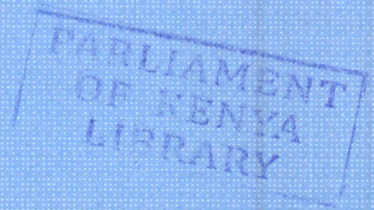


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
REPORT



OF

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 17 SEP 2018
17/sep/18 TUESDAY

TABLED BY: MAJORITY LEADER

GENERAL SECRETARY: [Signature]

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BURA CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018





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

Table of Content
Page

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1-3
II. FORWARDED BY NCDF COMMITTEE CHAIRMAN.....	4-6
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES.....	7
IV. STATEMENT OF RECEIPTS AND PAYMENTS	8
V. STATEMENTS OF ASSETS AND LIABILITIES.....	9
VI. STATEMENT OF CASHFLOW.....	10
VII. STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED....	11
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	12-15
IX. NOTES TO THE FINANCIAL STATEMENTS.....	16-27



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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)
BURA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

Core Values

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

(b) Key Management

The NG-CDF BURA 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	Ronald Wanje Jembe
3.	Sub-County Accountant	Reuben Mose
4.	Chairman NGCDFC	Dube Masha
5.	Member NGCDFC	N/A

(d) Fiduciary Oversight Arrangements

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

NGCDF Office Building
P.O Box 100-70104
Hola-Garissa Road
Bura-Tana



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

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

(f) NGCDF BURA Constituency Contacts

Telephone: (254) 0723924494
E-mail: cdfbura@ngcdf.go.ke
Website: www.cdf.go.ke

(g) NGCDF BURA Constituency Bankers

Kenya Commercial Bank, Garissa Branch
P.O. Box 100-70100- Garissa

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

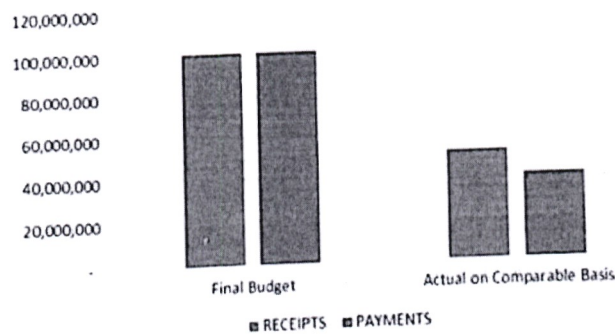
The NG CDF Bura had a budget of Kshs. 139,137,932 during financial year 2017-2018. During the financial year NGCDF Bura received Kshs. 84,353,447 leading to an under absorption of Kshs. 54,784,485 which is yet to be received from NGCDF Board.

Due to late disbursement of funds NGCDF Bura has been experiencing challenges in discharging its mandate to the community. However The NGCDF Bura has improved the education infrastructures within the constituency.

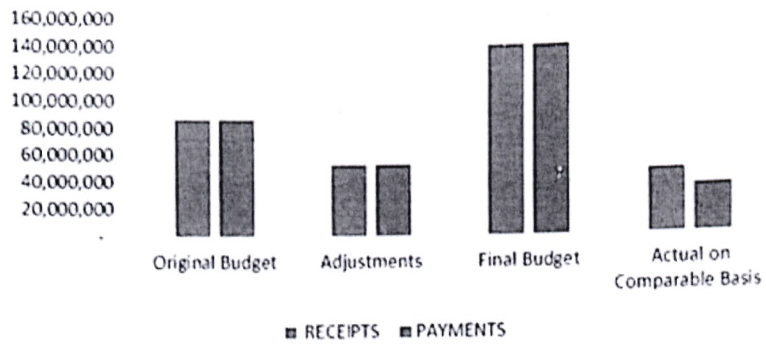
There has been emerging issues and challenges influencing the implementation of NGCDF Projects all over the constituency. These include;

1. Insecurity- Due to vastness of the constituency we have had a lot of security challenges since the area is prone to attacks by bandits and al-shaabab militants
2. Poor road network within the constituency was a big challenge to the contractors when it came to ferrying building materials to the various sites.
3. Other issues affecting the project implementation process is the slow pace of the Project Management Committees in filing both financial and narrative reports relating to their NGCDF funded projects. This fact emanates mostly from low literacy levels amongst the PMCs.
4. Water availability was also a challenge to both the contractors as well as the community.

