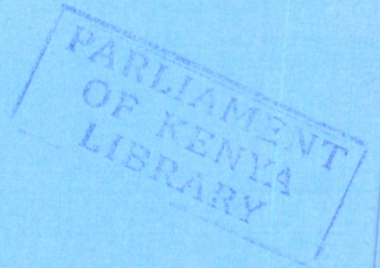


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY
PAPERS LAID

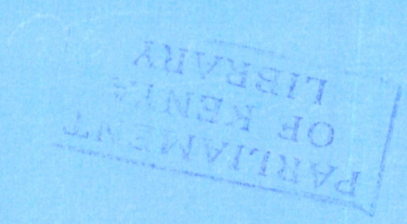
DATE: 01 AUG 2019

TABLED BY: MAJORITY LEADER

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BY: [Signature]

THAT DAY



REPORT

OF

THE AUDITOR-GENERAL

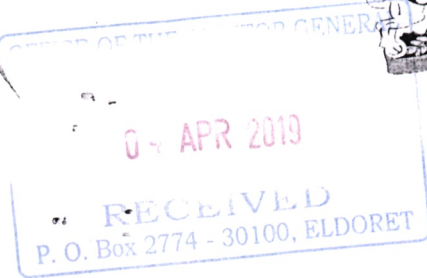
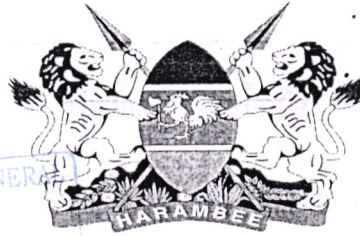
ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
TURKANA EAST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**

11





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND TURKANA EAST
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NGCDF)
TURKANA EAST CONSTITUENCY -
Reports and Financial Statements
For the year ended June 30, 2018**

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

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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:

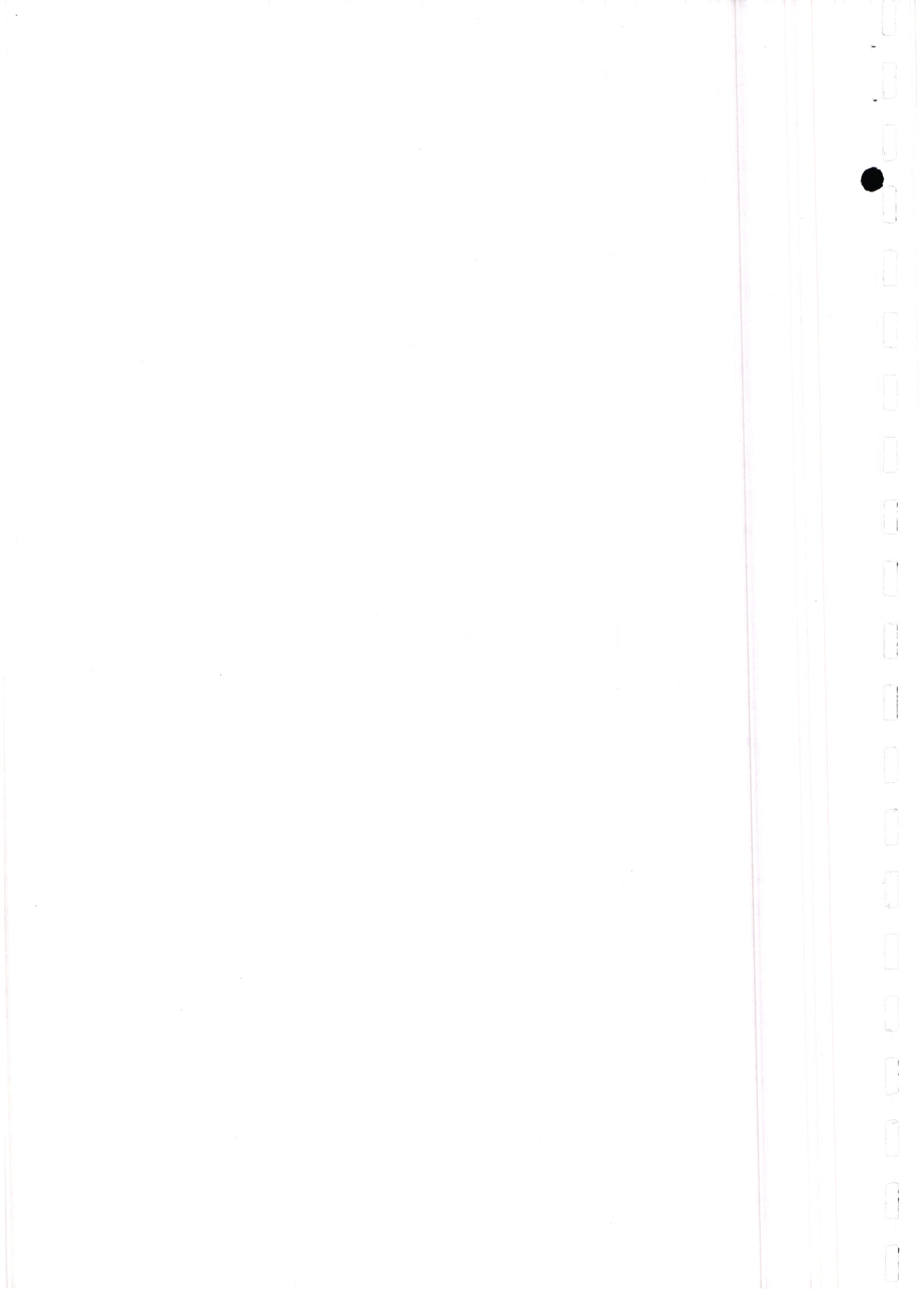
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide 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)
TURKANA EAST 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 TURKANA EAST day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Kwena Stephen
3.	Sub-County Accountant	Mike Odhiambo
4.	Chairman NGCDFC	Michael E. Aparo
5.	Member NGCDFC	Everline Ekaudu

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF TURKANA EAST Constituency Headquarters

