

REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 29 OCT 2019

DAY: TUESDAY

TABLED BY: MAJORITY LEADER

CLERK AT THE TABLE: [Signature]

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
MANDERA NORTH CONSTITUENCY**

**FOR THE YEAR  
ENDED 30 JUNE 2018**



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MANDERA  
NORTH CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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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)**

**MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**Core Values**

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

**(b) Key Management**

The NGCDF MANDERA NORTH 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 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Adan Salah Mustafa
3.	Sub-County Accountant	Tom Mboya Osingo
4.	Chairman NGCDFC	Bashir Noor Ismail
5.	Member NGCDFC	Mohamed Musa Issak

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF - MANDERA 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) NG CDF MANDERA NORTH Constituency Headquarters**

P.O. Box 23 - 70302  
Opposite Rhamu Post Office  
Along Nairobi - Mandera Highway  
Rhamu, Mandera

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
MANDERA NORTH CONSTITUENCY**

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

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**(f) NG CDF MANDERA NORTH Constituency Contacts**

Telephone: (254) 722471247  
E-mail: cdfmanderanorth.ngcdf.go.ke  
Website: www.ngcdf.go.ke

**(g) NG CDF MANDERA NORTH Constituency Bankers**

1. Equity Bank (Kenya) Limited  
Mandera Branch  
P.O. Box 536 - 70300  
Mandera, Kenya
2. Equity Bank (Kenya) Limited.  
1000261174117

**(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 (NG-CDF)  
MANDERA NORTH CONSTITUENCY**

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

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

The budget performance against the actual amount was not impressive with 51% absorption rate for the financial year 2017/2018. However, for the amount receipt the absorption rate was 99% meaning the funds received during the year under review was properly utilized. This can be seen on page 9 (summary statement of appropriation) of the financial statement. Amount receipts was Ksh 74,353,447 out of Ksh 140,619,829 which was budget for the financial year 2017/2018.

During the financial year under review the constituency was able to issue bursary to deserving and needy student within the constituency with 87% distribution of the amount received as at 30/6/2018. Nine projects were implemented and were complete and in use; 6 for primary schools, two secondary schools project and one for National Registration Beaurer Mandera North which is security project.

Constituents are well informed on the NG CDF function and coming forward with their proposal to improve the general wellbeing of residents. Peace and security are the major concern due scarce resource within the pastoral communities along the constituency boundary as a result of climatic changes.

All projects are of urgency in nature to constituency, hence it becomes difficult to implement them since funds are received quarterly and like in financial year 2017/2018 more than 50% of the budget was received in the financial year 2018/2019 thus interfering with annual constituency program.

To rip the maximum benefits to the residents NG CDF funds should be disbursed within the financial year to ensure smooth transformation of the area covered.

Programs and projects should be designed to mitigate the effect of climate change both in the short time and long term.

More public education should be carried out to encourage pastoralists to take their children to school to improve literacy levels.

Sign 

Bashir Noor Ismail  
CHAIRMAN NGCDF COMMITTEE

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
MANDERA NORTH CONSTITUENCY**

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

**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the NGCDF-MANDERA 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, 20XX. 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.

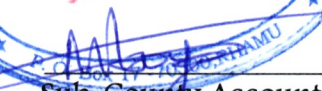
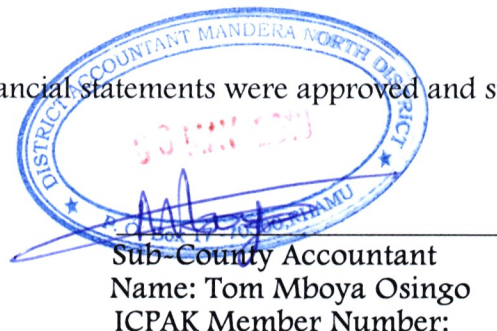
The Accounting Officer in charge of the NGCDF-MANDERA NORTH Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MANDERA 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-MANDERA 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-MANDERA NORTH Constituency financial statements were approved and signed by the Accounting Officer on 6<sup>th</sup> May 2019.

  
Fund Account Manager  
Name: Adan Salah Mustafa  
  
P. O. BOX  
amustafa@cdf.go.ke

  
Sub-County Accountant  
Name: Tom Mboya Osingo  
ICPAK Member Number:  
  
DISTRICT ACCOUNTANT MANDERA NORTH DISTRICT

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# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mandera North Constituency set out on pages 6 to 36, which comprise the statement of financial assets as at 30 June 2018 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 National Government Constituencies Development Fund - Mandera North Constituency as at 30 June 2018 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and complies with National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1. Cash and Cash Equivalents

The cash and cash equivalents balance of Kshs.13,557,715 as at 30 June 2018 and supporting bank reconciliation statement for the month of June 2018 revealed that there were stale cheques amounting to Kshs.1,878,227 some dating back to March 2014 but which had not been reversed to cashbook.

Consequently, the accuracy, completeness and validity of cash and cash equivalents balance of Kshs.13,557,715 as at 30 June,2018 could not be ascertained.

##### 2. Transfer to Other Government Entities

##### 2.1 Transfer to Secondary School Projects

Included in transfer to other Government entities balance of Kshs.29,260,000 reflected under note 6 to the financial statements is Kshs.8,700,000 relating to transfer to

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

secondary schools. However, it was observed that the tender opening registers availed for audit review lacked vital information such as the names of the bidders, amount each bidder quoted, names of their representative and their signatures. It was further noted that the successful bidders were required to submit 5% performance security but the winning bidders did not submit the same as required by the tender documents. In addition, most of the payments were made as full payments and the 10% retention money was not deducted from the contract sum.

The tender documents required that bidders to submit evidence of prior years' experiences in construction works. However, audit review of bills of quantities and company profiles indicated that some winning bidders did not have prior year experience in similar works despite this being a requirement in the tender evaluation criteria. Further, some of the winning bidders did not submit valid tax compliance certificates, it is therefore not possible to confirm whether these companies were registered and are tax compliant.

