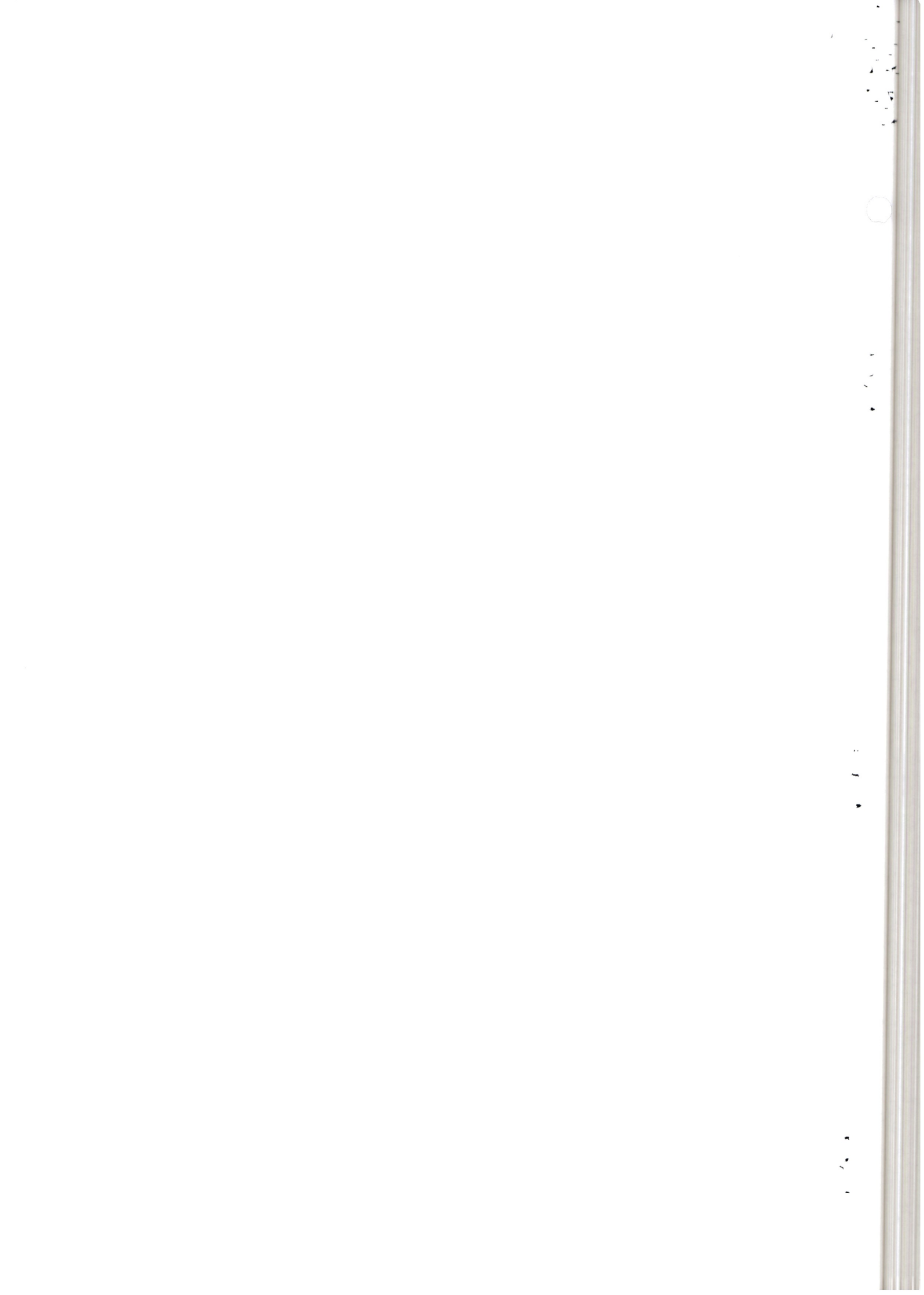
	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	-	1,596,400
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	1,596,400

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	197,900
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	-	197,900