P.O. Box 267
EBUKUT AREA
LOKORI MARKET
LODWAR, KENYA



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

(f) NGCDF TURKANA EAST Constituency Contacts

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

(g) NGCDF TURKANA EAST Constituency Bankers

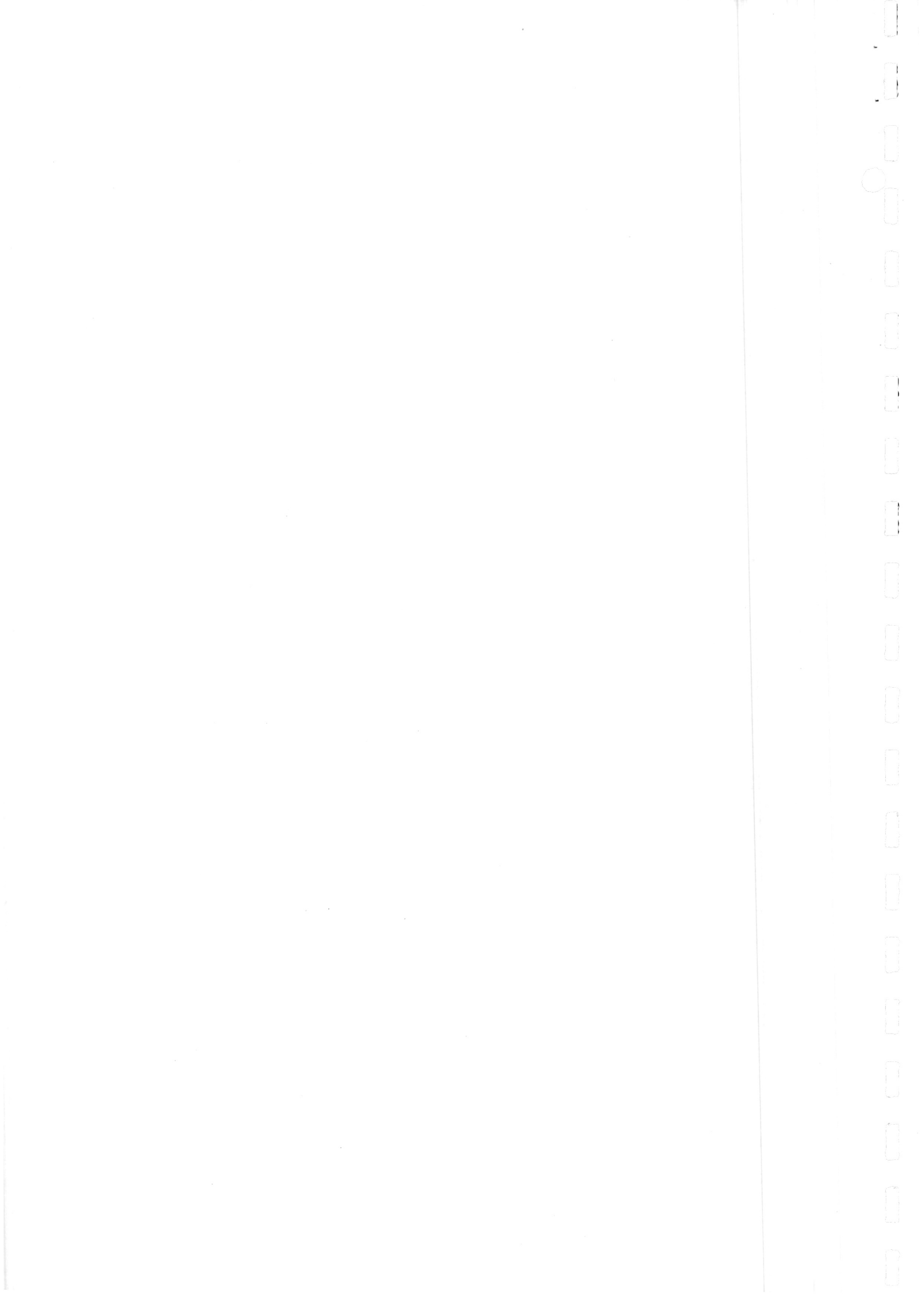
1. Kenya Commercial Bank
Lodwar Branch
P.O BOX 135-30500
Lodwar , Kenya
...

(h) Independent Auditors

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

(i) Principal Legal Adviser

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST CONSTITUENCY**

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

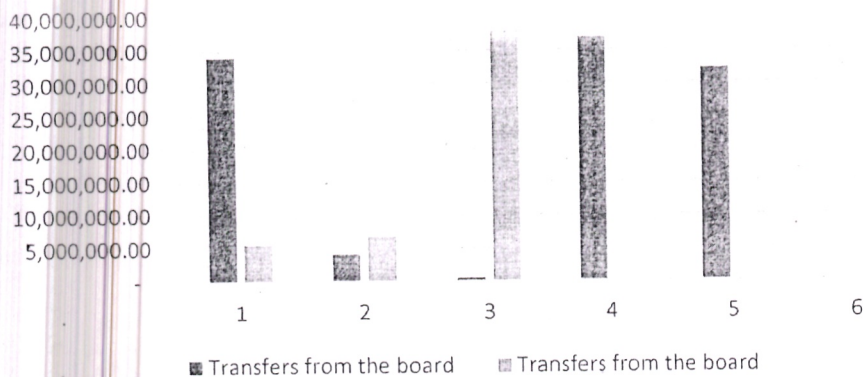
Turkana East Constituency was allocated kshs 109,223,749 in the financial year ended 2017/2018 which included Kshs 11,034,093.70 of F/Y 2016/2017 and Kshs 86,810,344,83 for the F/Y 2017/18 and 11,379,311 in supplementary budget by the end of the financial year June 2018 the constituency had received Kshs 50,275,389 representing 48% of the allocation in the year, Which the Management used to construct 6 classrooms 100 desks and 50 lockers with.

The actual of the year was 100% for the funds that were received, however overall it was below 50%, Bursary was 88% grants to other institutions was 20 % as depicted below in the graphs and tables, the

