

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
TIATY CONSTITUENCY

PARLIAMENT
OF KENYA
LIBRARY

FOR THE YEAR

ENDED 30 JUNE 2018

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 17 SEP 2019

DAY:
TUESDAY

TABLED
BY:

MAJORITY LEADER

CLERK AT
THE TABLE:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

TIATY CONSTITUENCY

AMENDED REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2018

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





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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

(b) Key Management

The Constituency's 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	Mathew Kipsanai
3.	Sub County Accountant	Kennedy Omariba
4.	Chairman NGCDFC	Paul Kitemo
5.	Member NGCDFC	Marcella Kemboi

(d) Fiduciary Oversight Arrangements

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

P.O. Box 12 - 30404
Nginyang,
Chemolingot,
Baringo - KENYA

(f) Tiaty NGCDF Contacts

Telephone: (254) 725763995
E-mail: cdftiaty@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) Tiaty NGCDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
Marigat Branch
1103776274
Marigat – Kenya.

(h) Independent Auditors

Auditor General
The Office of 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

I am pleased to present the financial statements for Tiaty Constituency for the financial year ended 30th June 2018. Tiaty Constituency is one of the six Constituencies in the Larger Baringo County. Tiaty is generally vast characterized by a rough mountainous terrain, harsh semi arid climatic conditions, remoteness and poor road infrastructure. The people of Tiaty are predominantly pastoralists in which their livelihoods depend predominantly on livestock.

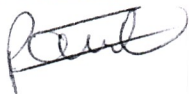
The Constituencies Development Fund Act 2015 requires that at least 2.5% of the National Government share of Ordinary Revenue be allocated to the Board as a statutory obligation. During FY 2017/2018 Tiaty NGCDF was allocated a total of Kshs.86, 810,344.82 through normal allocation and Ksh 11,379,310.34 through supplementary allocation. The Fund received Ksh 43,405,172.80 by end of the financial year out of the budget of Ksh 98,189,655.16. The Fund disbursed all the funds received from the Board during the year except for Kshs. 5,546,173 which were still in the KCB account as at 30/06/2018.

The Fund has strived to achieve its core mandates by ensuring timely and efficient disbursement of funds to all the project management committee.

Tiaty CDFC has strengthened monitoring and Evaluation of projects for prudent management of the Fund.

Thank you.

Paul Kitemo



Chairperson,
NGCDF Tiaty Constituency

III. STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government CDF shall prepare financial statements in respect of that NG-CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Tiaty NG-CDF is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year 2017/18 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 NG-CDF; (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; (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 Tiaty NG-CDF accepts responsibility for the NG-CDF'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 NG-CDF's financial statements give a true and fair view of the state of NG-CDF's transactions during the financial year ended June 30, 2018, and of the NG-CDF's financial position as at that date. The Accounting Officer charge of the Tiaty NG-CDF further confirms the completeness of the accounting records maintained for the NG-CDF, which have been relied upon in the preparation of the NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Tiaty NG-CDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF'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 NG-CDF'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 Tiaty NG-CDF Amended Financial Statements were approved and signed on 24th April 2019.

