

REPUBLIC OF KENYA



*Popularised by the  
Leader of the majority Party  
Moggi  
Tuesday 28/6/2018*

OFFICE OF THE AUDITOR-GENERAL

REPORT

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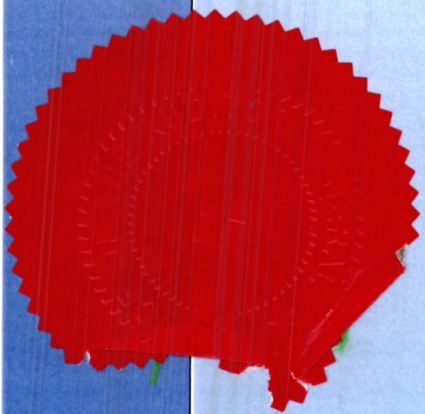
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND -  
BUMULA CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2016





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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
BUMULA CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
BUMULA CONSTITUENCY**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA  
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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 at the constituency level.

**(b) Key Management**

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

- i. Constituencies Development Fund Board (NG-CDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NG-CDFC)

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Philip Odida
3.	Accountant	Peter Munene

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Bumula Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

**(e) BUMULA NG-CDF Headquarters**

NG-CDF Office Building.  
P.O Box 36-50200  
Bungoma

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**(f) BUMULANG-CDF Contacts**

Telephone: (254) 0722 88 2193  
E-mail:bumulacdf@yahoo.com

**(g) BUMULANG-CDF Bankers**

1. Co-operative Bank  
P.O Box 90  
Bungoma

**(h) Independent Auditors**

Auditor General  
The 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 CONSTITUENCY DEVELOPMENT FUND- BUMULA  
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 (NG-CDFC)**

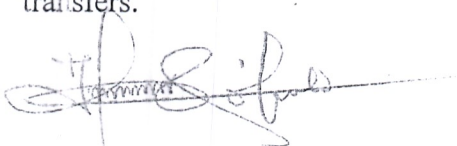
The Bumula NG-CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. We are pleased to report that 2015/2016 was a year of challenges. However we managed to disburse 90.4% of the funds received from the Board (2015/2016 budget) to various projects within the year. The last 9.6% of the funds was still held by the CDF Committee as at 30<sup>th</sup> June, 2016.

During the year we managed to achieve the following

1. The Bumula NG-CDF has improved a number of facilities in education, health, water and Security infrastructures of the constituency as a whole.
2. Started new projects. Some of them are complete while others are ongoing.
3. Conducted capacity building and training of project management committees

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

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



Signature.....  
**CHAIRMAN NG-CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA  
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 NG-CDF shall prepare financial statements in respect of that NG-CDF. 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.

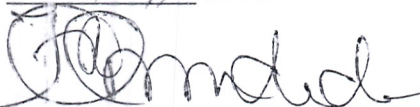
The Accounting Officer in charge of the Bumula NG-CDF is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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 NG-CDF; (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 NG-CDF; (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 Bumula NG-CDF accepts responsibility for the NG-CDF'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 NG-CDF's financial statements give a true and fair view of the state of NG-CDF's transactions during the financial year ended June 30, 2015, and of the NG-CDF's financial position as at that date. The Accounting Officer in charge of the Bumula NG-CDF further confirms the completeness of the accounting records maintained for the NG-CDF, which have been relied upon in the preparation of the NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

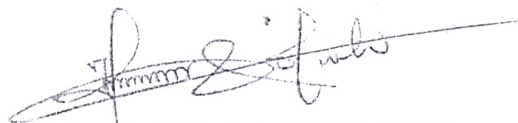
The Accounting Officer in charge of the Bumula NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NG-CDF'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 NG-CDF's financial statements were approved and signed by the Accounting Officer on 22/09/ 2016.



Fund Account Manager



Chairman

# REPUBLIC OF KENYA

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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- BUMULA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Fund- Bumula Constituency set out on pages 1 to 21, which comprise the statement of assets and liabilities as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development 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 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 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 judgement, including the assessment of the risks of material misstatement

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



of 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 audit opinion.

## **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Bumula 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 National Government Constituencies Development Fund Act, 2015.

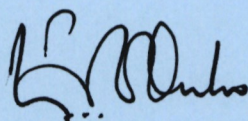
## **Other Matter**

### **1. Budgetary Control Performance**

The Fund had an approved budget of Kshs.144,208,648 and spent Kshs.130,205,119 resulting to under expenditure of Kshs.14,003,529 or budget utilization of 90%. Consequently, the budget target was not met and various projects budgeted for were not implemented within the year under review. It is not clear how the CDF intended to clear this backlog of projects as they will affect subsequent year's project implementation.

