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*Paper Laid by the
Leader of the Majority
Party (Hon Aden Duale,
MP) on 21.2.2018
JRM*

REPORT

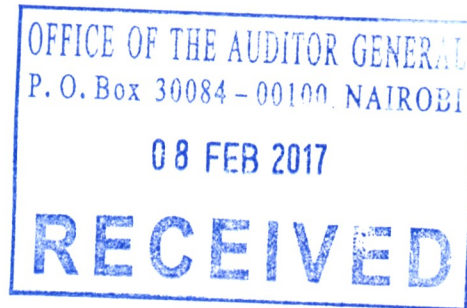
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND-
FAFI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FAFI
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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





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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC).....	3
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS	5
V. STATEMENT OF ASSETS AND LIABILITIES	6
VI. STATEMENT OF CASHFLOW	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	8
VIII. SIGNIFICANT ACCOUNTING POLICIES	9
IX. NOTES TO THE FINANCIAL STATEMENTS.....	11

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FAFI CONSTITUENCY

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (NGCDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Omar hassan
3.	Accountant	Bosco Kyalo Kilonzo
4.		

(d) Fiduciary Oversight Arrangements

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

(e) Fafi NGCDF Headquarters

NGCDF Office Building.
Adjacent to Bura Sub-County Hospital on the right and
Bura –Msa Road on the left

Postal address;
Box 1914-70100
Garissa-Kenya



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FAFI
CONSTITUENCY**

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

(F) Fafi NG-CDF Contacts

Telephone: (254)722-911803
E-mail: Faficdf@cdf.go.ke

(f) Fafi NG-CDF Bankers

Equity Bank
Garissa Branch
A/C no: 0580262524480
P.O.Box 70700-70100

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FAFI
CONSTITUENCY**

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

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

The entity utilized its allocated budget for undertaking the slotted projects for the financial year. More than 70% of the fund has been utilized despite receiving the final disbursement towards the end of the financial year.

Over the year the entity improved water and sanitation through drilling and equipping of borehole in some schools. The entity also promoted infrastructural development in the education sector through construction of teacher's houses, classes, dormitories, administration block and improved access to road network through light grading and bush clearing of rural roads.

Additionally the fund has improved education standard by contributing to access and compilation, this is through payment tuition fees for needy and vulnerable student across the constituency

Emerging issues related to NG-CDF includes; Increasing population, Upcoming/increasing settlement, Increasing school enrolment and Global climatic change

There has also been implementation challenges such as; Security threat, Lack of clear boundary among constituencies and Political interference

For the Fund to thrive I recommend that there should be a minimum or no interference from the political figures and no projects should be undertaken in boundary conflict zone without the involvement of the concerned organs of the government

Sign.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FAFI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Fafi NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (I) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Fafi NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Fafi NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The NGCDF's financial statements were approved and signed on 13/9/ 2016.


Fund Account Manager


Chairman

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 – FAFI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Fafi constituency set out on pages 5 to 19, which comprise the statement of financial assets as at 30 June 2016, and the statement the receipts and payments, statement of cash flows, and summary statement of appropriation for the year then ended, a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the constitution. The audit was conducted in accordance with Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

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

Basis for Qualified Opinion

1.0 Cash and Cash Equivalent

The statement of financial Assets reflects cash and cash equivalents balance of Kshs.39,099,342 as at 30 June 2016. However the balance includes payments of Kshs.1,738,780 in the cash book not recorded in bank statement, which include stale cheques totaling Kshs.547,005.

No explanation has been given for not investigating and replacing the stale cheques or recrediting them back in the cash book.

In the circumstances, the cash and cash equivalents balance of Kshs.39,099,342 could not be confirmed as at 30 June 2016.

2.0 Bank Accounts Project Management Committee

The NG-CDF, Regulation of 2016 Section 15(10)(a) and (10)(b) enforces the maintenance of records of Bank accounts of Project Management Committee (PMCs) and to prepare quarterly reports for the same accounts.

Contrary to the regulation, records of the bank accounts held by the various project management committees were not maintained by the Constituency office. Further, no PMC's Bank Statements and cash books were maintained nor bank reconciliation statements for the PMCs accounts.

