

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper Laid by the  
Leader of the  
Majority Party  
Hon. Aden Duale  
on Wednesday  
29/11/2017  
IBm*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**



KENYA NATIONAL AUDIT OFFICE  
EMBU HUB  
2040  
Tel: 068 - 30260  
P. O. BOX 113, EMBU



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

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<i>Table of Content</i>	<i>Page</i>
<b>a.</b> KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	1-2
<b>b.</b> FORWARD BY THE CABINET SECRETARY.....	3
<b>c.</b> STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES .....	4
<b>d.</b> FOLLOW UP OF AUDITORS RECOMMENDATIONS.....	5
<b>e.</b> STATEMENT OF RECEIPTS AND PAYMENTS.....	6
<b>f.</b> STATEMENT OF ASSETS.....	7
<b>g.</b> STATEMENT OF CASHFLOW .....	8
<b>h.</b> SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	9-10
<b>i.</b> SIGNIFICANT ACCOUNTING POLICIES .....	11-12
<b>j.</b> NOTES TO THE FINANCIAL STATEMENTS.....	13-20
<b>k.</b> OTHER IMPORTANT DISCLOSURES.....	21
<b>l.</b> ANALYSIS OF PENDING ACCOUNTS PAYABLES.....	22
<b>m.</b> ANALYSIS OF PENDING STAFF PAYABLES .....	23
<b>n.</b> ANALYSIS OF OTHER PENDING PAYABLES .....	24
<b>o.</b> SUMMARY OF FIXED ASSET REGISTER .....	25

**NG-CONSTITUENCY DEVELOPMENT FUND- KILOME CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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

**(b) Key Management**

The Kilome 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 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Robert Kioko</b>
3.	Accountant	<b>Lawrence Otundo</b>
4.		

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kilome 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) KILOME NGCDF Headquarters**

NGCDF Office Building.  
P.O Box 163-90134  
YOANI.  
SALAMA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILOME  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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**(f) KILOME NGCDF Contacts**

Telephone: (254) 0720090730  
E-mail: rkioko@cdf.go.ke  
Website: www.kilome.go.ke

**(g) KILOME NGCDF Bankers**

1. Kenya Commercial Bank  
P.O Box 4076-90121  
EMALI  
...  
...

**(h) Independent Auditors**

Auditor General  
Office of 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 CONSTITUENCY DEVELOPMENT FUND- KILOME  
CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016**

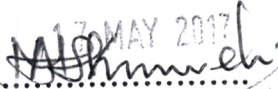
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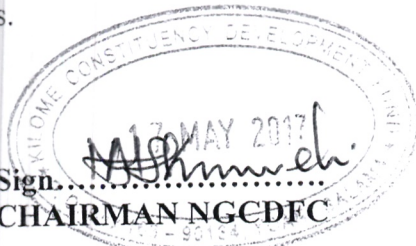
**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY  
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

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

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

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

Sign.   
CHAIRMAN NGCDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILOME  
CONSTITUENCY**

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

**III. STATEMENT OF NG-CDF 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.

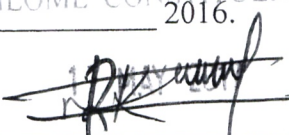
The Accounting Officer in charge of the Kilome NG-CDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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.

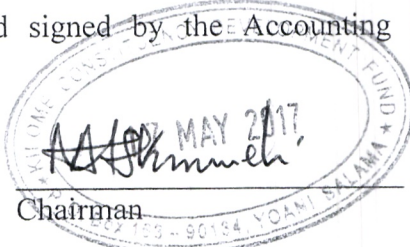
The Accounting Officer in charge of the Kilome NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Kilome 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 Kilome NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The NGCDF's financial statements were approved and signed by the Accounting Officer on 2016.

FUND ACCOUNT MANAGER  
KILOME CONSTITUENCY  
  
Fund Account Manager  
P.O. BOX 90134  
YOANI - SALAMA

  
Chairman

## Follow up of Auditors recommendations

### 1.0 Emergency Funding

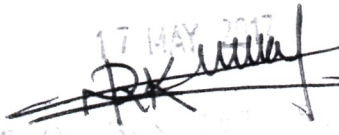
- During the previous audit, it was recommended that the Emergency fund should be used for projects of emergency nature so as to avoid exhaustion of the fund. The Kilome NG-CDF was keen in the Financial Year 2015/2016 and such cases didn't arise.

