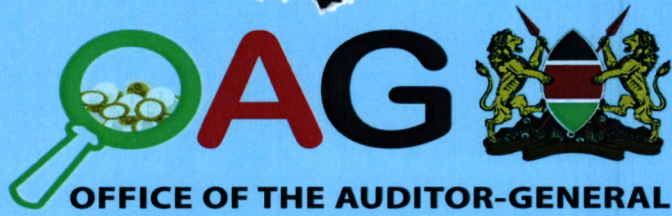



REPUBLIC OF KENYA



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**REPORT**

 <b>THE NATIONAL ASSEMBLY</b> PAPERS L A I D	
DATE: 11 NOV 2021	DAY.
TABLED BY:	KATHC. KIRANGWE
CLERK-AT THE-TABLE:	J. GIMOND

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND - ISIOLO NORTH CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

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**NATIONAL GOVERNMENT CONSTITTUENCIES DEVELOPMENT FUND-ISIOLO  
NORTH CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**ISIOLO NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
ISIOLO NORTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
ISIOLO NORTH CONSTITUENCY  
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**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 ISIOLO NORTH Constituency 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 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Ibrahim Tawane
2.	Sub-County Accountant	Ngugi Kinuthia
3.	Chairman NGCDFC	Nicholas Lolchuragi
4.	Member NGCDFC	AsnaWario

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF ISIOLO NORTH Constituency Headquarters**

P.O. Box 5-60300  
Isiolo North NG-CDF Building  
Isiolo- Moyale Road  
Isiolo, KENYA.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
ISIOLO NORTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**(f) NGCDF ISIOLO NORTH Constituency Contacts**

Telephone: (254) 727996 781  
E-mail: [cdfisiolonorth@ngcdf.go.ke](mailto:cdfisiolonorth@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF ISIOLO NORTH Constituency Bankers**

1. Equity Bank  
Account Number: 0410261949254  
Isiolo Branch

**(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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
ISIOLO NORTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

It gives me great pleasure to provide the foreword to the Isiolo North National Government Constituencies Development Fund Annual Reports and Financial Statements for 2018-2019.

During the 2018-2019 Financial Year, we set out to improve on our overall operations. On Bursary for example, we increased our allocation by 25% in order to ensure as many children as possible are assisted to complete their studies

On Education, we began to map out keenly the needs of our institutions of learning, both primary and secondary schools. This was aimed at ensuring that no single needy institution is left out in terms of infrastructural development. This has resulted in a more targeted approach to resource allocation. In doing this, we were also cognisant of the need to ensure that we don't spread our resources too thin as to make any meaningful impact.

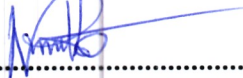
Noting the demands of the constitution with respect to devolved functions, we found it prudent not to allocate more resources to Water and Roads sectors save for what was necessary to complete ongoing projects in those sectors. Going forward, the resources released from those devolved functions will go a long way in enhancing Security and Education projects.

Our absorption capacity continues to improve, driven largely by forward planning and stakeholder involvement well in advance of receipt of resources from the NGCDF Board. This has helped us to kick in the rolling out of projects as soon as funds are made available by the Board.

In line with our performance culture, we will continue to be responsive to the needs of our constituents and seek to be an example of best practice in the public sector.

In closing, I would like to thank all our staff for their ongoing efforts and achievement. Their dedication, from top to bottom, is extraordinary. I would also like to thank my engaged and capable NGCDF Committee Members as well as the Fund Account Manager for their tireless effort during the past year. It would not have been possible to attain the performance we have had without their support.

I look forward to a challenging and exciting year ahead.

  
.....

**CHAIRMAN ISIOLO NORTH NGCDFC**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
ISIOLO NORTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**III. STATEMENT OF ENTITY 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 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-ISIOLO NORTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. 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-ISIOLO NORTH Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-ISIOLO NORTH 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-ISIOLO NORTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

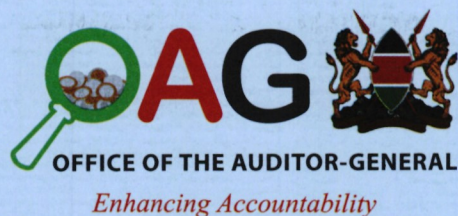
The NGCDF-ISIOLO NORTH Constituency financial statements were approved and signed by the Accounting Officer on 24<sup>th</sup> September, 2019.

  
\_\_\_\_\_  
Fund Account Manager  
Name: Ibrahim Tawans  


  
\_\_\_\_\_  
Sub-County Accountant  
Name: G. N. Kinuthia  
ICPAK Member Number: 18855  


# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
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Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - ISILOLO NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Isiolo North Constituency set out on pages 8 to 34, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Isiolo North Constituency Management as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Inaccuracies in Cash and Cash Equivalents

Note 10A to the financial statements reflects Kshs.6,625,956 in respect to cash and cash equivalents balance as at 30 June, 2019 held in one bank account.