PAYMENTS



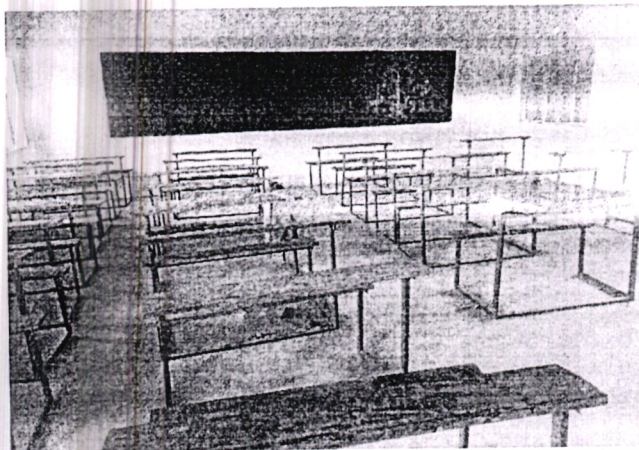
BOARD TRANSFERS



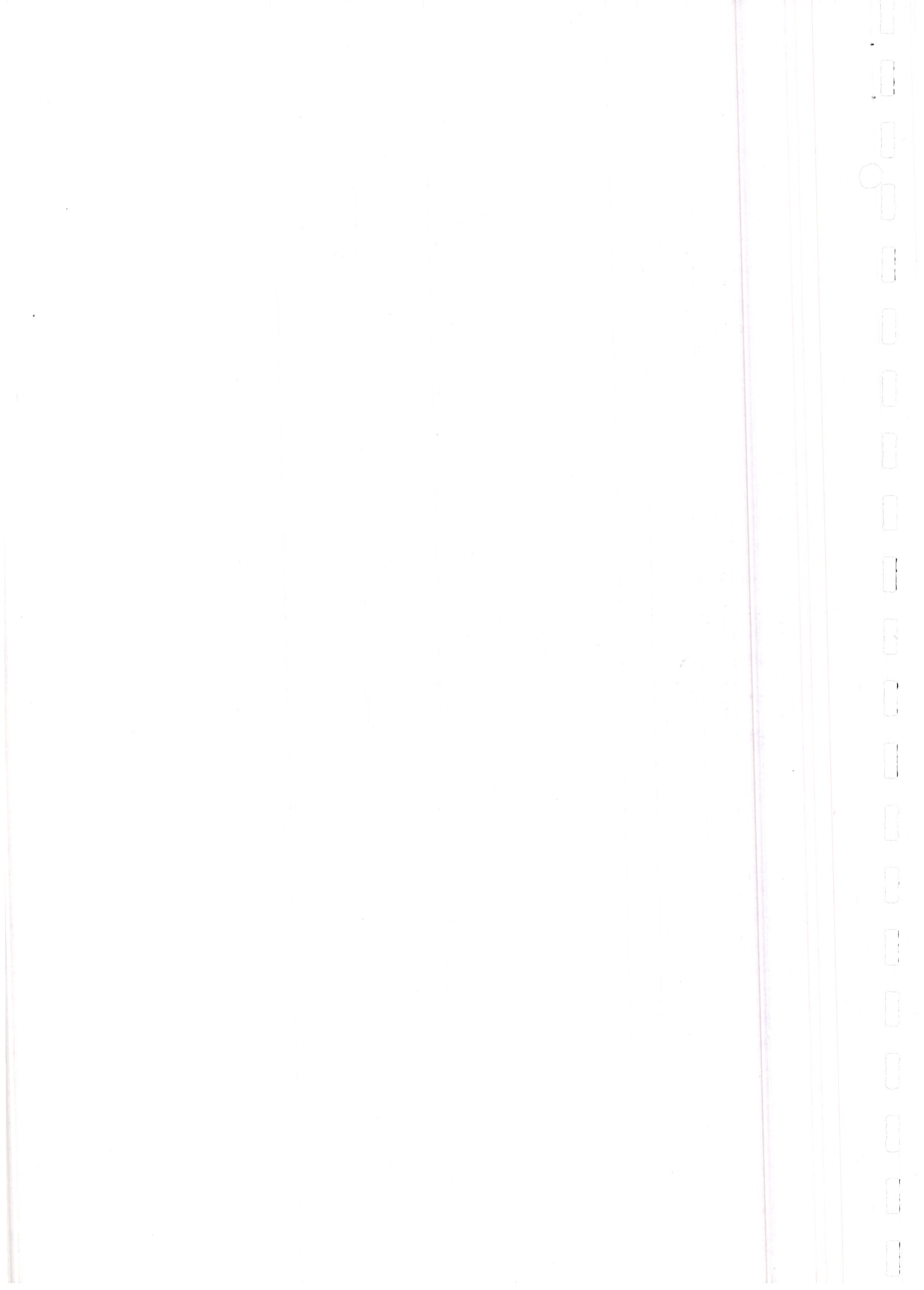
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

	Receipt/Expense Item	Final Budget	Receipts from the board	Funds still at the board	% of Utilisation
	RECEIPTS	-			
1.00	Transfers from CDF Board	109,223,748.87	50,205,172.00	56,784,483.17	48.01
	TOTAL RECEIPTS	109,223,748.87	50,205,172.00	56,784,483.17	48.01
	PAYMENTS	-		-	
1.00	Compensation of Employees	3,922,275.84	2,314,568.00	1,607,707.84	59.01
2.00	Use of goods and services	5,269,511.15	5,089,321.08	180,190.07	96.58
3.00	Transfers to Other Government Units	56,721,616.37	11,600,000.00	45,121,616.37	20.45
4.00	Other grants and transfers	35,310,345.51	31,271,500.00	4,038,845.51	88.56
5.00	Acquisition of Assets	8,000,000.00	-	8,000,000.00	-
6.00	Other Payments	-	-	-	
	TOTAL	109,223,748.87	50,275,389.08	58,948,359.79	46.03

Despite this shortcoming the fund has been live to leave to its true calling by completing the many projects that's have gone along way uplifting the



