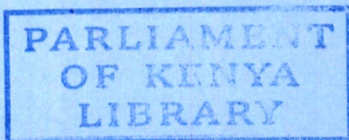
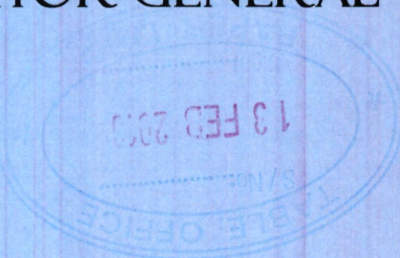


REPUBLIC OF KENYA



*Paper Lay
By Hon. Dual, LOMP
on 13/2/2018*



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – DADAAB CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**

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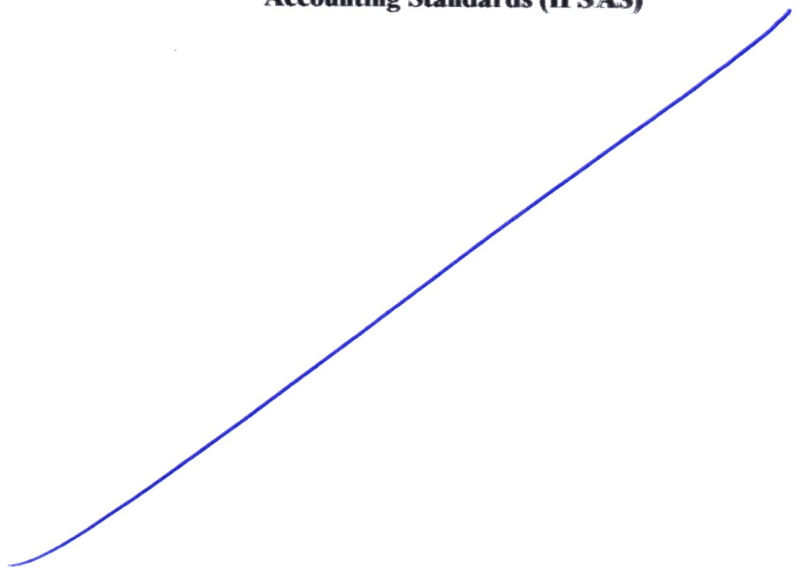


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT
FUND- DADAAB CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
DADAAB CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2016

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CONSTITUENCY DEVELOPMENT FUND- DADAAB CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDFA) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

The DADAAB Constituency's day-to-day management is under the following key organs:

- i. 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 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Ahmed Ibrahim
3.	Accountant	Eric Mwenda

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of DADAAB Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) DADAAB NGCDF Headquarters

NGCDF Office Building,
P.O Box 1522-70100
GARISSA-KENYA
OFF KISIMAYU ROAD OPP.KORA VIEW HOTEL

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- DADAAB
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**

(f) DADAAB NGCDF Contacts

Telephone: (254) 0712 242 384
E-mail: cfdadaab@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) DADAAB NGCDF Bankers

1. First Community Bank
P.O Box 593- 70100
Garissa

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- DADAAB
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NGNGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of DADAAB .

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations

The NGNGCDFCs wish that the issues of having the project on going for more than 2years be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Sign.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- DADAAB
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. 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.

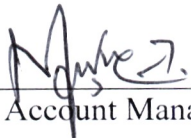
The Accounting Officer in charge of the DADAAB NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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 NGCDF; (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 NGCDF; (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 DADAAB NGCDF accepts responsibility for the NGCDF'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 NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the DADAAB NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the DADAAB NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF'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 NGCDF'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's financial statements were approved and signed by the Accounting Officer on 05/09 2016.



Fund Accountant Manager



Chairman

REPUBLIC OF KENYA

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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 – DADAAB CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Dadaab Constituency set out on pages 5 to 21, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standard (Cash Basis) and for such 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.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Dadaab Constituency for the year ended 30 June 2016

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The Statement of assets reflects a cash equivalents balance of Kshs.8,941,673 as at 30 June 2016. However, note no.12 and the cash book reflects an outstanding imprest amounting to Kshs.2,899,662 as at 30 June, 2016 issued to three officers without supporting documents. Further, no records were maintained for project management committees Bank Accounts as required Section 15(10)(a) and (10)(b) of NG-CDF Regulations. In addition, quarterly reports were not prepared and tabled by the PMCs as required. No bank reconciliation statements were prepared.