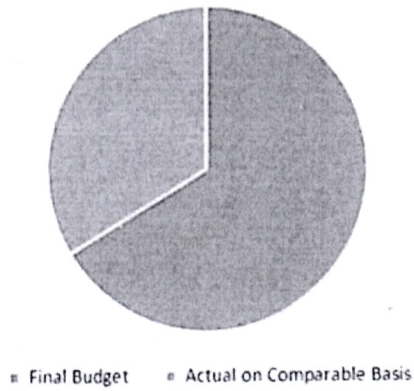
Statement of Receipts and payments



**Original Budget, Adjustments Against
 Actual Utilization of Funds**



Budget Against Actual Expenditure



KEY ACHIEVEMENTS IN THE FINANCIAL YEAR 2017/2018



FIG 1.1 Madogo Police Station



FIG 1.2 Charidende Chief's Office

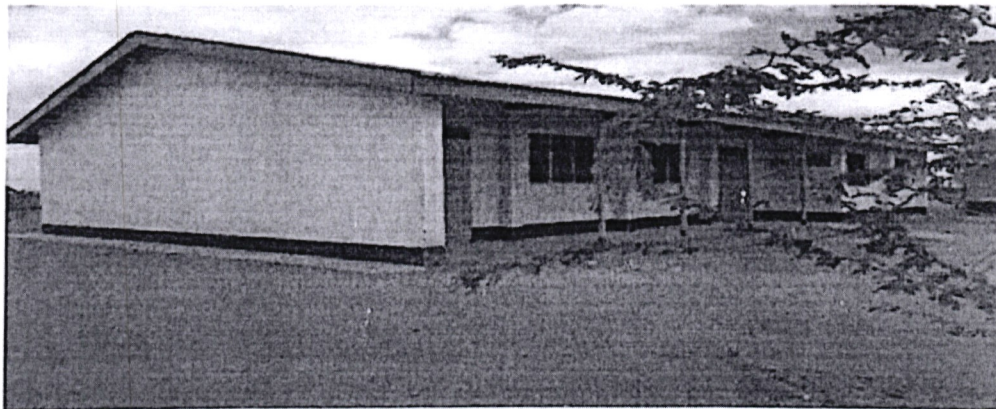


FIG1.3 Huruma secondary school Construction of a fully furnished Laboratory

Sign
CHAIRMAN NGCDF COMMITTEE

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

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

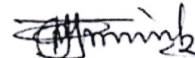
Approval of the financial statements

The NGCDF-BURA Constituency financial statements were approved and signed by the Accounting Officer on _____ 2018.



Fund Account Manager

Name: Ronald W. Jembe



Sub-County Accountant

Name: Kenzen Mose
ICPAK Member Number:



REPUBLIC OF KENYA

Telephone: +254-20-342330
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 – BURA 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 – Bura Constituency set out on pages 8 to 27, which comprise the statement of financial assets and liabilities as at 30 June 2018 and the statement of receipts and payments, statement of cash flows and 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 – Bura Constituency as at 30 June 2018 and its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Irregular Expenditure

Included in the use of goods and services of Kshs.9,330,945 is Kshs.2,512,586 incurred on committee expenses out of which Kshs.2,478,000 was paid without relevant supporting documents. It was further noted some items of the expenditure were charged to the wrong expenditure accounts in the vote book.

Consequently, it was not possible to confirm the probity of Kshs.2,478,000 as at 30 June 2018.

2. Outstanding Imprest

The outstanding imprest balance of Kshs.233,794 as at 30 June 2018 had been outstanding for more than two years, contrary to Section 92 (5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest

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

shall account or surrender the imprest within seven (7) working days after returning to duty station.