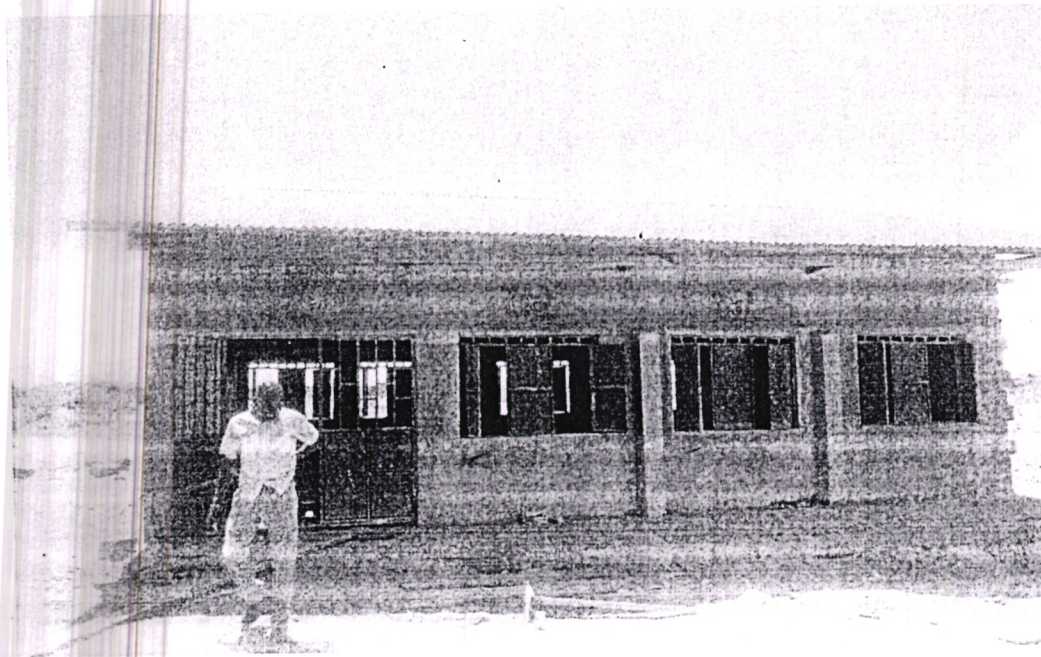
Desks at Nakwasinyon Primary School



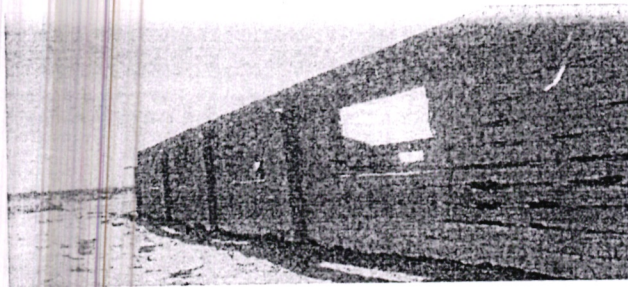
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**



2 classrooms at Nakwasinyon Primary School



1 Classroom at Nmoruntunga Boys Secondary School



An ongoing Dormitory at Namorutunga Boys

– Emerging issues and challenges

1. The challenges that Turkana NG-CDF faces are security where a whole ward (Kapedo-Napeitom ward) is a security operation area still being an issue. Due to vastness of the constituency prices are unconsistence hence projects allocations varies across the constituency. Water scarcity in the constituency




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST CONSTITUENCY**

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

leading to high costs of the projects and delayed implementations
Due to the board insistence on the costs of the projects by capping classes at 1.4 Million, the hue and cry from the contractors and this really compromising the quality of work.

2. Recommendations .The GOK should increase allocations to the ASAL constituencies at the same time increase the deployment of security personnel to the area, Community participation should be highly encouraged and other development partners should be brought on board and especially the county Government to avail water to the constituents
3. We look forward to another wonderful financial 2018/19 to continue serving the community.

Sign -----

MICHAEL E. APARO
CHAIRMAN NGCDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST 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, 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.

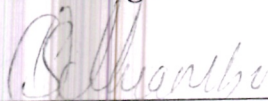
The Accounting Officer in charge of the NGCDF-TURKANA EAST Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30,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

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

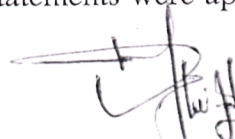
The Accounting Officer in charge of the NGCDF-TURKANA EAST Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the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

Approval of the financial statements

The NGCDF-TURKANA EAST Constituency financial statements were approved and signed by the Accounting Officer on _____ 2018.



Fund Account Manager
Kwena Stephen



Sub-County Accountant
Mike Odhiambo:
ICPAK Member Number:

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund Turkana East Constituency set out on pages 9 to 31, which comprise the statement of 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 -Turkana East Constituency as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of assets reflects bank balance figure of Kshs.2,163,878 as at 30 June 2018 while the June 2018 bank reconciliation statement reflects unrepresented cheques amounting to Kshs.3,065,541. However, the unrepresented cheques figure of Kshs.3,065,541 includes cheques amounting to Kshs.122,670 which were already stale as at 30 June 2018 and had not been reversed and replaced in the cash book.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.2,163,878 as at 30 June 2018 could not be confirmed.

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

2. Project Management Committee Bank Account Balances

Annex 4 to the financial statements reflects Project Management Committee (PMC) bank balance of Kshs.8,814,451 as at 30 June 2018 in respect to seventeen (17) bank accounts at Kenya Commercial Bank Limited. However, Cash books, bank reconciliation statements and bank confirmation statements in respect of each of the seventeen (17) project management committee bank accounts were not made available for audit review.

Under the circumstances, the existence, accuracy, and completeness of the project management committee bank balance amount of Kshs.8,814,451 as at 30 June 2018 could not be confirmed

3.0 Unutilized Balances

Note 15.3 to the financial statements reflects unutilized fund balance of Kshs.56,784,489 which is at variance with the summary statement of appropriation figure of Kshs.58,948,360 resulting into an unexplained difference of Kshs.2,163,871.

In consequence, the accuracy and completeness of the unutilized fund balance of Kshs.56,784,489 as at 30 June 2018 could not be ascertained.

4.0 Education Bursary

The statement of receipts and payments reflects other grants and transfers amount of Kshs.31,271,500 for the year ended 30 June 2018 which includes bursary to secondary schools amount of Kshs.12,032,000 and bursary to tertiary institutions amount of Kshs.12,609,000 all totaling to Kshs.24,641,000 as disclosed in note 8 to the financial statements. However, the management has not availed for audit review; evidence to show that vetting, identification and categorizing of needy students was done by the bursary subcommittee that included area education officer or his representative and formal criteria used in identifying, vetting, awarding of the bursaries. Further, evidence in form of official receipts from respective institutions acknowledging receipt of bursary funds were also not availed for audit review.

As a result, the propriety of bursary payments amounting to Kshs.24,641,000 for the year ended 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund Turkana East Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 other key audit matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

1.1. Budget Performance

The final approved budget for National Government Constituency Development Fund-Turkana East for the year ended 30 June 2018 amounted to Kshs.109,223,747.70 comprising of approved budget for the year amounting to Kshs.98,189,654, cash and bank balances as at 30 June 2017 amounting to Kshs.2,234,093.70, budgeted funds for 2016/2017 financial year received during the year amounting to Ksh.6,800,000 and unfunded 2016/2017 projects amount of Kshs.2,000,000. However, project code list for year ended 30 June 2018 supports an amount of Kshs.91,679,587.90 instead of Kshs.98,189,654 resulting to difference of Kshs.6,510,066 which has not been explained or reconciled.