### 2.0 Adverse Opinion 2013/2014

- The Report of FY 2013/2014 has been responded to. Copy of the response is annexed.

### 3.0 Budgetary control performance

- The problem used to arise due to delay of disbursement of funds from the NG-CDF Board. Kilome NG-CDF would like to thank the CDF Board for releasing the funds in due time for the FY 2016/2017.

FUND ACCOUNT MANAGER  
KILOME CONSTITUENCY  
17 MAY 2017  
  
P. O. YOANI SALAMA



# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KILOME CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Kilome Constituency set out on pages 6 to 21, which comprise statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (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 International 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 the financial statements, whether due to fraud or error. In making those risk

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Kilome Constituency for the Year ended 30 June 2016*

assessments, the auditor considers internal control 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 adverse audit opinion.

## **Basis for Adverse Opinion**

### **1.0 Non Compliance with the Prescribed Financial Statements Presentation Format**

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards requires an inclusion of progress on follow up of auditor recommendations as part of the financial statements.

However, although the Fund had a qualified opinion in 2014/2015, no report on the progress of follow up on the issues raised in the audit report was included in the financial statements for the year under review.

In the circumstance, the Fund's financial statements for 2016 did not comply with IPSAS (Cash Basis) financial presentation format prescribed by the Accounting Standards Board.

### **2.0 Cash and Cash Equivalents**

Included in the bank balances of Kshs.33,574,627 as at 30 June 2016 are unrepresented cheques amounting to Kshs.10,947,685 which also included Kshs.152,367 stale cheques that were drawn between 25 May 2012 and 21 December 2015. However, the stale cheques had not been reversed in the cash book. Further, the cash flow statement for the year under review reflects a cash and cash equivalents balance at the beginning of the year of Kshs.32,377,951 while the audited 2014/2015 financial statements reflects a closing cash and cash equivalent balance of Kshs.32,384,651 as at 30 June 2015, resulting to unexplained variance of Kshs.6,700. This variance of Kshs.6,700 resulted into an understatement of both the cash and cash equivalents balance at the end of the year and the bank balance as at 30 June 2016.

As a result, it has not been possible to ascertain, the accuracy of the cash and cash equivalents balance of Kshs.33,574,627 as at 30 June 2016.

### **3.0 Irregular Implementation of Projects**

#### **3.1 Construction of a Single Storey Block at Kasikeu Girls Secondary School**

The Fund disbursed Kshs.1,600,000 during the year under review to Kasikeu Girls Secondary School for the construction of a two storeys building housing three class

rooms and an office in each floor. The project started in the financial year 2013/2014 and the total cost of the project was Kshs.9,297,756 as per the Bill of Quantity (BQ). As at 30 June 2016, Kshs.7,200,000 had been disbursed to the project. The project Management committee (PMC) entered into a contract with a M/s Cimo, a local contractor but the contract was later terminated on 15 April 2015. A second contract was entered into between the PMC and M/S Ericom & Eli Business Co Ltd on 12 June 2015. The contract price was Kshs 2,800,000 and was to be completed by 14 August 2015. There was no handing over of the works which had been carried out by the first contractor at the termination of the contract. Further, no documents were available to show how much had been paid to the first contractor. It was therefore not possible to establish the extent of works undertaken by the first contractor and its value.

A visit to the project revealed that the project was at the first floor slab level or (about 55% complete) while the amount spent on the project is 77.4% of the BQ amount and the second contractor was not on site.

In the circumstances, the propriety and value for money for the expenditure of Kshs.7,200,000 as at 30 June 2016 could not be confirmed.

### **3.2 Purchase of School Buses for Mulumini and Kiu Secondary Schools**

During the year under review, the Fund disbursed Kshs.2,000,000 to both Mulumini and Kiu secondary schools all totaling to Kshs.4,000,000 for the acquisition of a bus for each school.

Both Schools entered into a contract for supply of the buses on loan with Kenya Commercial Bank at a cost of Kshs. 6,400,000 per bus on 27 July 2016 and 15 January 2016 respectively. However, both schools procured the buses by use of invitation for quotation instead of open tender method contrary to the Public Procurement and Disposal Act, 2015.