Physical verification carried out on 9 April 2019 revealed that the construction of Gololbia secondary principal staff house was completed long time ago but the facility was not put into use as at the time of the audit and that some of the doors have been eaten by termites and had since fallen down while the ceiling was largely destroyed by bats and also the project had not been labelled.

Consequently, the probity of the expenditure for Kshs.8,700,000 as at 30 June,2018 could not be ascertained.

### **3. Other Grants and Other Payments**

#### **3.1 Unaccounted Bursary Expenses**

Included in other grants and other payments balance of Kshs.34,648,000 reflected under note 7 to the financial statements is an expenditure on bursary totaling Kshs.18,978,000 which in turn includes Kshs.13,760,000 and Kshs.5,218,000 spent on bursary to tertiary institutions and secondary schools respectively. However, an amount of Kshs.1,577,000 paid to tertiary institution had not been acknowledged through official receipts or acknowledgement letters by the beneficiary institutions. The payments were also not supported with minutes of the vetting committee hence it was not possible to ascertain the criteria used in vetting the beneficiaries.

Further, an amount of Kshs.5,000,000 paid to various secondary schools was not supported properly and had students from the same institution sharing the same admission numbers, others lacked either the admission number, the class of study or both and acknowledgment letters or official receipts were also missing.

Consequently, the probity of the expenditure of Kshs.6,577,000 as at 30 June 2018 on bursary could not be ascertained.

#### **3.2 Award of Contracts for Security Projects**

Included in other grants and other payment balance of Kshs.34,648,000 reflected under note 7 to the financial statement is an amount of Kshs.7,200,000 relating to security projects which in turn includes an amount of Kshs.5,200,000 in respect for construction of

Guticha chief's office and construction of 4 no. staff quarter rooms, kitchen and two door toilets in Wargadud police station. However, tender notice for the construction of Guticha chief's office was given on 4 January, 2017 while the contract agreement was signed on 8 February 2016 almost a year before the tender notice was issued. In addition, details of the tenderers were not documented in the tender opening register.

Further, it was also observed that tender notice as well as bid documents for the construction of Wargadud police station staff quarters, kitchen and toilets did not specify mandatory bid requirements which could form basis for preliminary and technical evaluations.

Physical verification carried out on 9 April 2019 established that the Guticha chief's office was completed but was not put into use and the structure was idle citing lack of furniture and thus exposing it to rodents if not used for the intended purposes.

Under the circumstances, value for money for projects worth Kshs.5,200,000 as at 30 June 2018 may not be realized.

### **3.3 Emergency Projects**

Included in other grants and other payment balance of Kshs.34,648,000 reflected under note 7 to the financial statement is an amount of Kshs.3,470,000 relating to emergency projects. However, audit examination of expenditure, project files and other records availed for audit review revealed that the Fund made payment of the entire allocation in respect of renovation of five classrooms at Alhidaya primary school and purchased mosquito nets for three boarding schools within the Constituency. However, it was noted that the management of the Fund did not report to the board the utilization of the emergency funds within 30 days as required by the National Government Constituency Development Fund Regulation, 2016.

In the circumstances, it has not been possible to ascertain the probity of the expenditure of Kshs.3,470,000 as at 30 June 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Mandera North Constituency 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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

## Other Matter

### 1. Non-Maintenance of Financial and Accounting Records

Records of the bank accounts held by the various Project Management Committees (PMC) and the quarterly reports to the constituency committee were not maintained by the Fund. There were no PMC's bank statements and cash books maintained and subsequently no reconciliations were carried out for the PMCs accounts by the Fund.

Consequently, it was not possible to ascertain whether the funds or grants disbursed to the PMCs were properly managed.

### 2. Summary of Fixed Asset Register

Annex 4 being a summary of fixed asset register attached to the financial statement discloses the value of fixed assets as Kshs.2,647,500 comprising of Kshs.2,227,500 relating to office equipment, furniture and fittings and Kshs.420,000 relating to ICT equipment. However, the asset register provided for audit review could not be linked to the information in the summary of fixed asset register disclosed on annex 4 of the financial statements in that it did not have values supporting the amount of Kshs.2,647,500. Further, the asset register was not prepared as per requirements of IPSAS 17.

In the absence of proper fixed asset register, it was not possible to ascertain the validity, completeness and accuracy of the fixed assets balance of Kshs.2,647,500.

### 3. Budget and Budgetary Control

#### 3.1 Budget Performance Analysis

Review of summary statement of budget appropriation: recurrent and development combined revealed that during the year under review the Fund had an approved budget amounting to Kshs.140,619,829 out of these an amount of Kshs.42,430,174 was unspent balance for the financial year 2016/2017. Budget utilization on receipts and expenditure are as detailed below: -

Item	Budget Kshs.	Actual Kshs.	Difference Kshs.	Actual % of Budget
Receipts	140,619,829	74,353,447	66,266,382	47%
Expenditure	140,619,829	72,277,630	68,342,199	48.6%

The above analysis reflects actual receipts of Kshs.74,353,447 against budgeted amount of Kshs.140,619,829 resulting in a short fall of Kshs.66,266,382 representing 47% of undisbursed funds from the National Government Constituency Development Fund Board. Further, the Fund incurred an under expenditure of Kshs.72,277,630 against budgeted expenditure of Kshs.140,619,829 resulting in under expenditure of 68,342,199 representing 48.6%.