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
	2017 – 2018	2016 - 2017
Compensation of employees	711,902	1,411,943
Use of goods and services	3,344,368	2,074,503
Amounts due to other Government entities (see attached list)	48,008,572	26,664,666
Amounts due to other grants and other transfers (see attached list)	12,246,531	10,263,979
Acquisition of assets	(2,047,486)	600,000
Others (<i>specify</i>)	-	-
	62,263,887.01	41,015,091



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 TURKANA SOUTH CONSTITUENCY

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For the year ended June 30, 2018

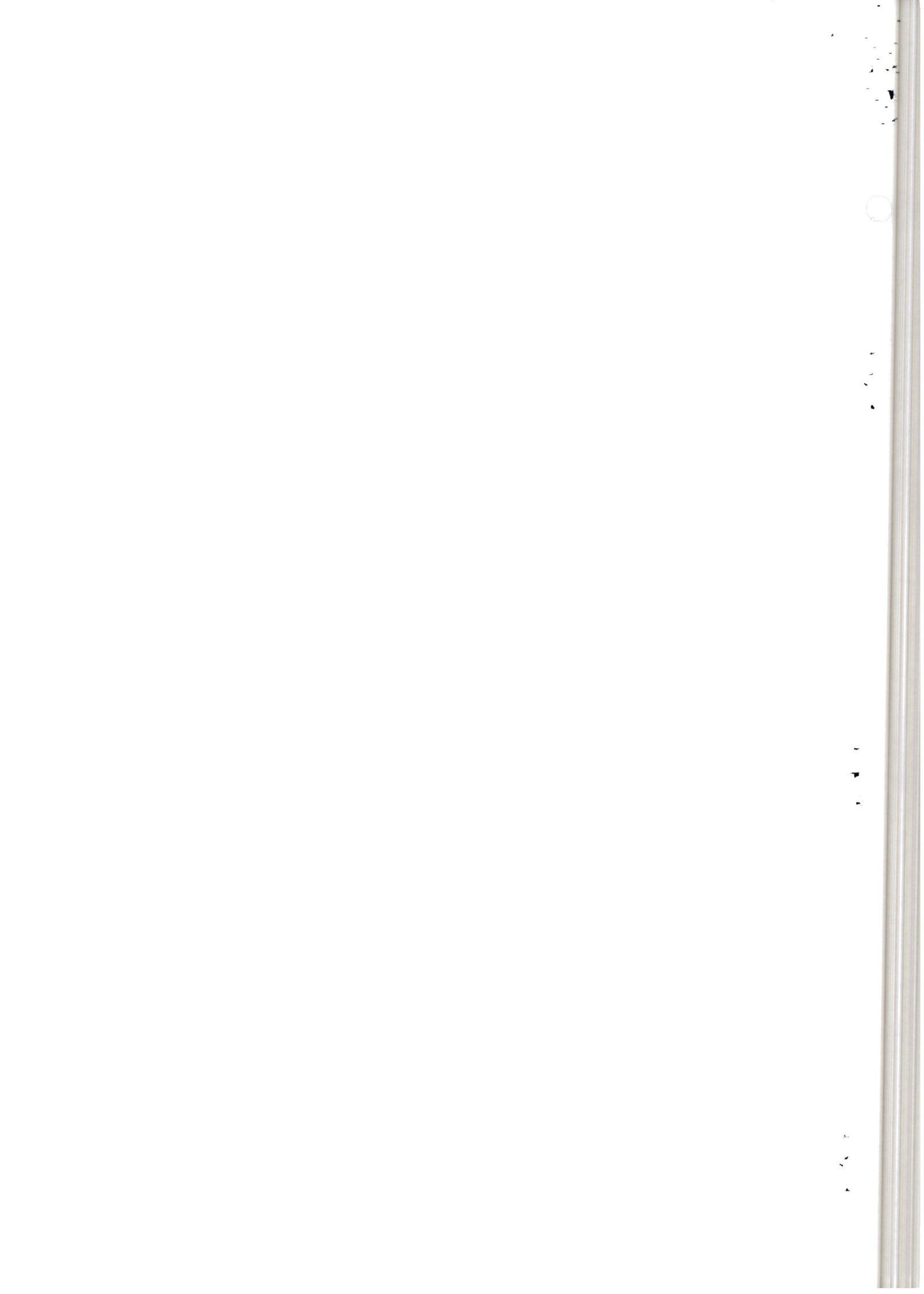
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	-	-
	-	-