During the year, payments amounting to Kshs.50,275,389 or 49% of the final budget were made resulting into an under expenditure of Kshs.52, 838,293 or 51% of the final budget as indicated below:

Budget Item	Approved Budget	Actual Expenditure	Under Expenditure	Utilization %
	Kshs	Kshs	Kshs	
Compensation of Employees	2,679,910	2,314,568	365,342	86
Use of Goods and Services	8,063,912	5,089,321	2,974,591	63
Transfers to other Government units	35,600,000	11,600,000	24,000,000	33
Other Grants and Transfers	48,769,860	31,271,500	17,498,360	64
Acquisition of Assets	8,000,000	-	8,000,000	-
Total	103,113,682	50,275,389	52,838,293	49

1.2 Project Implementation

The project status report for the year ended 30 June 2018 availed for audit review indicates that the fund had an approved budget of Kshs.92,369,860 to finance thirty two (32) projects/activities. During the year, an amount of Kshs.42,871,000 was disbursed to nine (9) projects which had total budget of Kshs.45,244,194. Work on some of the projects were complete while others were ongoing. However, twenty three (23) projects with total budget of Kshs.45,125,665 were not funded during the year ended 30 June 2018. The details are shown in **Appendix I**.

Non utilization of budgeted funds indicates that planned programs or activities were not implemented thus not achieving the intended objective of improving service delivery to the residents of Turkana East Constituency.

1.3 Project Verification

During the year under review, three (3) projects with a budget and fund disbursement of Kshs.7,800,000 were verified and were found to be complete as indicted below:

No	Project Name	Project Activity	Amount (Kshs)	Remarks
1	Kangitit Primary School	Construction of One Classroom & supply of 25 Desks	1,400,000	Complete
2	Lotubae Girls secondary school	Construction of two Classrooms & and supply of 50 Desks	2,300,000	Complete
3	Namorutunga Boys Sec School	Construction of Dormitory, one Classrooms & supply of 25 Desks and 50 beds	4,100,000	Complete
	Total		7,800,000	

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 matter(s) described in the Basis for [Conclusion on Lawfulness and Effectiveness in Use of Public Resources/ 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.

1. Transfers to Other Government Entities

The statement of receipts and payments reflects transfers to other government entities figure of Kshs.11,600,000 for the year ended 30 June 2018 which comprises of transfers to

primary school of Kshs.5,200,000 and Secondary schools an amount of Kshs.6,400,000 as disclosed in note 7 to the financial statements. However, procurement records such as tender opening, evaluation and award minutes, approved work plans, procurement plans and expenditure returns and reports were not provided for audit review to confirm that the procurement process was carried out in accordance with Section 78(1) (10) of the Public Procurement and Disposal Act, 2015 which requires tender opening committee to open and prepare tender opening minutes, section 80 (4) that requires evaluation committee to evaluate and prepare evaluation reports and section 25 National Government Constituencies Development Fund Regulations, 2016 that requires project management committees account for project funds.

Consequently, the propriety of transfers to other government entities amount of Kshs.11,600,000 for the year ended 30 June 2018 could not be confirmed.

2. Emergency Payments

The statement of receipts and payments reflects other grants and transfers amount of Kshs.31,271,500 for the year ended 30 June 2018 which includes emergency projects payments figure of Kshs.3,500,000 as disclosed in note 8 to the financial statements.

The emergency payments figure of Kshs.3,500,000 includes an amount of Kshs.2,500,000 paid to Lomomung Resettlement, for the construction of two houses and ablution block. However, the project activities do not meet the emergency criteria specified in Section 8(3) of the NG CDF Act, 2015 which states that "Emergency" shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents and therefore ought to have been budgeted for through normal process.

Further, constituency committee did not report to the Board within thirty days of occurrence of emergence in respect to utilization of Kshs.3,500,000 in emergencies during the year contrary to section 20(2) of National Government Constituencies Development Fund Regulations, 2016 which states that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.

Consequently, the management is breach of the law and the propriety of Kshs.2,500,000 paid for the construction of two (2) houses and ablution block for the year ended 30 June 2018 could not be confirmed.

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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) described in the Basis for Qualified Opinion section of my report, 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.

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

Responsibilities of Management and Those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 National Government Constituencies Development Fund Turkana East Constituency policies and procedures may deteriorate.

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

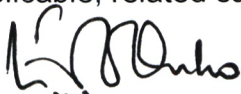
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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



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

Nairobi

06 June 2019

Appendix I

Project Implementation Status

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion rate %	Remarks
Naukotolem Primary School	Construction of one Classroom & purchase of 25 desks	1,200,000	1,200,000	-	100	Complete and in use
Kangitit Primary School	Construction of one Classroom & purchase of 25 desks	1,400,000	1,400,000	-	100	Complete and in use
Nakwasinyon Primary School	Construction one Classroom & purchase of beds	2,600,000	2,600,000	-	100	Complete and in use
Lotubae Girls secondary school	Construct classroom purchase of locker and double deck beds	2,300,000	2,300,000	-	100	Complete and in use
Namorutunga Boys Secondary School	Construct dormitory, classroom, and purchase of lockers and double decks beds	4,100,000	4,100,000	-	100	Complete and in use
Nakukulas Ap Camp	Renovate 6 rooms and ablution block	2,000,000	2,000,000	-	100	Complete and in use
	Completed Projects	13,600,000	13,600,000			
Education Bursary	Bursary for needy students	26,672,414	24,641,000	2,031,414	92	On going
Emergency	Handle emergency cases in constituency	5,137,931	3,500,000	1,637,931	68	On going
Sports	For Organizing A football tournament for the constituency	1,833,849	1,130,000	703,849	62	On going
	Ongoing Projects	33,644,194	29,271,000	4,373,194		
Sub Total	Complete and ongoing projects	45,244,194	42,871,000	4,373,194		
Turkana East NG-CDF Strategic Plan	complete a strategic plan for the constituency	3,500,000	-	3,500,000	0	Not Funded
Kaibole Primary School	Construct 1 classroom to completion Kshs1,200,000	1,400,000	-	1,400,000	0	Not Funded

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion rate %	Remarks
	and equip with 25desk Kshs.200,000.00					
Lokorkor Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.00	1,400,000	-	1,400,000	0	Not Funded
Namorutunga Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.01	1,400,000	-	1,400,000	0	Not Funded
Lopii Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.02	1,400,000	-	1,400,000	0	Not Funded
Echoke Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.03	1,400,000	-	1,400,000	0	Not Funded
AIC Lokwii Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.00	1,400,000	-	1,400,000	0	Not Funded
Nakatongwa Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.01	1,400,000	-	1,400,000	0	Not Funded
Namalteny Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25	1,400,000	-	1,400,000	0	Not Funded