Consequently, it has not been possible to ascertain whether the funds or grants disbursed to the PMCs were properly managed, used for intended purpose and accounted for as at June 2016 .

3.0 Lack of the Constituency Oversight Committee

National Government Constituency Development Fund for Fafi Constituency did not appoint the Constituency Oversight Committee, contrary to Section 53(1) of the NG-CDF Act, 2015.

No explanation was given for not appointing the committee as required by Section 53(1) of the NG-CDF Act, 2015.

4.0 Irregular Award of Contracts

Examination of payment vouchers, project files and other records held at NG-CDF Fafi Office revealed that contracts amounting to Kshs.13,096,000 were irregularly awarded during 2015/2016 financial year. The contracts were not supported by documents such as tender opening minutes, technical evaluation report, inspection and acceptance committee reports, certificate of practical completions, contract agreements, confidential business questionnaires and relevant tender security and tender questionnaires.

In the absence of these relevant documents, it has not been possible to confirm that procurement procedures were followed while awarding contracts to various firms and whether the Fund got value for money.

5.0 Unaccounted For Bursary Funds

During the Financial year under review, the NG-CDF Fafi awarded bursaries totaling to Kshs.5,405,350 to needy students in various learning Institutions. However, the level of studies for the students was not indicated in the schedules. Further, there were no acknowledgement letters/receipts from the institutions to confirm that the bursaries payments were received by the institutions. Cheque dispatch register showing record of bursary cheques was also not maintained.

In view of the foregoing, it was not possible to ascertain whether the funds were utilized for the intended purpose and were accounted for as required as at 30 June 2016.

Qualified Opinion

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

Other Matter

1.0 Budget Performance Analysis

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

1.1 Development (Projects) Expenditure

Item	Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)	Over/Under Absorption (Kshs.)
DEVELOPMENT (PROJECTS)			
Transfer to other Government Units	85,537,384	59,948,242	25,589,142
Other Grants & Transfers	45,450,976	37,885,137	7,565,839
Acquisition of Assets	500,000	500,000	0
TOTALS	131,488,360	98,333,379	33,154,981

1.2 Recurrent Expenditure

Item	Budget Allocation (Kshs.)	Actual Expenditure (Kshs.)	% Absorption (Kshs.)
Administration			
Use of Goods & Services	12,866,396	7,715,068	5,151,328
Employee Compensation	1,646,252	1,253,219	393,033
TOTAL	14,512,648	8,968,287	5,544,361

Although the NG-CDF Fafi Constituency had budgeted for 44 projects the financial year 2015/2016 captured an extra 5 projects for 2014/2015. The total budget allocation for development was Kshs.131,488,360 or 90% with an actual expenditure of Ksh.98,333,379 resulting into a balance of Ksh.33,154,981 as at 30 June, 2016. The total allocation for recurrent was Kshs.14,512,648 but the NG-CDF management spent Ksh.8,968,287 with unspent balance of Ksh.5,544,361.

No explanation was given for not fully utilizing the budget for the benefit of the Constituents.

2.0 Unresolved Prior Year Matters

2.1 Budget Performance Analysis - the NG-CDF - Fafi under spent an amount of Kshs.33,766,608 as at 30 June, 2015 and no explanation was given for not spending their budget in full.

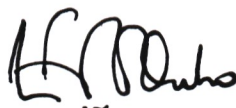
2.2 Monitoring and Evaluation - An amount of Kshs.1,349,800 were paid in respect of monitoring and evaluation. However, payment vouchers were not supported with relevant documents.

2.3 Unsupported Bursary Awards where bursaries worth Kshs.625,000 disbursed to various institutions were not supported with official receipts and acknowledgement letters from the institutions and cheque dispatch register.

2.4 Irregular Award of Contracts - projects worth Kshs.10,398,689 lacked tender notices, tender opening minutes, tender awarding minutes and evaluation report.

2.5 Fixed Asset Register – The statement of receipts and payments reflected acquisition of Ksh.1,729,817(2014: Kshs.11,033,993) as at 30 June, 2015. Fixed Asset summary register indicated Kshs.11,033,993 (2014: Kshs.9,503,816) variance of Kshs.1,530,177 has not been explained.