15.5: AMOUNTS DUE FROM THE BOARD

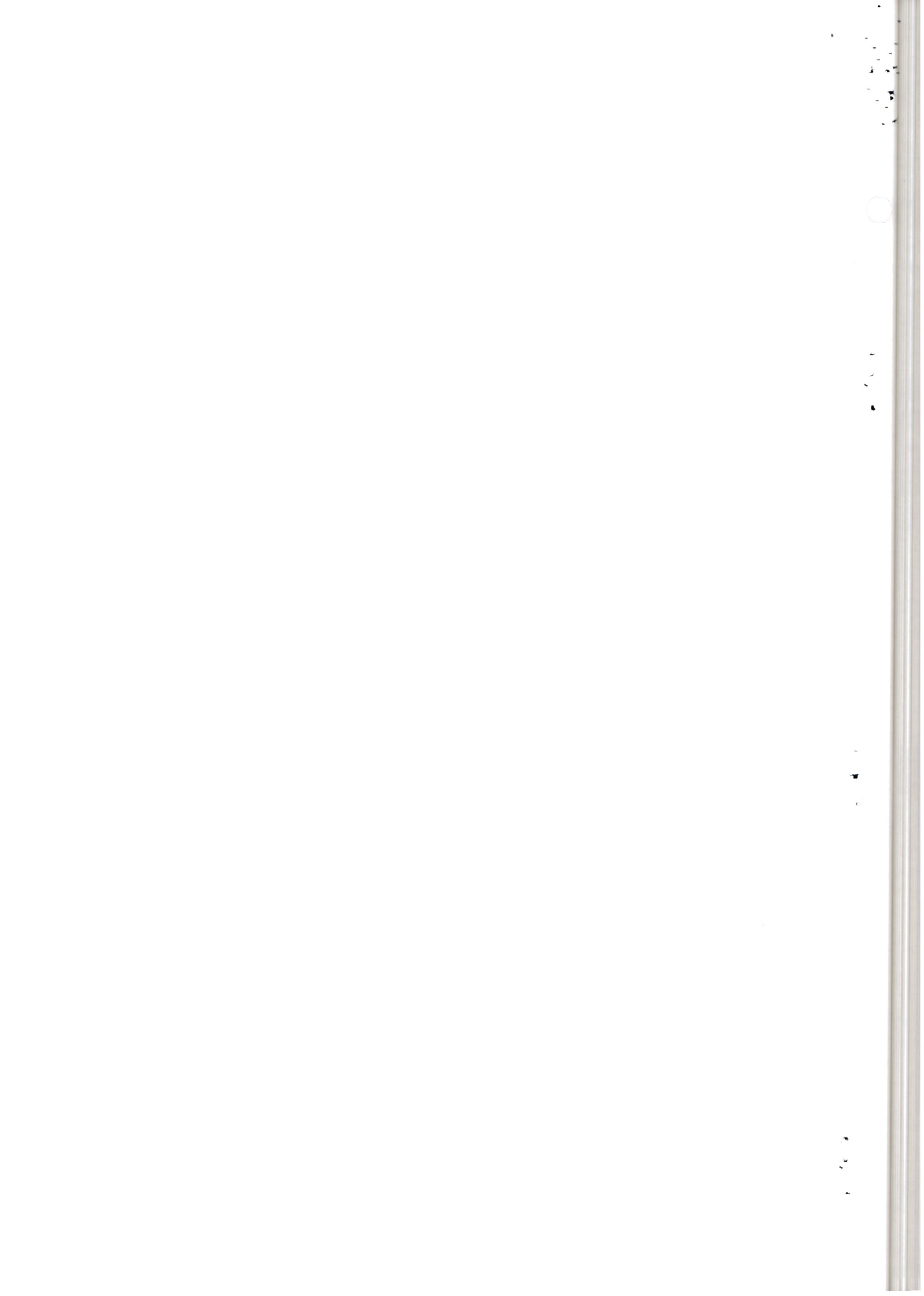
	2017- 2018	2016-2017
	Kshs	Kshs
50% Balance	54,748,483	40,948,277
	54,748,483	40,948,277



NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2018

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

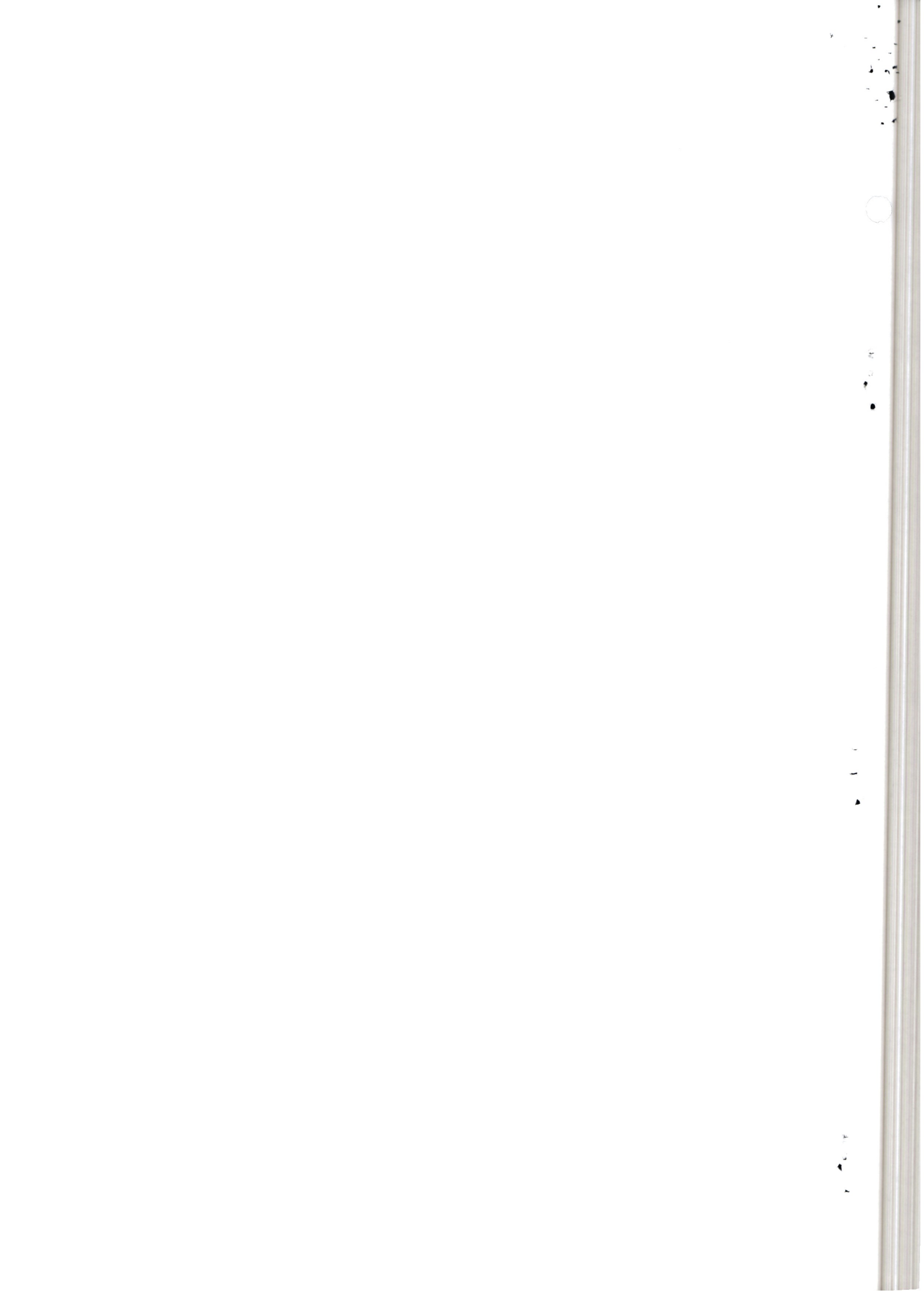


NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)

