REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LAIKIPIA EAST CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2018

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND LAIKIPIA EAST 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)

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

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

Vision
Equitable Socio-economic development countrywide

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

Core Values

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

(b) Key Management

The NGCDF Laikipia East 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	**Joseph K.N.Rotich**
3.	Sub-County Accountant	**Mr.Nahason N. Mathagu**
4.	Chairman NGCDFC	**ISAAC Gitau Nganga**
5.	Member NGCDFC	**Gloria Katambi**

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Laikipia East 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 LAIKIPIA EAST Constituency Headquarters

Gefro Imani Building
P.O. Box 920-10400
Park Road
Nainyuki, KENYA

(f) NGCDF LAIKPIA EAST Constituency Contacts

Telephone: (254) 722864244
E-mail: laikipiaeast@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF LAIKIPIA EAST Constituency Bankers

1. Equity Bank Limited
   Nanyuki Branch
   A/c No. 0270261969541
   Kenyatta Road
   P.O Box 1482-10400
   Nainyuki, Kenya

(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

Laikipia East constituency NGCDFC is a vibrant management team which is keen in transforming the constituent's social and economic growth and development through people's participation in decision making, good management practices and the follow up of the law.

As at 30th june 2017/18 financial, Laikipia east constituency managed to received have of the total amount of ksh43million, out of which Ksh 21million was disbursed for Bursary for the needy students at secondary schools, tertiary, and special schools.

The exercise of bursary distribution went on successfully and over three thousands students benefited from the Kitty.

Challenges:-The current NGCDFCs first challenge was to put up financial management systems in place.

The constituency undertook to put systems of procurement process in place by carrying out prequalification through advertisement, and finally creating a list of prequalified suppliers and contractors. Also NGCDFC-Laikipia East resolved to use public works offices for professional drawing, architectural designs and BQs for our schools, and other projects. The NGCDFC also undertook to train all the Project management t committees before any funding was released, an exercise that went on successfully. The whole process has not been easy, was characterised by delays which eventually slow up the timely absorption of funds. The highly needed professional contribution by work officers has been wanting. We have very few public work officers demanded by both the county and sub counties.

As at 30th June, most of the project started almost all simultaneously and we are confident that all projects started shall be completed successfully.

It is also worth noting that the other half of the allocation of Ksh 86million, Ksh 43million was received from the NGCDF BOARD in july 2017/18 and as such could not be utilised within the financial year.

The constituency has put in place all the necessary measures and put systems in place as to reduce the future delays of project implementation work through prior planning with both public work and procurement offices.

We also thank the NGCDFF BOARD for regular and timely support to NGCDFCs through training, for capacity building, circulars and more often phone calls.

Sign

CHAIRMAN NGCDF COMMITTEE

ISAAC NGANGA GITAU

NG - CDF LAIKIPIA EAST
CONSTITUENCY
16 APR 2019
P.O. BOX 920 -10400 NANYUKI
FUND ACCOUNT MANAGER

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

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

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

Approval of the financial statements

The NGCDF-LAIKIPIA EAST Constituency financial statements were approved and signed by the Accounting Officer on 16-4- 2018

Fund Account Manager
Name: JOSEPH K.N. KOTICH

NG - CDF LAIKIPIA EAST CONSTITUENCY
16 APR 2019
P.O. BOX 920 - 10400 NANYUKI
FUND ACCOUNT MANAGER

THE NATIONAL SUB - COUNTY ACCOUNTANT
LAIKIPIA EAST
P. O. Box 906, NANYUKI

Sub-County Accountant
Name:
ICPAK Member Number:
NAHASON N. MATHAGU

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Laikipia East Constituency set out on pages 6 to 29, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation – recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Laikipia East 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 Constituency Development Fund Act No.30 of 2015 as amended in 2016 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Laikipia East 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 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 Conclusion on Lawfulness and Effectiveness in Use of Public Resources section, I have determined that there are no key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter 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. Other Grants and Transfers

Disclosed in Note 7 to the financial statements are other grants and other payments totalling Kshs.21,319,500 for the year ended 30 June 2018, which includes Kshs.16,649,000, Kshs.4,062,000 and Kshs.108,000 for bursary-secondary schools, bursary-tertiary institutions and bursary-special schools respectively. However, the Laikipia East NG-CDF management did not have documented bursary policy and guidelines for efficient and effective award of bursaries to the needy students. It was therefore not clear how the amounts awarded as bursaries were determined.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness on Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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 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 of National Government Constituencies Development Fund-Laikipia East Constituency 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 cease operations, or have no realistic alternative but to do so.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance

with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining 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 National Government Constituencies Development Fund-Laikipia East 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

