

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY **REPORT**
PAPERS LAID

DATE: 24 JUL 2019

DAY
Wednesday

TABLED
BY:

Hon. Aden Duale
(Lem) OF
Halima Ahmed

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
LAISAMIS CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**

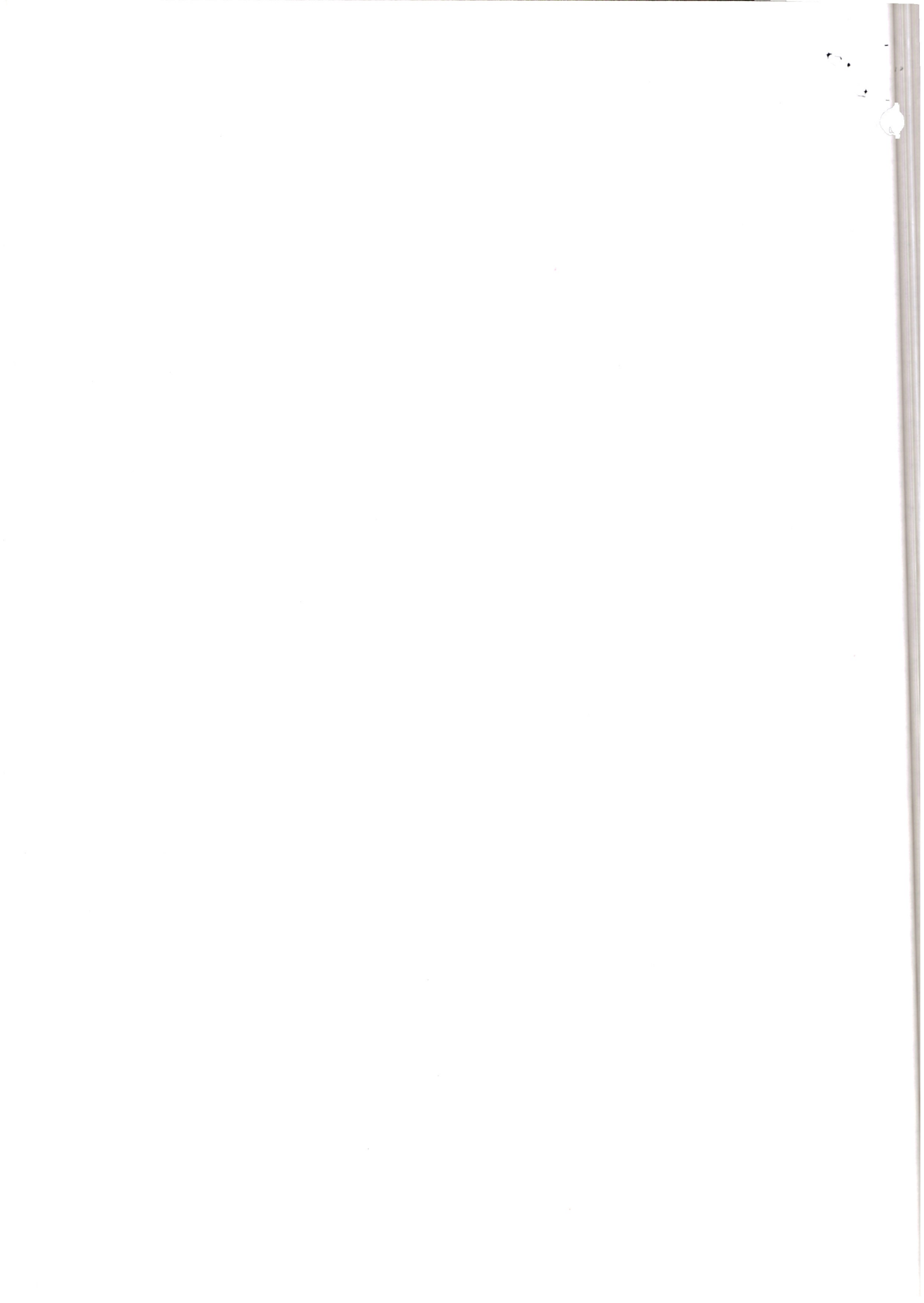


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT
FUND LAISAMIS CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

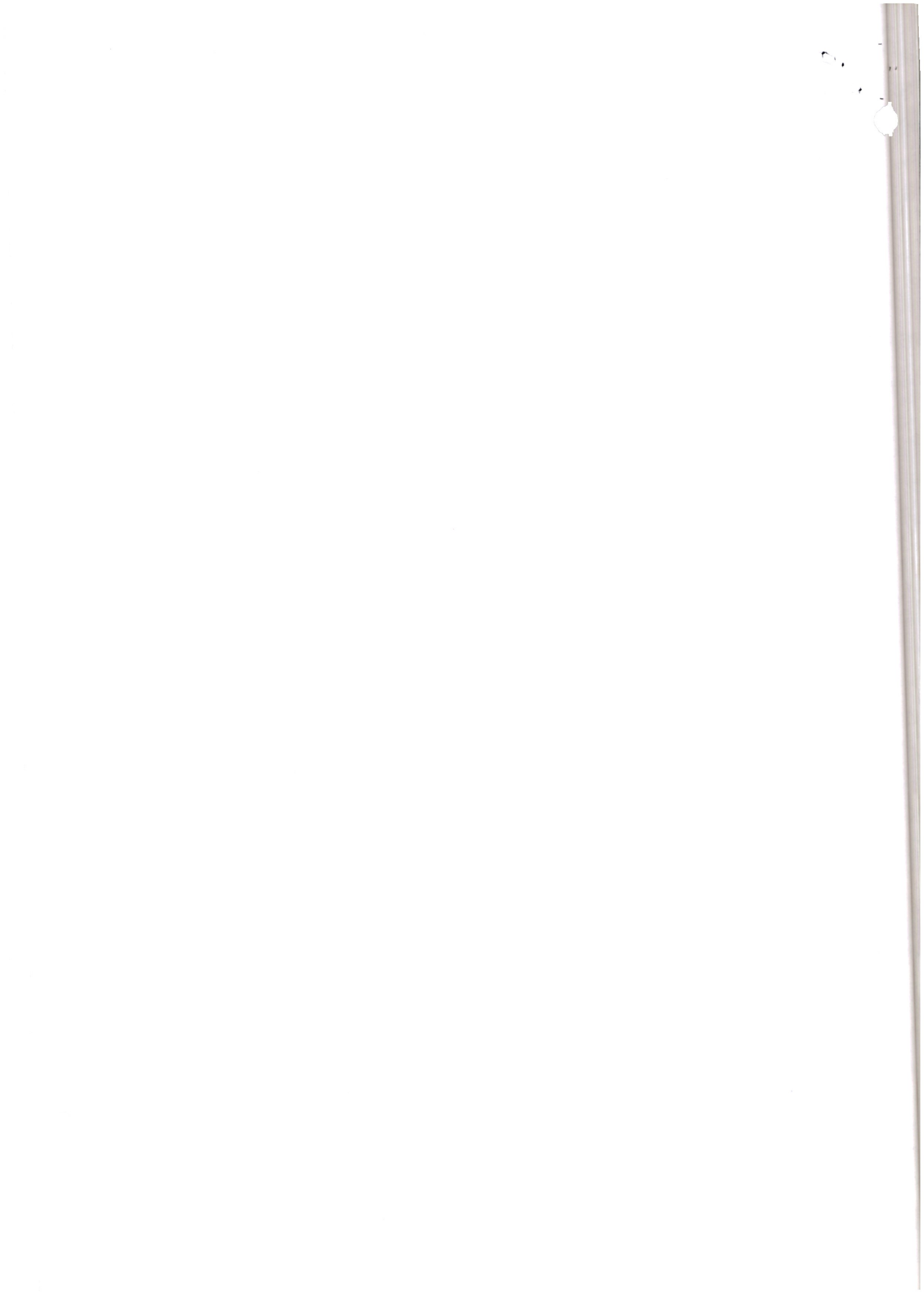
**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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



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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

LAISAMISCONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

Core Values

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

(b) Key Management

The NGCDF LAISAMIS 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:

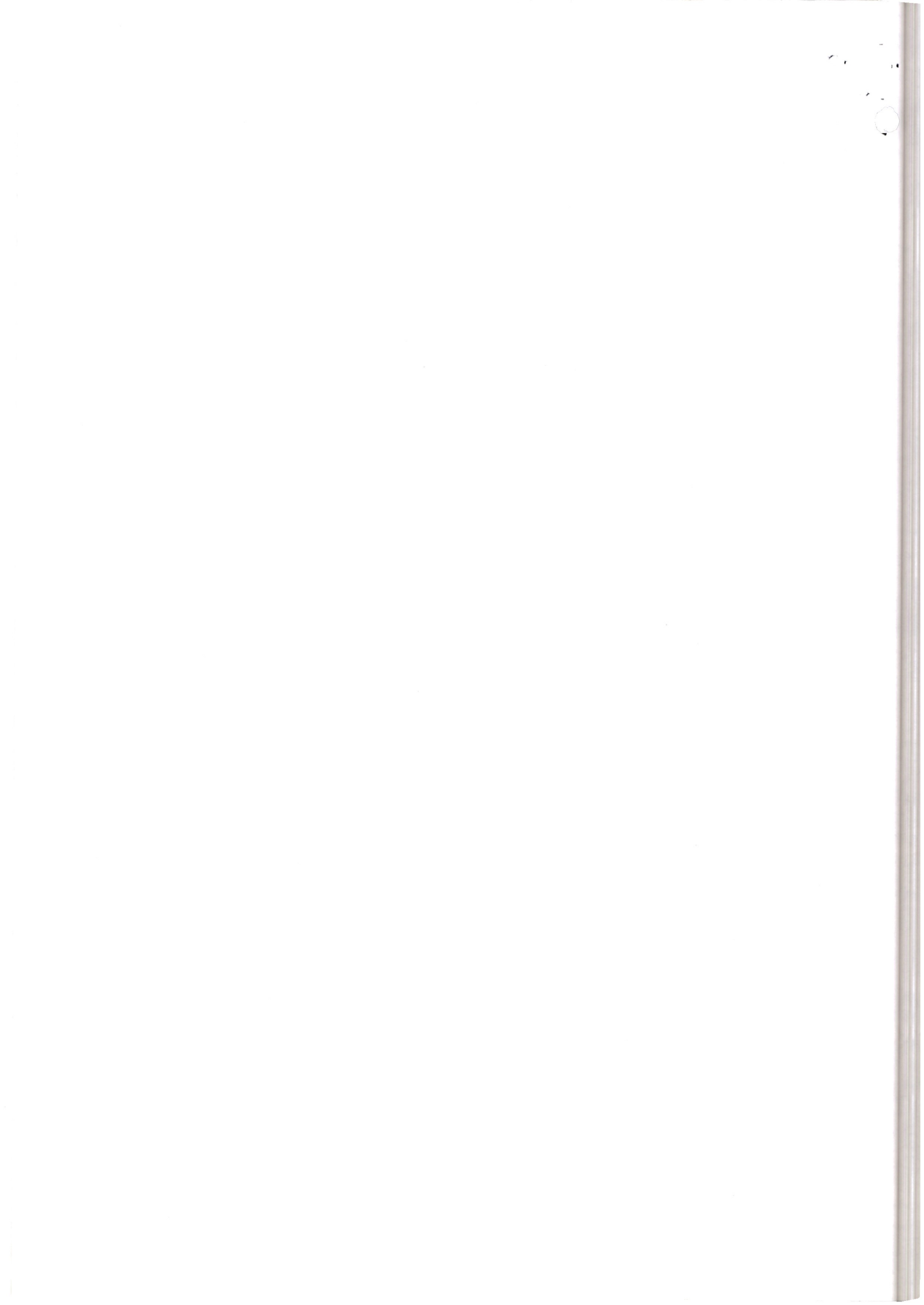
No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	JaphetNgui
3.	Sub-County Accountant	Benson Macharia
4.	Chairperson NGCDFC	Alice Lesepe
5.	Member NGCDFC	Edward Lesukat