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

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

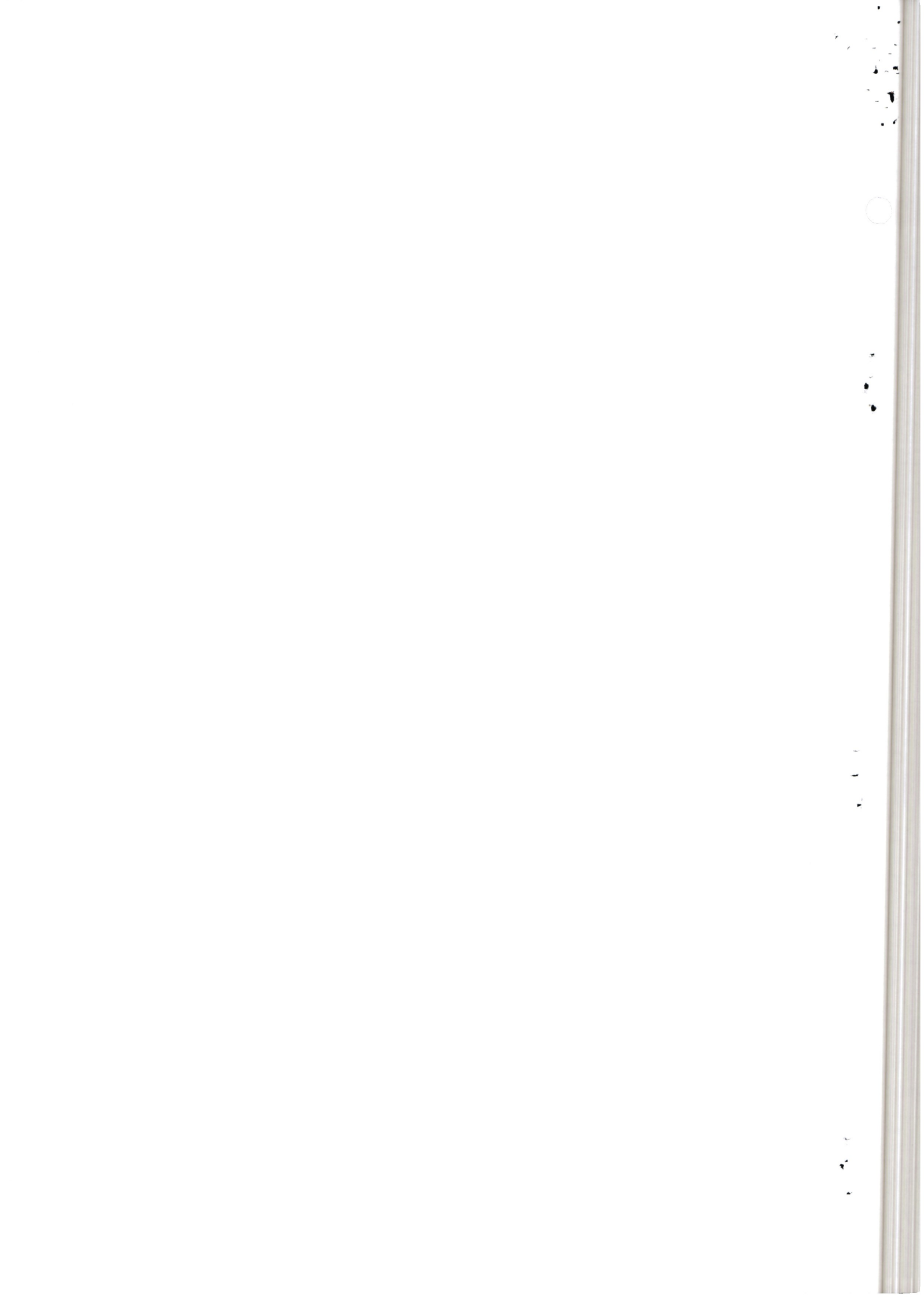
Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total				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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD – TURKANA SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