Further, the resulting difference of Kshs.4,445,650 between the opening balance for fixed assets amounting to Kshs.5,058,166 and the comparative figures in the summary fixed assets of Kshs.9,503,816 not explained also.



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

Nairobi

22 January 2018

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FAFI
 CONSTITUENCY

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016	2014-2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	113,973,058.00	108,112,906
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS		113,973,058.00	108,112,905.90
PAYMENTS			
Compensation of Employees	4	1,253,219.00	982,278
Use of goods and services	5	7,715,068.00	7,380,567.04
Transfers to Other Government Units	6	59,948,242.00	41,619,717
Other grants and transfers	7	37,885,137.00	27,965,358.00
Acquisition of Assets	8		1,729,817
Other Payments	9		22,200
TOTAL PAYMENTS		106,801,666.00	79,699,937
SURPLUS/DEFICIT		7,171,392.00	28,412,969.06

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fafi NG-CDF financial statements were approved on 13/9/ 2016 and signed by:


 Chairman – NG-CDFC


 Fund Account Manager

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

VI. STATEMENT OF CASHFLOW

		2015-2016	2014-2015
Receipts for operating Activities			
Transfers from the CDF Board	1	113,973,058.00	108,112,905.90
Other Revenues	3		
Payments for operating expenses			
Compensation of Employees	4	1,253,219	982,277.80
Use of goods and services	5	7,715,068	7,380,567.04
Transfers to Other Government Units	6	59,948,242	41,619,717
Other grants and transfers	7	37,885,137	27,965,358
Other Expenses	9		22,200
		106,801,666	77,970,119.84
Adjusted for:			
Adjustments during the year	14	0	0
Net cashflow from operating activities		7,171,392.00	30,142,786.06
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	0	1,729,817
Net cash flows from Investing Activities			-1,729,817
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flow from financing activities			
NET INCREASE/ IN CASH AND CASH EQUIVALENT		7,171,392	28,412,969.06
Cash and cash equivalent at BEGINNING of the year	13	31,927,950.22	3,514,981.16
Cash and cash equivalent at END of the year		39,099,342	31,927,950.22

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fafi NG-CDF financial statements were approved on 12/9/16 2016 and signed by:



Chairman NG-CDFC



Fund Account Manager

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

V. STATEMENT OF FINANCIAL ASSETS

	Note	2015-2016	2014-2015
			Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	39,099,342	31,927,950.00
Cash Balances (sale of tenders,hire of grader)	10B		
		39,099,342	31,927,950
Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		39,099,342	31,927,950.00
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July 2015	13	31,927,950.00	3,514,981.41
Surplus/Deficit for the year (from stm of receipt & expenditure)		7,171,392.00	28,412,969.00
Prior year adjustments	14		
NET FINANCIAL POSITION		39,099,342	31,927,950

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Fafi NG-CDF financial statements were approved on 13/9/ 2016 and signed by:



Chairman – NG-CDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - FAFI
Reports and Financial Statements
For the year ended June 30, 2016

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF board-AIEs' Received	114,573,058	31,927,950	146,501,008	145,901,008.00	600,000	99.5904465
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	114,573,048	31,927,950	146,501,008	145,901,008	600,000	73.20145862
PAYMENTS						
Compensation of Employees	1,228,400	417,852	1,646,252	1,253,219	393,033	76.12558709
Use of goods and services	8,583,175	4,283,221	12,866,396.00	7,715,068	5,151,328	59.96292979
Transfers to Other Government Units	64,702,375	20,835,009	85,537,384	59,948,242	25,589,142	70.0842593
Other grants and transfers	39,559,108	5,891,868	45,450,976	37,885,137	7,565,839	83.35384701
Acquisition of Assets	500,000		500,000		500,000	0
Other Payments		500,000	500,000		500,000	0
TOTALS	114,573,058.	31,927,950	146,501,008	106,801,666.	39,699,342	72.90165949

- a) Ksh 500.000 relates acquisition asset (purchase of furniture's) and remained unspent since the disbursement was received towards the end of June 2016.
- b) Ksh 500.000 relates to other payment (Audit fee) and was a balance that was carried forward from 2014/2015 but was reallocated to another project

The Fafi NG-CDF financial statements were approved on 13/9/16 2016 and signed by:



Chairman NGCDF



Fund Account Manager



VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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



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

Reports and Financial Statements

For the year ended June 30, 2016

authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015-2016	2014-2015
	Ksh	Kshs
AIE NO.724077	10,000,000.00	7,300,000.00
AIE NO.724215	10,000,000.00	19,728,226.50
AIE NO.820550	10,000,000.00	15,216,935.90
AIE NO.820721	27,000,000.00	11,811,291.00
AIE NO.825557	28,000,000.00	27,028,226.50
AIE NO.825670	28,973,058.00	27,028,226.00
TOTAL	113,973,058.00	108,112,905.90

2. PROCEEDS FROM SALE OF ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from the Sale Plant Machinery and Equipment		
Receipts from Sale of Certified Seeds and Breeding Stock		
Receipts from the Sale of Strategic Reserves Stocks		
Receipts from the Sale of Inventories, Stocks and Commodities		
Disposal and Sales of Non-Produced Assets		
Receipts from the Sale of Strategic Reserves Stocks		
Total		

3. OTHER RECEIPTS

	2015 - 2016	2014- 2015
	<u>Kshs</u>	<u>Kshs</u>
Interest Received		
Rents		
Sales of Tender Documents		
Other Receipts Not Classified Elsewhere		
Total		

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

Reports and Financial Statements

For the year ended June 30, 2016

4. COMPENSATION OF EMPLOYEES

	2015-2016	2014- 2015
	Kshs	Kshs
Basic wages of contractual employees	1,181,819.00	953877.8
Basic wages of casual labour	-	0
Personal allowances paid as part of salary		
House allowance		
Transport allowance	-	0
Leave allowance	-	0
Employer contribution to NSSF	28,800.00	28400
Nhif	42,600.00	
Other personnel payments		
gratuity	-	0
Total	1,253,219.00	982,277.8

5. USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services		63,680
Office rent		
Communication, supplies and services	36,500	54000
Domestic travel and subsistence	499,440	549,000
Printing, advertising and information supplies & services		16,200
Rentals of produced assets		
Training expenses		
Hospitality supplies and services	77,100	90,100
Other committee expenses	1,929,650	2,682,000
Committee allowance	2,936,000	2,415,400
Insurance costs		
Specialised materials and services		49700
Office and general supplies and services	585,993	662,434
Fuel ,oil & lubricants	690,000	337,503
Other operating expenses	560,681	282,000
Routine maintenance – vehicles and other transport equipment	399,704	49550
Routine maintenance – other assets		129000
Total	7,715,068	7,380,567

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

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015-2016	2014-2015
	Kshs	Kshs
Transfers to primary schools	33,330,759.00	16,246,775.00
Transfers to secondary schools	26,374,000.00	21,384,000.00
Transfers to Tertiary institutions		
Transfers to Health institutions	243,483.00	3,988,942.00
TOTAL	59,948,242.00	41,619,717.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 20145
	Kshs	Kshs
Bursary -Secondary	6,366,350.00	8,635,000
Bursary -Tertiary	4,582,000.00	3,835,000
Bursary-Special schools		
Mocks & CAT		
water	7,095,000.00	2,407,300
food security		
Electricity projects		
Security	2,290,000	
Roads	10,500,000.00	7,090,000
Sports		
Environment	2,291,461.00	2,162,258
Emergency Projects.	4,760,326.00	3,835,800
Total	37,885,137.00	27,965,358

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

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets	2015 - 2016	2014-2015
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		
Purchase of Vehicles		1,328,177
Purchase of Bicycles & Motorcycles		
Overhaul of Vehicles		
Purchase of Office furniture and fittings		401,640
Purchase of computers ,printers and other IT equipments		
Purchase of photocopier		
Purchase of other office equipments		
Purchase of soft ware		
Acquisition of Land		
Total	-	1,729,817.00

9. OTHER PAYMENTS

Other Payments	2015-2016	2014-2015
Capital transfer to private financial institution		0
Other expenes		22,200
Total		22,200

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015-2016	2014-2015
	Kshs	Kshs
<i>Equity Bank-Garissa branch</i>	39,099,342.00	31,927,950.00
Total	39,099,342.00	31,927,950.00