In view of the foregoing, It has not been possible to ascertain the accuracy of outstanding imprest of Kshs.233,794 as at 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Bura 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. Budget Performance Analysis

The budget absorption for the Fund during the year under review was as analyzed below:

Item	Approved Budget Kshs.	Actual Expenditure Kshs.	Under-expenditure Kshs.
Compensation of employees	2,123,110	1,030,000	1,093,110
Use of goods and services	11,866,711	9,330,945	2,535,766
Transfer to other government units	54,161,602	20,113,106	34,048,496
Other grants and other transfers	62,503,481	8,830,785	53,672,696
Other payments	8,677,027	0	8,677,027
amount not disbursed as at end of financial year under review	0	0	(54,784,484)
Total	139,331,931	39,304,836	45,242,611

As indicated above, total approved budget for the year was Kshs.139,331,931. This includes Kshs.40,948,276 for 2016/17 financial year that was disbursed in the financial year under review. However, at close of the financial year, National Government Constituencies Development Fund Board had disbursed Kshs.84,547,447 leaving a balance of Kshs.54,062,611 as the amount not disbursed for use. The actual expenditure during the year under review was Kshs.39,304,836 resulting to under-expenditure of Kshs.45,242,611. Consequently, the Fund did not implement all the planned development programmes which may have led to failure to achieve its objectives.

2. Remuneration of Employees

The compensation of employees reflects Kshs.1,030,000. However, a review of the expenditure and other supporting documents revealed that employees were not paid house allowance at the applicable rates contained in Salaries and Remuneration Commission Circular Ref. No SRC/ADM/CIR/1/13 VOL III (126) of 10 December 2014. It was further noted that the employees were also not paid commuter and hardship allowances as required. This led to under-payment of employees by Kshs.564,228.

In the circumstances, it had not been possible to ascertain the accuracy of Kshs.1,030,000 as at 30 June 2018.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weaknesses in Internal Controls

The Fund accountant is required to complete vote book control certificate and record all payments into the vote book before authorization for further processing. It was however noted that in some instances, the vote book control certificate was not correctly completed. In other instances payment vouchers processed and paid were not posted into the vote

book. This implies that even though controls are designed to guard against spending without budgetary allocation, they were not effectively implemented. As a result of non-adherence to vote book control procedures, payment vouchers worth Kshs.1,037,500 were either incorrectly entered in the vote book or completely omitted in the vote book.

2. Lack of Segregation of Duties

Review of payment process at the Bura Sub-county Treasury revealed that there was no adequate segregation of duties in relation to authorization, examination, vote book control certificate and bank reconciliation. The four roles were performed by the Fund accountant and a cashier at the Sub-county Treasury. This was attributed to shortage of staff at the Bura Sub-county Treasury. Under this state of affairs it is clear that the controls on payment process were weak.

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 the 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 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 resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 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


8 August 2019

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

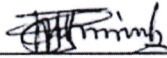
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	84,353,447	99,694,156
Other Receipts	2	104,000	
TOTAL RECEIPTS		84,457,447	99,694,156
PAYMENTS			
Compensation of employees	3	1,030,000	2,157,140
Use of goods and services	4	9,330,945	10,409,882
Transfers to Other Government Units	5	20,113,106	70,563,470
Other grants and transfers	6	8,830,785	44,278,635
Acquisition of Assets	7	-	2,900,000
TOTAL PAYMENTS		39,304,835	130,309,127
SURPLUS/DEFICIT		45,152,612	(30,614,971)

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



Fund Account Manager
Name: *Ronald W. Jembe*
Number:



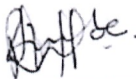
Sub-County Accountant
Name: *Kenia Mose*
ICPAK Member

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

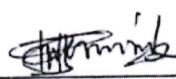
V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	49,743,342	430,201
Outstanding Imprests	11	233,794	233,794
TOTAL FINANCIAL ASSETS		<u>49,977,136</u>	<u>663,995</u>
REPRESENTED BY			
Fund balance b/fwd. 1st July...	13	663,995	31,278,966
Surplus/Deficit for the year		45,152,612	(30,614,971)
Prior year adjustments	14	4,160,529	-
NET LIABILITIES		<u>49,977,136</u>	<u>663,995</u>

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



Fund Account Manager
Name: *Ronald W. Jembe*



Sub-County Accountant
Name: *Karben Mose*
ICPAK Member

Number:

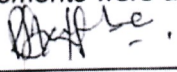
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BURA CONSTITUENCY**