ANNEX 3 – UNUTILIZED FUNDS

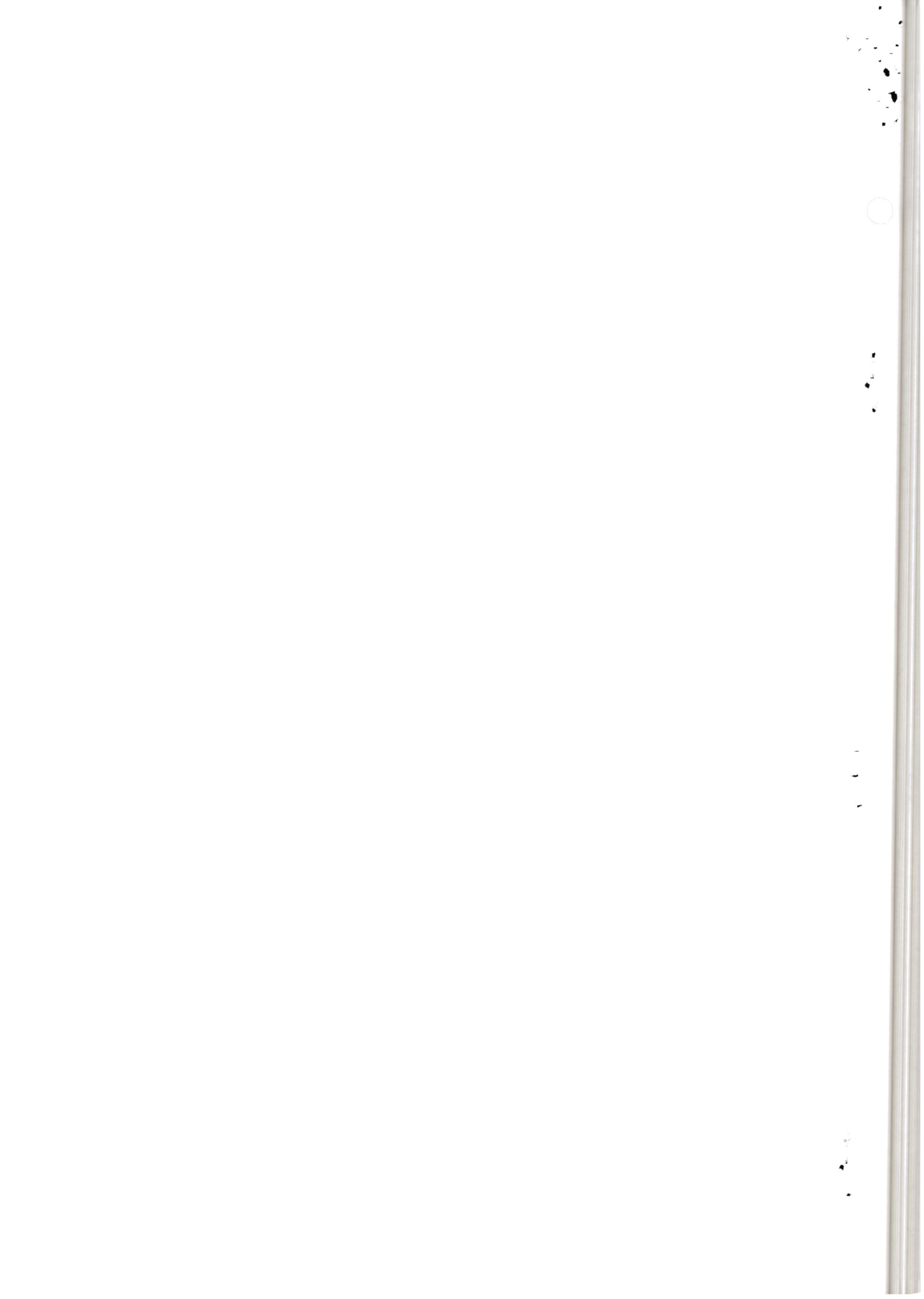
Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	Staff Salaries and Gratuity	711,902		
Use of goods & services	Purchase of fuel, repairs and maintenance, printing, stationery, telephone, travel and subsistence, Committee allowances and Expenses, Capacity Building and trainings	3,344,368		
Amounts due to other Government entities				
Loupwala Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Katioko Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Kaputir Primary School	Construction of Dormitory and equipping with 40 double decker beds	3,000,000	NIL	Project Grant
Kookito Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Naregaekamar Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Kagitankori Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Aburur Primary School	Construction of 1 Classroom to completion) and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Nabeye Primary School	Construction of 1 Classroom to completion and Equipping and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Nakabosan Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks	1,700,000	NIL	Project Grant
Amani Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
St. Theresa Kimabur Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Lochwaa Primary School	Construction of Dormitory and equipping with 40 double decker beds	3,000,000	NIL	Project Grant
Lokaburu Primary School	Construction of 2 Classrooms to completion and 2 VIP pit latrines	3,000,000	NIL	Project Grant