In view of the foregoing, it had not been possible to ascertain completeness and accuracy of the cash and cash equivalents balance of Kshs.8,941,673 as at 30 June 2016.

2.0 Irregular Award of Capital Projects

During the financial year under review, NG-CDF Daddab had Kshs.115,744,538 spent on development projects. Examination of payment vouchers, project files and other records however, revealed that contracts amounting to Kshs.14,392,734 were awarded irregularly. Scrutiny of the project records showed that they lacked tender opening minutes, technical evaluation report, Bills of Quantities, inspection and acceptance committee reports, certificate of practical completion, contract agreements, confidential Business questionnaires and relevant tender security and tender questionnaires. Further, Construction of two (2) no.classrooms and twin pit latrines at Liboi secondary school was awarded to Liboi Self-help group at a contract sum of Kshs.2,062,860. However, the bills of Quantities and other tender documents for the other bidders revealed that the lowest bidder quoted Kshs.1,374,900, but the management awarded the contract to the highest bidder. Thus leading to avoidable loss of Kshs.687,960.

Tender notices did not set the criteria to be used for evaluation of tenders and therefore the tenders were evaluated without a clear criteria.

In the circumstances, it was not possible to confirm whether value for money was realized from the contracts awarded worth Kshs.14,392,734 as at 30 June 2016.

3.0 Unaccounted For Stores and Other Services

Examination of payment vouchers, stores records and other records maintained at the NG-CDF Dadaab office revealed that Kshs.8,698,800 was spent in respect of various stores and other services. However, the stores were not received vide receipt voucher and were not recorded in the stores register. There was no indication of the point of use of the stores since there were no issue note used for the same. The payment of rent was not supported with the valuation report and goods were not supported with delivery notes and inspection and acceptance report. Further, it was observed that NG-CDF Dadaab purchased beds, mattresses and desks for schools. However, there were not acknowledgement receipts from the schools purported to have benefited from the allocation.

In view of the foregoing, it was not possible to confirm the propriety of the expenditure of Kshs.8,698,800 as at 30 June 2016.

4.0 Unaccounted For Emergency Funds

During the year under review, the NG-CDF Dadaab allocated Kshs.4,700,000 for emergency projects. However, audit review of the expenditure for emergency funds revealed that an amount of Kshs.3,000,000 was spent on emergency projects of water trucking services to various settlements within the constituency. Without written contract agreement signed between the NG-CDF Dadaab and the contractor who purported to have supplied water. Further, the invoices attached to the payment vouchers were not dated and there were no water trucking schedules to various centers within the constituency showing the movement of the water boozers. Temporary work tickets and duplicate logbooks, insurance covers for the vehicles were not made available for audit review.

Under the circumstances, it was not possible to ascertain the propriety of the expenditure totaling Kshs.3,000,000 for water trucking services as at 30 June 2016.

5.0 Unaccounted for Bursary Expenses

In the financial year 2015/2016, the NG-CDFC for Dadaab disbursed bursaries amounting to Kshs.21,650,080 to various institutions in order to benefit needy students. However, Out of the Kshs.21,650,080 an amount of Kshs.2,961,000 disbursed to various institutions has not been acknowledged through official receipt or acknowledgement letters by the beneficiary institutions.

As a result, it was not possible to ascertain that the Kshs.2,961,000 benefited the deserving cases as intended and the amount was accounted for as at 30 June 2016.

6.0 Non-appointment of Constituency Oversight Committee

National Government Constituency Development Fund for Dadaab did not appoint Constituency Oversight Committee as required by Section 53 (1) of the NG-CDF Act, 2015. No explanation was given for failure to appoint Constituency Oversight Committee.