#### 3.2 Under Expenditure on Overall Budget

The Fund recorded an overall 48.6% under expenditure during the year under review as follows: -

Item	Approved Budget Kshs.	Actual Expenditure Kshs.	Under Expenditure Kshs.	% Difference
Compensation of employees	3,667,477	3,132,440	535,037	15
Use of goods and services	10,079,494	5,237,190	4,842,304	48
Transfer to other Government units	85,120,345	29,260,000	55,860,345	66
Other grants and transfers	41,667,938	34,648,000	7,019,938	17
Acquisition of assets	2,500	0	2,500	100
Other payments	82,075	0	82,075	100
<b>Total</b>	<b>140,619,829</b>	<b>72,277,630</b>	<b>68,342,199</b>	<b>49</b>

From the analysis above the Fund realized under-expenditure in all the six (6) items budgeted for the year under review.

### 3.2 Project Implementation and Management

During the financial year under review, the Fund allocated Kshs.75,697,413 to 41 projects in various sectors including Education, Security, Sport, Environment and Emergency. Analysis as per Project Implementation Status (PIS) presented for audit review revealed that eight (8) projects were completed, six (6) had not started and twenty seven (27) projects were on-going as analyzed below:-

Sector	Project Status	Project Cost Kshs.	Number of Projects
Sports	Complete	1,500,000	2
	Ongoing	0	0
	Not started	0	0
Environment	Complete	1,000,000	1
	Ongoing	0	0
	Not started	515,000	6
Security	Complete	500,000	1
	Ongoing	1,800,000	1
	Not Started	0	0
Education	Complete	5,060,000	4
	Ongoing	60,753,448	25
	Not started	0	0
Emergency	Complete	0	0
	Ongoing	4,568,966	1
	Not started	0	0
<b>Total</b>		<b>75,697,413</b>	<b>41</b>

### 4. Appointment of the Constituency Oversight Committee

The Fund had not appointed Constituency Oversight Committee, contravening Section 53(1) of the National Government Constituency Development Fund Act, 2015.

Under the circumstance, it has not been clear how the Fund operated without an oversight committee.

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as 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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and Those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so. Management is also responsible for the submission of

the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**26 August 2019**

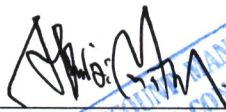
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**


**For the year ended June 30, 2018**

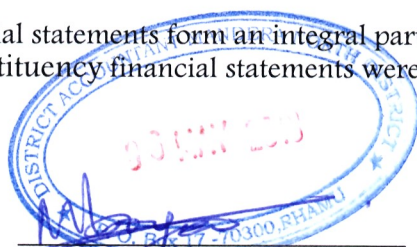
IV. STATEMENT OF RECEIPTS AND PAYMENTS			
	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	74,353,447	51,448,277
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>74,353,447</b>	<b>51,448,277</b>
<b>PAYMENTS</b>			
Compensation of employees	4	3,132,440	2,118,000
Use of goods and services	5	5,237,190	8,240,410
Transfers to Other Government Units	6	29,260,000	36,763,897
Other grants and transfers	7	34,648,000	28,237,997
Acquisition of Assets	8	-	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>72,277,630</b>	<b>75,360,304</b>
<b>SURPLUS/(DEFICIT)</b>		<b>2,075,817</b>	<b>(23,912,027)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA NORTH Constituency financial statements were approved on 6<sup>th</sup> May 2019 and signed by:

  
Fund Account Manager  
Name: Adan Salah Mustafa



  
Sub-County Accountant  
Name: Tom Mboya Osingo  
ICPAK Member Number:



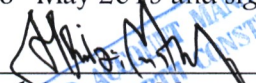


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**  
**MANDERA NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**


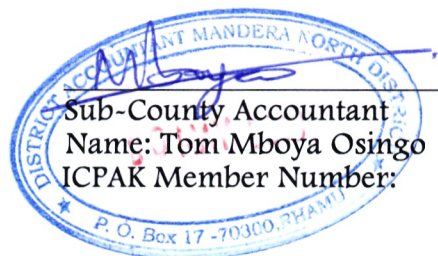
V. STATEMENT OF ASSETS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	13,557,715	11,481,898
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>13,557,715</b>	<b>11,481,898</b>
Current receivables - Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,557,715</b>	<b>11,481,898</b>
<b>FINANCIAL LIABILITIES</b>			
Account Payable – Retention	12	-	-
<b>NET FINANCIAL ASSETS</b>		<b>13,557,715</b>	<b>11,481,898</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	11,481,898	35,393,926
Surplus/Deficit for the year		2,075,817	-23,912,027
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		<b>13,557,715</b>	<b>11,481,898</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA NORTH Constituency financial statements were approved on 6<sup>th</sup> May 2019 and signed by:

  
Fund Account Manager  
Name: Adan Salah Mustafa

  
MANDERA NORTH CONSTITUENCY  
P. O. BOX  
amustafa@cdf.go.ke

  
Sub-County Accountant  
Name: Tom Mboya Osingo  
ICPAK Member Number:  
  
DISTRICT ACCOUNTANT MANDERA NORTH DISTRICT  
P. O. Box 17 -70300, RHANU

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)  
MANDERA NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

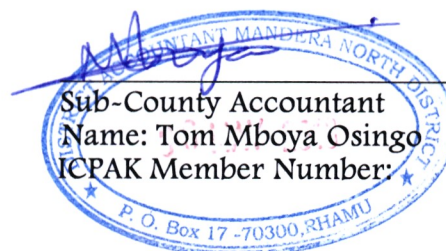
		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	74,353,447	51,448,277
Other Receipts	3	-	-
		74,353,447	51,448,277
<b>Payments for operating expenses</b>			
Compensation of Employees	4	3,132,440	2,118,000
Use of goods and services	5	5,237,190	8,240,410
Transfers to Other Government Units	6	29,260,000	36,763,897
Other grants and transfers	7	34,648,000	28,237,997
Other Payments	9	-	-
		72,277,630	75,360,304
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>2,075,817</b>	<b>(23,912,027)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	13	11,481,898	35,393,926
Cash and cash equivalent at END of the year		13,557,715	11,481,898