However, the following observations were noted;

- 1.1 The respective bank reconciliation statement reflects unrepresented cheques totaling to Kshs.8,247,560 which further includes eleven (11) stale cheques totalling to Kshs.280,225 and which had not been replaced or reversed in the cash book as at

30 June, 2019 thereby understating the cash and cash equivalents balance of Kshs.6,625,956 by the same amount.

**1.2** The respective bank reconciliation statement reflects Kshs.1,625 in respect to receipts in the bank statements not yet recorded in cash books and therefore understating the cash and cash equivalents by the same amount.

**1.3** The respective bank reconciliation statement reflects Kshs.4,960.65 in respect to payments in the bank statements not entered in the cashbooks and therefore overstating the cash and cash equivalents by the same amount.

In view of the above, the validity and accuracy of the cash and cash equivalents balance of Kshs.6,625,956 as at 30 June, 2019 could not be confirmed.

## **2.0 Avoidable Expenditure-Compensation of Employee**

Note 4 to the financial statements reflects Kshs.1,501,268 in respect to compensation of employees for the year ended 30 June, 2019 which includes Kshs.1,452,148 in respect to basic wages of contractual employees out of which Kshs.36,800 is in respect to a penalty for failure to remit staff National Hospital Insurance Fund (NHIF) contributions. This is contrary to Section 16 of NHIF Act no. 9 of 1998, which sets out standard contributions and penalties thereof. However, the expenditure could have been avoided through timely NHIF remittance.

In the circumstances, the regularity and value for money of the Kshs.36,800 expenditure and whether it was a proper charge to public funds during the year ended 30 June, 2019 could not be ascertained.

## **3.0 Use of Goods and Services**

### **3.1 Doubtful Committee Allowances**

Note 5 to the financial statements for the year ended 30 June, 2019 reflects Kshs.9,768,577 in respect to use of goods and services which includes Kshs.3,349,510 and Kshs.3,000,000 in respect to other committee expenses and committee allowances respectively both totalling to Kshs.6,349,510.

However, included in the committee allowances of Kshs.6,349,510 is Kshs.3,007,000 which is not supported by necessary documentation including programmes of activities, minutes, projects visited, mode of transport and back to office reports. This is contrary to Section 104(1) of Public Finance Management (National Government) Regulations, 2015 which states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

In the circumstances, the legality and value for money for the Kshs.3,007,000 expenditure for the year ended 30 June, 2019 could not be confirmed.

### **3.2 Unsupported Fuel Expenditure**

Note 5 to the financial statements reflects Kshs.9,768,577 in respect to use of goods and services which includes Kshs.1,428,082 in respect to fuel, oil & lubricants out of which Kshs.570,083 was paid to a merchant for supply of fuel for the year ended 30 June, 2019.

However, the fuel register, detail orders, delivery notes, invoices and vehicle work tickets were not availed for review.

In the circumstances, the validity and value for money for the Kshs.570,083 expenditure for the year ended 30 June, 2019 could not be confirmed.

### **4.0 Transfers to Other Government Entities**

#### **4.1 Unsupported Transfers to Primary Schools**

Note 6 to the financial statements reflects Kshs.20,917,033 in respect to transfers to other government entities which includes Kshs.2,250,000 in respect to transfers to primary Schools out of which Kshs.250,000 was allocated and disbursed to Kambi Garba Primary School for purchase of school desks.

However, procurement documents including delivery notes, invoices and inspection and acceptance reports were not availed for review.

In the circumstances, the validity and value for money for the Kshs.250,000 expenditure for the year ended 30 June, 2019 could not be ascertained.

### **5.0 Other Grants and Other Payments**

#### **5.1 Unaccounted for Bursaries**

Note 7 to the financial statements reflects Kshs.33,525,261 in respect to other grants and other payments which includes Kshs.10,377,708 and Kshs.11,018,734 both totalling to Kshs.21,396,442 in respect to bursaries disbursed to secondary schools and tertiary institutions respectively during the year ended 30 June, 2019. However, the expenditure was not supported or accounted for by underlying accounting records such as, bursary applications forms, lists of all applicants, successful applicants, criteria used when awarding the bursaries and the vetting committees' minutes. It was therefore not possible to ascertain whether the Kshs.21,396,442 bursaries were awarded to the most deserving applicants including whether they were utilized for the intended purpose.

Further, out of the Kshs.21,396,442 bursaries disbursed during the year, only Kshs.3,587,700 (17%) were acknowledged by the beneficiary schools and institutions leaving a balance of Kshs.17,808,742 (83%) unacknowledged.

In the circumstances, it has not been possible to ascertain whether the bursaries totalling to Kshs.17,808,742 benefited the intended beneficiaries and whether it was expended as appropriated during the year ended 30 June, 2019

## **5.2 Unconfirmed Sports Expenditure**

Note 7 to the financial statements reflects Kshs.33,525,261 in respect of other grants and other payments which includes Kshs.3,750,000 in respect to sports being funds disbursed to Isiolo North Sports Project Management Committee during the year ended 30 June, 2019. However, supporting evidence including the minutes approving the sports activities, attendance schedules and mode of transport were not availed for audit review to show how the funds were spent. This is contrary to Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 which States that all expenditures and receipts should be supported by appropriate authority and adequate documentations.