(d) Fiduciary Oversight Arrangements

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

Laisamis NGCDF
P.O. Box 71-60500,
Marsabit Central Sub-County Treasury
Marsabit, KENYA.



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

LAISAMISCONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF LAISAMISConstituency Contacts

Telephone: (254)720 108050

E-mail: cdflaisamis@cdf.go.ke

Website: www.ngcd.go.ke

(g) NGCDF LAISAMISConstituency Bankers

Kenya Commercial Bank

Marsabit Branch,

A/C No. 1102625191

(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

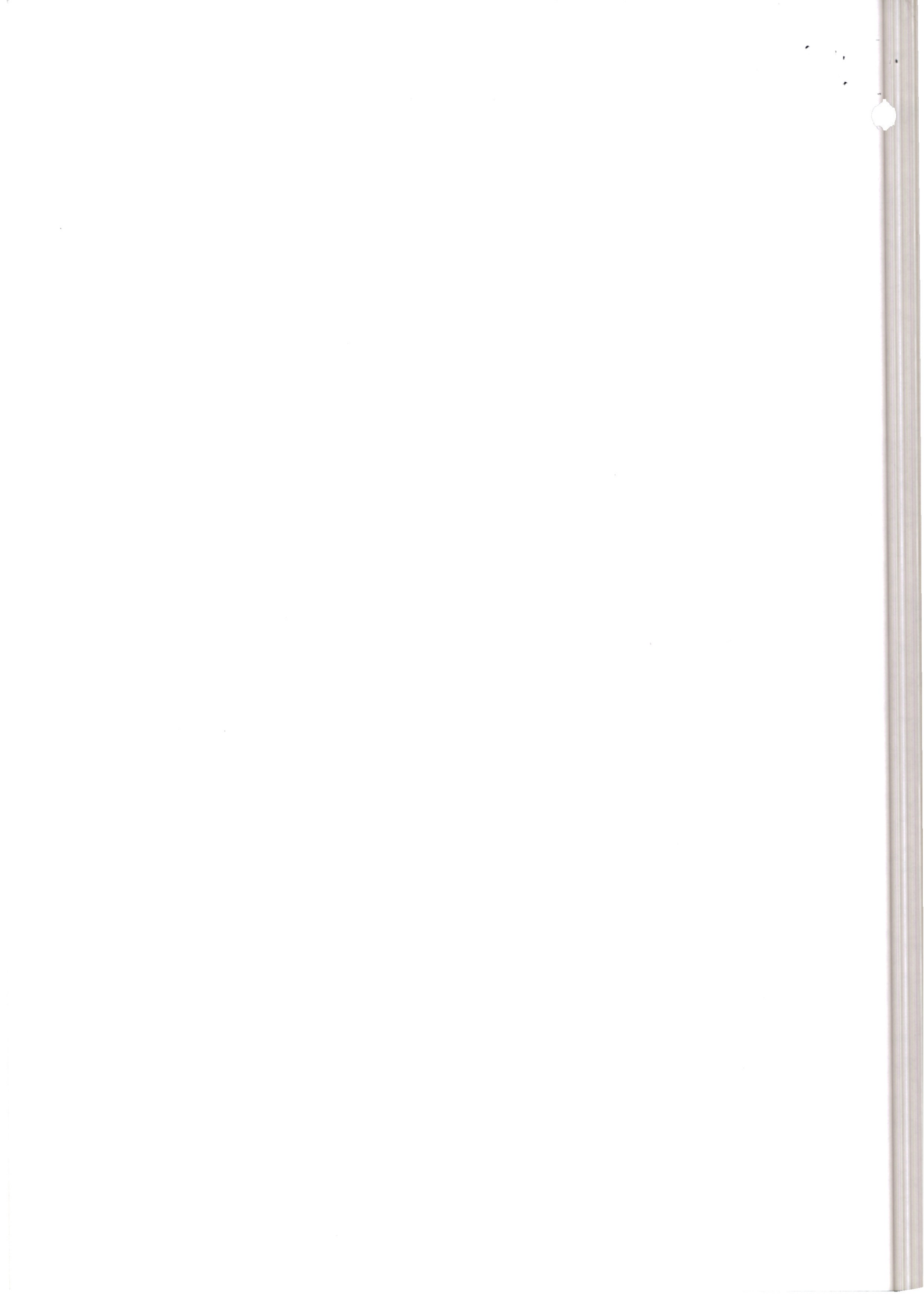
State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



II. FORWARD BY THE CHAIRPERSON NGCDF COMMITTEE

Summary of the budget performance against actual amounts for current year based on economic classification and programmes

Laisamis NG-CDFC has made tremendous achievements since its inception in 2003 towards poverty eradication in the constituency and more so in promotion of education standards in this marginalised part of the country. I really thank my CDFC for showing confidence in me to be their Chairperson from December 2017.

During the financial year, the Laisamis NG-CDF had been allocated Sh. 98,189,655 out of which, Ksh.43, 405,172.00 had been received by 30th June 2018. This resulted to low uptake of the funds as they were received in May 2018 with only one month to go the end of the financial year.

Laisamis constituency is situated in Marsabit County and being a marginalised area with very high illiteracy levels, priority was given to education bursary which was allocated a budget of Ksh. 21.7 million translating to 26% of the total annual budget.

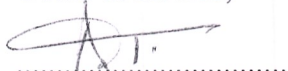
The huge education budget targeting infrastructural development in schools and bursary has/lead to increased student enrolment in schools hence reducing illiteracy levels..

Laisamis NGCDF has also facilitated construction of the first technical institution in the constituency which will go a long way in developing middle level skills in youth.

One of the key challenges is poor infrastructural facilities in most educational institutions as majority were constructed many years back. However the CDFC has initiated programmes to refurbish them. The CDFC had also a big challenge in implementing/completing projects since only one half of the annual budget had been received from NG-CDF Board by close of the year.

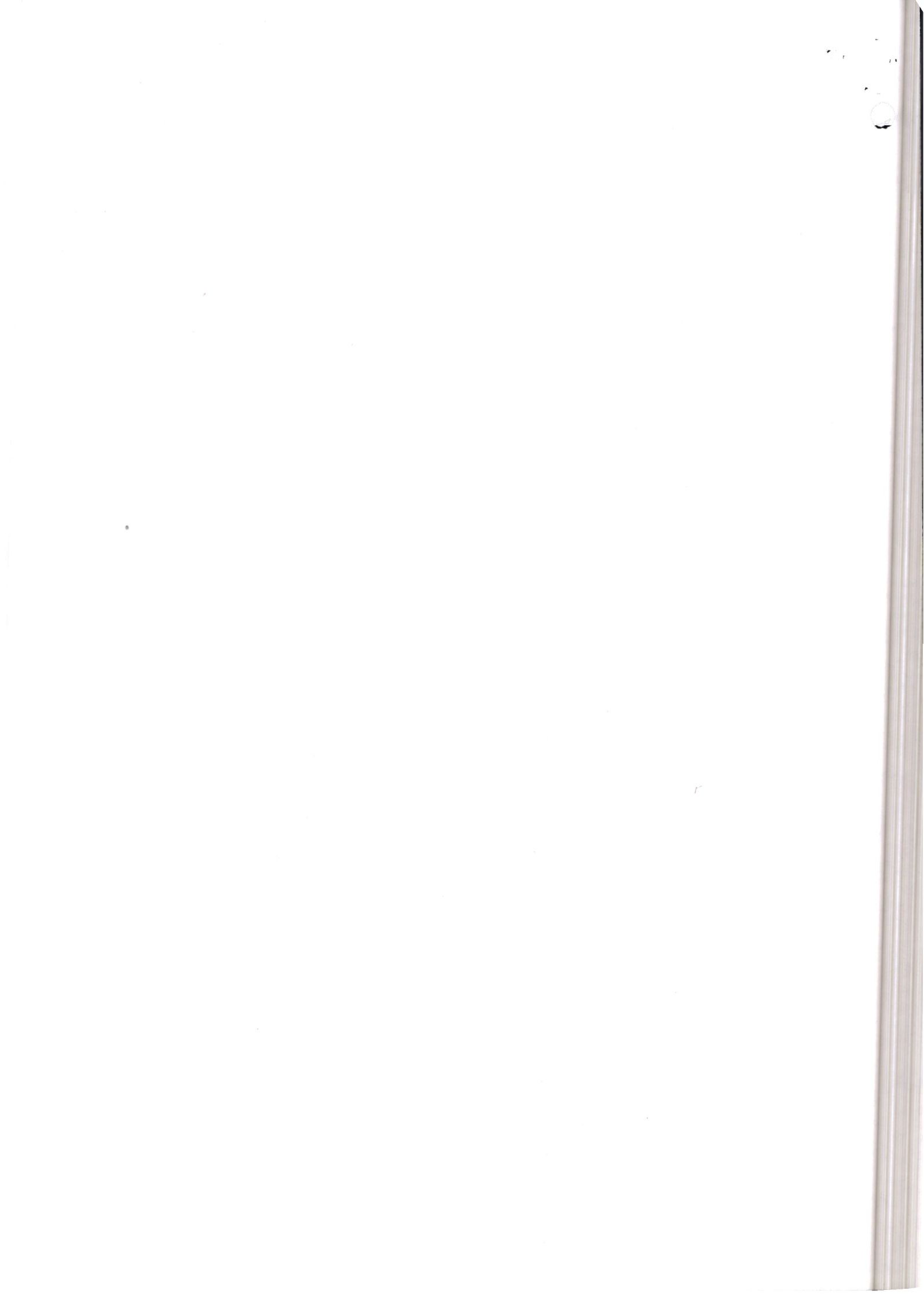
I wish to urge the CDF Board/NASC to continually increase the CDF allocations to enable more projects uptake and also timely disbursement of funds to constituencies.