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

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

12: RETENTION

0

Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
TOTAL			

13. BALANCES BROUGHT FORWARD

	2015-2016	2014-2015
	Kshs	Kshs
Bank accounts		
Cash in hand	31,927,950.00	12,267.41
Cash equivalents (short-term deposits)		
Imprest		0
Total	31,927,950.00	3,502,714
		3,514,981.41

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts		
Cash in hand		-
Cash equivalents (short-term deposits)		-
Imprest		-
Receivables		-
Payables		
Total		-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – FAFI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE

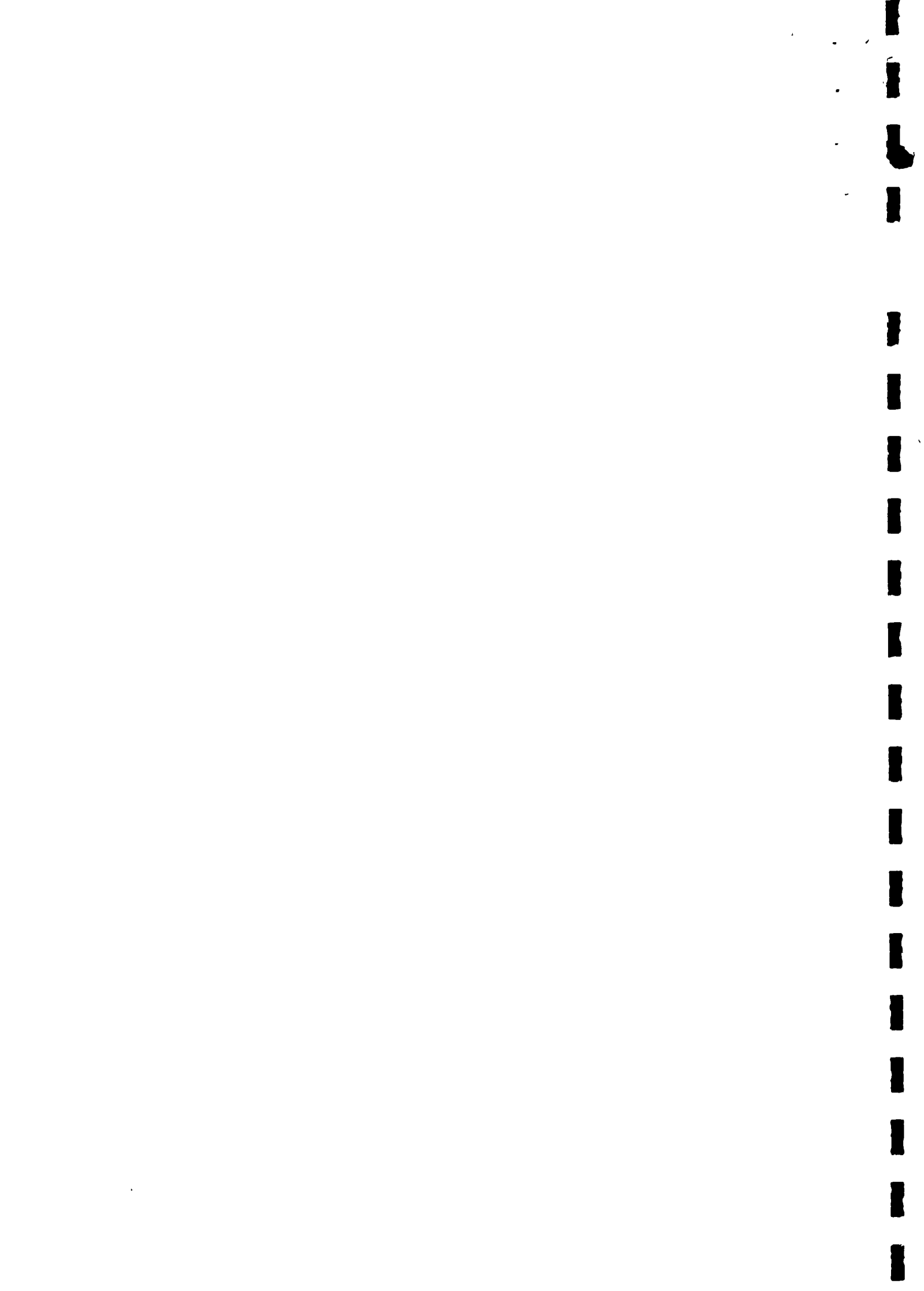
	2015- 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		