In the circumstances, it was not possible to ascertain the validity of the Kshs.3,750,000 expenditure for the year ended 30 June, 2019 including whether it was a proper charge to public funds.

## **5.3 Emergency Projects**

Note 7 to the financial statements for the year ended 30 June, 2019 reflects Kshs.33,525,261 in respect to other grants and other payments which includes Kshs.7,378,819 spent in respect to emergency projects.

However, application for emergency funding and report on urgent unforeseen situations were not availed for audit review contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which stipulates that expenditure on emergency should be for an urgent, unforeseen need for expenditure which in the opinion of the constituency committee cannot be delayed until the next financial year without harming the public interest of the constituents.

In addition, a report on utilization of emergency funds to the National Government Constituencies Development Fund Board (NGCDFB) as required by Section 20(2) of the same regulation which stipulates that utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency was not provided for audit review.

Further, included in the Kshs.7,378,819 was Kshs.4,622,945 indicated as having been spent on seven (7) emergency situations.

However, supporting documents including reports on insecurities by area administration department, reports of rift valley fever outbreak from the County livestock department, identification documents (IDs) for the individuals signing for payments, daily check in registers, back to office reports, muster roll, fuel registers, work tickets, tender documents, evaluation committee minutes and insurance debit notes were not provided for audit review.

In the circumstances, it was not possible to ascertain the validity of the Kshs.4,622,945 expenditure for the year ended 30 June, 2019 including whether it was a proper charge to public funds.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of NG-CDF Isiolo North Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **1.0 Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.127,378,971 and Kshs.72,338,096 respectively resulting to an under-funding of Kshs.55,040,875 or 43% of the budget. Similarly, the Fund spent Kshs.65,712,139 against an approved budget of Kshs.127,378,971 resulting to an under-expenditure of Kshs.61,666,832 or 48% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Isiolo North Constituency.

#### **1.1 Project Implementation Status**

Review of the project implementation status report compiled by the Fund revealed that out of twenty-four (24) projects budgeted during the financial year under review at a cost of Kshs.115,556,506, a total of two (2) projects had been completed at a cost of Kshs.10,632,852. The twenty-two (22) remaining projects budgeted to cost Kshs.104,923,654 were on going at the end of financial year under review.

Consequently, due to delay in project implementation, the residents of Isiolo North Constituency may not have received the planned benefits from implementation of the projects

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

## **Basis for conclusion**

### **1.0 Transfers to Secondary Schools**

#### **1.1 Projects carried Out without Professional Opinion**

Note 6 to the financial statements reflects Kshs.20,917,033 in respect to transfer to other government entities which includes Kshs.16,667,033 in respect to transfers to secondary schools for the year ended 30 June, 2019 to undertake various projects.

However, the professional opinion on the tendering proceedings was not provided for audit review as required by Section 84(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of a procuring entity, shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the accounting officer on the procurement or asset disposal proceedings.

In the circumstances, the regularity and value for money of the Kshs.16,667,033 expenditure for the year ended 30 June, 2019 could not be confirmed.

### **2.0 Irregular Re-Allocation of Funds**

#### **2.1 Transfers to Primary Schools**

Note 6 to the financial statements for the year ended 30 June, 2019 reflects Kshs.20,917,033 in respect to transfers to other government entities which includes Kshs.2,250,000 in respect to transfers to primary Schools out of which Kshs.1,000,000 was allocated and disbursed to Kambi Garba Primary School for renovation of classrooms.

However, physical verification conducted in November, 2019 revealed that the funds were used for construction of a kitchen and partly renovating the classrooms without an approval from the Board for the reallocation of the funds contrary to Section 6(2) of the National Government Constituencies Development Fund Act, 2015 which stipulates that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board.

In the circumstances, the Fund is in breach of the law.

#### **2.2 Transfers to Secondary Schools**

Note 6 to the financial statements reflects Kshs.20,917,033 in respect to transfer to other government entities which includes Kshs.16,667,033 in respect to transfer to secondary schools out of which Kshs.2,500,000 was disbursed to Isiolo Boys Secondary School for fencing of the school compound with barbed wire and concrete posts during the year ended 30 June, 2019.

However, a physical verification done in November, 2019 revealed that the funds were used for construction of concrete wall without an approval for the reallocation of the funds

from the Board contrary to Section 6(2) of the National Government Constituencies Development Fund Act, 2015 which stipulate that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board.

In the circumstances, the Fund is in breach of the law.