Yours in service,



.....
Mrs. Alice Hawo Lesepen

CDFC Chairperson



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
LAISAMISCONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

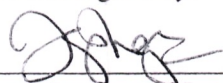
The Accounting Officer in charge of the NGCDF-LaisamisConstituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018.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

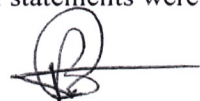
Approval of the financial statements

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Laisamis Constituency financial statements were approved on 30/6 2018 and signed by:



Fund Account Manager

Name: Japhet N. Ngui



Sub-County Accountant

Name: Benson Macharia

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Laisamis Constituency set out on pages 6 to 27, 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 the 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Laisamis 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Adverse Opinion

1.1 Inaccuracy of the Financial Statements

The statement of assets and liabilities as at 30 June 2018 reflects a comparative 2016/2017 net financial position balance of Kshs.4,922,128. However, the audited financial statements for the year 2016/2017 reflects a balance of Kshs.1,273,350 leading to unexplained variances of Kshs.3,648,778. Further, the statement of cash flow reflects a comparative cash and cash equivalent balance at beginning of the year of Kshs.23,332,456 while the audited financial statements for the year 2016/2017 reflects a balance of Kshs. 19,683,678 for the same item leading to unexplained variances of Kshs.3,648,778.

In addition, the statement of cashflow reflect a cash and cash equivalent at the end of the year of Kshs.33,658,055. However, a recasting of the respective figures gave a total of 33,584,933 resulting to a variance of Kshs.73,122.

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

In the circumstances, the accuracy of the financial statements balances for the year ended 30 June 2018 could not be confirmed.

1.2 Fixed Assets

The summary of fixed assets register at annex 4 to the financial statements for the year under review reflects a comparative 2016/2017 assets with a historical cost balance of Kshs. 10,609,600 which are brought forward to the year under review. However, the summary of fixed asset register at annex 4 to the audited 2016/2017 financial statements reflect nil assets balance.

In the circumstances, the source and accuracy of the Kshs.10,609,600 assets reflected in the financial year under review could not be ascertained.

1.3 Cash and Cash Equivalents

Note 10 A to the financial statements for the year under review reflects a bank balance of Kshs 33,658,055. However, the respective bank reconciliation statement revealed un-presented cheques totaling Kshs.4,939,557 which includes stale cheques totaling to Kshs.1,926,470. These stale cheques had not been reversed in the cashbook or replaced as at the time of this audit in January 2019.

In the circumstances, the cash and cash equivalents balance of Kshs 33,658,055 as at 30 June 2018 has been understated by Kshs. 1,926,470.

2.0 Prior Year Adjustments

The statement of assets and liabilities as at 30 June 2018 and the statement of cash flow for the year under review both reflect a prior year adjustments balance of Kshs. 36,561 which appeared more like balancing figures in the financial statements as the respective supporting documentary evidence were not availed for audit review. This is contrary to International Public Sector Accounting Standard No.3 Paragraph 47 which states that the entity shall correct material prior year errors retrospectively in the first set of financial statements authorized for issue.

In the circumstances, the regularity and accuracy of the Kshs.36,561 adjustments reflected in the financial statements as at 30 June 2018 could not be confirmed.

3.0 Transfer to other Government Entities

3.1. Transfers to Primary Schools

3.1.1 Incomplete Project - Gatab Primary School

Note 6 to the financial statements for the year under review reflects Kshs.18,370,704 in respect to transfer to other government entities which includes Kshs.17,294,704 transfers to

primary schools which further includes Kshs.1,000,000 spent on the refurbishment of dining hall and kitchen at Gatab primary school. Perusal of records availed for audit review revealed that the bills of quantities had fourteen (14) windows size 1000 x 1200 mm high which were to be fixed at a cost of Kshs.20,000 each. However, a physical inspection carried out in the month of January 2019 revealed that three (3) windows costing a total of Kshs 60,000 had not been fitted. Further, the project had not been labeled as required by Section 36 (3) of Constituency Development Fund Act, 2015.

In the circumstances, the propriety and value for money of the Kshs.1,000,000 expenditure for the year ended 30 June 2018 could not be confirmed.

3.1.2 Idle Project - Mermeji Primary School

Note 6 to the financial statements for the year under review reflects Kshs.18,370,704 in respect to transfer to other government entities which includes Kshs.17,294,704 transfers to primary schools which further includes Kshs.1,400,000 spent on the construction of one (1) classroom and supply of twenty (20) desks to Mermeji primary school. The classroom was to cost Kshs 1,170,000 while the desks were to cost Kshs 200,000 and provisional sums of Kshs 30,000. The contracts were awarded in the previous financial year, however, a physical verification of the project revealed that one desk (1) costing Kshs. 10,000 had not been supplied. Further, even though the classroom is completed, the school is not in use as there are no teachers.

In the circumstances, the propriety and value for money of the Kshs.1,400,000 expenditure during the year ended 30 June 2018 could not be confirmed.

3.1.3 No Adherence to Bills of Quantities

(i). Construction of a Classroom - Lekuchula Primary School

Note 6 to the financial statements for the year under review reflects Kshs.18,370,704 in respect to transfer to other government entities which includes Kshs.17,294,704 transfers to primary schools which further includes Kshs.1,395,000 incurred for the construction of one (1) classroom and supply of twenty (20) desks to Lekuchula primary school. According to the bills of quantities, roofing for the classroom was to be done with 28-gauge roofing sheets of 120 metres at a cost of 1200 per square meters totaling to Kshs.144,000. However, a physical inspection carried out in January 2019 revealed that the contractor fitted 30-gauge roofing sheets of 120 metres whose average market cost is Kshs.430 per square meter totaling Kshs.51,600 leading to a loss of Kshs 92,400. Further, the project is not labeled as required by Section 36(4)(a) of Constituency Development Fund Act, 2015 which stipulates that the property shall bear the name and the number of the Constituency.

In the circumstances, the propriety and value for money of the Kshs.1,395,000 expenditure for the year ended 30 June 2018 could not be confirmed.

(ii). **Construction of Classroom - New Dawn Primary School**

Note 6 to the financial statements for the year under review reflects Kshs.18,370,704 in respect to transfer to other government entities which includes Kshs.17,294,704 transfers to primary schools which further includes Kshs.1,400,000 incurred for the construction of one (1) classroom and supply of twenty (20) metallic desks to New Dawn primary school. According to the bills of quantities, roofing for the classroom was to be done with 28-gauge roofing sheets of 120 metres at a cost of 1200 per square meter totaling to Kshs.144,000. However, a physical inspection carried out in January 2019 revealed that the contractor fitted 30-gauge roofing sheets of 120 metres whose average cost is Kshs.430 square meter totaling to Kshs 51,600 leading to a loss of Kshs 92,400. Further, the project is not labeled as required by Section 36(4)(a) of Constituency Development Fund Act, 2015 which stipulates that the property shall bear the name and the number of the Constituency.

In the circumstances, the propriety and value for money of the Kshs.1,400,000 expenditure for the year ended 30 June 2018 could not be confirmed.

4.0 Committee Expenses

Note 5 to the financial statements for the year under review reflects use of goods and services balance of Kshs.7,802,300 which includes Kshs.5,314,000 in respect to committee expenses which further includes Kshs. 590,000 and Kshs. 200,000 for an HIV workshop and launch of bursary fund respectively all totaling to Kshs.790,000. However, the supporting documents including participants' list, venue of the workshop and back to office reports were not availed for audit. Further, the expenditure on the launch of the bursary was incurred on cash purchase of foods and drinks which is contrary to the requirements of first schedule threshold matrix class C entities in the Public Procurement and Asset Disposal (Amendment) Regulations, 2013 which stipulates that cash purchase should only be made on low value procurement which only allows a maximum expenditure of Kshs.5,000 per procurement item.

In the circumstances, the accuracy and propriety of the Kshs.790,000 expenditure for the year ended 30 June 2018 could not be confirmed.

5.0 Other Grants and Other Payments

5.1 Un-Acknowledged Bursaries

Note 7 to the financial statements for the year under review reflects other grants and other payments balance of Kshs.24,399,000 out of which Kshs.11,001,000 and Kshs.8,709,000 were disbursed as bursaries to secondary schools and tertiary Institutions respectively all totaling to Kshs.19,710,000. However, no supporting records were made available for audit review including list of applicants, beneficiaries, committee minutes, award criteria and acknowledgements of receipts.

In the circumstances, the accuracy and propriety of the Kshs.19,710,000 bursaries disbursed during the year ended 30 June 2018 could not be confirmed.