Consequently, the Fund was in breach of the law.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Dadaab Constituency as at 30 June, 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and comply with National Development Constituencies Development Act, 2015.

Other Matter

1.0 Budgetary Control and Performance

During the year under review, the National Government Constituency Development Fund Dadaab had a final budget amounting to Kshs.200,981,433 with Kshs.189,205,707 or 94% and Kshs.11,775,726 or 6% allocated to development projects and recurrent expenditure respectively. Out of the total budget of Kshs.200,981,433 for the financial year under review, an amount of Kshs.69,724,030 was unspent balance from the financial year 2014/2015.

The budget analysis on budgeted allocation and expenditure by items are reflected in the table below:-

1.1 Development (Projects) Expenditure

Item	Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)	Under/Over Absorption (Kshs.)
Development (Projects)			
Transfer to other Government Units	100,645,283	64,915,468	35,729,815
Other grants & Transfers	88,505,624	50,774,270	37,731,354
Other payments	54,800	54,800	0
TOTALS	189,205,707	115,744,538	73,461,169

1.2 Recurrent Expenditure

Item	Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)	Under/Over Absorption (Kshs.)
Administration			
Use of Goods & Services	9,016,544	8,574,325	442,219
Employee Compensation	2,759,182	1,463,494	1,295,688
TOTAL	11,775,726	10,037,819	1,737,907

The National Government – Constituency Development Fund Dadaab Constituency had budgeted for eighty (80) projects for the financial year 2015/2016. However, by the end of the financial year there was only fifty seven (57) projects completed and therefore twenty three (23) projects were not implemented.

A review of the total budget for the Constituency revealed that the total budget allocation for Development was Kshs.189,205,707 and the actual expenditure was Kshs.115,744,538 with a balance of Kshs.73,461,169 as at 30th June, 2016. Further, it was also noted that total allocation for recurrent was Kshs.11,775,726 but the NG-CDF Dadaab management spent only Kshs.10,037,819 with a balance of Kshs.1,737,907 as unspent balance for recurrent budget.

No explanation was given for not using the approved budget in full to benefit the constituents.

2.0 Unresolved Prior Years Issues (2014/2015)

The management of NG-CDF Dadaab Constituency did not respond to the issues raised in the report for 2014/2015 financial year and therefore the following issues remained unresolved.

- 2.1 Budget Performance Analysis where 31 projects worth Kshs.63,422,992.50 had not been implemented as at 30 June, 2015.
- 2.2 The accuracy of cash and cash equivalents balance of Kshs.7,861,784 could not be confirmed because the cash book was not adequately prepared and no bank reconciliations were done for the year ending 30th June, 2015.
- 2.3 Unaccounted for Goods - An amount of Kshs.3,082,000 were spent on procurement of furniture and water tanks. They were not accounted vide stores ledger, counter receipt vouchers, counter requisition and issue vouchers while quotations and inspection and acceptance certificates were not made available for audit review.

- 2.4 Monitoring and evaluation - An amount of Kshs.762,000 was paid in respect of monitoring and evaluation. However, payment vouchers were not supported with relevant documents.
- 2.5 Unsupported bursary awards where bursaries worth Kshs.5,889,445 disbursed to various institutions were not supported with official receipts and acknowledgement letters from the beneficiary institutions.
- 2.6 Irregular Award of Contracts - Contracts worth Kshs.8,428,756 lacked quotations, letters of notifications to unsuccessful bidders, practical completions and bills of quantities were also lacking tenderer's signature and were not stamped.