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD – TURKANA SOUTH CONSTRUCTION AGENCY

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

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Kaapese Primary School	Construction of Chain Link Perimeter Fence and a steel metal gate to completion	2,000,000	NIL	Project Grant
Loupwala Primary School	Construction of 1 Classroom to completion (and Equipping with 25 desks and 2 VIP Pit Latrines)	2,000,000	NIL	Project Grant
Katioko Primary School	Construction of 1 Classroom to completion and Equipping with 25 desks and 2 VIP Pit Latrines	2,000,000	NIL	Project Grant
Kainuk Mixed Secondary School	Completion of Library Block (Roofing, Fixing of Doors and Windows, Painting, etc)	2,500,000	NIL	Project Grant
Nabaakan Primary School	Supply and Delivery of 25 school desks double desks	200,000	NIL	Project Grant
Katilu Mixed Primary School	Construction of 2 Classrooms to Completion and Equipping with 50 double Desks	2,500,000	NIL	Project Grant
Nawoyaregae Primary School	Construction of 2 Units (2 Door Pit Latrines) for both Boys and Girls	700,000	NIL	Project Grant
Lochwaa Primary School	Construction of Pit Latrines (4 Units comprising of (2 Unit of 4 Pit Latrines for Girls and (2 Units of 3 pit Latrines and a urinal area for the Boys)	1,400,000	NIL	Project Grant
Kaapese Primary School	Completion of School Perimeter Fence	1,000,000	NIL	Project Grant
Lokichar Police Station	Construction of Prisoners' Cell, Renovation of the Lokichar Police Station, Fencing of the Police Station	2,031,545	NIL	Project Grant
Bursary – Secondary Schools	Secondary Schools	453,062	NIL	Bursary
Turkana South DCC Office	Purchase of Office Furniture for the DCC Office	500,000	NIL	Project Grant
Lokapel Secondary School	Construction of Kitchen/Store, Supply and delivery of Student desks	2,000,000	NIL	Project Grant
Nageteti Secondary School	Construction of Kitchen/Store	2,000,000	NIL	Project Grant
Sub-Total		48,008,572		
Amounts due to other grants and other transfers				
Sports	Sports Activities	1,500,000		
Environment	Environment Activities	900,000		
Bursary	Payment of Bursaries for needy students	9,846,531		
Sub-Total		2,047,486		
Grand Total		62,263,887		