Fund Account Manager

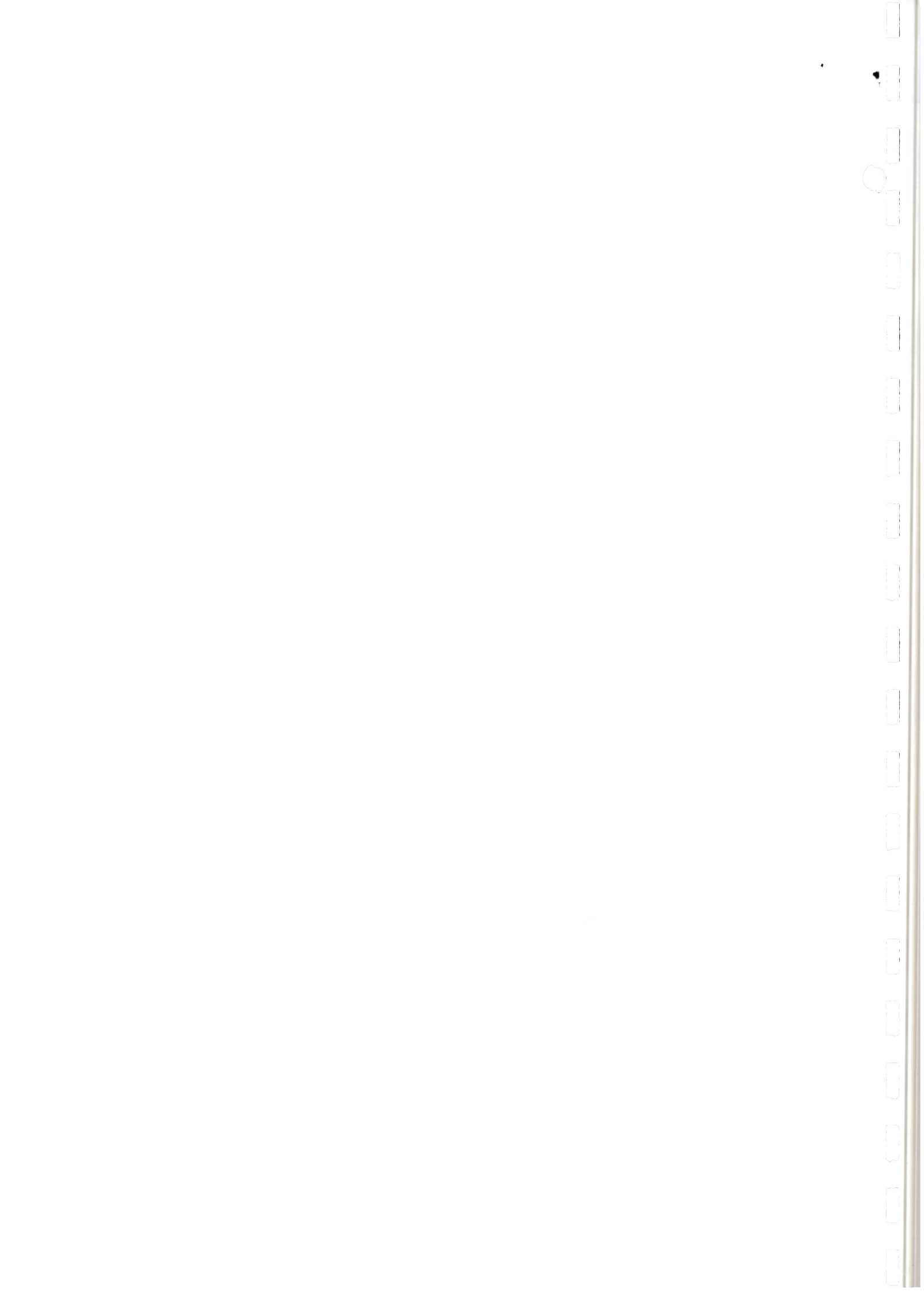
Name: Peter Maraya



Sub-County Accountant

Name: Kennedy Ombira

ICPAK Member No.:



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

IV. REPORT OF AUDITOR GENERAL



REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TIATY 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 - Tiaty Constituency set out on pages 1 to 14, which comprise the statement of assets and liabilities as at 30 June 2018, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Tiaty 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

Bank Balances

The statement of assets and liabilities reflects bank balance of Kshs.5,546,173; (2017- Kshs.1,204,835) and as disclosed under Note 8 to the financial statements. The reported balance differs with the board of survey report and reconciled cashbook balance of Kshs.5,451,587 resulting in unexplained variance of Kshs.94,586. Included in the bank reconciliation statement are payments in cashbook but not recorded in the bank statement of Kshs.3,469,019.90 that include stale cheques amounting to Kshs.143,877. Consequently, the accuracy of the bank balance of Kshs.5,546,173 as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Tiaty 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

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

Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budget Analysis and Performance

The summary statement of appropriation: recurrent and development combined reflects final budget and actual on comparable basis amounts of Kshs.98,189,655 and Kshs.43,405,172 respectively. This is reflective of budget underfunding of Kshs.54,784,483 or 44.2% due to non-disbursement by the NGCDF Board. Out of the receipts, an amount of Kshs.39,063,834 was spent resulting to an overall under expenditure of Kshs.5,546,173 or 12.4%.