5.2. Use of Emergency Funds to Conduct Training

Note 7 to the financial statements reflects other grants and other payments balance of Kshs.24,399,000 for the year ended 30 June 2018 which includes Kshs.1,189,000 for emergency projects which further includes Kshs.589,000 for Constituency Development Fund Committee (CDFC) training in Nakuru. However, no supporting documents were availed for audit review. Further, management did not avail any explanation on how CDFC training is an emergency including why it was held in Nakuru County instead of Marsabit County.

In the circumstances, the accuracy and propriety of the Kshs.589,000 expenditure for the year ended 30 June 2018 could not be confirmed.

5.3 Emergency Project- Non Adherence to Bills of Quantities

Note 7 to the financial statements reflects other grants and other payments balance of Kshs.24,399,000 for the year under review which includes Kshs.1,189,000 for emergency projects which further includes Kshs.600,000 for construction of 2 double door bathrooms at Kamboe Primary School. A physical inspection carried out in January 2019 and a review of the bills of Quantities revealed that roof covering was to take 8 square meters of 28-gauge roofing sheets at a cost of Kshs 600 per square meter totaling Kshs 4,800. However, the contractor fitted the roof with 4 square meters of 30-gauge roofing sheets whose average cost is Kshs.430 per square meter totaling Kshs.1720 leading to a loss of Kshs.3,080. Further, the general surfaces of the wood work were to be painted at a cost of Kshs 52,800 as per the bill of quantities but this was not done. In addition, walling for the bathrooms were to have 25 square meters of 30-gauge GI sheets including 100x50mm cypress frame work at a combined cost of Kshs 4,000 all totaling Kshs 100,000. However only 18 square meters of sheets at a total cost of Kshs.72,000 were fixed leading to a loss Kshs.28,000. In addition, the bathrooms did not have the required Laisamis Constituency Development Fund project labelling.

As a result, the propriety and value for money of the Kshs.1,189,000 expenditure for the year ended 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 - Laisamis 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 adverse 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 matters discussed in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Budget Control and Performance

1.1. Receipts Analysis

The summary statement of appropriation: recurrent and development combined reflects budgeted receipts of Kshs.140,411,280 and actual receipts of Kshs.85,626,797 resulting to under receipts of Kshs.54,784,483.

In overall, the fund failed to actualize its budget by Kshs.54,784,483 or 39% an indication that some of the programmes and activities that had been planned were not implemented. There is need therefore for Constituency Development Fund management to review its budget making process with a view to formulating a realistic budget that would be actualized for service delivery to the citizens of Laisamis Constituency.

In the circumstances, the residents of the Constituency did not get expected services equivalent to the Kshs.54,784,483 unrealized exchequer releases from the Board for the year ended 30 June 2018.

1.2. Payments Analysis

The summary statement of appropriation: recurrent and development combined reflects budgeted expenditure of Kshs.140,411,280 and actual expenditure of Kshs.52,005,303 resulting to under expenditure of Kshs.88,405,977 as follows:

Item	Final Budget (Kshs)	Actual Expenditure (Kshs)	Under absorption (Kshs)	Under Absorption (%)
Compensation of employees	3,844,733	1,433,299	2,411,434	63
Use of Goods and Services	9,621,849	7,802,300	1,819,549	19
Transfer to other Govt units	60,130,704	18,370,704	41,760,000	69

Item	Final Budget (Kshs)	Actual Expenditure (Kshs)	Under absorption (Kshs)	Under Absorption (%)
Other Grants and Transfers	66,813,994	24,399,000	42,414,994	63.5
Total	140,411,280	52,005,303	88,405,977	63

In overall, the Fund under spent by Kshs.88,405,977 (63%) of the total budget allocation. The funds could have been allocated to other deserving areas that would have improved delivery of goods and services to the residents of Laisamis Constituency. There is need therefore for the management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the citizens of Laisamis.

Further note 10 A to the financial statements for the year under review reflects a bank balance of Kshs.33,658,055 as at 30 June 2018. These funds remained idle and unutilized as at 30 June 2018 denying the constituents equivalent services during the year under review.

In the circumstances, the residents of the Constituency did not get expected services equivalent to the Kshs.88,405,977 under expenditure during the year ended 30 June 2018.

2.0 Project Implementation Status

The project implementation status report availed for audit review showed that the Fund had planned to implement 41 projects during the year under review at a total cost of Kshs.74,497,414 but only Kshs.27,200,000 was disbursed to undertake the projects. Further, all the projects were ongoing and none had been completed as at 30 June 2018 as follows:

Ongoing Projects			
	Allocated (Kshs.)	Disbursed (Kshs.)	No. of Projects
Bursary	21,700,000	21,700,000	1
Emergency	4,568,966	-	1
Sports	1,351,421	-	1
Environment	1,000,000	-	1
Other	7,677,027	3,000,000	1
Primary	26,960,000	2,500,000	28
Secondary	6,300,000	-	3
Security	4,940,000	-	5
Total	74,497,414	27,200,000	41

In view of the foregoing, the constituents did not get the expected services equivalent to Kshs.74,497,414 ongoing projects for the year ended 30 June 2018. This is an indication of inappropriate project implementation mechanism. Therefore, there is need for the

Constituency Development Fund Management to review its project planning mechanism with a view to prioritizing those projects which will be implemented during the financial year resulting to higher impact into improving service delivery to the citizens of Laisamis Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for conclusion on lawfulness and effectiveness in use of public resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Presentation and Disclosure of the Financial Statements

The financial statements for the year under review have been prepared using the International Public Sector Accounting Standards (Cash Basis) format prescribed by the Public Sector Accounting Standards Board (PSASB). Amongst the requisites of this format is the provision of accurate management information. However, the table of contents in the financial statements is not paged. In addition, the table of contents indicates that the statement of receipts and payments is on page 5 but actually it is on page 6. Further, the format requires that a report on the follow up of previous year's audit recommendations be included as part of the annexures to the financial statements. However, the report on follow up on previous year's audit and its recommendations annexed to the financial statements for the year under review is blank. In addition, the format requires the Head of Treasury to indicate his/her Institute of Certified Public Accountants of Kenya (ICPAK) membership number in the financial statements but no membership number has been indicated.

In the circumstances, the presentation and disclosure of the financial statements for the year ended 30 June 2018 has not complied with the prescribed format.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

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

Responsibilities of Management and Those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the National Government Constituencies Development Fund - Laisamis Constituency financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative

and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

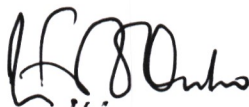
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

16 April 2019



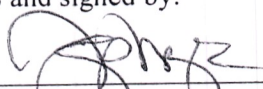
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
LAISAMIS CONSTITUENCY**


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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	84,353,447	98,057,466
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		84,353,447	98,057,466
PAYMENTS			
Compensation of employees	4	1,433,299	1,550,755
Use of goods and services	5	7,802,300	24,334,339
Transfers to Other Government Units	6	18,370,704	52,458,500
Other grants and transfers	7	24,399,000	38,124,200
Acquisition of Assets	8	0	0
Other Payments	9	0	0
TOTAL PAYMENTS		52,005,303	116,467,794
SURPLUS/(DEFICIT)		32,348,144	(18,410,328)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Laisamis Constituency financial statements were approved on 30/6/18 2018 and signed by:


Fund Account Manager
 Name: Japhet N. Ngui


Sub-County Accountant
 Name: Benson Macharia

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

LAISAMISCONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

V. STATEMENT OF ASSETS AND LIABILITIES

Description	Note	2017-2018	2016-2017
		Kshs	Kshs
FINANCIAL ASSETS;-			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10.A	33,658,055	1,273,350
Cash Balances (cash at hand)	10. B	-	-
Total Cash and cash Equivalents		33,658,055	1,273,350
Current receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		33,658,055	1,273,350
FINANCIAL LIABILITIES			
Accounts payable -Retention	12	-	-
NET FINANCIAL ASSETS		33,658,055	1,273,350
REPRESENTED BY			
Fund balance b/fwd 1st July.	13	1,273,350	19,683,677
Surplus/Deficit for the year		32,348,144	(18,410,328)
Prior year adjustments	14	36,561	-
NET FINACIAL POSITION		<u>33,658,055</u>	<u>4,922,128</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Laisamis Constituency financial statements were approved on 30/6/2018 and signed by:



Fund Account Manager

Name: Japhet N. Ngui



Sub-County Accountant

Name: Benson Macharia



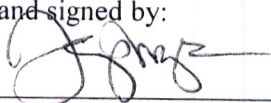
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
LAISAMISCONSTITUENCY**

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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from NGCDF Board	1	84,353,447	98,057,466
Other Receipts	3	-	-
		84,353,447	98,057,466
Payments for operating expenses			
Compensation of Employees	4	1,433,299	1,550,755
Use of goods and services	5	7,802,300	24,334,339
Transfers to Other Government Units	6	18,370,704	52,458,500
Other grants and transfers	7	24,399,000	38,124,200
Other Payments	9	-	-
		52,005,303	116,467,794
Adjusted for:			
Retentions	12	0	0
Adjustments during the year	14	(36,561)	-
Net cash flow from operating activities			
		32,311,583	(18,410,328)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities			
		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		32,311,583	(18,410,328)
Cash and cash equivalent at BEGINNING of the year	13	1,273,350	23,332,456
Cash and cash equivalent at END of the year		33,658,055	1,273,350

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Laisamis Constituency financial statements were approved on 30/6 2018 and signed by:



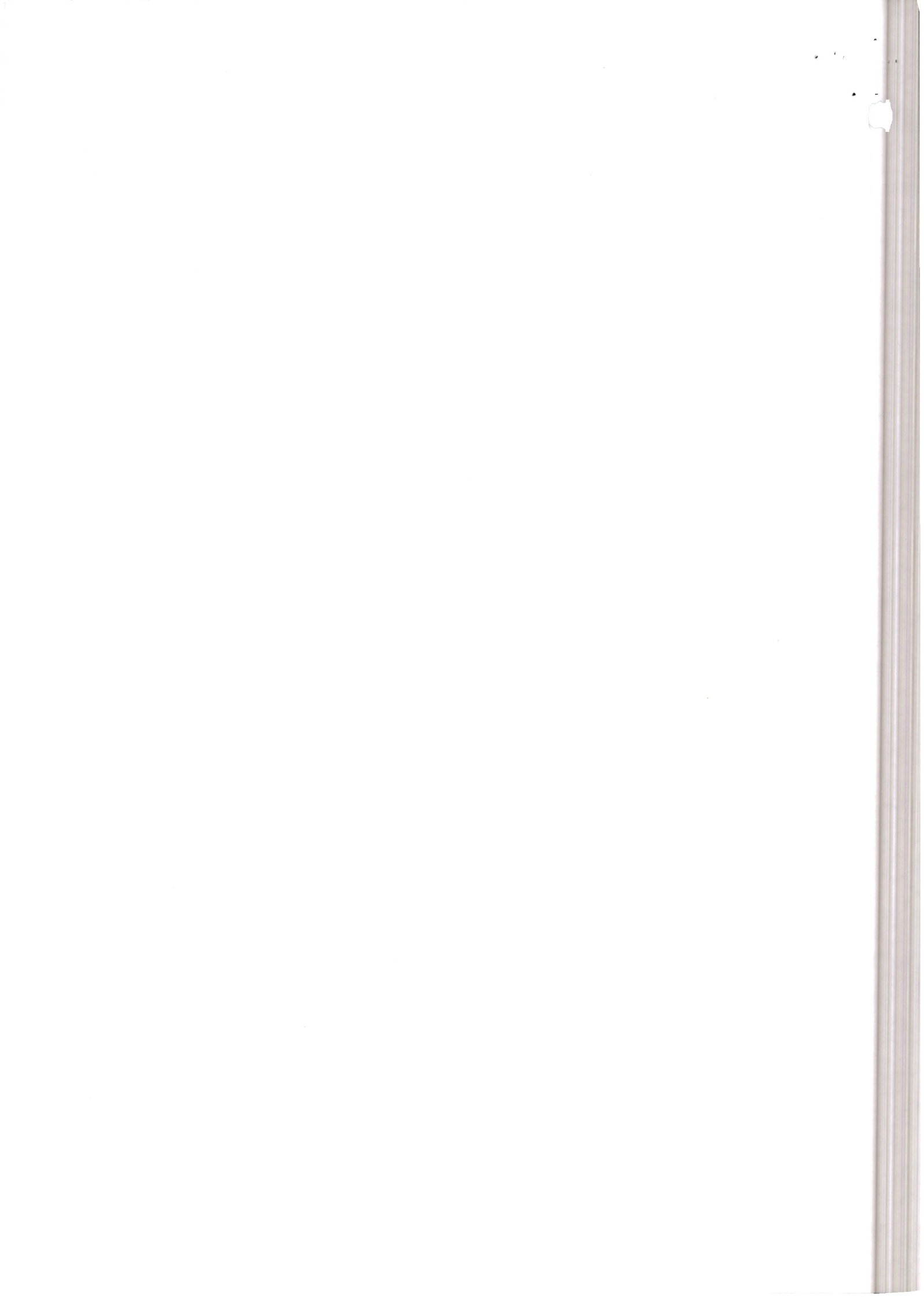
Fund Account Manager

Name: Japhet N. Ngui



Sub-County Accountant

Name: Benson Macharia



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
LAISAMIS CONSTITUENCY**

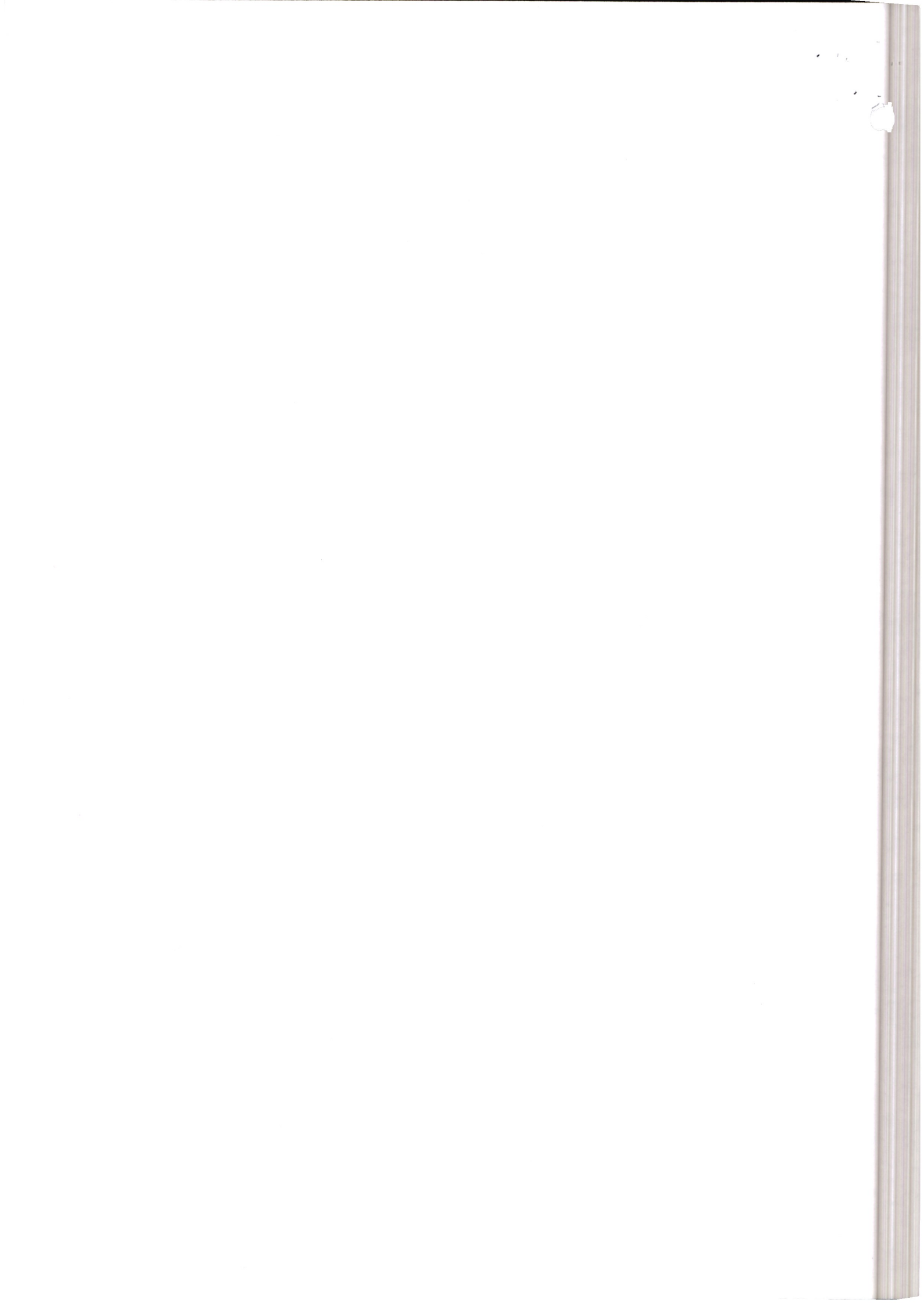
**Reports and Financial Statements
For the year ended June 30, 2018**

**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	53,600,935	140,411,280	85,626,797	54,784,483	61
Proceeds from Sale of Assets	-	-	-	-	-	0
Other Receipts	-	-	-	-	-	0
TOTAL	86,810,345	53,600,935	140,411,280	85,626,797	54,784,483	61
PAYMENTS						
Compensation of employees	3,003,520	841,213	3,844,733	1,433,299	2,411,434	37
Use of goods and services	4,809,411	4,812,438	9,621,849	7,802,300	1,819,549	81
Transfers to Other Government Units	33,260,000	26,870,704	60,130,704	18,370,704	41,760,000	31
Other grants and transfers	45,737,414	21,076,581	66,813,994	24,399,000	42,414,994	37
Acquisition of Assets	-	-	-	-	-	0
Other Payments	-	-	-	-	-	0
Allocation awaiting approval / Unallocated	86,810,345	53,600,935	140,411,280	52,005,303	88,405,977	37
TOTALS	86,810,345	53,600,935	140,411,280	85,626,797	54,784,483	61

NOTES ON VARIANCES;-

- Transfers from CDF Board- During the financial year, the Laisamis NG-CDF had been allocated Sh. 98,189,655, out of which, Ksh. 43,405,172.00 had been received by close of the year,
- Compensation of Employees- the low uptake of 37% was due to the fact that the first disbursement from the NGCDF Board had been received in May 2018 – a month before the end of the financial year,
- Use of goods and services the – likewise, the low uptake of 81% was due to the fact that the first disbursement from the NGCDF Board had been received in May 2018 – a month before the end of the financial year,
- Transfers to Other Government Units– likewise, the low uptake of 31% was due to the fact that the first disbursement from the NGCDF Board had been received in May 2018 – a month before the end of the financial year. There was also un approved additional funding from the NGCDF Board of Ksh. 11.3million by close of the financial year,



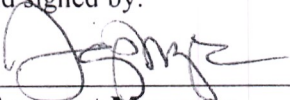
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
LAISAMIS CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

-
- e) Other grants and transfers– likewise, the low uptake of 47% was due to the fact that the first disbursement from the NGCDF Board had been received in May 2018 – a month before the end of the financial year,

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Laisamis Constituency financial statements were approved on 3/6 2018 and signed by:



Fund Account Manager

Name: Japhet N. Ngui



Sub-County Accountant

Name: Benson Macharia

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-Laisamis 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.