In the circumstances, the Fund was in breach of the Public Procurement and Disposal Act, 2015 and it was not possible to ascertain that the Fund got value for money in the Kshs.4, 000,000 expenditure.

### **4.0 Budgetary Control and Performance**

During the financial year under review, the Fund had an approved budget of Kshs.137,193,722 comprising of Kshs.104,735,071 in respect to the year under review and Kshs.32,458,651 adjustment. However, no supporting documents were made available in support of the adjustments. Further, out of the total amount received of Kshs.104,735,071, a total of Kshs.103,538,395 was spent resulting to an under-expenditure of Kshs.1,196,676 as shown below;

Sub Head	Budget Kshs.	Actual Kshs.	Variance Kshs.	Absorption Rate (%)
Primary School Projects	7,050,000	9,050,000	-2,000,000	126
Secondary School Projects	31,500,000	17,550,000	13,850,000	56
Sports projects	750,000	750,000	0	100
Water Projects	32,850,000	39,806,000	-6,956,000	121
Security Projects	0	1,000,000	-1,000,000	-100
<b>Roads projects</b>	<b>11,929,357</b>	<b>11,929,357</b>	0	100
Emergency projects	5,767,647	5,767,647	0	100
Transfer to Health Projects	1,000,000	1,700,000	-700,000	30
Environmental Projects	0	400,000	-400,000	100
Bursary	5,000,000	6,750,000	-1,750,000	-35
Acquisition of Assets	<b>300,000</b>	300,000	0	100
Use of Goods and Services	6,932,827	6,938,722	-5,895	100
Compensation of Employees	1,755,240	1,596,669	158,571	91
	<b>104,735,071</b>	<b>103,538,395</b>	1,196,676	99

## 5.0 Project Implementation and Management

The approved budget for development project was apportioned among various sectors within the Constituency namely Primary schools, Secondary schools, Health institutions, Sports, Water projects, Security, Bursary, Emergency, Environment and Acquisition of Assets. The funds allocated amounted to Kshs.89,597,004 which represented 65% of the total budget of Kshs.137,193,722.

Review of the project implementation status report revealed that 50 projects worth Kshs.77,497,004 were completed while 13 projects worth Kshs.12,700,000 were ongoing as shown below;

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	11,500,000	11,100,000	13
	Ongoing	12,100,000	9,300,000	13
	Not started	0	0	0
	<b>Sub Total</b>	<b>23,600,000</b>	<b>20,400,000</b>	<b>26</b>
Health	Completed	1,000,000	1,000,000	1
	Ongoing	0	0	
	Not started	0	0	
	<b>Sub Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1</b>
Water	Completed	45,150,000	45,150,000	18
	Ongoing	0	0	
	Not started	0	0	
	<b>Sub Total</b>	<b>45,150,000</b>	<b>45,150,000</b>	<b>18</b>
Security	Completed	1,000,000	1,000,000	1

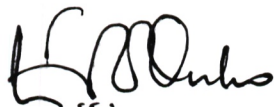
	Ongoing	0	0	
	Not started	0	0	
	<b>Sub Total</b>	<b>1000,000</b>	<b>1000,000</b>	<b>1</b>
Roads Bridges	Completed	11,929,357	11,929,357	2
	Ongoing	0	0	
	Not started	0	0	
	<b>Sub Total</b>	<b>11,929,357</b>	<b>11,929,357</b>	<b>2</b>
Environment	Completed	400,000.00	400,000.00	1
	Ongoing	0	0	0

	Not started	0	0	0
	<b>Sub Total</b>	<b>400,000</b>	<b>400,000</b>	<b>1</b>
Sport	Completed	750,000	750,000	1
	Ongoing	0	0	
	Not started	0	0	
	<b>Sub Total</b>	<b>750,000</b>	<b>750,000</b>	<b>1</b>
Emergency	Completed	5,767,647	5,767,647	13
	Ongoing	0	0	
	<b>Sub-Total</b>	<b>5,767,647</b>	<b>5,767,647</b>	<b>13</b>
	<b>Grand Total</b>	<b>89,597,004</b>	<b>86,397,004</b>	<b>63</b>

In the circumstance, it was not possible to ascertain that the Fund would implement all projects as budgeted and deliver services to the constituents.

### Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Kilome Constituency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and do not comply with the National Government Constituencies Development Fund Act, 2015.



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

**Nairobi**

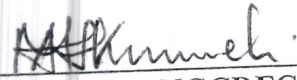
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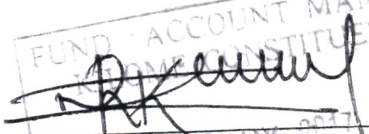
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILOME  
 CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	104,735,071	99,744,252
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>104,735,071</b>	<b>99,744,252</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,596,669	1,135,616
Use of goods and services	5	6,938,722	8,466,631
Transfers to Other Government Units	6	28,300,000	32,675,190
Other grants and transfers	7	66,403,004	56,283,415
Acquisition of Assets	8	300,000	119,250
Other Payments	9	-	3,500,000
<b>TOTAL PAYMENTS</b>		<b>103,538,395</b>	<b>102,180,102</b>
<b>SURPLUS</b>		<b>1,196,676</b>	<b>(2,435,850)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilome NGCDF financial statements were approved on \_\_\_\_\_ 2016 and signed by:

  
 Chairman - NGCDFC

  
 Fund Account Manager

P. O. BOX 165 - 7134  
 YOANI - SALAMA

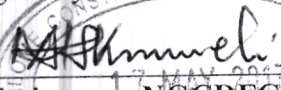
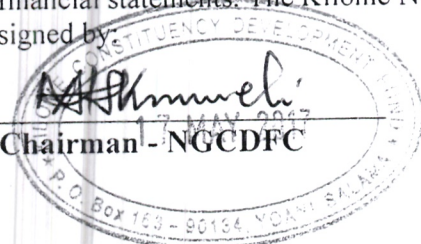
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 CONSTITUENCY

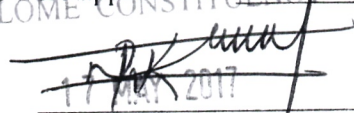
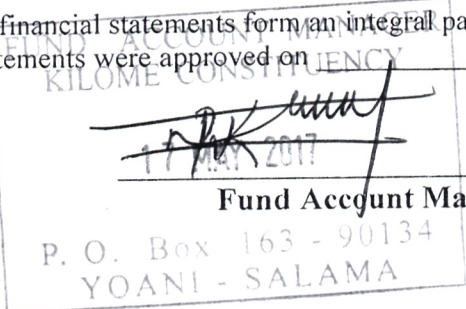
Reports and Financial Statements  
 For the year ended June 30, 2016

V. STATEMENT OF ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	33,574,627	32,384,651
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	6,700
<b>TOTAL FINANCIAL ASSETS</b>		<b>33,574,627</b>	<b>32,377,951</b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	32,377,951	34,813,801
Surplus/Deficit for the year		1,196,676	(2,435,850)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>33,574,627</b>	<b>32,377,951</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilome NGCDF financial statements were approved on \_\_\_\_\_ 2016 and signed by:

  
 Chairman - NGCDF  


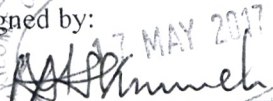
  
 Fund Account Manager  
 P. O. Box 163 - 90134  
 YOANI - SALAMA  


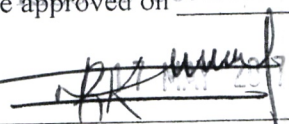
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILOME  
 CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	104,735,071	99,744,252
Other Receipts	3	-	-
		104,735,071	
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,596,669	(1,135,616)
Use of goods and services	5	6,938,722	(8,466,631)
Transfers to Other Government Units	6	28,300,000	(32,675,190)
Other grants and transfers	7	66,403,004	(56,283,415)
Other Payments	9	-	(3,500,000)
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
		1,496,676	(2,316,600)
<b>Net cash flow from operating activities</b>			
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(300,000)	(119,250)
		(300,000)	(119,250)
<b>Net cash flows from Investing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		1,196,676	(2,435,850)
Cash and cash equivalent at BEGINNING of the year	13	32,377,951	34,820,501
Cash and cash equivalent at END of the year		33,574,627	32,384,651