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA NORTH Constituency financial statements were approved on 6<sup>th</sup> May 2019 and signed by:

Fund Account Manager  
Name: Adan Salah Mustafa



Sub-County Accountant  
Name: Tom Mboya Osingo  
ICPAK Member Number:





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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

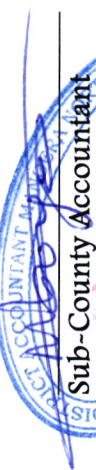
Receipt/Expense Item	Original Budget A	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis D	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	86,810,345	53,809,484	140,619,829	85,835,345	54,784,484	61
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
<b>PAYMENTS</b>						
Compensation of Employees	2,424,000	1,243,477	3,667,477	3,132,440	535,037	85
Use of goods and services	8,388,931	1,690,563	10,079,494	5,237,190	4,842,304	52
Transfers to Other Government Units	44,410,000	40,710,345	85,120,345	29,260,000	55,860,345	34
Other grants and transfers	31,587,414	10,080,525	41,667,938	34,648,000	7,019,938	83
Acquisition of Assets	-	2,500	2,500	-	2,500	-
Other Payments	-	82,075	82,075	-	82,075	-
<b>TOTALS</b>	<b>86,810,345</b>	<b>53,809,484</b>	<b>140,619,829</b>	<b>72,277,630</b>	<b>68,342,199</b>	<b>51</b>

Adjustment is made up of the opening balance as at 1<sup>st</sup> July 2017 of Kshs. 11,481,898.10, amount due from the Board 30,948,275.10 and Kshs. 11,379,310.34 which is extra AIE from the Board after changes in statutory ceiling as per circular ref. NG-CDFB/CIRCULAR Vol. II (02)

Expenditure is below 90% since not all amount allocated to the constituency was received from NG-CDFB because it was an electioneering period and there was also reran for Presidency thus generally delay the disbursement from treasury to the NG-CDFB.

The NGCDF-MANDERA NORTH Constituency financial statements were approved on 6<sup>th</sup> May 2019 and signed by:

  
Fund Account Manager  
Name: Adan Salah Mustafa  
RHAMU  
P. O. BOX  
amustafa@cdf.gs.ke

  
Sub-County Accountant  
Name: Tom Mboya Osiango  
ICPAK Member Number  
DISTRICT  
C. Box 17-70300, RHAMU



**VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

**2. Reporting Entity**

The financial statements are for the NGCDF-MANDERA 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.

#### **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 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

##### **Other receipts**

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

#### **b) Recognition of payments**

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

##### **Compensation of Employees**

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

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

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

##### **Acquisition of Fixed Assets**

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

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

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

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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 Funds**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **11. Budget**

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

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

### **12. Comparative Figures**

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

### **13. Subsequent Events**

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

### **14. Errors**

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

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

### **15. Related Party Transactions**

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

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

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2017-2018	2016-2017
		Kshs	Kshs
NGCDF Board			
AIE NO. A829910	1		4,094,828
AIE NO. A855056	2		36,853,449
AIE NO. A855528	3		500,000
AIE NO. A839734	4		10,000,000
AIE NO. A855918	1	5,500,000.00	
AIE NO. A892711	2	30,948,275	
AIE NO. A892894	3	37,905,172	
<b>TOTAL</b>		<b>74,353,447</b>	<b>51,448,277</b>

**2. PROCEEDS FROM SALE OF ASSETS**

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

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

**Reports and Financial Statements**

**For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	1,937,300	2,100,000
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Employer contribution to NSSF	58,140	18,000
Other personnel payments	1,137,000	-
<b>Total</b>	<b>3,132,440</b>	<b>2,118,000</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	1,614,000	2,513,000
Utilities, supplies and services	55,700	844,600
Office rent	540,000	540,000
Communication, supplies and services	95,000	79,000
Domestic travel and subsistence	592,700	715,200
Printing, advertising and information supplies & services	10,000	80,100
Rentals of produced assets	885,000	1,550,000
Training expenses	800,000	700,000
Hospitality supplies and services	53,000	409,600
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	275,300	444,620
Fuel, Oil and Lubricants	220,000	251,800
Other operating expenses	45,490	41,390
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	51,000	71,100
<b>Total</b>	<b>5,237,190</b>	<b>8,240,410</b>

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

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**For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	20,560,000	21,856,897
Transfers to secondary schools (see attached list)	8,700,000	14,907,000
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
<b>TOTAL</b>	<b>29,260,000</b>	<b>36,763,897</b>

7. OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	5,218,000	5,000,000
Bursary – tertiary institutions (see attached list)	13,760,000	14,926,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	1,500,000	-
Security projects (see attached list)	7,200,000	990,000
Sports projects (see attached list)	2,000,000	700,000
Environment projects (see attached list)	1,500,000	2,300,000
Emergency projects (see attached list)	3,470,000	4,321,998
<b>Total</b>	<b>34,648,000</b>	<b>28,237,998</b>

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

**Reports and Financial Statements**

**For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

Non-Financial Assets

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

**9. OTHER PAYMENTS**

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
TIVET	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

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

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
Equity Bank – Mandera Branch A/c no. 1000261174117	13,557,715	11,481,898
<b>Total</b>	<b>13,557,715</b>	<b>11,481,898</b>

**10B: CASH IN HAND**

Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations ( <i>specify</i> )	-	-
	-	-
<b>Total</b>	<b>13,557,715</b>	<b>11,481,898</b>

*[Provide cash count certificates for each]*



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

**Reports and Financial Statements**

**For the year ended June 30, 2018**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<b>Total</b>				<b>-</b>

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

**12RETENTION**

	<b>2017 – 2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*[Provide short appropriate explanations as necessary]*

**13. BALANCES BROUGHT FORWARD**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	18,397,014	35,393,926
Cash in hand	-	-
Imprest		
<b>Total</b>	<b>18,397,014</b>	<b>35,393,926</b>