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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



SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2018.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



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

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	AIE No.	2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO	A855897	5,500,000	
AIE NO	A892811	40,948,275	
AIE NO	A892985	37,905,172	
	A855815		36,853,449
	A829639		4,094,827
	A825934		57,109,190
TOTAL		84,353,447	98,057,466

2. PROCEEDS FROM SALE OF ASSETS

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



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

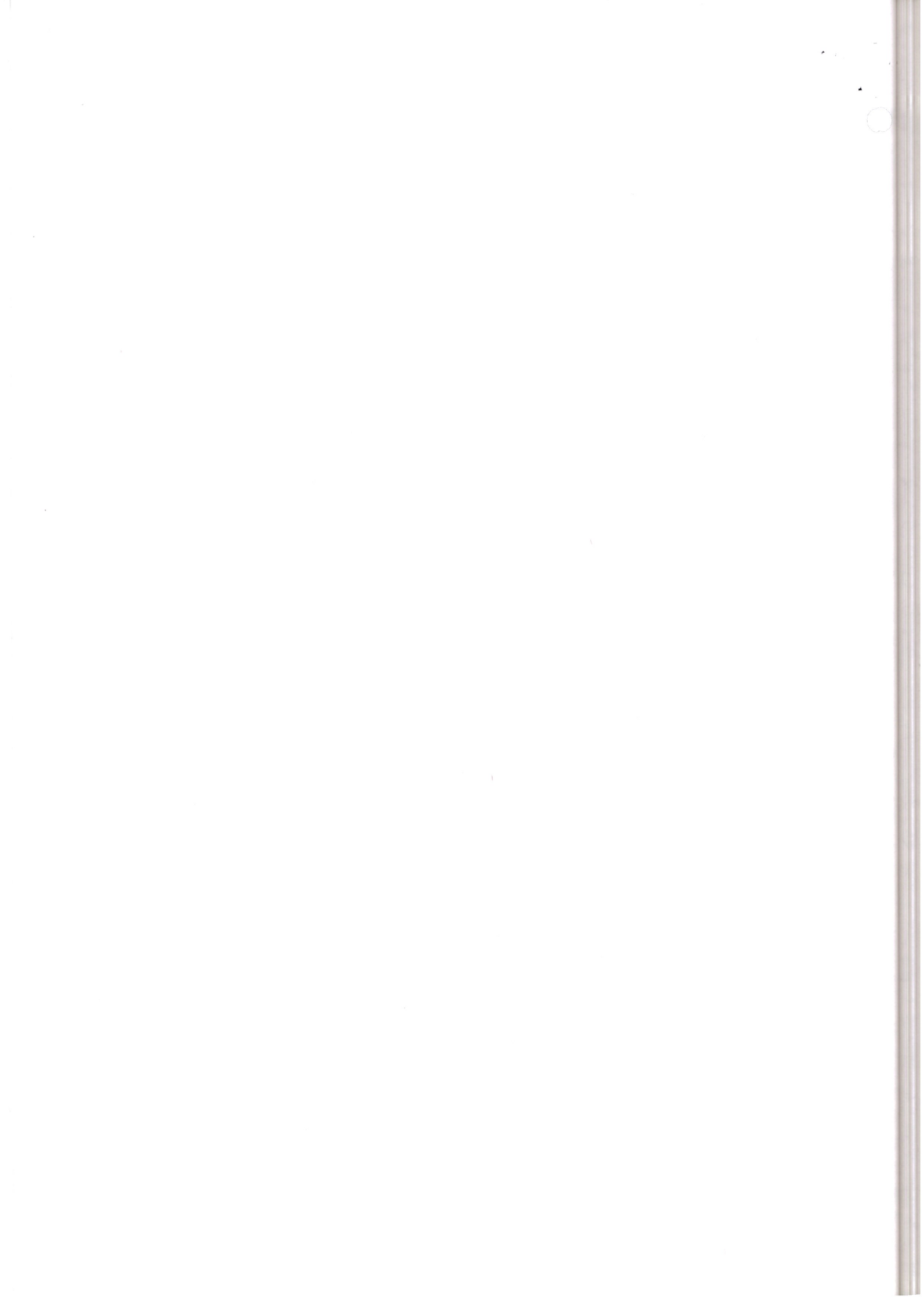
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

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

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,418,899	1,550,755
Basic wages of casual labour	0	0
Personal allowances paid as part of salary	0	0
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Other personnel payments	15,000	0
Total	1,433,899	1,550,755

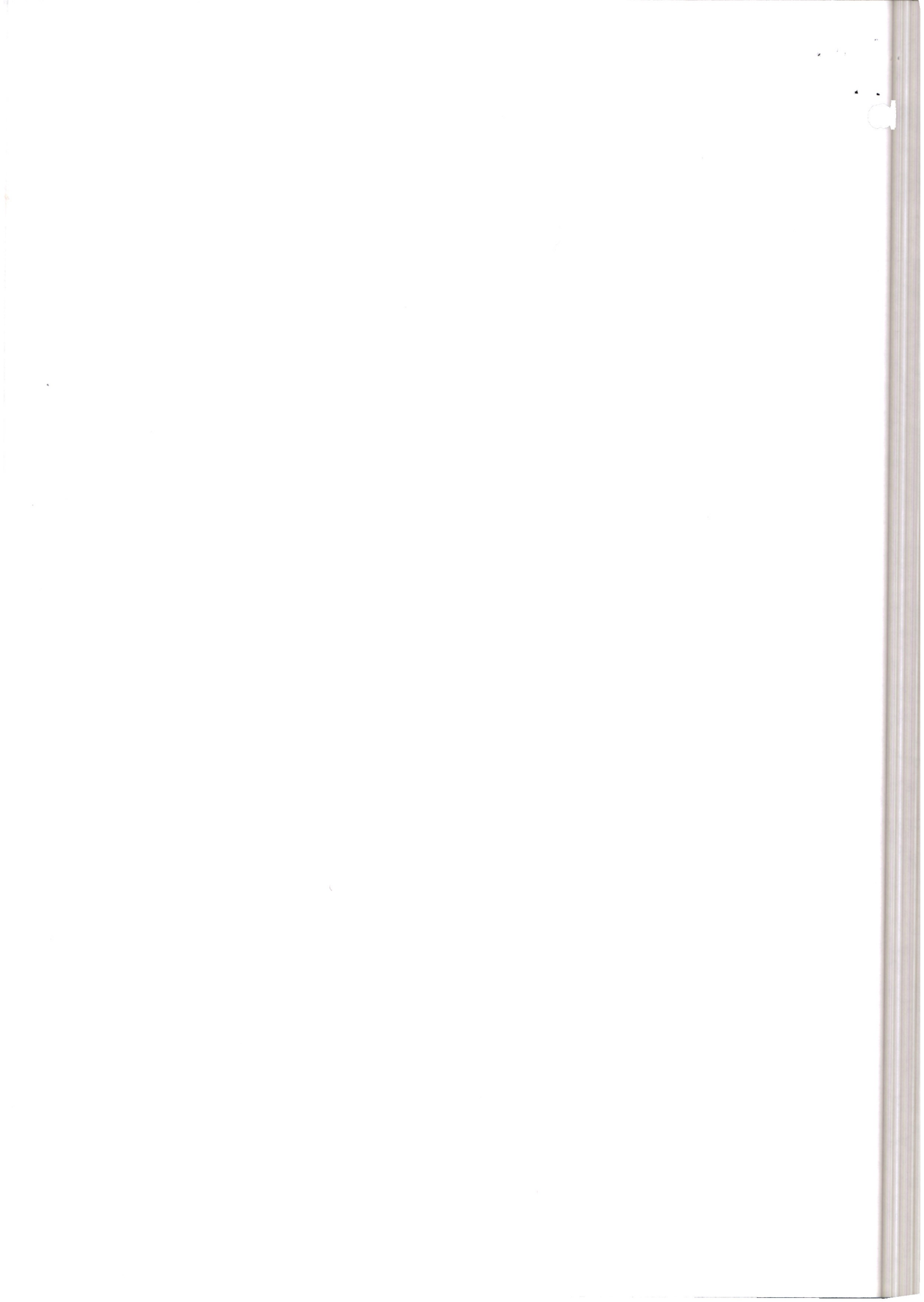


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
LAISAMIS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	5,314,000	2,371,000
Other committee expenses	0	11,063,833
Utilities, supplies and services	11,520	0
Communication, supplies and services	0	0
Domestic travel and subsistence	247,000	683,600
Printing, advertising and information supplies & services	258,000	0
Rentals of produced assets	0	0
Training expenses	500,000	7,043,790
Hospitality supplies and services(Other Allowance)	0	0
Insurance costs	0	0
Specialized materials and services	0	999,800
Office and general supplies and services	0	0
Fuel ,Oil &lubricants	889,405	1,082,316
Other operating expenses		1,090,000
Routine maintenance – vehicles and other transport equipment	582,375	0
Routine maintenance – other assets	0	0
Total	7,802,300	24,334,339