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

Nairobi

02 February 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- DADAAB
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	126,862,246.20	104,662,844.80
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		126,862,246.20	104,662,844.80
PAYMENTS			
Compensation of employees	4	1,463,494.00	1,103,628.00
Use of goods and services	5	8,574,325.00	12,400,037.50
Transfers to Other Government Units	6	64,915,468.00	48,262,652.80
Other grants and transfers	7	50,774,270.00	40,387,407.60
Acquisition of Assets	8	-	1,593,000.00
Other Payments	9	54,800.00	
TOTAL PAYMENTS		125,782,357.00	103,746,725.90
SURPLUS/DEFICIT		1,079,889.20	916,118.90

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The DADAAB NGCDF financial statements were approved on 05/09 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- DADAAB
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**


V. STATEMENT OF ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	6,042,010.90	7,861,783.90
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	2,899,662.10	
TOTAL FINANCIAL ASSETS		8,941,672.90	7,861,783.90
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July...	13	7,861,783.90	6,945,665.00
Surplus/Deficit for the year		1,079,889.20	916,118.90
Prior year adjustments	14	-	
NET FINANCIAL POSITION		8,941,673.10	7,861,783.90

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The DADAAB NGCDF financial statements were approved on 05/09 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- DADAAB
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016


VI. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1	126,862,246.20	104,662,845
Other Receipts	3	-	-
		126,862,246.20	104,662,845
Payments for operating expenses			
Compensation of Employees	4	1,463,494.00	1,103,628
Use of goods and services	5	8,574,325.00	12,400,038
Transfers to Other Government Units	6	64,915,468.00	48,262,653
Other grants and transfers	7	50,774,270.00	40,387,408
Other Payments	9	54,800.00	1,593,000
		125,782,357.00	103,746,726
Adjusted for:			
Adjustments during the year	14	-	501,642
Net cash flow from operating activities		1,079,889.20	916,119
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		1,079,889.20	916,118.90
Cash and cash equivalent at BEGINNING of the year	13	7,861,783.90	6,945,665.00
Cash and cash equivalent at END of the year		8,941,673.10	7,861,783.90

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The DADAAB NGCDF financial statements were approved on 05/09 2016 and signed by:



Chairman NGCDF



Fund Account Manager

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	131,257,403	69,724,030.10	200,981,433	134,724,030.10	66,257,403.00	67.0%
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	131,257,403	69,724,030.10	200,981,433	134,724,030.10	66,257,403.00	67.0%
PAYMENTS						
Compensation of Employees	2,759,182	-	2,759,182	1,463,494.00	1,295,688.00	53.0%
Use of goods and services	9,016,544	-	9,016,544	8,574,325.00	442,219.00	95.1%
Transfers to Other Government Units	58,307,099	42,338,184	100,645,283	64,915,468.00	35,729,815.10	64.5%
Other grants and transfers	61,119,778	27,385,846	88,505,624	50,774,270.00	37,731,354.00	57.4%
Acquisition of Assets	-					
Other Payments	54,800	-	54,800	54,800.00		
TOTAL	131,257,403	69,724,030	200,981,433	125,782,357.00	75,199,076.10	62.6%

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**

- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]
- i. XXXX
 - ii. XXXX
 - iii. XXXX
 - iv. XXXX
 - v. XXXX

The DADAAB NGCDF financial statements were approved on 05/09, 2016 and signed by:



Chairman NGCDF



Fund Account Manager

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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NGCDF.

2. Recognition of revenue and expenses

The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

3. In-kind contributions

In-kind contributions are donations that are made to the NGCDF 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 NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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 NGCDF 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.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. 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 June 30, 2016.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
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IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	A.I.E. NO : A796193	30,931,123.00	37,500,599.00
	A.I.E. NO : A796204	30,931,123.20	30,933,623.00
	A.I.E. NO : A796415	20,000,000.00	16,556,173.80
	A.I.E. NO : A820543	20,000,000.00	14,372,449.00
	A.I.E. NO : A820714	25,000,000.00	5,300,000.00
TOTAL		126,862,246	104,662,845

2. PROCEEDS FROM SALE OF ASSETS

	2015 – 2016	2014 – 2015
	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		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016 Kshs	2014 - 2015 Kshs	2013 - 2014 Kshs
Interest Received		-	-
Rents		-	-
Receipts from Sale of tender documents		-	-
Other Receipts Not Classified Elsewhere		-	-
	-	-	-
Total	-	-	-