The analysis is an indication of over-budgeting or failure to offer the budgeted projects and services including transfers to the intended beneficiaries. Consequently, out of the fifty-six (56) projects in primary schools, only ten (10) or 19% were implemented while in secondary schools, only one (1) project was implemented out of the approved four (4) projects.

Further, the constituency received Kshs.2,800,000 for purchase of five hundred and sixty (560) desks for thirty (30) primary schools, however, none was purchased. The continued budget underutilization adversely affects planned projects and service delivery.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Expenditure Returns

The statement of receipts and payments reflects transfers to other government units amount of Kshs.3,100,000; (2017- Kshs.94,637,931) and as disclosed under Note 4, to the financial statements. Included in this amount is Kshs.1,500,000 to Chemolingot Day Secondary School for construction of two (2) classrooms with no supporting documentation including expenditure returns. The accountability of these funds could not be confirmed.

2. Unacknowledged Bursary Receipts

The statement of receipts and payments indicates payments on account of other grants and transfers of Kshs.29,316,300; (2017- Kshs.46,632,340) and as disclosed under Note 5 to the financial statements. Included in this payment is bursaries to secondary and tertiary institutions of Kshs.27,316,300 for which receipt of Kshs.13,093,700 had been acknowledged leaving out Kshs.14,222,600 unacknowledged. In addition, the constituency does not have a bursary policy to guide on the process of bursaries issuance and awards to students in private institutions. For instance, during the period under review, two hundred and ninety-five (295) students in high school and colleges were issued with bursaries without proper identification by way of admission or registration numbers. Consequently, the propriety and accountability of Kshs.27,316,300 bursary expenditure could not be confirmed.

3. Emergency Expenditure

During the period under review, the Fund reported an emergency expenditure of Kshs.1,900,000 on renovations of Nalekat Primary School, Nginyang Police Station and East Pokot Deputy County Commissioner's residence. However, the validity of the expenditure could not be established as there were no evaluated bids or bill of quantities in support. Further, the expenditure returns for the projects were not submitted by the respective project management committees to confirm accountability. Under the circumstances, there was no evidence to warrant emergency of implementation of these projects contrary to provisions of the CDF Act, 2015.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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

26 August 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TIATY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

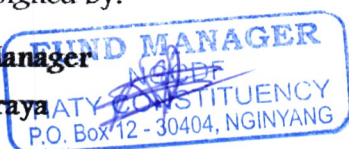
I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF Board - AIEs' Received	1	43,405,172	148,921,531
TOTAL RECEIPTS		43,405,172	148,921,531
PAYMENTS			
Compensation of employees	2	1,960,717	1,554,294
Use of Goods and Services	3	4,686,817	9,646,035
Transfers to Other Government Units	4	3,100,000	94,637,931
Other Grants and Transfers	5	29,316,300	46,632,340
Acquisition of Assets	6	-	221,200
Other Payments	7	-	540,000
TOTAL PAYMENTS		39,063,834	153,231,800
SURPLUS / DEFICIT		4,341,338	(4,310,270)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Tiaty NG-CDF Amended Financial Statements were approved on 24TH April 2019 and signed by:

Fund Account Manager

Name: Peter Maraya



Sub-County Accountant

Name: Kennedy Ombaka

ICPAK Member No.:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TIATY CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

II. STATEMENT OF ASSETS AND LIABILITIES

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the Cash Book)	8	5,546,173	1,204,835
TOTAL FINANCIAL ASSETS		5,546,173	1,204,835
REPRESENTED BY:			
Fund Balance B/Fwd. 1st July 2016	9	1,204,835	5,515,105
Surplus / Deficit for the Year		4,341,338	(4,310,270)
NET LIABILITIES		5,546,173	1,204,835