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –

LAISAMIS CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

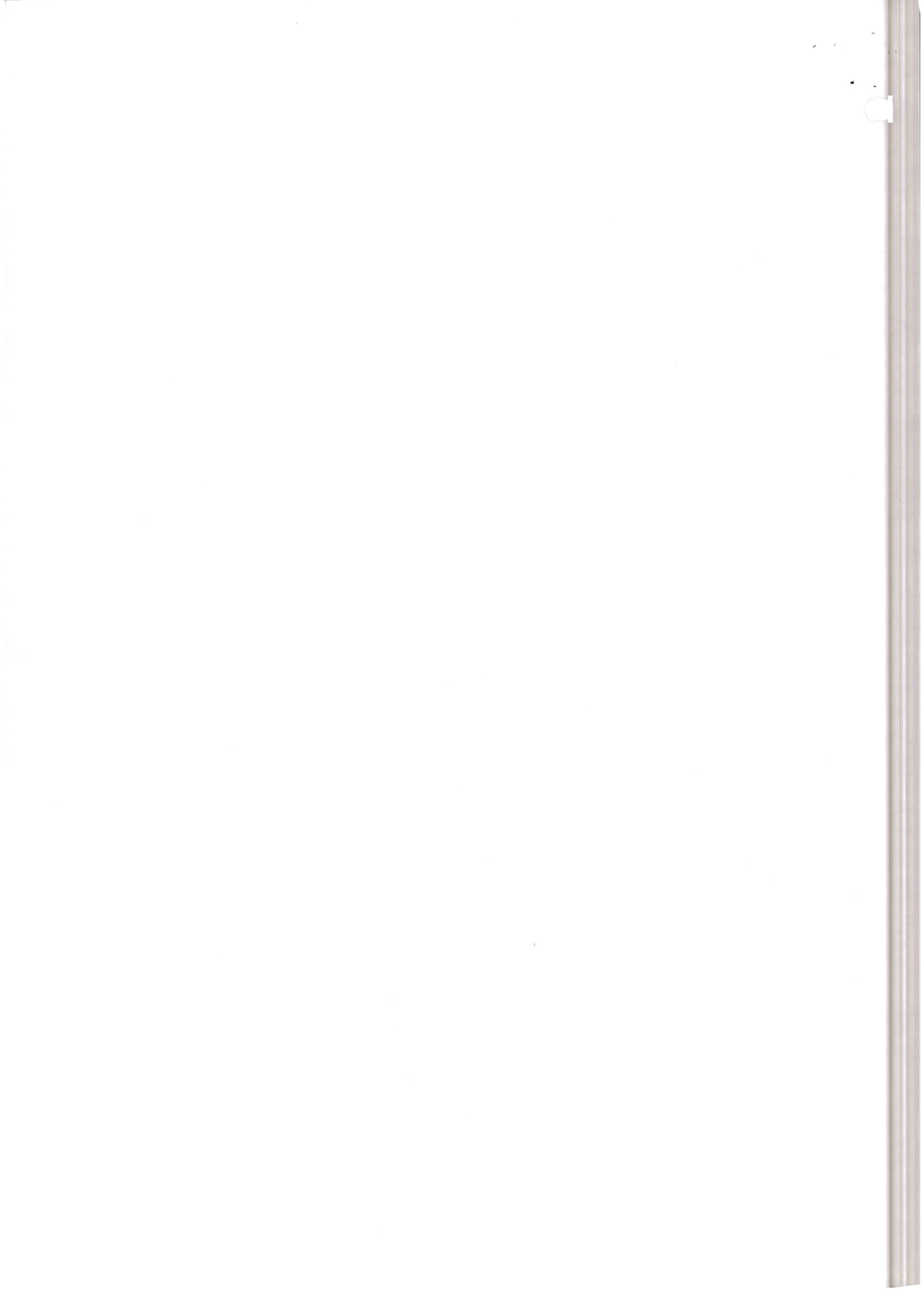
NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to primary schools (see attached list)	17,294,704	39,299,500
Transfers to secondary schools (see attached list)	1,076,000	13,159,000
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	0	0
TOTAL	<u>18,370,704</u>	<u>52,458,500</u>

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	11,001,000	0
Bursary – tertiary institutions (see attached list)	8,709,000	26,980,500
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	1,500,000	0
Sports projects (see attached list)	0	0
water	0	7,146,000
Roads	0	3,997,700
Environment projects (see attached list)	0	0
Emergency projects (see attached list)	1,189,000	0
Other capital grants and transfer	2,000,000	
Total	24,399,000	38,124,200



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –

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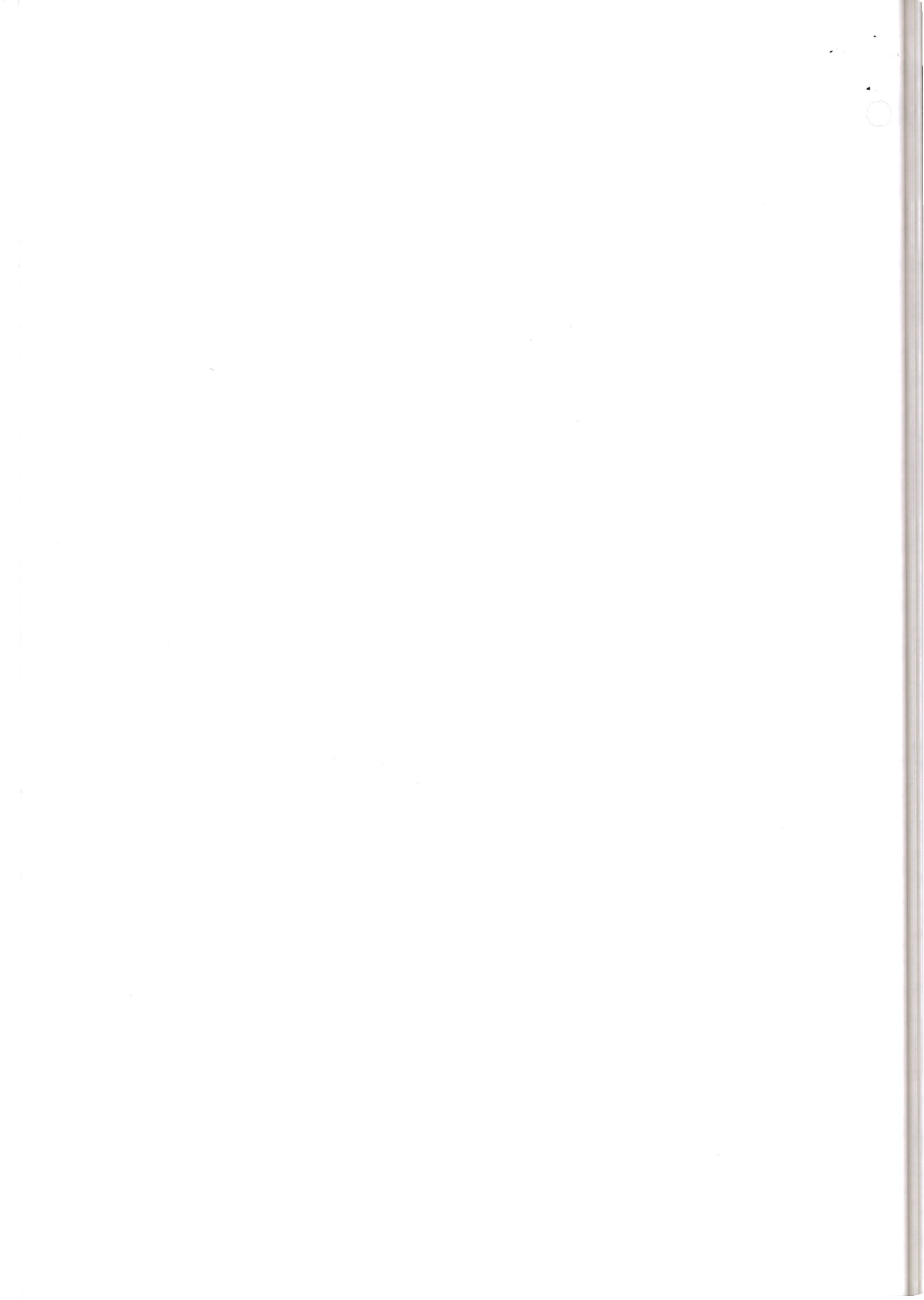
NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total	0	0

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
TIVET	0	0
	0	0



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –
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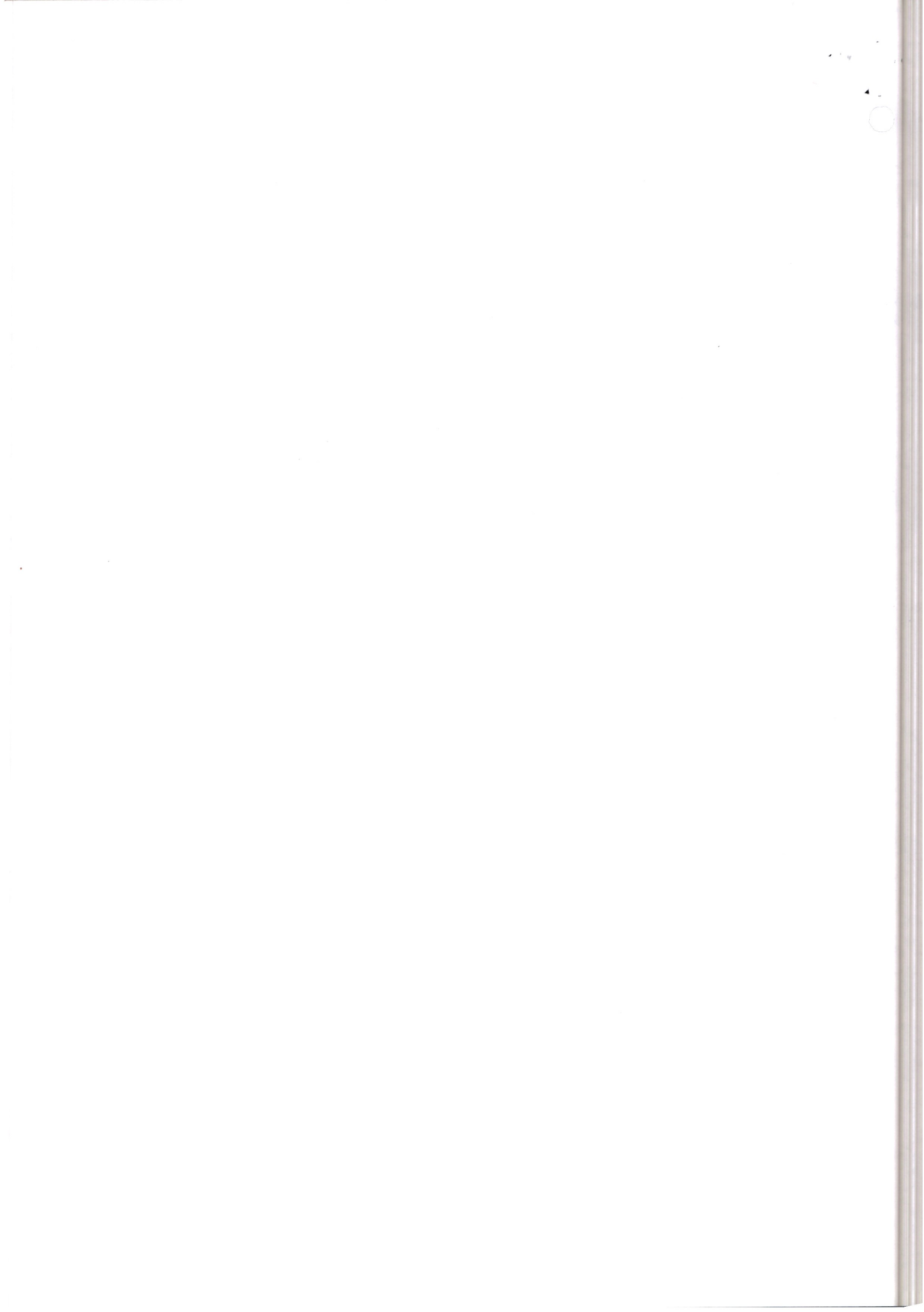
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Kenya Commercial Bank, Marsabit Branch</i>	33,658,055	1,273,350
Total	33,658,055	1,273,350
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0
<i>[Provide cash count certificates for each]</i>		