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilome NGCDF financial statements were approved on 17 MAY 2017 and signed by:

  
 Chairman NGCDF

FUND ACCOUNT MANAGER  
 KILOME CONSTITUENCY  
  
 Fund Account Manager  
 P. O. Box 165 - 90134  
 YOANI - SALAMA



CONSTITUENCIES DEVELOPMENT FUND KILOME CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

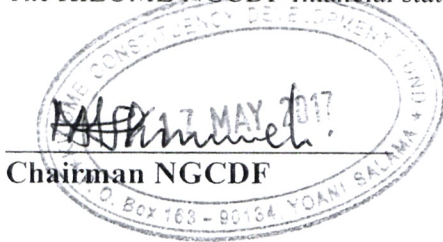
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	104,735,071	32,458,651	137,193,722	137,193,722	-	100%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
<b>TOTAL</b>	<b>104,735,071</b>	<b>32,458,651</b>	<b>137,193,722</b>	<b>137,193,722</b>	<b>-</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,596,669	1,600,000	3,196,669	1,539,708	20,292	98.7%
Use of goods and services	6,938,722	-	6,938,722	6,889,727	1,570,668	84.6%
Transfers to Other Government Units	28,300,000	6,000,000	34,300,000	32,500,000	11,385,319	74.1%
Other grants and transfers	66,403,004	24,858,651	91,261,655	68,183,504	(17,654,147)	134.9%
Acquisition of Assets	300,000	-	300,000	300,000		100.0%
Other Payments		-			-	
<b>TOTAL</b>	<b>103,538,395</b>		<b>135,997,046</b>	<b>98,055,184</b>	<b>14,531,678</b>	

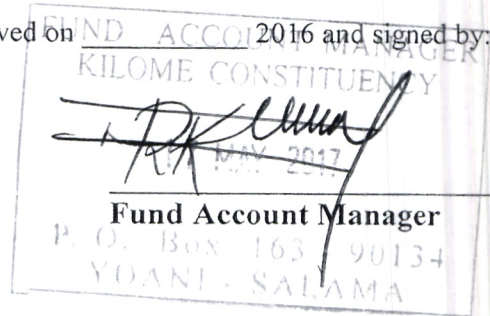
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILOME  
CONSTITUENCY**

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

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

The KILOME NGCDF financial statements were approved on 17 MAY 2017 and signed by:

  
**Chairman NGCDF**

  
**Fund Account Manager**  
P. O. Box 163 - 90134  
YOANI - SALAMA

## VIII. SIGNIFICANT ACCOUNTING POLICIES

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of revenue and expenses

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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**5. Pending bills**

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

**6. Budget**

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

**7. Comparative figures**

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

**8. Subsequent events**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILOME  
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
		Kshs	Kshs
Normal allocation			
	A796236		24,936,063.00
	A 796269	10,000,000.00	14,961,637.80
	A 796467	10,000,000.00	9,974,425.00
	A 724219	10,000,000.00	20,000,000.00
	A820724	10,000,000.00	29,872,126.20
	A825559	12,000,000.00	24,936,063.00
	A825672	26,735,071.00	14,961,637.80
<b>TOTAL</b>		<b>104,735,071</b>	<b>99,744,252</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2015 – 2016	2014 – 2015
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
<b>Total</b>		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILOME  
 CONSTITUENCY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. OTHER RECEIPTS**

	2015 - 2016 Kshs	2014 - 2015 Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic wages of contractual employees	1,407,029	945,975
Basic wages of casual labour	24,000	-
<b>Personal allowances paid as part of salary</b>	<b>-</b>	<b>-</b>
House allowance	-	60,000
Transport allowance	-	4,000
Leave allowance	40,000	-
Other personnel payments	125,640	125,640
Employer contribution to NSSF gratuity	-	-
<b>Total</b>	<b>1,596,669</b>	<b>1,135,615</b>