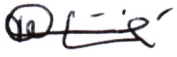
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Tiaty NG-CDF Amended Financial Statements were approved on 24th April 2019 and signed by:

Fund Account Manager

Name: Peter Maraya



Sub-County Accountant

Name: Kennedy Amanda 
ICPAK Member No.:

III. STATEMENT OF CASHFLOW

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
Receipts For Operating Income			
Transfers from CDF Board	1	43,405,172	148,921,531
		43,405,172	148,921,531
Payments For Operating Expenses			
Compensation of Employees	2	1,960,717	1,554,294
Use of Goods and Services	3	4,686,817	9,646,035
Transfers to Other Government Units	4	3,100,000	94,637,931
Other Grants and Transfers	5	29,316,300	46,632,340
Other Payments	7	-	540,000
		39,063,834	153,010,600
Net Cash Flow From Operating Activities		4,341,338	(4,089,070)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	(221,200)
Net Cash Flows From Investing Activities		-	(512,428)
NET INCREASE IN CASH AND CASH EQUIVALENT		4,341,338	(4,310,270)
Cash and cash equivalent at BEGINNING of the year	9	1,204,835	5,515,105
Cash and cash equivalent at END of the year		5,546,173	1,204,835

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Tiaty NG-CDF Amended Financial Statements were approved on 24th April 2019 and signed by:

Fund Account Manager

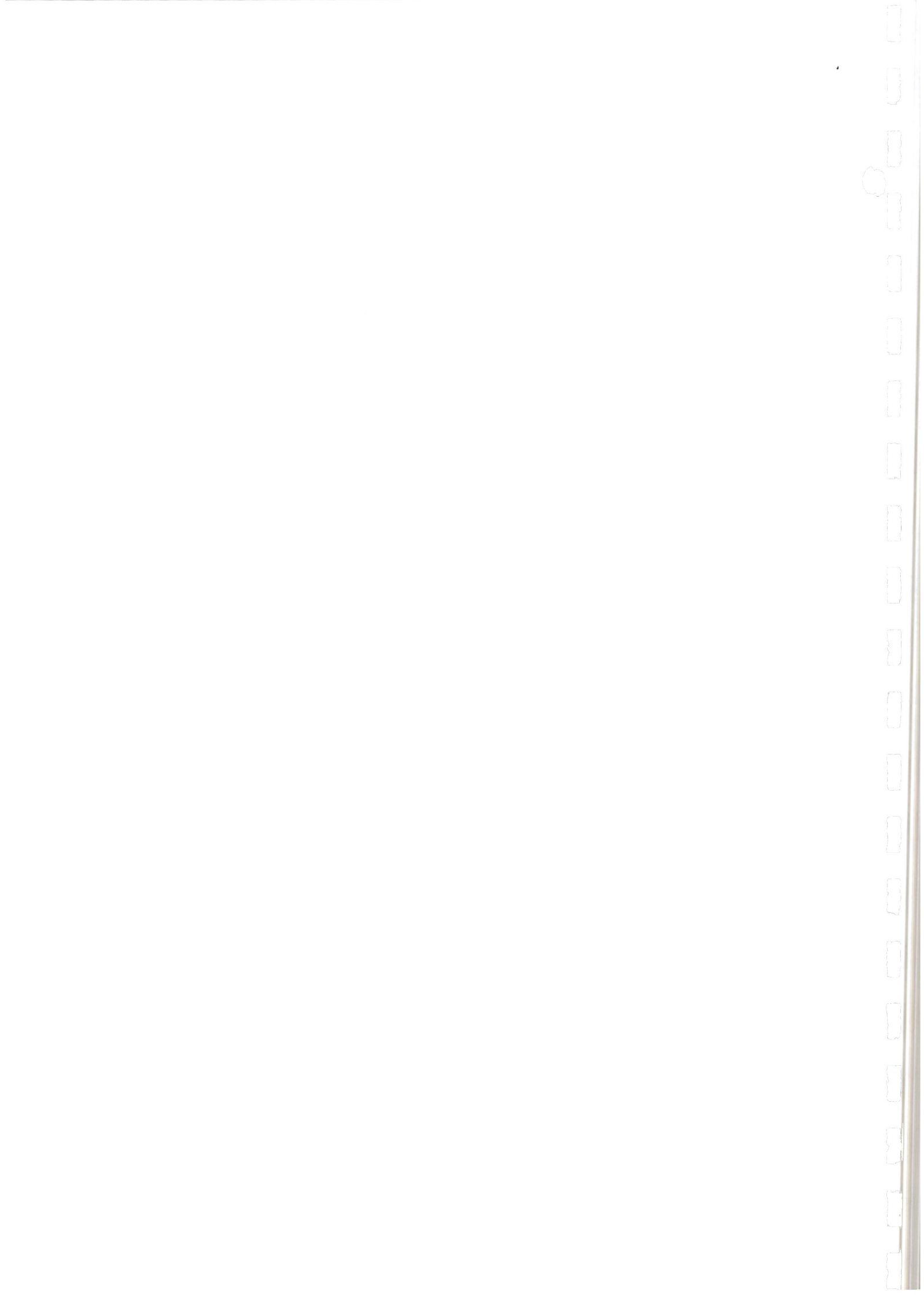
Name: Peter Maraya



Sub-County Accountant

Name: Kennedy Omondi

ICPAK Member No.:



Reports and Financial Statements

For the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c = a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	86,810,345	11,379,310	98,189,655	43,405,172	54,784,483	45%
Balance B/F	-	1,204,835	1,204,835	1,204,835	-	100%
TOTALS	86,810,345	12,584,145	99,394,490	44,610,007	54,784,483	45%
PAYMENTS						
Compensation of Employees	1,418,000	1,279,800	2,697,800	1,960,717	737,083	73%
Use of Goods and Services	6,394,621	935,379	7,330,000	4,686,817	2,643,183	64%
Transfers to Other Government Units	30,000,000	8,000,000	38,000,000	3,100,000	34,900,000	8%
Other Grants and Transfers	48,997,724	2,368,966	51,366,690	29,316,300	22,050,390	57%
TOTALS	86,810,345	12,584,145	99,394,490	39,063,834	60,330,656	

Notes:

- Transfers from the CDF Board stood at 45% as at 30/06/2018.
- The adjustments to the original budget include the balance brought forward from the previous financial year of Ksh 1,204,835 and the supplementary budget of Ksh 11,379,310
- The total balances which was due from the Board as at 30th June 2018 was Ksh 54,784,482



Reports and Financial Statements

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- The transfers to other Government units utilization stands at 8% because most Primary and Secondary Schools projects that falls under this category were prioritized in the balance of the Budget due from the board that was not disbursed until after the closure of financial year 2017/18.

The Tiaty NG-CDF Amended Financial Statements were approved on 24th April 2019 and signed by:

Fund Account Manager

Name: **Peter Maraya**

Sub-County Accountant

Name: *Kennedy Omoniba* 
ICPAK Member No.:

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 – Tiaty 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.

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 criterion is applied for loans received in the form of a direct payment.



SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

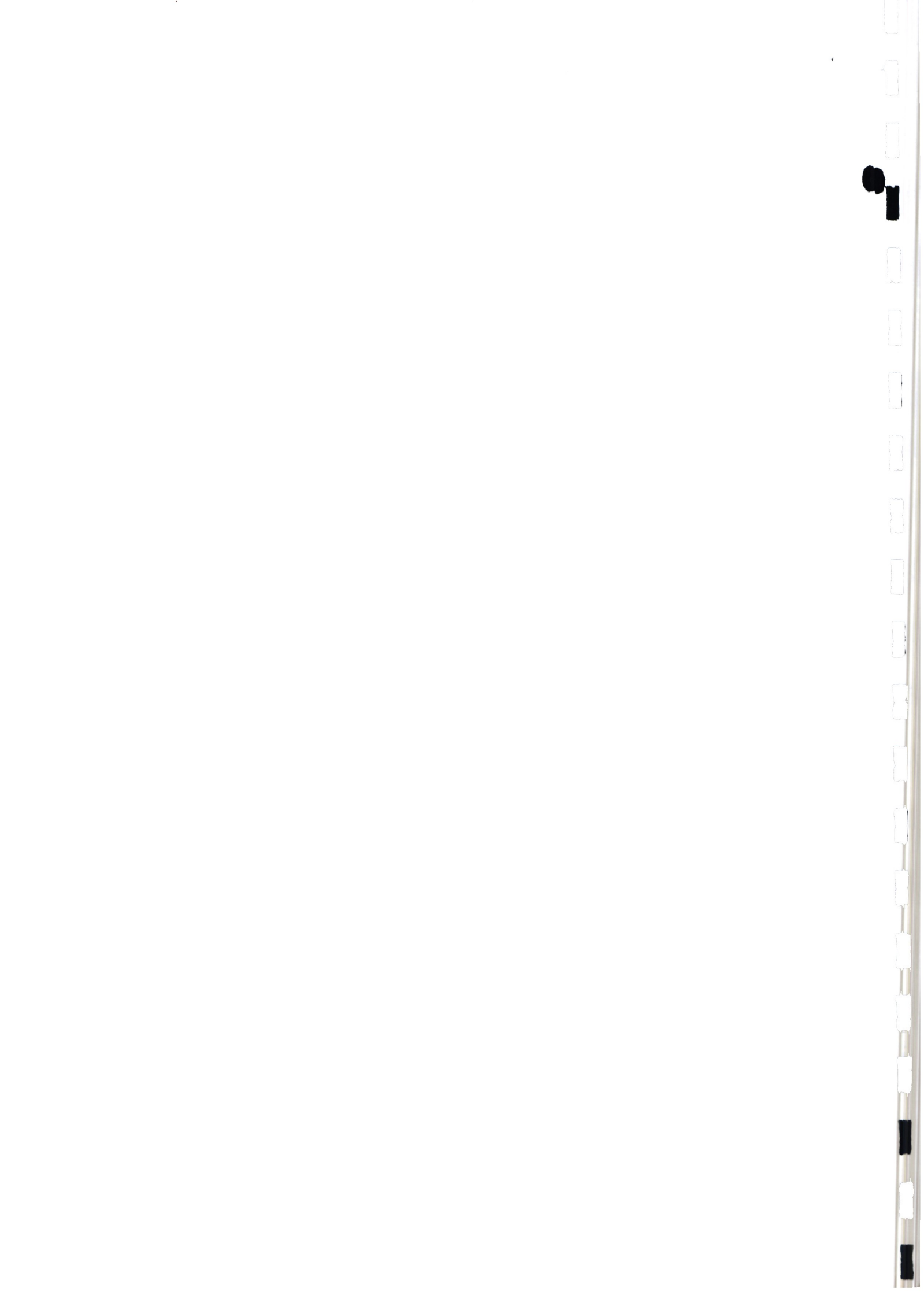
A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

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



SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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



SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 – TIATY CO NSTITUENCY

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
Normal Allocation	2017/2018/092	5,500,000	-
	2017/2018/541	37,905,172	-
	2015/2016/1039	-	67,024,979
	2016/2017/1218	-	4,094,828
	2016/2017/085	-	36,853,449
	2016/2017/476	-	40,948,275
Total		43,405,172	148,921,531

2. COMPENSATION OF EMPLOYEES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	1,181,959	1,222,566
Personal allowances paid as part of salary		
House allowance	144,500	142,500
Employer Contribution to N.S.S.F	7,200	15,400
Gratuity	627,058	173,828
Total	1,960,717	1,554,294