15.2: OTHER PENDING PAYABLES

	2015-2016(Kshs)	2014-2015(Kshs)
Amounts due to other Government entities	26,624,597	20,835,009
Amounts due to other grants and other transfers	8,657,674	5,891,868
Compensation of Employees	352,196.00	417,852.20
Use of goods and services	2,964,875	4,283,221
Other Payments	500,000	500,000
Total	39,099,342	31,927,950

15.3. FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2015/2016	2014/2015
Land		
Buildings and structures	4,716,000	4,716,000
Transport equipment	5,897,843	5,897,843
Office equipment, furniture and fittings	468,140.00	468,140.00
ICT Equipment, Software and Other ICT Assets	268,500	268,500
Other Machinery and Equipment	8,850	8,850
Heritage and cultural assets		
Intangible assets		
Total	11,359,333	11,359,333



ANNEX-Other Pending Payable	
	2015-2016(Ksh)
AMOUNT DUE TO OTHER GOVERNMENT ENTITIES	
Kamuthey pry admin block	2,450,000
Faqal pry classes	1,750,000
Nanighi pry admin block	2,450,000
Bura pry admin block	2,450,000
Hawajot pry classes	1,750,000
Bore hole 5 classes	972,000
Madahmaroub pry teachers houses	1,660,000
Nanighi secondary laboratory	3,730,000
Nanighi secondary dining hall	5,00,000
Alinjugur secondary teachers houses	1,650,000
Mansabubu secondary admin block	3,000,000
Mansabubu toilets and bathrooms	400,000
Supply of chairs and lockers	320,000
Supply of administration office furnitures	1,082,375
Bullanadhir pry classes	170,000
Jamabele pry classes	125,000
Fafi Girls pry Water supply	5,000
Garasweino pry classes	50,000
Dekaharja pry classes	95,000
Gubis pry classes	165,000
Diiso pry class	40,000
Fafi secondary computer lab	150,000
Nanighi secondary water supply	90,000
Hawajot Borehole	2,070,222
SUB-TOTAL	26,624,597
AMOUNT DUE OTHER GRANTS AND OTHER TRANSFERS	
Emergency	1,831,965
Bursary secondary school	2,961,709
Bursary Tertiary	1,914,000
Bura AP Camp	1,950,000
SUB-TOTAL	8,657,674

COMPENSATION OF EMPLOYEES	
Wages of Contractual Employees	301,956
SSF	25,200
HIF	25,040
SUB-TOTAL	352,196
USE OF GOODS AND SERVICES	
Other Committee expenses	911,366
Committee allowance	564,382
Goods and services	1,489,127
SUB-TOTAL	2,964,875
OTHER PAYMENT	
Audit fee	500,000
GRAND TOTAL	39,099,342

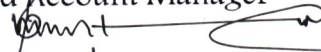
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION

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 person to resolve the various issues as resolved.

Reference no on the external audit reports	Issue/observation from the auditor	Management comments	Focal point person to resolve the issue	status	Timeframe
1	Planned and Budgeted projects not implemented fully	Management to implement projects timely upon receipt of disbursement from the board without delay	Omar Hassan (FAM)	unresolved	28/2/2017
2	Irregular award of contracts on capital projects	Management to avail tender Documents for audit scrutiny	Omar Hassan (FAM)	unresolved	28/2/2017
3	Unaccounted for Monitoring and Evaluation	Management to provide and in the future maintain supporting documents for expenditure on Monitoring and Evaluation exercise	Omar Hassan (FAM)	unresolved	28/2/2017
4	Unaccounted for Bursary Expenses	Management to ascertain the availability of records and avail for audit scrutiny upon retrieval	Omar Hassan (FAM)	unresolved	28/2/2017
5	Fixed asset register	Management to explain the difference.	Omar Hassan (FAM)	unresolved	28/2/2017

Fund Account Manager

Date


13/11/2016

Chairman

Date