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>5. USE OF GOODS AND SERVICES</b>		
<b>Description</b>	<b>2015 - 2016 Kshs</b>	<b>2014 - 2015 Kshs</b>
Utilities, supplies and services	126,655	610,446
Office rent	-	-
Communication, supplies and services	6,960	949,250
Domestic travel and subsistence		568,922
Printing, advertising and information supplies & services	174,000	240,007
Rentals of produced assets	-	-
Training expenses	998,500	592,328
Hospitality supplies and services	-	-
Other committee expenses		-
Committee allowance	2,801,290	4,140,418
Insurance costs	-	-
Specialized materials and services		-
Office and general supplies and services	2,471,317	800,235
Fuel ,oil & lubricants	360,000	443,500
Other operating expenses		-
Routine maintenance – vehicles and other transport equipment		10,000
Routine maintenance – other assets		24,000
<b>Total</b>	<b>6,938,722</b>	<b>8,466,631</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILOME  
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 Kshs	2014 - 2015 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	9,050,000.00	8,952,931
Transfers to secondary schools (see attached list)	17,550,000.00	16,339,500
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	1,700,000.00	7,382,759
	<b>28,300,000</b>	<b>32,675,190</b>
<b>-TOTAL</b>		

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bursary – secondary schools (see attached list)	3,750,000.00	5,717,000
Bursary – tertiary institutions (see attached list)	3,000,000.00	2,107,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	1,495,000
	39,806,000.00	30,519,295
Water projects (see attached list)	-	-
Agriculture projects (see attached list)	400,000	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	1,000,000	100,000
Roads projects (see attached list)	11,929,357.00	10,000,000
Sports projects (see attached list)	750,000	-
Environment projects (see attached list)	-	-
Other Projects (see attached list)	-	-
Other capital grants and transfers	-	-
Emergency Projects (specify)	5,767,647.00	6,345,120.00
<b>Total</b>	<b>66,403,004</b>	<b>56,283,415</b>



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

**Reports and Financial Statements**

**For the year ended June 30, 2016**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**8. ACQUISITION OF ASSETS**

<u>Non-Financial Assets</u>	2015 - 2016 Kshs	2014 - 2015 Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	300,000	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and Fittings	-	84,250
Purchase of ICT Equipment, Software and Other ICT Assets	-	35,000
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
<b>Total</b>	<b>300,000</b>	<b>119,250.00</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILOME  
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

Specify	2015 - 2016 Kshs	2014 - 2015 Kshs
---------	---------------------	---------------------

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016 Kshs	2014 - 2015 Kshs
Kenya Commercial Bank A/c 1124880895	33,574,627.00	32,384,651
	-	-
	-	-
	33,574,627	32,384,651

10B: CASH IN HAND

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

11: OUTSTANDING IMPRESTS

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

0

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

12 Retention			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>TOTAL</b>			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILOME  
 CONSTITUENCY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	32,377,951.00	34,820,501.005
Cash in hand	-	-
Imprest		6,700
<b>Total</b>	<u>32,377,951.00</u>	<u>34,813,801.00</u>

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bank accounts	-	501,642
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<u>-</u>	<u>501,642</u>

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

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

**15. OTHER IMPORTANT DISCLOSURES**

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

	2015- 2016 Kshs	2014 - 2015 Kshs
Construction of buildings	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	xxx	xxx
Supply of services	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

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

	Kshs	Kshs
Senior management	xxx	xxx
Middle management	xxx	xxx
Unionisable employees	xxx	xxx
Others (specify)	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	xxx	xxx
Amounts due to other grants and other transfers (see attached list)	xxx	xxx
Others (specify)	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

*NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)*  
**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs'000)**

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>					0.00	
1. Construction of schools						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4. Water projects					0.00	
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>					0.00	
10. Employee salaries						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>					0.00	

*NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)*

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs'000)

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs'000)**

**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1.							
2.							
3.							
	<b>Sub-Total</b>						
<b>Amounts due to other grants and other transfers</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)  
 Reports and Financial Statements  
 For the year ended June 30, 2014 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	N/A	N/A
Buildings and structures	9,487,253	9,487,253
Transport equipment	909,476	609,476
Office equipment, furniture and fittings	1,612,610	1,612,610
ICT Equipment, Software and Other ICT Assets	694,140	694,140
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>12,703,479</b>	<b>12,403,479</b>

Prepared by:

**Robert Kioko**  
Fund Account Manager  
Kilome