4. COMPENSATION OF EMPLOYEES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic wages of contractual employees	1,463,494	1,089,228
Basic wages of casual labour	-	
Personal allowances paid as part of salary		
House allowance	-	
Transport allowance		
Leave allowance	-	
Other personnel payments	-	
Employer contribution to NSSF gratuity		
Total	1,463,494	1,089,228

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	331,560	478,984.00
Office rent	300,000	300,000.00
Communication, supplies and services	54,400	130,000.00
Domestic travel and subsistence	211,220	680,000.00
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	326,000	520,000.00
Hospitality supplies and services	241,460	230,000.00
Other committee expenses	1,913,000	2,453,990.00
Committee allowance	3,925,200	2,994,700.00
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	433,485	560,363.50
Fuel ,oil & lubricants	-	2,200,000.00
Other operating expenses	838,000	1,852,000.00
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
Total	8,574,325.00	12,400,037.50

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	47,915,438.00	35,304,893.80
Transfers to secondary schools (see attached list)	10,225,000.00	6,700,000.00
Transfers to tertiary institutions (see attached list)	600,000.00	350,000.00
Transfers to health institutions (see attached list)	6,175,030.00	5,907,759.00
-TOTAL	64,915,468	48,262,653

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bursary – secondary schools (see attached list)	12,460,100.00	8,781,000.00
Bursary – tertiary institutions (see attached list)	9,189,980.00	12,230,445.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	2,500,000.00	6,035,000.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	21,924,190.00	-
Roads projects (see attached list)	-	-
Sports projects (see attached list)	-	3,971,762.60
Environment projects (see attached list)	-	3,969,200.00
Other Projects (see attached list)	-	-
Emergency Projects (specify)	4,700,000.00	5,400,000.00
Total	50,774,270	40,387,408

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2015 - 2016 Kshs	2014 - 2015 Kshs	2013 - 2012 Kshs
Purchase of Buildings	-	-	
Construction of Buildings	-	-	16,695,
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	-	1,593,000	
Purchase of ICT Equipment, Software and Other ICT Assets	-	-	1,872,
Purchase of Specialized Plant, Equipment and Machinery	-	-	
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-	
Acquisition of Land	-	-	
Acquisition of Intangible Assets	-	-	
Total	-	1,593,000	18,568,

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Specify	54,800	1,500,000
	54,800	1,500,000

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
First Community Bank A/c 9576702	6,042,010.90	7,861,783.90
	-	-
		-
	-	-
	6,042,010.90	7,861,783.90

10B: CASH IN HAND

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
Total		
[Provide cash count certificates for each]		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – DADAAB
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 For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	6,042,010.90	7,861,783.90
Cash in hand		-
Imprest	2,899,562.00	
Total	8,941,573.0	7,861,783.9

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs	2012 - 2013 Kshs
Bank accounts	-		-
Cash in hand	-	-	-
Imprest	-	-	-
Total	-	-	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - DADAAB
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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015- 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	xxx	xxx
Supply of services	xxx	xxx

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	xxx	3,937,500.00
Amounts due to other grants and other transfers (see attached list)	xxx	265,000.00
Others (specify)	xxx	3,659,283.90
	xxx	7,861,783.90

PROGRESS ON FOLLOW UP OF AUDITOR RECCOMENDATION

The following is the summary of issues raised by eexternal auditor , the management comments that were provided to the auditor. we have nominated focal persons to reolve 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)	Status: resolved/ not resolved	Time frame: (put a date when you expect the issue to be resolved)
CDF/INSP/D adaab/Vol1 (2)	Un accounted for goods 3,082,000	Response in progress	FAM	Pending	20/03/2017
	Monitoring and evaluation (762,000)	''	FAM		''
	Unsupplied bursary (5,889,445)	''	FAM		''
	Irregular awards of contract (8,428,756)	''	FAM		''

Guidance notes:

- i. Use the same reference numbers as contained in the external audit report;
- ii. Obtain the "Issue/Observation", required above, form final external audit report that is signed by management;
- iii. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- iv. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to the National Treasury.



NG CDF Fund Account Manager

Date: ...20/03/17.....



NG CDF Chairman

Date: ...20/03/17.....