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

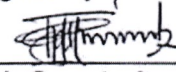
VI. STATEMENT OF CASHFLOW

		2017-2018	2016 - 2017
Receipts for operating income			
Transfers from NG-CDF Board	1	84,353,447	99,694,156
Other Receipts	2	104,000	-
		84,457,447	99,694,156
Payments for operating expenses			
Compensation of Employees	3	1,030,000	2,157,140
Use of goods and services	4	9,330,945	10,409,882
Transfers to Other Government Units	5	20,113,106	70,563,470
Other grants and transfers	6	8,830,785	44,278,635
		39,304,835	127,409,127
Adjusted for:			
Adjustments during the year	14	4,160,529	-
Net cash flow from operating activities		49,313,141	(27,714,971)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	-	(2,900,000)
Net cash flows from Investing Activities		-	(2,900,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		49,313,141	(30,614,971)
Cash and cash equivalent at BEGINNING of the year	13	663,995	31,278,966
Cash and cash equivalent at END of the year		49,977,136	663,995

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



Fund Account Manager
Name: *Ronald W. Jembe*



Sub-County Accountant
Name: *Reuben Mose*
ICPAK Member Number:

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

Reports and Financial Statements

For the year ended June 30, 2018

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-BURA 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) – BURA
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.

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

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

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

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) – BURA
CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
Description		2017- 2018 Kshs	2016- 2017 Kshs
Normal Allocation			-
AIE NO	A829517		4,094,827
AIE NO	A839557		58,745,880
AIE NO	A855536		36,853,449
AIE NO	A855774	5,500,000	
AIE NO	A892692	40,948,275	
AIE NO	A896808	37,905,172	
TOTAL		84,353,447	99,694,156

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. OTHER RECEPTS

Description	2017- 2018	2016- 2017
	Kshs	Kshs
Receipts from sale of tender	104,000	
Total	104,000	

3. COMPENSATION OF EMPLOYEES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	1,010,000	1,316,300
Other personnel payments	-	15,000
Employer contribution to NSSF gratuity	20,000	-
Total	1,030,000	2,157,140

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

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	757,635	-
Office rent	-	-
Communication, supplies and services	26,760	17,920
Domestic travel and subsistence	625,114	336,250
Printing, advertising and information supplies & services	-	89,932
Rentals of produced assets	-	246,119
Training expenses	1,130,000	-
Hospitality supplies and services	148,000	20,000
Other committee expenses	1,150,000	2,809,665
Committee allowance	1,362,586	3,216,152
Insurance costs	-	-
Specialized materials and services	367,165	-
Office and general supplies and services	843,540	148,170
Fuel, oil & lubricants	725,422	1,141,418
Other operating expenses- Bank charges	-	501,657
Other operating expenses	1,162,600	1,256,592
Routine maintenance – vehicles and other transport equipment	1,032,123	626,007
Routine maintenance – other assets	-	-
Total	9,330,945	10,409,882

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BURA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to primary schools- see attached list	18,173,296	57,559,472
Transfers to secondary schools- see attached list	1,939,810	10,766,244
Transfers to Tertiary institutions- see attached list	-	2,000,000
Transfers to Health institutions - see attached list	-	237,754
TOTAL	20,113,106	70,563,470

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary -Secondary	399,000	14,665,200
Bursary -Tertiary	400,700	20,369,000
Bursary-Special schools	-	-
Mocks & CAT	-	-
water	-	-
Agriculture (food security)	-	-
Electricity projects	31,445	-
Security	4,999,640	300,000
Roads	-	-
Sports	-	1,626,104
Other capital grants and transfer	-	2,837,931
Emergency Projects	3,000,000	4,480,400
Total	8,830,785	44,278,635

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

Non Financial Assets		2017 - 2018	2016 - 2017
		Kshs	Kshs
Refurbishment of Buildings		-	2,900,000
Total		-	2,900,000

8. OTHER PAYMENTS

		2017 - 2018	2016 - 2017
Ict hub		-	-
			-
			-
TOTAL		-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BURA
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	Account Number	2017 - 2018	2016 - 2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
<i>Kenya Commercial Bank</i>	1107773164	49,743,342	430,201
Total		49,743,342	430,201

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

NOTESES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

		2017 - 2018	2016 - 2017
		Kshs (1/1/2017)	Kshs (1/7/2016)
Bank accounts		430,201	30,599,052
Cash in hand		-	-
Imprest		233,793	679,913
Total		663,995	31,278,965