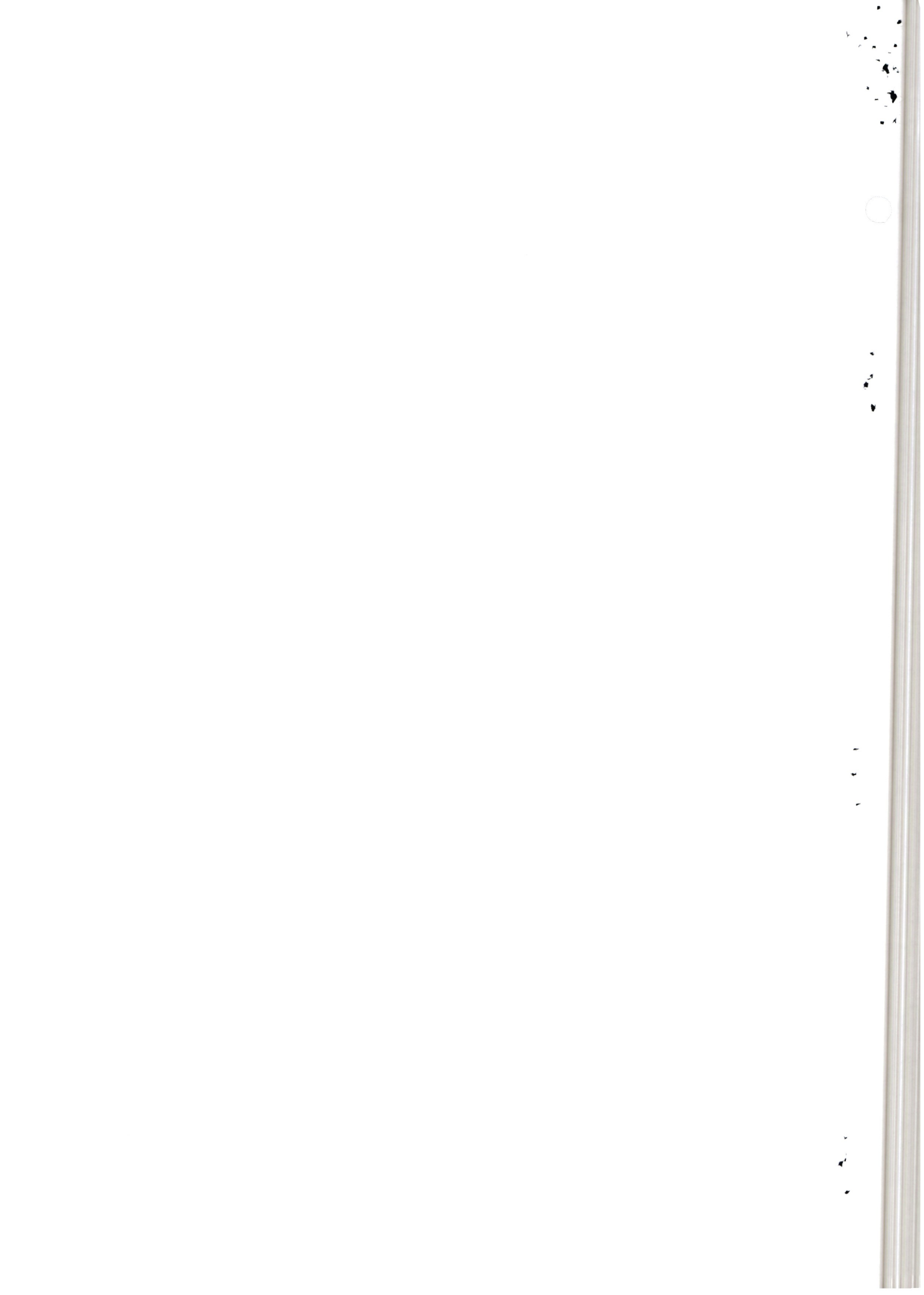


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD – TURKANA SOUTH CONSTITUENCY

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

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
Land				
Buildings and structures	15,114,397	1,444,286	-	16,558,683
Transport equipment	6,307,405	-	-	6,307,405
Office equipment, furniture and fittings	1,494,000	603,200	-	2,097,200
ICT Equipment, Software and Other ICT Assets	1,874,800	-	-	1,874,800
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	24,790,602	2,047,486	-	26,838,088



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD –
TURKANA SOUTH CONSTITUENCY

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

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)
REF: 2016-2017-1-01-0127-09-02	Presentation and Accuracy of Financial Statements	Query responded to and cleared	Fund Account Manager	Resolved	
REF: 2016-2017-1-01-0127-09-02	Transfers to other government entities – Irregular procurement of works and services	Query responded to and cleared	Fund Account Manager	Resolved	
REF: 2016-2017-1-01-0127-09-02	Other grants and transfers – Composition of bursary committee	Query responded to and cleared	Fund Account Manager	Resolved	
REF: 2016-2017-1-01-0127-09-02	Expenditure of Emergency, Sports and Environment	Query responded to and cleared	Fund Account Manager	Resolved	
REF: 2016-2017-1-01-0127-09-02	Budgetary performance	Query responded to and cleared	Fund Account Manager	Resolved	