09 May 2019

IV. \STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	43,405,172	81,896,552
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**43,405,172**	**81,896,552**
PAYMENTS			
Compensation of employees	4	189,021	2,875,128
Use of goods and services	5	3,967,858	11,782,640
Transfers to Other Government Units	6	12,100,000	14,400,000
Other grants and transfers	7	20,319,500	53,220,709
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		**37,576,379**	**82,278,477***
SURPLUS/(DEFICIT)		**5,928,793**	**(381,925)**

*The comparative figure differ from the audited figure in 2016/2017 due to errors corrected and reflected in note 14

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAIKIPIA EAST Constituency financial statements were approved on 16-4- 2019 and signed by:

Fund Account Manager
Name: JOSEPH K. N. ROTICH

NG - CDF LAIKIPIA EAST CONSTITUENCY
16 APR 2019
P.O. BOX 920 -10400 NANYUKI
FUND ACCOUNT MANAGER

THE NATIONAL SUB - COUNTY ACCOUNTANT
LAIKIPIA EAST
P. O. Box 906, NANYUKI

Sub-County Accountant
Name:
ICPAK Member Number:
WALHAGON N. MATHAGU

V. 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)	10A	5,949,657.80	20,866
Cash Balances (cash at hand)	10B	-	-
		5,949,657.80	**20,866**
Current receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		-	**20,866**
REPRESENTED BY			
Retention	12		-
Fund balance b/fwd 1st July...	13	20,866	402,791
Surplus/Defict for the year		5,928,723	(381,925)
Prior year adjustments –during the year	14		
NET FINANCIAL POSITION		5,949,658	**20,866**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAIKIPIA EAST Constituency financial statements were approved on 16-4- 2019 and signed by:

Fund Account Manager
Name: JOSEPH KN. ROTICH

NG - CDF LAIKIPIA EAST CONSTITUENCY
16 APR 2019
P.O. BOX 920 -10400 NANYUKI
FUND ACCOUNT MANAGER

Sub-County Accountant
Name:
ICPAK Member Number:
NATHAN N. MATHAGU

INTERNAL SUB-COUNTY ACCOUNTANT
LAIKIPIA EAST
P. O. Box 906, NANYUKI

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 – 2018	2016 - 2017
Transfers from NGCDF Board	1	43,405,172	81,896,552
Other Receipts	3	-	-
		43,405,172	**81,896,552**
Payments for operating expenses			
Compensation of Employees	4	189,021	2,671,806
Use of goods and services	5	3,967,858	11,782,640
Transfers to Other Government Units	6	12,100,000	14,400,000
Other grants and transfers	7	21,319,500	53,424,031
Other Payments	9	-	
		37,576,379	**82,278,477**
Adjusted for:			
Adjustments during the year	14		-
Net cash flow from operating activities		**5,928,793**	**(381,925)**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		**5,928,793**	**(381,925)**
Cash and cash equivalent at BEGINNING of the year	**13**	**20,865**	**402,791**
Cash and cash equivalent at END of the year		**5,949,658**	**20,866**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LAIKIPIA EAST Constituency financial statements were approved on 16-4- 2019 and signed by:

Fund Account Manager
Name: JOSEPH KIN. ROTICH

NG - CDF LAIKIPIA EAST CONSTITUENCY
16 APR 2019
P.O. BOX 920 -10400 NANYUKI
FUND ACCOUNT MANAGER

Sub-County Accountant
Name: NAHASON N MATHACH
ICPAK Member Number:

THE NATIONAL ... LAIKIPIA EAST P.O. Box 936, NANYUKI

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/expenses	Original budget	Adjustment	Final budget	Actual Comparable basis	Budget utilisation Difference	% of Utilisation
	A	B	c=a+b	D	e=c-d	f=d/c%
RECEIPTS						
Transfer from CDF Board	86,810,345	11,400,175	98,210,520	43,426,037	54,784,483	44%
Proceeds from sale of Assets	-	-	-	-	-	0%
Other Receipts				100,000	(100,000)	0%
TOTAL PAYMENTS	86,810,345	11,400,175	98,210,520	43,526,037	54,784,483	44%
PAYMENTS						
Compensation of employees	1,940,000	-	1,940,000	189,021	1,750,979	10%
Use of goods and services	9,872,931	703,624	10,576,555	3,967,858	6,608,697	38%
Committee expenses	-	-	-	-	-	
Transfer to other government units	30,400,000	8,627,586	39,027,586	12,100,000	26,927,586	31%
Other grants and transfer	29,920,387	2,068,966	31,989,352	21,319,500	10,669,852	67%
Social security benefits		-				
Acquisition of assets	10,000,000	-	10,000,000	-	10,000,000	0%
Other payments	4,677,027	-	4,677,027	-	4,677,027	0%
TOTALS	**86,810,345**	**11,400,175**	**98,210,520**	**37,576,379**	**60,634,141**	**38.3%**

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

As witnessed in the percentage of the rate of utilization of funds was far below 90%.The funds utilised immediately was bursary disbursement for the needy student both at tertiary and secondary schools. The rest were projects which took a lot of time because of the following reasons:-

1. The reason for underutilisation of funds on time as witnessed during the financial year was as a result of delay due to public works in making BQS available on time and long timely consuming process of on procurement.

2. As at 30th june 2018, the constituency had received half of the total funds of Ksh 43million from the NGCDF Board and the other half was received in the month of july 2018, thus leaving very little time to utilise within stipulated time frame as at 30th june 2018.

3. The project management committee also took a lot of time to execute the project implementation work mainly due challenges of delay in the procurement process and securing the services of public works.
4. The NGCDFC also undertook to put all the financial management systems in place by first prequalifying contractors and suppliers through an advert and finally coming up with the list of prequalified suppliers and contractors.
The whole process was characterised by delays. The management has since put in place all the measures, including having a common work plan with both procurement and public work offices.

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

The NGCDF-LAIKIPIA EAST Constituency financial statements were approved on 16-4- 2019 and signed by:

Fund Account Manager
Name: JOSEPH KIPROTICH

NG - CDF LAIKIPIA EAST
CONSTITUENCY
16 APR 2019
P.O. BOX 920 -10400 NANYUKI
FUND ACCOUNT MANAGER

THE NATIONAL SUB - COUNTY ACCOUNTANT
P.O. BOX 920, NANYUKI

Sub-County Accountant
Name:
ICPAK Member Number:
NAHASON N. MATHAGU

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Ccompliance 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 Eentity

The financial statements are for the NGCDF-LAIKIPIA EAST Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

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

Tax Receipts
Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer
Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

SIGNIFICANT ACCOUNTING POLICIES

External Assistance
External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

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

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

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

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

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

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

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.

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.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A829636		4,094,828
AIE NO	A855048		36,853,449
AIE NO	A855233		40,948,275
AIE NO	A855894	5,500,000	
AIE NO	A896762	37,905,172	
AIE NO			
TOTAL		43,405,172	81,896,552

2. PROCEEDS FROM SALE OF ASSETS

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

3. OTHER RECEPTS

	2017- 2018 Kshs	2016-2017 Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	100,0000	-
Other Receipts Not Classified Elsewhere	-	-
Total	**100,000**	**-**

4. COMPENSATION OF EMPLOYEES

	2017-2018 Kshs	2016-2017 Kshs
Basic wages of contractual employees	181,001	2,675,806
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments		
Employer contribution to NSSF	8,020	203,322
Total	**189,021**	**2,875,128**

5. USE OF GOODS AND SERVICES

	2017-2018 Kshs	2016-2017 Kshs
Committee allowances	3,043,000	11,342,500
Utilities, supplies and services	784,858	
Communication, supplies and services	-	
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Fuel, oil & lubricants	-	
Training expenses		-
Hospitality supplies and services	-	
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	
Other operating expenses		200,140
Routine maintenance – vehicles and other transport equipment	-	
Routine maintenance – other assets	-	
Office rent	140,000	240,000
Total	**3,967,858**	**11,782,640**

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018 Kshs	2016-2017 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	8,300,000	14,400,000
Transfers to secondary schools (see attached list)	3,800,000	
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
TOTAL	12,100,000	14,400,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018 Kshs	2016- 2017 Kshs
Bursary – secondary schools (see attached list)	16,649,000	9,742,935
Bursary – tertiary institutions (see attached list)	4,062,000	534,395
Bursary – special schools (see attached list)	108,000	20,000
Roads and Bridges (see attached list)	-	26,772,000
Security projects (see attached list)	300,000	11,411,379
other projects (see attached list)	-	1,340,000
water projects (see attached list)	-	3,400,000
Emergency projects (see attached list)	200,000	4,094,828
Total	21,319,500	53,220,709