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

Reports and Financial Statements

For the year ended June 30, 2018

14. PRIOR YEAR ADJUSTMENTS

		2017-2018	2016-2017
		Kshs	Kshs
Bank accounts		4,160,529	-
Total		4,160,529	-

NOTE:

The adjustment was as a result of stale cheques which were outstanding in the year 2016/2017. These cheques were cancelled and recorded back in the cash in the financial year 2017/2018

15.3: UNUTILIZED FUNDS (See Annex 3)

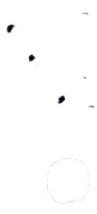
		2017/2018	2016/2017
		Kshs	Kshs
Compensation of employees		1,093,110	-
Use of goods and services		2,105,565	-
Transfers to Other Government Units		34,388,698	-
Other grants and transfers		53,582,696	-
Acquisition of Assets		-	-
Other Payments		8,677,027	-
		99,847,096	

11
12
13
14
15

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BURA
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	3,770,550.00	-	-	3,770,550.00
Buildings and structures	8,025,000.00	-	-	8,025,000.00
Transport equipment	12,000,000.00	-	-	12,000,000.00
Office equipment, furniture and fittings	790,000.00	-	-	790,000.00
ICT Equipment, Software and Other ICT Assets	221,000.00	-	-	221,000.00
Other Machinery and Equipment	40,000.00	-	-	40,000.00
Total	24,846,550.00	-	-	24,846,550.00



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

Reports and Financial Statements

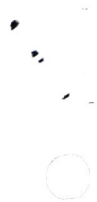
For the year ended June 30, 2018

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Mororo Pry Schl	KCB	1209376032	1,400	2,000
Mitiboma Pry Schl	KCB	1200373898	1,079	1,440
Maderte Pry Schl	KCB	1237910918	1,000	1,000
Dida Pry Schl	KCB	1212007557	1,075.60	2,494,185.60
Madogo Police Station	KCB	1226356672	1,010	2,000
Total			5,564.6	2,500,625.6

ANNEX 4 –TRIAL BALANCE AS AT 30TH JUNE 2018

TRIAL BALANCE AS AT 30TH JUNE 2018			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	49,653,342	
	Cash Balances	-	
	Outstanding Imprest	-	
Payments			
	Compensation of Employees	1,030,000	
	Use of goods and services	9,330,945	
	Transfers to Other Government Units	20,113,106	
	Other grants and transfers	8,920,785	
	Acquisition of Assets	-	
	Other Payments	-	
Receipts			
	Transfers from the Board		84,353,447
	Proceeds from sale of assets		-
	Others receipts		104,000
Prior Year Adjustment			4,160,529
Fund Balance b/f			430,201
TOTAL		89,048,178	89,048,178



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BURA
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)
1.0	Presentation of financial statements page 20 had not been numbered and subsequent pages are not numbered in order	The financial statements were amended and all pages were numbered correctly	FAM(Ronald Jembe)	Resolved	
2.1	The unrepresented and stale cheques amounted to Kshs2,592,873,43 had not been reversed in the cashbook and management did not provide explanation	The management reversed all stale cheques in the cashbook on 4 th July 2017 and were re-issued accordingly	Sub County Accountant (Reuben Mosee	Resolved	
2.2	The statement of assets reflects a nil balance, however board of survey certificate on cash was not availed for audit verification	Board of survey certificate was availed later for verification	Sub County Accountant (Reuben Mosee	Resolved	
3.0	The statement of assets reflects outstanding imprest of Kshs. 233,794 as at 30 June 2017. However, the imprest balance have been outstanding for more than six months	The outstanding imprest was surrendered and well captured in the cashbook	FAM(Ronald Jembe & Sub County Accountant (Reuben Mosee	Resolved	

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

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

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)
4.0	In transfers to other Government entities there was a transfer of Kshs. 7,000,000 to Koti primary school to facilitate purchase of 2 acres of parcel of land in Bangale ward. However, a scrutiny of the payment documents indicate that the school management fully paid for the land but ownership documents was not availed for audit review	The ownership documents were availed for audit verification and the school management is in the process of obtaining title deed for the said parcel of land	FAM(Ronald Jembe	Resolved	

100
100