*[Provide short appropriate explanations as necessary]*

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**14. PRIOR YEAR ADJUSTMENTS**

	2017- 2018 Kshs	2016-2017 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15. OTHER IMPORTANT DISCLOSURES**

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

	2017- 2018 Kshs	2016-2017 Kshs
Construction of buildings	130,000	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-
	<b>130,000</b>	<b>-</b>

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

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others ( <i>specify</i> )	-	-
	-	-

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

	Kshs	Kshs
Compensation of employees	535,037	1,243,477
Use of goods and services	4,842,304	1,690,563
Amounts due to other Government entities (see attached list)	55,860,345	30,200,000
Amounts due to other grants and other transfers (see attached list)	6,889,938	9,211,559
Acquisition of assets	2,500	2,500
Others ( <i>specify</i> )	82,075	82,075
	<b>68,212,199</b>	<b>42,430,174</b>

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15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	33,560.70	20,479
	33,560.70	20,479





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**ANNEX 3 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance		Comments
		2017/18	2016/17	
Compensation of employees	NG-CDFC staffs salaries	535,037	1,243,477	
Use of goods & services	Committee sifting allowances, travel and subsistence and other general office administrations	4,842,304	1,690,563	
<b>Amounts due to other Government entities</b>				
SeyidAbass Technical Training Institute	Construction of technical college	10,000,000	10,000,000	
Ashabito Boys Sec School	Construction of Dining Hall (Phase One)	2,500,000	-	
Olla Boys Secondary School	Construction of 1no. Dormitory	2,500,000	-	
Libin Girls Sec	Chain link fencing	-	2,000,000	
Sheikh Ali High School	staff house	-	3,000,000	
Gololbia Sec School	principle house	-	2,700,000	
Al hidaya Primary School	Construction of Multi-purpose hall (Phase One)	2,000,000	-	
Ladeni Primary School	Construction of 2no. Classrooms	1,700,000	-	
Awara Primary School	Construction of 2no. Classrooms	1,700,000	-	
Abakaro Primary School	Construction of 2no. Classrooms	1,700,000	-	
Darusalam Primary School	Construction of 2no. classrooms	1,700,000	-	
Yabicho B primary School	Construction of administration block (phase one)	2,000,000	-	
Libin Nomadic Girls Primary School	Construction of 2no. Classrooms	1,700,000	-	
Rhamu Dimtu Boys Secondary School	Purchases and Delivery of Dining hall furnitures (11 tables @ 25,000/= and 113chairs @ 10,000/=)	1,405,000	-	



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Qorahey Primary School	Construction of 1no. Classrooms @850,000/= and 2 door pit latrine 300,000/=	1,150,000	-
Garablaga Pry School	Construction of 2no. Classrooms @ 1,700,000/= and 2 door pit latrine 300,000/=	2,000,000	-
Degmarer Primary School	Construction of 2no. Classrooms	1,700,000	-
Senior Dahir Arab Pry School	Construction of 2no. Classrooms	1,700,000	-
Gofa Primary School	Construction of 2no. Classrooms	1,700,000	-
Barwaqo Primay School	Construction of 3 door pit latrine	450,000	-
Sarman Primary School	Construction of 2no. Classrooms	1,700,000	-
Lanqura Primary School	Construction of 3 door pit latrine	450,000	-
Dagahtul Primary School	Construction of 2no. Classrooms @ 1,700,000/= and 2 door pit latrine 300,000/=	2,000,000	-
Marothile Primary School	Construction of 2 door pit latrine	300,000	-
Kubi Primary School	Construction of Underground water tank	1,500,000	-
Bambo west Primary School	Construction 2no. Classrooms	1,700,000	-
Tinfa Primary School	Construction of Underground Water tank	1,500,000	-
Garablaga Primary School	Construction of 2no. Classrooms @ 1,700,000/= and 2 door pit latrine 300,000/=	2,000,000	-
Upper Hill Primary School	Construction of 2no. classrooms	1,700,000	-
Al-furqan Integrated Primary School	Construction of 2no. classrooms	1,700,000	-
Kalmalab Primary School	Construction of 2no. classrooms	1,700,000	-
Kubi Hills Primary School	Construction of 2no. classrooms	1,700,000	-
Daidai Primary School	Construction of 2 door toilets	305,345	-
Darusalam Pry School	2no. Classrooms	-	1,700,000
Abakaro Pry School	2no. Classrooms and 2toilets	-	2,000,000



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Dahirarab Fry School	2no. Classrooms	-	1,700,000
Mado Fry School	2no. Classrooms	-	1,700,000
Garbab Fry School	2no. Classrooms	-	1,700,000
Bambo West Fry School	2no. Classrooms and 2toilets	-	2,000,000
Damog Fry School	2no. Classrooms	-	1,700,000
<b>Sub-Total</b>		<b>55,860,345</b>	<b>30,200,000.00</b>
<b>Amounts due to other grants and other transfers</b>			
Ashabito Police Station	2no. Staff house @ 1,500,000/= and 2 door pit latrine @ 300,000/=	1,800,000	-
Rhamu Police Station	Construction of 2 door toilets	300,000	-
Darusalam Primary School	Purchase, Planting, Watering and fencing of trees	90,000	-
Daidai Primary School	Purchase, Planting, Watering and fencing of trees	90,000	-
Shirshir Primary School	Purchase, Planting, Watering and fencing of trees	90,000	-
Ashabito Primary School	Purchase, Planting, Watering and fencing of trees	90,000	-
Kalicha Primary School	Purchase, Planting, Watering and fencing of trees	90,000	-
Abakaro Primary School	Purchase, Planting, Watering and fencing of trees	65,000	-
Bursary for Secondary Schools	Payment of bursary to needy students in colleges and universities.	782,000	-
Bursary for Tertiary Institutions	Payment of bursary to needy students in colleges and universities.	1,941,015	1,500,065.93
Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	1,541,923	1492.65
Guticha Chief Office	Chief office	-	1,500,000.00
Rhamu North Sub-county Commission house	Renovation	-	1,500,000.00