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TIATY CO NSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, Supplies and Services	189,140	154,654
Communication, Supplies and Services	206,000	22,500
Domestic Travel and Subsistence	690,400	914,000
Training Expenses	417,690	1,291,500
Hospitality Supplies and Services	190,105	580,914
Committee Allowance	1,598,300	4,117,400
Office and General Supplies and Services	796,694	312,195
Fuel, Oil & Lubricants	105,500	675,959
Routine Maintenance - Vehicles and Other Transport Equipment	492,988	1,428,453
Routine Maintenance - Other Assets	-	148,460
Total	4,686,817	9,646,035

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to Primary Schools	1,600,000	48,887,931
Transfers to Secondary Schools	1,500,000	45,750,000
TOTAL	3,100,000	94,637,931

5. OTHER GRANTS AND OTHER PAYMENTS

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary - Secondary	19,471,000	17,091,950
Bursary - Tertiary	7,845,300	11,190,390
Security	100,000	14,700,000
Sports	-	650,000
Emergency Projects	1,900,000	3,000,000
Total	29,316,300	46,632,340

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TIATY CO NSTITUENCY
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 For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

Non-Financial Assets	2017 - 2018	2016 - 2017
	Kshs	Kshs
Purchase of Bicycles & Motorcycles	-	221,200
Total	-	221,200

7. OTHER PAYMENTS

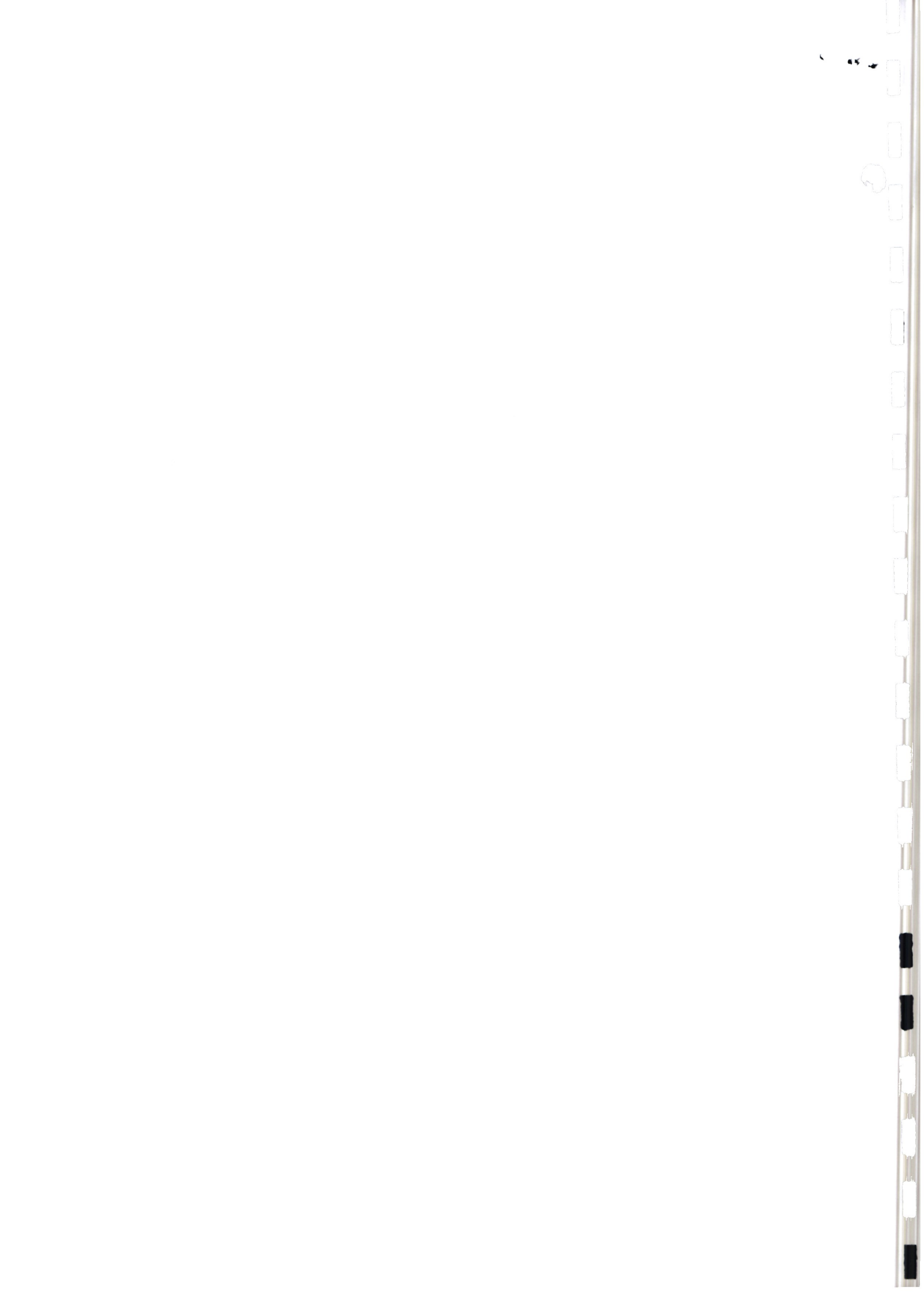
	2017 - 2018	2016 - 2017
	Kshs	Kshs
Other Payments	-	540,000
Total	-	540,000