8. ACQUISITION OF ASSETS

Non Financial Assets	2017-2018 Kshs	2016-2017 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	-	-

9. OTHER PAYMENTS

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

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
Equity Bank Limited A/C 0270261969541	5,949,658	20,866
	-	-
	-	-
Total	5,949,658	20,866
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (*specify)*	-	-
Total	-	-
[Provide cash count certificates for each]		

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
NA	NA	0	0	0
NA	NA	0	0	0
NA	NA	0	0	0
NA	NA	0	0	0
NA	NA	0	0	0
NA	NA	0	0	0
Total				0

[Include an annex of the list is longer than 1 page.]

12RETENTION

	2017 - 2018 Kshs	2016-2017 Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

[Provide short appropriate explanations as necessary

13. BALANCES BROUGHT FORWARD

	2017-2018 Kshs	2016-2017 Kshs
Bank accounts	20,866	402,791
Cash in hand	-	-
Imprest	-	
Total	20,866	402,791

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS- Payments

	2016- 2017 Corrected Kshs	2016-2017 In certificate Kshs
Compensation of employees	2,875,128	2,253,992
Use of goods and services	11,782,640	5,543,622
Transfers to other government units	14,400,000	29,138,430
Other Grants and Transfers	53,220,709	57,680,931
Total	**82,278,477**	**94,616,975**

***The Audited figures captured in the financial statement 2016/17 certificate had a lot of omission and commission which has finally been captured well and corrected accordingly as shown above as corrected version.**

1. COMPENSATION:-Compensation of employees increased by Ksh.621, 133 being gratuity paid to four employees (Charles Maina Kanja- 146,673, Patrick Munyiri- 146,673, Fariya Yusuf- 146,673 and Joseph Mwangi- 146,673) making a total of 586,695 and Kshs.34,438 in taxes that was erroneously excluded in the certified statements for the year ended 30th June 2017.

2. USE OF GOODS AND SERVICES:-Goods and services includes administration, Monitoring and evaluation vote. Use of Goods and services increased by 6,239.018, the restated figure under administration vote was previously omitted in the audited certified statement under use of goods and service, an error that has since been restated to correct total of 11,782,640 as compared with the previous 5,543,622 as captured under certificate.

3. TRANSFER TO OTHER GOVERNMENT UNITS:-Transfer to other government entities;-Under transfer to other government units, Kshs 14,400,000 was transferred to education projects -primary schools. The Ksh29, 138,430 under audited certificate was a misstatement. We can account for Kshs 14,400,000 according to the records in our custody.

4. OTHER GRANTS AND TRASFERS: Under other grants and transfers - these includes-:

1. *Bursary Secondary – 9,003,071.00*
2. *Roads – 26,772,000.00*
3. *Security – 11,411,379.00*
4. *Others – 1,340,000.00*
5. *Water – 3,400,000.00*
6. *Bursary Tertiary – 800,385.00*
7. *Bursary University – 458,874.00*
8. *Bursary Special – 35,000.00*

Total – 53,220,709.00

The certified audited statement had erroneously included emergency vote of Kshs 4,460,222 under grants and transfers to other government entities. The error has since been corrected and captured under the correct heading as shown on the above table.

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	Xx	Xx
Construction of civil works	Xx	Xx
Supply of goods	Xx	Xx
Supply of services	Xx	Xx
	Xx	**Xx**

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	Xx	xxx
Middle management	Xx	xxx
Unionisable employees	Xx	xxx
Others (*specify*)	Xx	xxx
	Xx	**xxx**

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	Xx	xx
Use of goods and services	Xx	xx
Amounts due to other Government entities (see attached list)	Xx	xx
Amounts due to other grants and other transfers (see attached list)	Xx	xx
Acquisition of assets	Xx	xx
Others (*specify*)	Xx	xx
	Xx	**xxx**

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	0	0
	Xxx	Xxx

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017-2018	Outstanding Balance 2016-2017	Comments
	a	B	C	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017-2018	Outstanding Balance 2016-2017	Comments
		a	B	C	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (*specify*)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Sub-Total				
Amounts due to other grants and other transfers				
Sub-Total				
Sub-Total				
Acquisition of assets				
Others (*specify*)				
Sub-Total				
Grand Total				

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings				
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment	15,605,512			15,605,512
Heritage and cultural assets				
Intangible assets				
Total				

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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
Total				

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)*