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Wargadud Police	Staff house/Reporting Office	10,000	3,710,000.00
Daresalam Pry School	clearing of school field	-	500,000.00
Girisa Pry School	Tree plantation	-	500,000.00
<b>Sub-Total</b>		<b>6,889,938</b>	<b>9,211,558.58</b>
<b>Sub-Total</b>		<b>68,127,624</b>	<b>42,345,598.58</b>
<b>Acquisition of assets</b>			
NG-CDF office furnitures	NG-CDF office furnitures	2,500	2,500.00
<b>Others (specify)</b>			
Other	Vote book balances from various projects	82,075	82,075.00
<b>Sub-Total</b>		<b>84,575</b>	<b>84,575.00</b>
<b>Grand Total</b>		<b>68,212,199</b>	<b>42,430,173.58</b>

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

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	2,227,500.00	-	-	2,227,500.00
ICT Equipment, Software and Other ICT Assets	420,000.00	-	-	420,000.00
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>2,647,500.00</b>	<b>-</b>	<b>-</b>	<b>2,647,500.00</b>

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**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018**

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
ABAKARO PRIMARY SCHOOL PMC	Equity	1000272430334	680.00	-
AL HIDAYA PRIMARY SCHOOL PMC	Equity	1000277331408	4,050.00	-
ALFOWZAN PRIMARY SCHOOL PMC	Equity	1000163839442	357.50	-
ASHABITO GIRLS SEC SCHOOL PMC	Equity	1000295105827	245.05	-
BAMBO WEST PRIMARY SCHOOL PMC	Equity	1000264881793	530.00	-
BURJOHN PRIMARY SCHOOL PMC	Equity	1000299952655	130.00	-
CHIEF DAHIR PRIMARY SCHOOL PMC	Equity	1000299025693	330.00	-
DAMOG PRIMARY SCHOOL PMC	Equity	1000266616457	8,580.00	-
DARUSALAM PRIMARY SCHOOL PMC	Equity	1000267463618	740.00	-
GARBAB PRIMARY SCHOOL PMC	Equity	1000176219509	390.00	-
GIRISSA PRIMARY SCHOOL PMC	Equity	1000176381044	890.00	-
GOLOLUBIA SECONDARY SCHOOL PMC	Equity	1000164385536	1,030.00	-
GUTICHA CHIEFS OFFICE PMC	Equity	1000176283136	780.00	-
LIBIN NOMADIC GIRLS PMC	Equity	1000167484139	4,120.00	-
MADO PRIMARY SCHOOL PMC	Equity	1000264514060	1,000.00	-
MANDERA NORTH MOCKS PMC	Equity	1000167726161	1,020.00	-
MANDERA NORTH SUB-COUNTY PMC	Equity	1000173449340	5,225.65	-
OLLA BOYS SEC SCHOOL PMC	Equity	1000262484562	3,250.00	-
SHEIKH ALI HIGH SCHOOL PMC	Equity	1000299001569	92.50	-
WARGADUD POLICE STATION PMC	Equity	1000164078306	120.00	-
ADM. POLICE RHAMU DIMTU PMC	Equity	1000264578096	-	60
AL-FOWZAN PRIMARY SCHOOL PMC	Equity	1000163839442	-	632
ALFURQAN INTEGRATED PRI SCH PMC	Equity	1000294018105	-	1,847
ARDA HAGARSU PRIMARY SCH. PMC	Equity	1000262353435	-	-



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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
ASHABITO AP CAMP PMC	Equity	1000172264123	-	390
ASHABITO BOYS SEC PMC	Equity	1000262654877	-	295.00
ASHABITO GIRLS SEC PMC	Equity	1000295105827	-	245.05
ASHABITO WARD WATER PMC	Equity	1000172046129	-	780
DAGMARER PRI SCH. PMC	Equity	1000199975179	-	345
DAIDAI PRI SCH. PMC	Equity	1000266568190	-	2,560.00
DAMOG PRI SCH. PMC	Equity	1000266616457	-	930.00
DARUSALAM PRI SCH. PMC	Equity	1000267463618	-	1,280.00
GOFA PRI SCH. PMC	Equity	1000298879227	-	280
GOLOLUBIA SEC SCH PMC	Equity	1000164385536	-	1,360.00
KENYA POLICE RHAMU PMC	Equity	1000168160234	-	1,280.00
KUBI HILLS PRIMARY SCHOOL PMC	Equity	1000162581765	-	190
KUBI PRI SCH. PMC	Equity	1000299025908	-	185
KULMIYE PRIMARY SCHOOL PMC	Equity	1000268680753	-	280
LADENI PRI SCH. PMC	Equity	1000297179048	-	120
LANQURA PRI SCHOOL PMC	Equity	1000297059216	-	267.00
LIBIN NOMADIC GIRLS SEC PMC	Equity	1000167484139	-	450.00
MANDERA NORTH CDF DESK PMC	Equity	1000166860271	-	110.00
MAROTHILE PRI SCH PMC	Equity	1000271879721	-	1,000.55
OGORWEIN PRI SCH. PMC	Equity	1000199798359	-	765
OLLA SEC. PMC	Equity	1000262484562	-	470
QORAHEY PRI SCH. PMC	Equity	1000297206425	-	220
RHAMU AP CAMP PMC	Equity	1000172263966	-	390
RHAMU ENVIROMENTAL PMC	Equity	1000170285314	-	560
RHAMU GIRLS. PMC	Equity	1000299045215	-	101
RHAMU WATER PMC	Equity	1000171819073	-	180



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PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
SHEIKH ALI HIGH SCH. PMC	Equity	1000299001569	-	42.5
SHIR SHIR PRIMARY SCH. PMC	Equity	1000299051977	-	255
TANASA ROAD PMC	Equity	1000166619006	-	93.9
TINFA PRIMARY SCHOOL PMC	Equity	1000162309025	-	90
UPPER HILL PRI. SCH. PMC	Equity	1000299838753	-	1,660.00
YABICHO A PRIMARY. PMC	Equity	1000297189145	-	510
SHIR SHIR PRIMARY SCH. PMC	Equity	1000299051977	-	255
<b>TOTAL</b>			<b>33,560.70</b>	<b>20,479</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.