### **3.0 Untagged Fixed Assets**

Annex 4 to the financial statements reflects Kshs.9,612,000 in respect to fixed assets as at 30 June, 2019 which includes office equipment, furniture and fittings, ICT equipment, software and other ICT assets and other machinery and equipment's valued Kshs.1,562,500, Kshs.51,000 and Kshs.199,000 respectively all totalling to Kshs.1,812,500. However, included in the Kshs.1,812,500 are assets valued at Kshs.1,505,000 which were not tagged for ease of tracking and identification contrary Section 74(6) (b) of the Public Finance Management (National Government) Regulations, 2015 which states that an accounting officer of a national government entity shall ensure that whenever projects are completed, the project assets including buildings, plant, vehicles, furniture, fittings and equipment are properly recorded and handed over to the accounting officer.

In the circumstances, the Fund is in breach of the law.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance about whether effective processes and systems of internal control, risk management and overall 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or cease operations.

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**18 October, 2021**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**ISIOLO NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board	1	71,353,448	112,284,482
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>71,353,448</b>	<b>112,284,482</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,501,268	3,749,562
Use of goods and services	5	9,768,577	19,217,503
Transfers to Other Government Units	6	20,917,033	34,200,000
Other grants and transfers	7	33,525,261	50,571,705
Acquisition of Assets	8	-	462,500
Other Payments	9	-	4,300,000
<b>TOTAL PAYMENTS</b>		<b>65,712,139</b>	<b>112,501,270</b>
<b>SURPLUS/DEFICIT</b>		<b>5,641,309</b>	<b>(216,788)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Isiolo North Constituency financial statements were approved on 24<sup>th</sup> September, 2019 and signed by:



Fund Account Manager  
 Name: Ibrahim Fawane




Sub-County Accountant  
 Name: G. N. Kinuthia  
 ICPAK Member Number: 18855



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
 ISIOLO NORTH CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2019**

**V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2019**

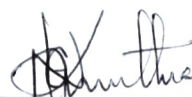
	Note	2018-2019	2017-2018
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	6,625,956	984,647
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>6,625,956</b>	<b>984,647</b>
Current Receivables			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>6,625,956</b>	<b>984,647</b>
<b>FINANCIAL LIABILITES</b>			
Accounts Payable			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
<b>NET FINANCIAL ASSETS</b>		<b>6,625,956</b>	<b>984,647</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	984,647	1,201,435
Surplus/Defict for the year		5,641,309	(216,788)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>6,625,956</b>	<b>984,647</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-ISIOLO NORTH Constituency financial statements were approved on 24<sup>th</sup> September, 2019 and signed by:



Fund Account Manager  
 Name: Ibrahim Tawane





Sub-County Accountant  
 Name: G. N. Kinuthia  
 ICPAK Member Number: 18855




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
 ISIOLO NORTH CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2019**

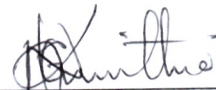
**VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2019**

CASH FLOWS FROM OPERATING ACTIVITIES			2018 - 2019	2017 - 2018
<b>Receipts</b>				
Transfers from CDF Board	1		71,353,448	112,284,482
Other Receipts	3		-	
<b>Total Receipts</b>			<b>71,353,448</b>	<b>112,284,482</b>
<b>Payments</b>				
Compensation of Employees	4		1,501,268	3,749,562
Use of goods and services	5		9,768,577	19,217,503
Transfers to Other Government Units	6		20,917,033	34,200,000
Other grants and transfers	7		33,525,261	50,571,705
Other Payments	9		-	4,300,000
<b>Total Payments</b>			<b>65,712,139</b>	<b>112,038,770</b>
<b>Total Receipts Less Total Payments</b>			<b>5,641,309</b>	<b>245,712</b>
<b>Adjusted for:</b>				
Outstanding Imprest	11	-		
Retention	12A	-		
Gratuity Payable	12B	-		
Prior Year adjustment	14	-		
<b>Net Adjustments</b>			<b>-</b>	<b>-</b>
<b>Net cash flow from operating activities</b>			<b>5,641,309</b>	<b>245,712</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from Sale of Assets	2		-	-
Acquisition of Assets	8			462,500
<b>Net cash flows from Investing Activities</b>				<b>(462,500)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			<b>5,641,309</b>	<b>(216,788)</b>
Cash and cash equivalent at BEGINNING of the year	13		984,647	1,201,435
Cash and cash equivalent at END of the year			6,625,956	984,647

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-ISIOLO NORTH Constituency financial statements were approved on 24<sup>th</sup> September, 2019 and signed by:

  
 Fund Account Manager  
 Name: Ibrahim Tawane



  
 Sub-County Accountant  
 Name: G. N. Kinuthia  
 ICPAK Member Number: 18855




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – ISIOLO NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**