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	N/A	0	0	0
Total				0

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

12 RETENTION

	2017 - 2018	2016-2017
Supplier/contractor	Kshs	Kshs
	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	1,273,350	23,332,456
Cash in hand	0	
Imprest	0	0
Total	1,273,350	23,332,456

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018	2016-2017
	Kshs	Kshs
Bank accounts	36,561	0
Cash in hand	0	0
Imprest	0	0
Total	36,561	0

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

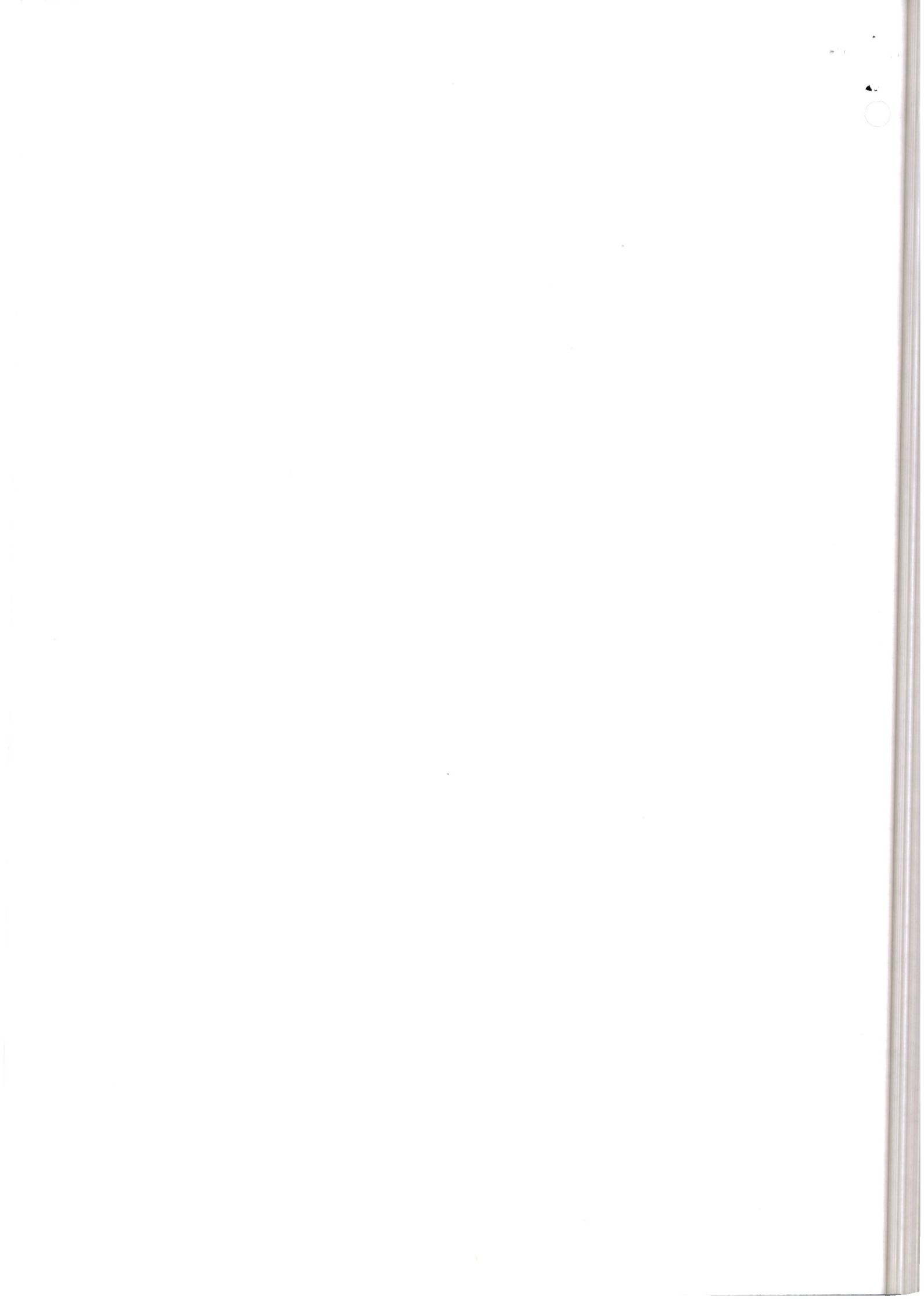
	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	325,000	0
Supply of services	0	0
	325,000	0

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
staff salaries	0	0
staff gratuity	0	0
	0	0

15.3: UNUTILIZED FUNDS

	2017- 2018	2016-2017
	Kshs	Kshs
Compensation of employees	1,220,000	350,480
Use of goods and services	1,462,400	834,200
Amounts due to other Government entities	27,939,772	38,778,995
Amounts due to other grants and transfers	12,783,000	984,600
Others (Strategic plan)	-	-
Total	43,405,172	40,948,275



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 4)

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

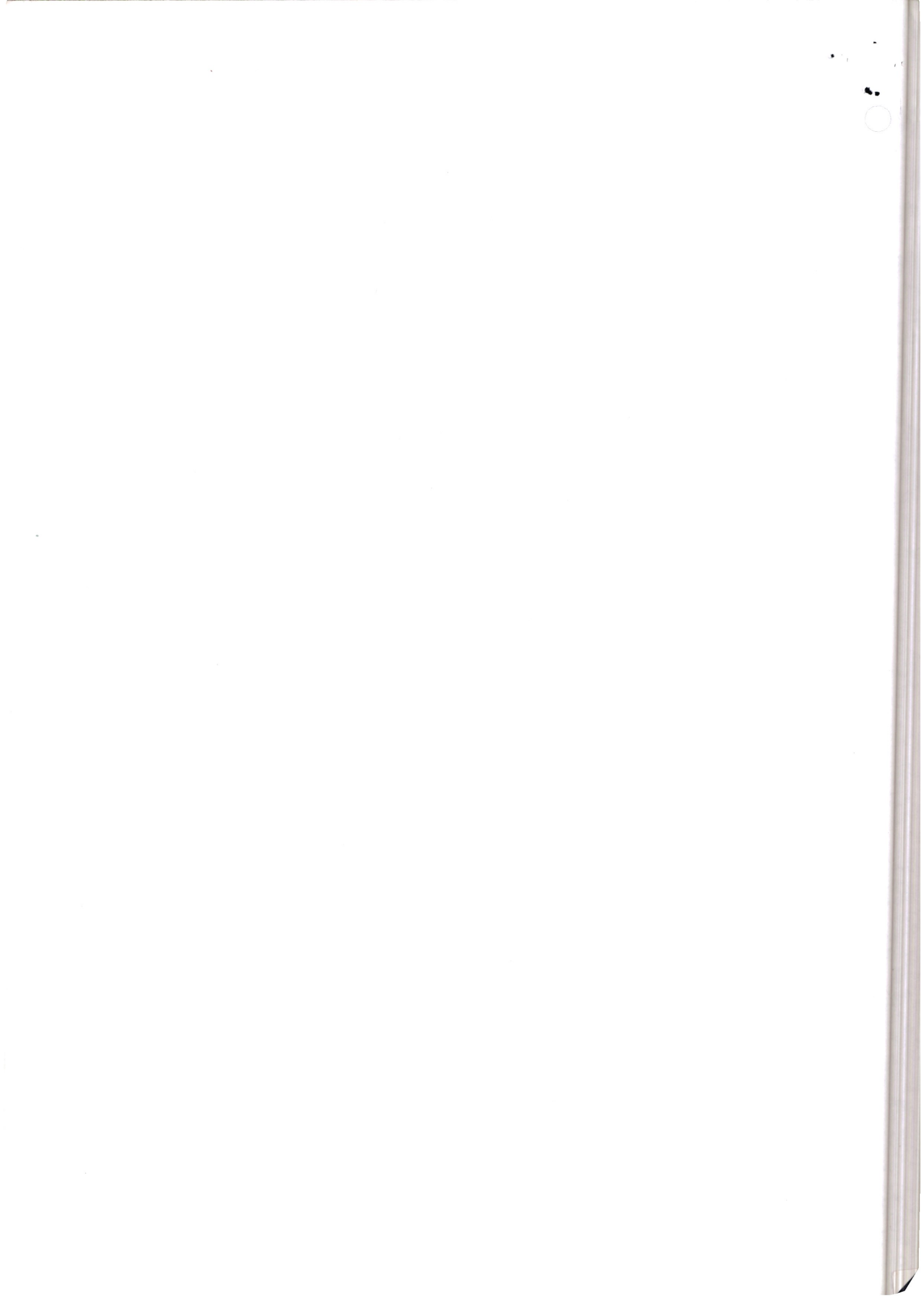
Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	A	B	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7. Omar Baslum	325,000					Supply of fuel
8.						
9.						
Sub-Total	325,000					
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total	325,000					



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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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



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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

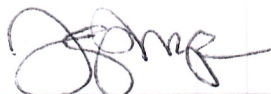
Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2017 - 2018	2016 – 2017
Land	-	-
Buildings and structures	-	-
Transport equipment	10,335,050	10,335,050
Office equipment, furniture and fittings	121,500	121,500
ICT Equipment, Software and Other ICT Assets	121,750	121,750
Other Machinery and Equipment	31,300	31,300
Heritage and cultural assets	-	-
Total	10,609,600	10,609,600

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ANNEX 5–PMC BANK BALANCES AS AT 30TH JUNE 2018

	BANK	ACCOUNT	2017- 2018
PMC account Balances (see attached list)	KCB		Kshs
			0

Prepared by:



Name: Japhet Ngui
Ag. Fund Account Manager
NG-CDF Laisamis