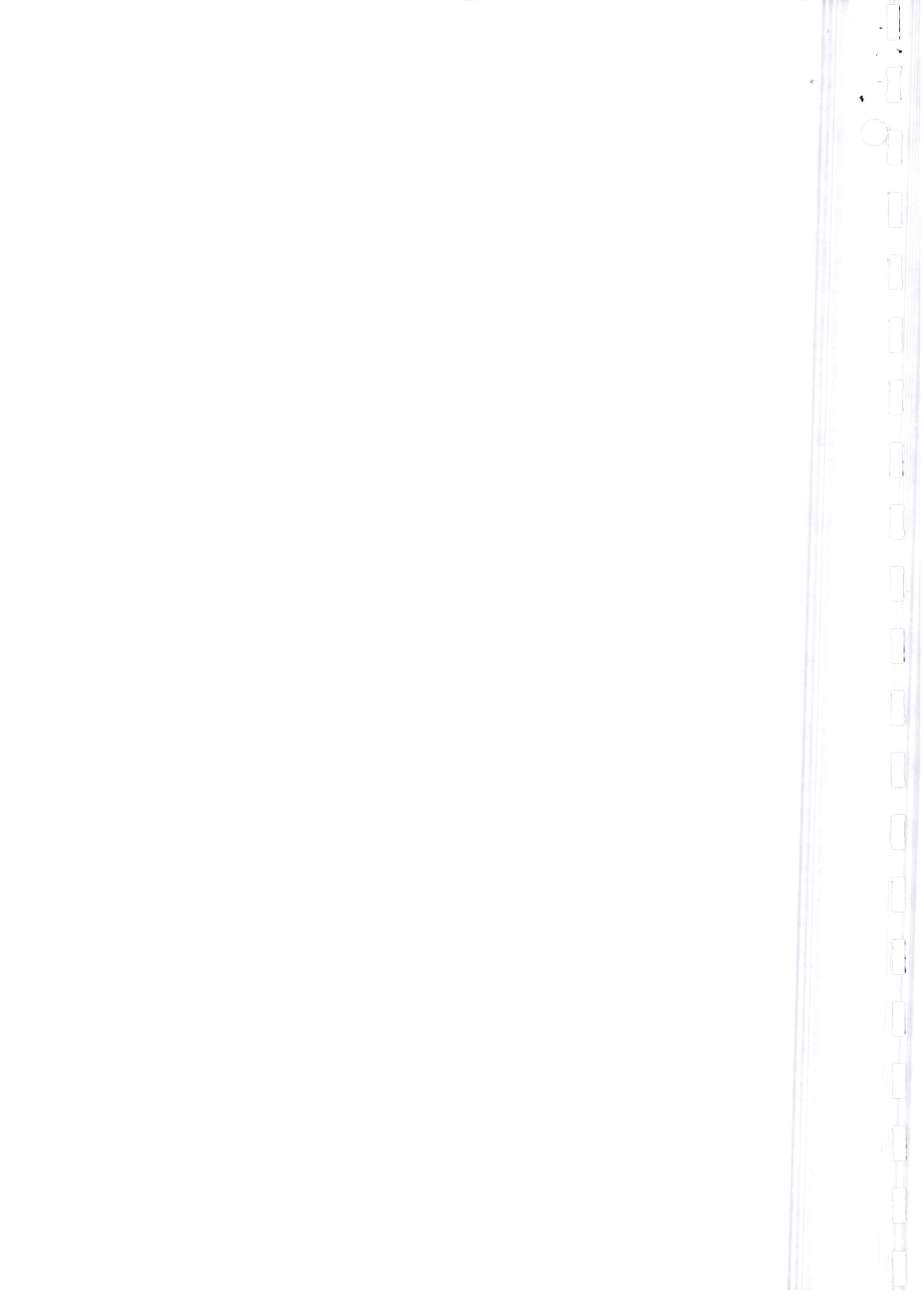
<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Award of Contract for Capital Project Ksh 14,032,500.00	PMC have being trained on procurement procedure and Government Financial regulations on contract, responses containing attachments on supporting documents for contract awarded provided for audit verification.	FAM	Resolved	
2.0	Bank Accounts for Project Management Committee (PMC's)	Please find records relating to bank accounts maintained by various PMCs required by section 10 sub sections 15 (a) and (b). Attached is the registration certificate of PMC's	FAM	Resolved	
3.0	Constituency Oversight Committee	The Constituency Oversight Committee was not budgeted for in the approved code lists.	FAM	Resolved	
4.0	Store records revealed desks and sport kits worth Ksh. 5,097,180 were not received vide counter receipt	The desks and sports kits were procured through PMCs who deliver the stores to intended schools directly without passing through NG-CDF office to reduce and avoid storage space and extra	FAM	Resolved	

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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)
	vouchers (S13) and were not taken-on-charge in the store ledger	<p>transport cost in relation to the stores since extra transportation cost was not budgeted for.</p> <p>PMCs may not be conversant to accounting reports such as counter receipt note (S13) and Issue note (S11). However, The receipt of desks and sports kits are supported by the acknowledgement letter from the respective schools.</p>			
5.0	Emergency expenses of Ksh 3,077,450	<p>Any expenditure of emergency nature should be compliant to section 8 of NG CDF Act, 2015 and supported by NG CDFC minutes are required by section 12(5) of NG CDF Act, 2015 which states that every payment or instruction for payment out of the constituency fund account shall be strictly in accordance to the minutes of a resolution of a meeting of the Constituency Committee.</p> <p>NG-CDFC Grant letter issued to PMC's clearly states all requirements for</p>	FAM	Resolved	