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion rate %	Remarks
	desks Kshs.200,000.02					
Kamuge Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.03	1,400,000	-	1,400,000	0	Not Funded
Napeitom Primary School	Construct 1class room to completion Kshs.1,200,000.00 and equip with 25 desks Kshs.200,000.04	1,400,000	-	1,400,000	0	Not Funded
Kapedo Secondary School	Construct a perimeter wall, first phase to protect the school from the bandits	4,000,000	-	4,000,000	0	Not Funded
RCEA Boys Secondary School	Supply of 200 double deck Beds	1,000,000	-	1,000,000	0	Not Funded
Kapedo Mixed Secondary School	Construction of Perimeter wall of 18 acres	5,000,000	-	5,000,000	0	Not Funded
Turkana East NGCDF Office	construction of the NGCDF Office	8,000,000	-	8,000,000	0	Not Funded
Kapedo DO's Office	Construct the DO's office Kshs.1,750,000.00 and Furnish - Executive Chairs, desk, visitors chairs, wall cabinet and metallic drawer Kshs.250,000.	2,000,000	-	2,000,000	0	Not Funded
Kapedo DO's Office	To construct 2 door pit latrine in at the office for the public and the officers	400,000	-	400,000	0	Not Funded
Constituency Innovation Hub	To pay for the rolling out of constituency innovation hubs in the constituency for 4 sites	4,667,027	-	4,667,027	0	Not Funded

Project Name	Project Activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion rate %	Remarks
Echoke Primary School	Construct 4 door pit latrine	500,000	-	500,000	0	Not Funded
Lokwi Primary School	Construct 4 door pit latrine	500,000	-	500,000	0	Not Funded
Lokamusio Primary School	Construct 4 door pit latrine	558,638	-	558,638	0	Not Funded
Eman Man	Construct 4 door pit latrine	500,000	-	500,000	0	Not Funded
Namalteny Primary School	Construct 4 door pit latrine	500,000	-	500,000	0	Not Funded
Sub Total	Projects not Funded	45,125,665	-	45,125,665		
Grand Total		92,369,860	42,871,000	49,498,860		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST CONSTITUENCY


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

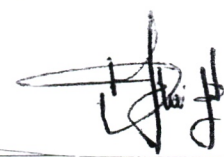
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
RECEIPTS			
Transfers from NGCDF board	1	50,205,172.00	107,597,679.70
Proceeds from Sale of Assets	2	0.00	0.00
Other Receipts	3	<u>0.00</u>	<u>20,000.00</u>
TOTAL RECEIPTS		50,205,172.00	107,617,679.70
PAYMENTS			
Compensation of employees	4	2,314,568.00	2,854,776.00
Use of goods and services	5	5,089,321.08	2,703,237.00
Committee Expenses	6	0.00	3,672,200.00
Transfers to Other Government Units	7	11,600,000.00	59,897,152.00
Other grants and transfers	8	31,271,500.00	35,749,121.00
Social Security Benefits	9	0.00	66,960.00
Acquisition of Assets	10	0.00	4,000,000.00
Other Payments	11	<u>0.00</u>	<u>0.00</u>
TOTAL PAYMENTS		50,275,389.08	108,943,446.00
SURPLUS/(DEFICIT)		<u>(70,217.08)</u>	<u>(1,325,766.30)</u>

N/B: The deficit is brought about by the balance brought forward of Kshs 2,234,094 utilized during the year under review

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA EAST Constituency financial statements were approved on _____ 2018 and signed by:


Fund Account Manager
Kwena Stephen


Sub-County Accountant
Mike Odhiambo
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST CONSTITUENCY


Reports and Financial Statements


For the year ended June 30, 2018

V. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	2,163,877.62	2,234,093.70
Cash Balances (cash at hand)	12B	0.00	0.00
Total Cash and Cash Equivalents		0.00	0.00
Outstanding Imprests	12C	0.00	0.00
TOTAL FINANCIAL ASSETS		<u>2,163,877.62</u>	<u>2,234,093.70</u>
FINANCIAL LIABILITIES			
Accounts Payable - Retention	12D	0.00	0.00
NET FINANCIAL ASSETS		2,163,877.62	2,234,093.70
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	2,234,094.70	3,559,860.20
Surplus/Deficit for the year		(70,217.08)	(1,325,766.30)
Prior year adjustments	14	0.00	0.00
NET FINANCIAL POSITION		<u>2,163,877.62</u>	<u>2,234,093.70</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA EAST Constituency financial statements were approved on _____ 2018 and signed by:


Fund Account Manager
Kwena Stephen

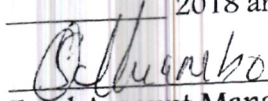

Sub-County Accountant
Mike Odhiambo
ICPAK Member Number:

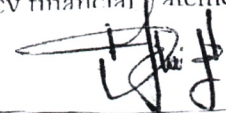
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TURKANA EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

VI. STATEMENT OF CASHFLOW

		2017 - 2018	2016 - 2017
Receipts for operating income			
Transfers from NGCDF Board	1	50,205,172.00	107,597,680.00
Other Receipts	3	0.00	20,000.00
		50,205,172.00	107,617,680.70
Payments for operating expenses			
Compensation of Employees	4	2,314,568.00	2,854,776.00
Use of goods and services	5	5,089,321.00	2,703,237.00
Committee Expenses	6	0.00	3,672,200.00
Transfers to Other Government Units	7	11,600,000.00	30,5897,152.00
Other grants and transfers	8	31,271,500.00	35,749,121.00
Social Security Benefits	9	0.00	66,960.00
Other Payments	11	0.00	0.00
Adjusted for:			
Adjustments during the year	14	0.00	0.00
Net cash flow from operating activities		(70,217.08)	2,674,234.70
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0.00	0.00
Acquisition of Assets	10	(0.00)	(4,000,000.00)
Net cash flows from Investing Activities		0.00	4,000,000.00
NET INCREASE IN CASH AND CASH EQUIVALENT		(70,217.08)	(1,325,766.00)
Cash and cash equivalent at BEGINNING of the year	13	2,234,094.70	3,559,860.00
Cash and cash equivalent at END of the year		<u>2,163,877</u>	<u>2,234,093.70</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TURKANA EAST Constituency financial statements were approved on 2018 and signed by:


Fund Account Manager
Kwena Stephen


Sub-County Accountant
Mike Odhiambo
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TURKANA EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	86,810,344.83	22,413,404.00	109,223,749.00	50,205,172.00	56,784,483.00	48.0%
Proceeds from Sale of Assets						
Other Receipts						
	86,810,344.83	22,413,404.00.00	109,223,749.00	50,205,172.00	56,784,483.00	
PAYMENTS						
Compensation of Employees	2,561,458.00	1,360,818.00	3,922,276.00	2,314,568.00	1,607,708.00	59.0%
Use of goods and services	4,928,131.83	341,379.00	5,269,511.00	5,089,321.00	180,190.00	96.6%
Transfers to Other Government Units	40,579,375.00	16,142,241.00	56,721,618.00	11,600,000.00	45,121,616.00	20.5%
Other grants and transfers	29,241,380.00	4,568,966.00	35,310,346.00	31,271,500.00	4,038,846.00	88.6%
Acquisition of Assets	8,000,000.00		8,000,000.00		8,000,000.00	0%
Other Payments						0%
TOTALS	86,810,344.83	22,413,404.00	109,223,749.00	50,275,389.00	58,948,360.00	46.0%

(a) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

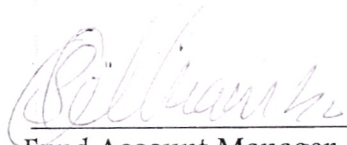
- i. On receipts the total from the Board which is due to an additional funding through a supplementary Budget Of Kshs 11,379,310
- ii. On compensation of employees 59% the employee budget had an additional funds from the previous F/Y 2016/17, The constituency had expected to keep the 7no staff but the they were all fired and 10no New staff employed
- iii. On use of goods and services of 97% there was an adjustments from the original budget making the original to be higher
- iv. On Transfer to the Government units 20% is due additional supplementary budget and the original which was not funded in good time
- v. On transfer to other Government units , the funds were priotised on disbursement

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TURKANA EAST CONSTITUENCY

Reports and Financial Statements

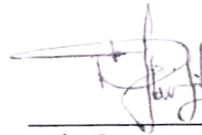
For the year ended June 30, 2018

The NGCDF-TURKANA EAST Constituency financial statements were approved on _____ 2018 and signed by:



Fund Account Manager

Kwena Stephen:



Sub-County Accountant

Mike Odhiambo

ICPAK Member Number:

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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



5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TURKANA EAST 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:825913	1		34,001,128.00
AIE NO:839521	2		4,094,827.60
AIE NO:839577	3		500,000.00
AIE NO:839619	4		36,853,449.00
AIE NO:855228	5		32,148,275.10
AIE NO:892530	1	5,500,000.00	
AIE NO:892749	2	6,800,000.00	
AIE NO:892804	3	37,905,172.00	
TOTAL		50,205,172.00	107,597,679.70

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	0.00	0.00
Receipts from sale of office and general equipment	0.00	0.00
Receipts from the Sale Plant Machinery and Equipment	0.00	0.00
Total	0.00	0.00

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3. OTHER RECEPTS

	2017- 2018	2016-2017
	Kshs	Kshs
Interest Received	0.00	0.00
Rents	0.00	0.00
Receipts from Sale of tender documents	0.00	20,00.00
Other Receipts Not Classified Elsewhere	0.00	0.00
Total	0,00	20,000,00

4. COMPENSATION OF EMPLOYEES

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	2,314,568.00	1,505,270.00
Basic wages of casual labour	0.00	0.00
Personal allowances paid as part of salary		
House allowance	0.00	0.00
Transport allowance	0.00	0.00
Leave allowance	0.00	0.00
Gratuity	0.00	1,349,506.00
Other personnel payments	0.00	0.00
Total	2,314,568.00	2,854,776.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017-2018	2016-2017
	Kshs	Kshs
Office Rent	0.00	399,907.00
Fuel and Lubricant	0.00	262,990.00
Committee Expenses	3,032,641.00	0.00
Utilities, supplies and services	1,102,000.00	1,041,900.00
Communication, supplies and services	0.00	0.00
Domestic travel and subsistence	0.00	0.00
Printing, advertising and information supplies & services	0.00	0.00
Rentals of produced assets	0.00	0.00
Training expenses	135,000.00	0.00
Hospitality supplies and services	0.00	0.00
Insurance costs	0.00	0.00
Specialized materials and services	0.00	0.00
Office and general supplies and services	0.00	0.00
Other operating expenses(Bank Charges)	39,521.00	0.00
Routine maintenance – vehicles and other transport equipment	780,159.08	998,440.00
Routine maintenance – other assets	0.00	0.00
Total	5,089,321.08	2,703,237.00

6 COMMITTEE EXPENSES

	2017-2018	2016-2017
	Kshs	Kshs
	0.00	3,672,200.00
	0.00	3,672,200.00

NB: 2017/2018 Financial Year Committee expenses was combined under Use of Goods and Services.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to National Government entities	0.00	0.00
Transfers to primary schools (see attached list)	5,200,000.00	34,971,131.00
Transfers to secondary schools (see attached list)	6,400,000.00	24,926,021.00
Transfers to tertiary institutions (see attached list)	0.00	0.00
Transfers to health institutions (see attached list)	0.00	0.00
TOTAL	11,600,000.00	59,897,152.00

8 OTHER GRANTS AND OTHER PAYMENTS

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,032,000.00	10,000,000.00
Bursary – tertiary institutions (see attached list)	12,609,000.00	13,391,417.00
Bursary – special schools (see attached list)	0.00	0.00
Mock & CAT (see attached list)	0.00	0.00
Security projects (see attached list)	2,000,000.00	7,000,000.00
Sports projects (see attached list)	1,130,500.00	995,230.00
Environment projects (see attached list)	0.00	0.00
Emergency projects (see attached list)	3,500,000.00	4,362,474.00
Total	31,271,500.00	35,741,121.00

9 SOCIAL SECUIRITY BENEFITS

	2017-2018	2016-2017
	Kshs	Kshs
Employee Contribution to NSSF	0.00	66,960.00
	0.00	66,960.00



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10 ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2017-2018	2016-2017
	Kshs	Kshs
Purchase of Buildings	0.00	0.00
Construction of Buildings	0.00	4,000,000.00
Refurbishment of Buildings	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	0.00	0.00
Overhaul of Vehicles and Other Transport Equipment	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	0.00	0.00
Purchase of Office Furniture and General Equipment	0.00	0.00
Purchase of ICT Equipment, Software and Other ICT Assets	0.00	0.00
Purchase of Specialised Plant, Equipment and Machinery	0.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	0.00	0.00
Acquisition of Land	0.00	0.00
Acquisition of Intangible Assets	0.00	0.00
Total	0.00	4,000,000.00