**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30 JUNE 2019**

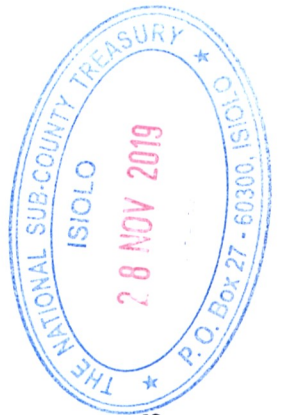
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	109,040,876	18,338,095	127,378,971	72,338,096	55,040,875	56.8%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTAL RECEIPTS</b>	109,040,876	18,338,095	127,378,971	72,338,096	55,040,875	56.8%
<b>PAYMENTS</b>						
Compensation of Employees	1,510,000		1,510,000	1,501,268	8,732	99.4%
Use of goods and services	8,303,679	2,008,786	10,312,465	9,768,577	543,888	94.7%
Transfers to Other Government Units	62,950,000	2,800,000	65,750,000	20,917,033	44,832,967	31.8%
Other grants and transfers	36,277,197	13,529,309	49,806,506	33,525,261	16,281,245	67.3%
Acquisition of Assets						
Other Payments						
<b>TOTAL</b>	109,040,876	18,338,095	127,378,971	65,712,139	61,666,832	51.6%

The NGCDF-ISIOLO NORTH Constituency financial statements were approved on 24<sup>th</sup> September, 2019 and signed by:

  
**Fund Account Manager**  
 Name: Ibrahim Tawane



  
**Sub-County Accountant**  
 Name: G. N. Kinuthia  
 ICPAK Member Number: 18855



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – ISIOLO NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**VIII. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	99,227,197	16,329,309	115,556,506	61,068,251	54,488,255	52.8%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTAL RECEIPTS</b>	<b>99,227,197</b>	<b>16,329,309</b>	<b>115,556,506</b>	<b>61,068,251</b>	<b>54,488,255</b>	<b>52.8%</b>
<b>PAYMENTS</b>						
Transfers to Other Government Units	62,950,000	2,800,000	65,750,000	20,917,033	44,832,967	31.8%
Other grants and transfers	36,277,197	13,529,309	49,806,506	33,525,261	16,281,245	67.3%
<b>TOTAL</b>	<b>99,227,197</b>	<b>16,329,309</b>	<b>115,556,506</b>	<b>54,442,294</b>	<b>61,114,212</b>	<b>47.1%</b>

The NGCDF- ISIOLO NORTH Constituency financial statements were approved on 24<sup>th</sup> September, 2019 and signed by:



*(Signature)*

Sub-County Accountant  
 Name: G. N. Kinuthia  
 ICFAK Member Number: 18855



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – ISIOLO NORTH CONSTITUENCY**  
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**For the year ended June 30, 2019**

**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	9,813,679	2,008,786	11,822,465	11,269,845	552,620	95.3%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
<b>TOTAL RECEIPTS</b>	<b>9,813,679</b>	<b>2,008,786</b>	<b>11,822,465</b>	<b>11,269,845</b>	<b>552,620</b>	<b>95.3%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,510,000	-	1,510,000	1,501,268	8,732	99.4%
Use of goods and services	8,303,679	2,008,786	10,312,465	9,768,577	543,888	94.7%
<b>TOTAL</b>	<b>9,813,679</b>	<b>2,008,786</b>	<b>11,822,465</b>	<b>11,269,845</b>	<b>552,620</b>	<b>95.3%</b>

The NGCDF-ISIOLO NORTH Constituency financial statements were approved on 24<sup>th</sup> September, 2019 and signed by:

  
**FUND ACCOUNT**  
**Manager**  
**Name: Ibrahim Tawane**  
**P.O. Box 5 - 60300, ISIOLO**

  
**Sub-County Accountant**  
**Name: G. N. Kinuthia**  
**ICPAK Member Number: 18855**  
**28 NOV 2019**  
**THE NATIONAL SUB-COUNTY TREASURY**  
**ISIOLO**  
**P.O. Box 27 - 60300, ISIOLO**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – ISIOLO NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

**X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019 Kshs	Kshs	2018/2019 Kshs	30/06/2019 Kshs	Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	1,510,000		1,510,000	1,501,268	8,732
1.2 Committee allowances	3,000,000	682,759	3,682,759	3,555,000	127,759
1.3 Use of goods and services	2,032,453		2,032,453	2,417,593	(385,140)
<b>Sub-Total</b>	<b>6,542,453</b>	<b>682,759</b>	<b>7,225,211</b>	<b>7,473,861</b>	<b>(248,650)</b>
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	1,771,226	341,379	2,112,606	1,680,000	432,606
2.2 Committee allowances	500,000	984,648	1,484,648	1,765,000	(280,352)
2.3 Use of goods and services	1,000,000		1,000,000	350,985	649,015
<b>Sub-Total</b>	<b>3,271,226</b>	<b>1,326,027</b>	<b>4,597,254</b>	<b>3,795,985</b>	<b>801,269</b>
<b>3.0 Emergency</b>					
3.1 Primary Schools				-	-
3.2 Secondary schools				-	-
3.3 Tertiary institutions				-	-
3.4 Security projects	5,738,993	568,966	6,307,959	7,378,819	(1,070,860)
3.5 others				-	-
<b>Sub-Total</b>	<b>5,738,993</b>	<b>568,966</b>	<b>6,307,959</b>	<b>7,378,819</b>	<b>(1,070,860)</b>
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools					
4.2 Secondary Schools	14,000,000	5,194,829	19,194,829	10,377,708	8,817,121
4.3 Tertiary Institutions	14,357,386	4,000,000	18,357,386	11,018,734	7,338,652
4.4 Universities					
4.5 Social Security					
<b>Sub-Total</b>	<b>28,357,386</b>	<b>9,194,829</b>	<b>37,552,214</b>	<b>21,396,442</b>	<b>16,155,772</b>
<b>5.0 Sports</b>					
sports	2,180,818	227,586	2,408,404	3,750,000	(1,341,596)