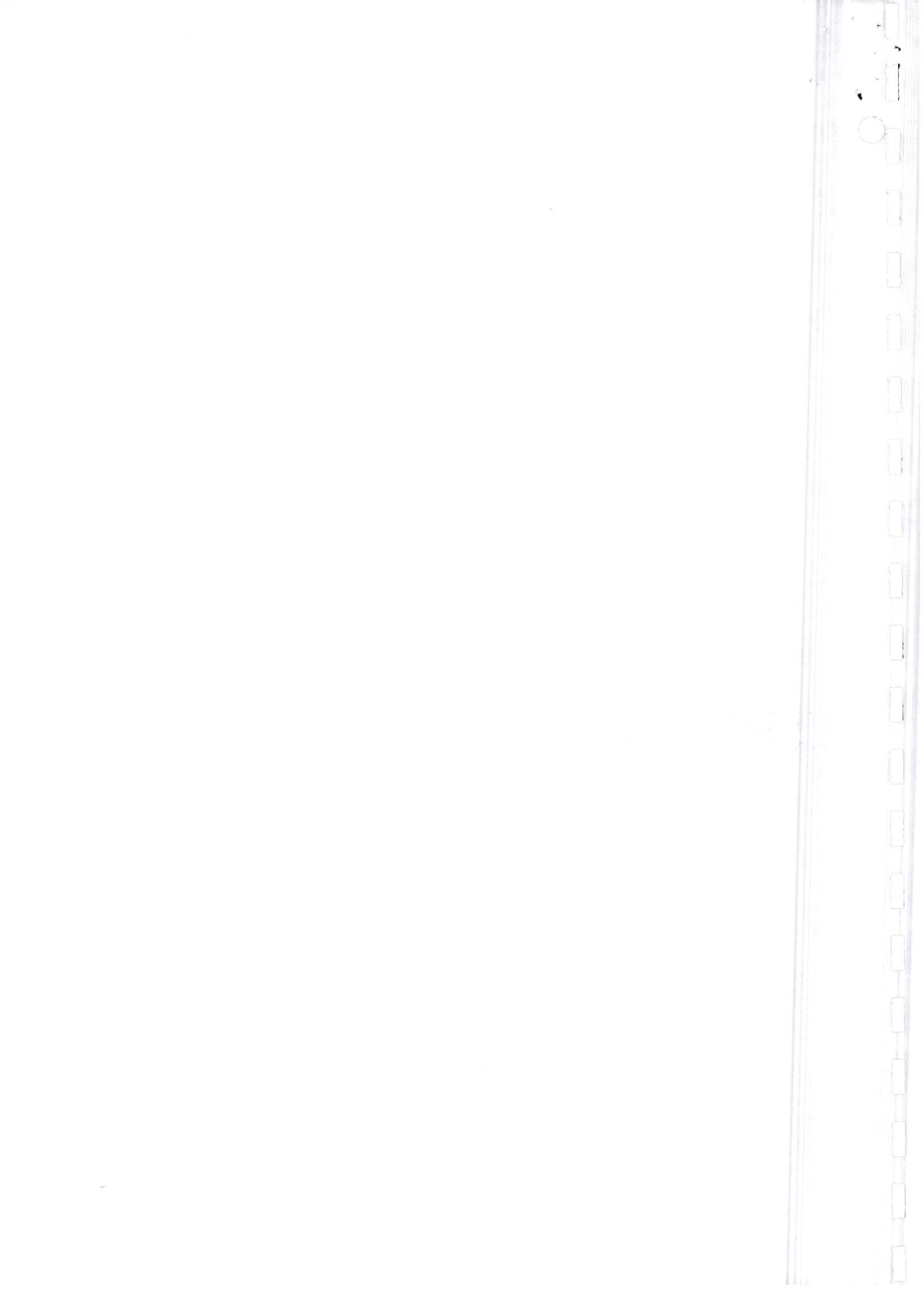


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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>implementation of projects. Hence the shortcomings may be as a result of incompetence among PMCs.</p> <p>Furthermore, inspection and acceptance reports and delivery notes for the mattresses procured as emergency is as provided for in the project file and attached here are the copies.</p>			
6.0	Unaccounted for Administration /Monitoring and Evaluation Expenses of Ksh 3,603,690	Please find copies of project visit list showing the projects status report and some of these projects were verified on 1 <sup>st</sup> April 2017 by auditors during physical verification of projects paid in the financial year 2015/2016 showing that the projects were complete and in use.	FAM	Resolved	
7.0	Unaccounted for Bursary Funds Expenses of Ksh 895,028	NG-CDFC minutes that was supporting the payment was the same. Also Acknowledgments and receipt was provided	FAM	Resolved	
<b>Other Matters</b>					
1.0	Budget performance analysis - Implementation of Projects	Implementation of projects were lagging behind schedule due to late disbursement of funds from NG-CDFB	FAM	Resolved	



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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)
	for FY 2014/15 were lagging behind schedule	and security challenges in the county			
1.1	Under expenditure of Kshs 35,893,926	Under expenditure was due to late disbursement of funds and security challenges.	FAM	Resolved	
2.0	Outstanding Prior – year’s Audit Issues 2014/2015	The Audit issues of 2014/2015 was responded and submitted to Kenya National Audit Office Garissa Hub on 9/12/2016 as per attached received copy of responses.	FAM	Resolved	

  
 Fund Account Manager  
 Name: Adan Salah Mustafa