11 OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	0.00	0.00
ICT Hub	0.00	0.00
TIVET	0.00	0.00
	0.00	0.00



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Kenya commercial Bank 1147030472 Kes.</i>	2,163,872.62	2,234,093.70
<i>Name of Bank, Account No.</i>	0.00	0.00
<i>Name of Bank, Account No.</i>	0.00	0.00
Total	2,163,872.62	2,234,098.70
12B: CASH IN HAND		
Location 1	0.00	0.00
Location 2	0.00	0.00
Location 3	0.00	0.00
Other Locations (<i>specify</i>)	0.00	0.00
Total	0.00	0.00
<i>[Provide cash count certificates for each]</i>		



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 C: 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	0.00	0.00	0.00
<i>Name of Officer or Institution</i>	dd/mm/yy	0.00	0.00	0.00
<i>Name of Officer or Institution</i>	dd/mm/yy	0.00	0.00	0.00
<i>Name of Officer or Institution</i>	dd/mm/yy	0.00	0.00	0.00
<i>Name of Officer or Institution</i>	dd/mm/yy	0.00	0.00	0.00
<i>Name of Officer or Institution</i>	dd/mm/yy	0.00	0.00	0.00
Total				0.00

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

12D RETENTION

	2017 - 2018	2016-2017
	Kshs	Kshs
Supplier 1	0.00	0.00
Supplier 2	0.00	0.00
Supplier 3	0.00	0.00
Total	0.00	0.00

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017-2018	2016-2017
	Kshs	Kshs
Bank accounts	2,234,093.70	3,559,890.20
Cash in hand	0.00	0.00
Imprest	0.00	0.00
Total	2,234,093.70	3,559,890.20

[Provide short appropriate explanations as necessary]

TURKANA EAST CONSTITUENCY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018	2016-2017
	Kshs	Kshs
Bank accounts	0.00	0.00
Cash in hand	0.00	0.00
Imprest	0.00	0.00
Total	0.00	0.00

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	0.00	0.00
Construction of civil works	0.00	0.00
Supply of goods	xx	xx
Supply of services	xx	xx
	xx	xx

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
(cdfc staff gratuity)	0.00	0.00
salary	0.00	0.00
	0.00	0.00
	0.00	0.00
	0.00	0.00

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	682,758.62	0.00
Use of goods and services	1,059,728.15	0.00
Amounts due to other Government entities (see attached list)	43,541,996.15	6,800,000.00
Amounts due to other grants and other transfers (see attached list)	0.00	0.00
Acquisition of assets	8,000,000.00	0.00
Others (<i>specify</i>) Strategic Plan	3,500,000.00	2,000,000.00
	56,784,489.00	8,800,000.00

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

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	8,850,450.55	1,853,379.90
	8,850,450.55	1,853,379.90



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NGCDF) TURKANA EAST CONSTITUENCY
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
	A	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7. ABDI ALI ISMAEL(BARAKA SHOP)	100,000.00	MARCH 2018	0	100,000.00	0	
8. KARENYANG WOMEN GROUP	1,300,000.00	OCTOBER 2016	500,000.00	800,000.00	0	
9.						
Sub-Total						
Supply of services						
10. WESTLINE AUTO GARAGE	625,024.00	SEPT 2017	0	625,024.00	0	
11.						
12.						
Sub-Total	2,025,024.00					
Grand Total	2,025,024.00			1,525,024.00		





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ANNEX 3 – 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	0.00	0.00	0.00	0.00
Buildings and structures	4,000,000.00	0.00	0.00	4,000,000.00
Transport equipment	4,975,000.00	0.00	0.00	4,975,000.00
Office equipment, furniture and fittings	2,373,070.00	0.00	0.00	2,373,070.00
ICT Equipment, Software and Other ICT Assets	180,000.00	0.00	0.00	180,000.00
Other Machinery and Equipment	0.00	0.00	0.00	0.00
Heritage and cultural assets	0.00	0.00	0.00	0.00
Intangible assets	0.00	0.00	0.00	0.00
Total	11,528,070.00	0.00	0.00	11,528,070.00



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

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
LOKORKOR PRIMARY SCHOOL	KCB	1136413359	5,878.30	6,439.00
KADAM PRIMARY SCHOOL	KCB	1157738052	-	383,930.00
EMANMAN PRIMARY SCHOOL	KCB	1171209703	6,617.55	6,747.00
KANGITIT PRIMARY SCHOOL	KCB	1158020147	1,406,609.55	6,939.00
NADOTO PRIMARY SCHOOL	KCB	1157736793	7,319.05	7,659.00
NAYANAKTON PRIMARY SCHOOL	KCB	1171209959	781.05	7,827.00
LOKAMUSIO PRIMARY SHOOOL	KCB	1165591189	474.55	825.00
NAKWASINYON PRIMARY SCHOOL	KCB	1165591014	893,612.05	6,387.00
ELELEA PRIMARY SCHOOL	KCB	1133682413	251,246.41	251,691.00
ECHOKE PRIMARY SCHOOL	KCB	1157385656	4,236.52	4,682.00
NAMORUTUNGA PRIMARY SCHOOL	KCB	1165591308	5,156.05	5,507.00
AIC KANGITIT SECONDARY SCHOOL	KCB	1133385567	101.50	547.00
MORULEM MIXED SECONDARY SCHOOL	KCB	1157736149	2,606.31	2,946.00
LOKICHADA PRIMARY SCHOOL	KCB	1158409109	214.16	775.00
NAMORUTUNGA BOYS SECONDARY	KCB	1234844044	3,999,780.00	-
LOTUBAE GIRLS SECONDARY SCHOOL	KCB	1234843633	2,229,700.00	2,498.45
AIC KATILIA BOYS SECONDARY SCHOOL	KCB	1157720374	117.50	673.00
Total			8,814,450.55	738,418.49



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**ANNEX 5
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	Over casted Surplus	The error will be resolved	FAM	Resolved	
2	Bank balances	The error will be resolved	FAM	Resolved	
3	Unsupported PMC bank balances	The error will be resolved	FAM	Resolved	
4	Ommission of acquisition of asset from Notes	The error will be resolved	FAM	Resovled	
5	Unsupported Expenditure	The error will be resolved	FAM	Not Resolved	
6	Irreguler Procurement	The error will be resolved	FAM	Not Resolved	
7	Unsupported prime costs and Provisional sums	The error will be resolved	FAM	Not Resolved	