8. BANK BALANCES (Cash Book Bank Balance)

Name of Bank, Account No. & Currency	Amount in Bank Account Currency	Exc rate	2017 - 2018	2016 - 2017
			Kshs	Kshs
Kenya Commercial Bank, Marigat Branch, A/C No. 1103776274, Kenya Shillings.	-	-	5,546,173	1,204,835
Total			5,546,173	1,204,835

9. BALANCES BROUGHT FORWARD

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank Accounts	1,204,835	5,515,105
Total	1,204,835	5,515,105



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER IMPORTANT DISCLOSURES

10.1. OTHER PENDING PAYABLES

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Compensation of Employees	737,083	-
Use of Goods and Services	2,643,183	1,204,835
Amounts due to other Government Entities	34,900,000	-
Amounts due to other Grants and Transfers	22,050,390	-
Total	60,330,656	1,204,835

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset Class	Historical Cost (Kshs) 2017/18	Historical Cost (Kshs) 2016/17
Buildings and Structures	4,500,000	4,500,000
Transport Equipment	9,671,000	9,671,000
Office Equipment, Furniture and Fittings	678,360	678,360
ICT Equipment, Software and Other ICT Assets	390,000	390,000
Total	15,239,360	15,239,360

ANNEX 2 – PMC BANK BALANCES AS AT 30TH JUNE 2018

	Project Management Committee	Bank	Account No.	Bank Balance 2017/18	Bank Balance 2016/17
1	Chemolingot Day Secondary School	KCB	1232888532	449,370	
2	Sulolu Primary School NGCDF	KCB	1233438565	2,050	
3	Chepkalacha Primary School	KCB	1152185924	793	
4	Chepelow Primary School	KCB	1120484211	445	
				452,688	



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 & designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	<p>1. Un-acknowledged Bursaries</p> <p>During financial year 2016/2017 bursary allocation was Kshs.28,181,035 however the expenditure was Kshs.28,282,340 leading to unexplained over expenditure of Kshs.101,305. The criteria that was used to identify, vet and award the needy students was not explained. Further, only Kshs.1, 674,000 was supported by official acknowledgements form various institutions; the difference of Kshs.26, 608,340 was not supported. It was therefore not possible to ascertain whether the unacknowledged bursary was issued to needy students and received by the institutions in the disbursement documents.</p>	<p>Despite requests to institutions to kindly acknowledge receipt of bursaries, some institutions fail to acknowledge .we have however instituted measures including deliveries by office staff to various institutions as well as sending reminders to acknowledge receipt .</p>	<p>Fund Account Manager Chairman</p>	<p>Not Resolved</p>	<p>2018</p>