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – ISIOLO NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

<b>Sub-Total</b>	2,180,818	-	227,586	-	2,408,404	3,750,000	-	(1,341,596)
<b>6.0 Environment</b>								
6.1 balance b/f environment FY 2016/2017			1,637,930		1,637,930			1,637,930
<b>Sub-Total</b>	-	-	1,637,930	-	1,637,930	-	-	1,637,930
<b>7.0 Primary Schools Projects</b>								
7.1 Mata Miuka Primary School	1,200,000				1,200,000			1,200,000
7.2 Khalifa Primary School	1,200,000				1,200,000			1,200,000
7.3 Mataarba Primary school	2,400,000				2,400,000			2,400,000
Merit-South Muslim Primary School	3,600,000				3,600,000			3,600,000
7.5 Riig Primary School	2,400,000				2,400,000			2,400,000
7.6 Taqwa Primary School	2,400,000				2,400,000			2,400,000
7.8 Isiolo School for the deaf	2,500,000				2,500,000	1,000,000		1,500,000
7.9 Wabera Primary School	2,500,000				2,500,000			2,500,000
7.10 Noloroi Primary School	2,400,000				2,400,000			2,400,000
7.11 Kipsing Primary school	1,500,000				1,500,000			1,500,000
7.12 KambiGarba Primary school	2,400,000				2,400,000	1,250,000		1,150,000
7.13 Feпо La Tumaini primary school	3,000,000				3,000,000			3,000,000
7.14 Akadeli Primary School 2017/2018			2,000,000		2,000,000			2,000,000
7.15 Kiwanjani Primary School 2017/2018			800,000		800,000			800,000
<b>Sub-Total</b>	27,500,000	-	2,800,000	-	30,300,000	2,250,000	-	28,050,000
<b>8.0 Secondary Schools Projects</b>								
8.1 Biliqo Girls Secondary School	1,950,000				1,950,000	1,913,000		37,000
8.2 Bulesa Day Secondary school	1,000,000				1,000,000	1,000,000		-
8.3 Isiolo Boys Secondary School	2,500,000				2,500,000	2,500,000		-
8.4 Mwangaza Girls Secondary school	2,600,000				2,600,000			2,600,000
8.5 Bula Mpya Secondary School	7,000,000				7,000,000	3,500,000		3,500,000
8.6 Waso Secondary School	3,000,000				3,000,000	3,000,000		-
8.7 Kisima Secondary School	2,400,000				2,400,000			2,400,000
8.8 Uhuru Secondary school	5,000,000				5,000,000	2,000,000		3,000,000
8.9 Oldonyiro Girls Secondary School	5,000,000				5,000,000	2,754,033		2,245,967

**NATIONAL GOVERNMENT'S CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – ISIOLO NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

8.10 retention b/f								
<b>Sub-Total</b>	<b>30,450,000</b>	<b>-</b>	<b>30,450,000</b>	<b>16,667,033</b>	<b>13,782,967</b>			
<b>9.0 Tertiary institutions Projects</b>								
9.1 KMTC Isiolo	5,000,000		5,000,000	2,000,000	3,000,000			
<b>Sub-Total</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>2,000,000</b>	<b>3,000,000</b>			
<b>10.0 Security Projects</b>								
10.1 Akadeli AP Post 2016-2017	-	1,899,999	1,899,999	-	1,899,999			
10.2 Kom Chiefs Office		-	-	1,000,000	(1,000,000)			
<b>Sub-Total</b>	<b>-</b>	<b>1,899,999</b>	<b>1,899,999</b>	<b>1,000,000</b>	<b>899,999</b>			
<b>GRAND TOTALS</b>	<b>109,040,876</b>	<b>18,338,095</b>	<b>127,378,971</b>	<b>65,712,140</b>	<b>61,666,831</b>			

## **XI. 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-ISIOLO NORTH 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.

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**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 30<sup>th</sup> June 2019, 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.

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**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 Fund**

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

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**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 2018 for the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 as required by Law and there was no 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 30<sup>th</sup> June 2019.

**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.

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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2018-2019	2017 - 2018
		Kshs	Kshs
Normal Allocation	<b>B005034</b>	10,579,310	
	B005327	500,000	
	B005331	3,537,930	
	B030060	10,000,000	
	B030405	12,000,000	
	B006346	8,000,000	
	A699107	11,000,000	
	B042747	13,000,000	
	B042669	2,736,208	
	AIE NO. A855823		5,500,000
	AIE NO. A802708		27,410,345
	AIE NO. A892883		37,905,172
	AIE NO. A855020		41,468,965
<b>TOTAL</b>		<b>71,353,448</b>	<b>112,284,482</b>

**2. PROCEEDS FROM SALE OF ASSETS**

Description		2018-2019	2017 - 2018
		Kshs	Kshs
Receipts from the Sale of Buildings		-	-
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	-
Receipts from the Sale of Office and General Equipment		-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

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**3. OTHER RECEIPTS**

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Sale of Tender Documents	-	-
Other Receipts Not Classified Elsewhere (specify)	-	-
<b>TOTAL</b>	-	-

**4. COMPENSATION OF EMPLOYEES**

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Basic wages of contractual employees	1,452,148	889,123
Basic wages of casual labour		
Personal allowances paid as part of salary		
House allowance		468,219
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF	49,120	
Gratuity -Paid		2,392,220
Gratuity -Accrued		
<b>TOTAL</b>	<b>1,501,268</b>	<b>3,749,562</b>

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**5. USE OF GOODS AND SERVICES**

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Utilities, supplies and services	100,000	40,000
Office rent		
Communication, supplies and services	-	-
Domestic travel and subsistence	-	798,000
Printing, advertising and information supplies & services		-
Rentals of produced assets		
Training expenses	1,680,000	-
Hospitality supplies and services		309,560
Other committee expenses	3,349,510	
Committee allowance	3,000,000	12,693,930
Insurance costs	210,985	241,120
Specialized materials and services		
Office and general supplies and services		147,150
Fuel, oil & lubricants	1,428,082	3,635,323
Other operating expenses		870,000
Routine maintenance - vehicles and other transport equipment		393,000
Routine maintenance- other assets		89,420
Strategic Plan		
<b>TOTAL</b>	<b>9,768,577</b>	<b>19,217,503</b>

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**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to Primary schools	2,250,000	9,100,000
Transfers to Secondary schools	16,667,033	19,600,000
Transfers to Tertiary institutions	2,000,000	5,500,000
TIVET		
<b>TOTAL</b>	<b>20,917,033</b>	<b>34,200,000</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

<b>Description</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary -Secondary	10,377,708	6,159,000
Bursary -Tertiary	11,018,734	25,782,705
Bursary-Special schools		
Mocks & CAT		
Security	1,000,000	5,080,000
Sports	3,750,000	1,500,000
Environment		-
Emergency Projects	7,378,819	12,050,000
<b>TOTAL</b>	<b>33,525,261</b>	<b>50,571,705</b>

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**8. ACQUISITION OF ASSETS**

<b>Non-Financial Assets</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings		-	-
Construction of Buildings		-	-
Refurbishment of Buildings		-	-
Purchase of Vehicles			-
Purchase of Bicycles & Motorcycles		-	-
Overhaul of Vehicles		-	-
Purchase of office furniture and fittings		-	
Purchase of computers, printers and other IT equipments		-	462,500
Purchase of photocopier		-	-
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
<b>TOTAL</b>		-	<b>462,500</b>

**9. OTHER PAYMENTS**

<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
Strategic Plan		-	4,300,000
<b>TOTAL</b>		-	<b>4,300,000</b>

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**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	Account Number	2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
Equity Bank, IsioloBranch.Isiolo North NG-CDF	A/C no.0410261949254	6,625,956	984,647

**10B: CASH IN HAND**

Description		2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
<b>TOTAL</b>		-	-

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11: OUTSTANDING IMPRESTS**

**12A. RETENTION**

Supplier/Contractor	PV No.	2018-2019	2017 - 2018
		-	-
		-	-
<b>TOTAL</b>		-	-

**12B. STAFF GRATUITY OUTSTANDING**

Staff Name	Date Employed	Amount Outstanding to date	
		2018-2019	2017 - 2018
staff 1		-	-
staff 2		-	-
staff 3		-	-
staff 4		-	-
staff 5		-	-
<b>TOTAL</b>		-	-

**13. BALANCES BROUGHT FORWARD**

Description		2018-2019	2017 - 2018
		(1/7/2018	(1/7/2017)
		Kshs	Kshs
Bank accounts		984,647	1,201,435
Cash in hand			-
Imprest			-
<b>TOTAL</b>		<b>984,647</b>	<b>1,201,435</b>

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**14. PRIOR YEAR ADJUSTMENTS**

<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts			-
Cash in hand		-	-
Imprest		-	-
<b>TOTAL</b>			

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	Kshs	Kshs
NGCDFC Staff	-	-
Others	-	-
	-	-

**15.3: UNUTILIZED FUND (See Annex 3)**

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Compensation of employees	8,732	300,167
Use of goods and services	543,888	1,100,167
Amounts due to other Government entities	44,832,967	13,200,000
Amounts due to other grants and other transfers	16,281,245	-
Acquisition of assets	-	-
Others	-	-
<b>TOTAL</b>	<b>61,666,832</b>	<b>14,600,334</b>

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**15.4: PMC account balances (See Annex 5)**

	<b>2018-2019</b>	<b>2017-2018</b>
<b>PMC</b>	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	<b>4,028,400</b>	1,200,000
	<b>4,028,400</b>	<b>1,200,000</b>

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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2019 d=a-c	Comments
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					
10.					
11.					
12.					
<b>Sub-Total</b>					
<b>Grand Total</b>					

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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 2019	Comments
<b>Senior Management</b>		a	b	c	d=a-c	
1.						
2.						
3.						
	<b>Sub-Total</b>					
<b>Middle Management</b>						
4.						
5.						
6.						
	<b>Sub-Total</b>					
<b>Unionisable Employees</b>						
7.						
8.						
9.						
	<b>Sub-Total</b>					
<b>Others (specify)</b>						
10.						
11.						
12.						
	<b>Sub-Total</b>					
	<b>Grand Total</b>					

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**ANNEX 3 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2018/19	2017/18	
Compensation of employees		8,732	300,167	
		-		
<b>Sub-Total</b>		<b>8,732</b>	<b>300,167</b>	
Use of goods & services		543,888	1,100,167	
		<b>543,888</b>	<b>1,100,167</b>	
<b>Sub-Total</b>		-		
Amounts due to other Government entities		44,832,967	13,200,000	
		<b>44,832,967</b>	<b>13,200,000</b>	
<b>Sub-Total</b>				
Amounts due to other grants and other transfers				
Amounts due to other grants and other transfers (see attached budget execution)		16,281,245	-	
		<b>16,281,245</b>	<b>-</b>	
<b>Sub-Total</b>				
<b>Grand Total</b>		<b>61,666,832</b>	<b>14,600,334.00</b>	

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f		Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost	
	(Kshs)	2017/18			(Kshs)	2018/19
Land						
Buildings and structures				-		
Transport equipment	7,799,500.00		-	-	7,799,500.00	
Office equipment, furniture and fittings	1,562,500.00		-	-	1,562,500.00	
ICT Equipment, Software and Other ICT Assets	51,000.00		-	-	51,000.00	
Other Machinery and Equipment	199,000.00		-	-	199,000.00	
Heritage and cultural assets			-	-		
Intangible assets			-	-		
<b>Total</b>		<b>9,612,000.00</b>				<b>9,612,000.00</b>

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**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2019**

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2018/19</b>	<b>Bank Balance 2017/18</b>
Biliqo Day Secondary School PMC	Equity	410278987288	529,000	-
Bula Mpya secondary School PMC	Equity	410278988228	499,400	-
Waso Secondary school PMC	Equity	410278975015	3,000,000	-
Uhuru Mixed Day secondary school pmc	Equity	410279002548	-	-
Korbesa Day Secondary School	Consolidated	10111301000259	-	1,200,000
<b>Total</b>			<b>4,028,400</b>	<b>1,200,000</b>

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Presentation of the Financial Statements for the year ended 30 <sup>th</sup> June 2018 did not include a separate statement of appropriation, budget execution by programmes and sub-programmes.	The statements have been corrected and prepared as per the requirements by the IPSAS Cash Template.	FAM	Resolved	24/09/2019
2.0	Accuracy of the financial statements: the financial statements reflects a balance of Ksh 69,789,208 in respect to two expenditure items while the respective supporting schedules reflects a balance of Ksh 53,775,353 resulting a net variance of Ksh 16,013,855	We would verify where the said variance is coming from and amend accordingly.	FAM	N/A	
3.0	Project Management Committee Bank Balances: 1,200,000. However, the respective cashbooks, bank certificates and bank reconciliation statements were not availed for audit.	The said bank statements will be provided.	FAM	Resolved	24/09/2019
4.0	Other grants and other transfers: unaccounted for	The acknowledgement letters were not	FAM	Partly Resolved	Continuous exercise

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	bursary totalling to ksh: 25,647,905 were not acknowledged.	received as at the date of the audit. We will provide all the acknowledgements received after the audit as we follow up with those yet to return the acknowledgements.			
4.2	Use of emergency funds: supporting documents were not provided for audit. In the circumstances it has not been possible to ascertain the value for money.	We would provide the documents required for audit as soon as possible.	FAM	Partly Resolved	Continuous exercise
5.0	Transfers to primary schools: Samburu Complex, wabera, Akadeli primary schools: quotations, tender documents, evaluation committee not provided for audit.	The project files will be provided for your review.	FAM	Not Resolved	Awaiting to clear with committee of parliament
6.0	Transfers to secondary schools: 19,600,000 to three secondary schools for laboratory equipping. However, records were not provided for audit review.	The project files containing all the required documents will be provided.	FAM	Not Resolved	Awaiting to clear with committee of parliament
7.0	Strategic plan: documents not provided for audit review	The project file will be provided for audit.	FAM	Not Resolved	Awaiting to clear with committee of parliament