### **2. Project Implementation Status**

The Fund was to implement a total of 181 projects/programmes in different sectors during the financial year. Further analysis indicated 44 (24%) of the projects were still on going and 137 (76%) had been completed. Therefore, the Fund did not fully meet the budget target, hence denying the constituents effective service delivery.



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

**Nairobi**

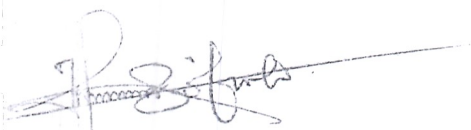
**19 April 2018**

NATIONAL GOVERNMENT CONSTITUENCY / DEVELOPMENT FUND- BUMULA  
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	
<b>RECEIPTS</b>				
Transfers from CDF board-AIEs' Received	1	129,840,717	122,876,195	
<b>TOTAL RECEIPTS</b>		<b>129,840,717</b>	<b>122,876,195</b>	
<b>PAYMENTS</b>				
Compensation of employees	2	958,541	705,120	
Use of goods and services Committee expenses	3	7,128,759	11,708,974	
Transfers to Other Government Units	4	64,481,260	87,112,426.	
Other grants and transfers	5	57,636,560	51,869,777	
Acquisition of Assets	6	2,000,000	432,414	
Other Payments		-	4,582,545	
Social security Benefits			35,360	
<b>TOTAL PAYMENTS</b>		<b>132,205,119</b>	<b>156,446,616</b>	
<b>DEFICIT</b>		<b>(364,402)</b>	<b>(33,570,421)</b>	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BumulaNG-CDF financial statements were approved on 22/09/ 2016 and signed by:



Chairman - NG-CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA  
CONSTITUENCY**

**Reports and Financial Statements**

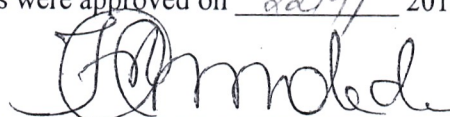
**For the year ended June 30, 2016**

<b>V. STATEMENT OF FINANCIAL ASSETS</b>			
	<b>Note</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	7	14,003,529	14,367,931
<b>TOTAL FINANCIAL ASSETS</b>		<b>14,003,529</b>	<b>14,367,931</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	8	14,367,931	47,938,352
Deficit for the year		(364,402)	(33,570,421)
<b>NET LIABILITIES</b>		<b>14,003,529</b>	<b>14,367,931</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BumulaNG-CDF financial statements were approved on 22/9/ 2016 and signed by:



**Chairman - NG-CDFC**



**Fund Account Manager**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUMULA  
CONSTITUENCY**

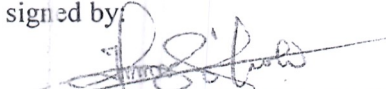
**Reports and Financial Statements**

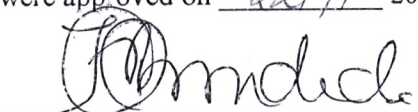
**For the year ended June 30, 2016**

**VI. STATEMENT OF CASHFLOW**

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1	129,840,717	122,876,195
		<b>129,840,717</b>	<b>122,876,195</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	958,540	740,480
Use of goods and services & Committee expenses	3	7,128,759	11,708,974
Transfers to Other Government Units	4	64,481,260	87,112,426
Other grants and transfers	5	55,636,560	51,869,777
Other Payments		-	4,582,545
		<b>128,205,118</b>	<b>156,014,202</b>
<b>Adjusted for:</b>			
Net cash flow from operating activities		1,635,599	(33,138,007)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(2,000,000)	(432,414)
Net cash flows from Investing Activities		(2,000,000)	(432,414)
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		(364,402)	33,570,421)
Cash and cash equivalent at BEGINNING of the year	9	14,367,931	47,938,352
<b>Cash and cash equivalent at END of the year</b>	<b>7</b>	<b>14,003,529</b>	<b>14,367,931</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BumulaNG-CDF financial statements were approved on 22/9/ 2016 and signed by:

  
Chairman NG-CDFC

  
Fund Account Manager

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	129,840,717	14,367,931	144,208,648	144,208,648	-	100%
<b>TOTAL</b>	<b>129,840,717</b>	<b>14,367,931</b>	<b>144,208,648</b>	<b>144,208,648</b>	<b>-</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,158,000	204,968	2,362,968	958,541	1,404,428	40.6%
Use of goods and services	8,682,664	2,972,027	11,654,691	7,128,759	4,525,933	61.2%
Transfers to Other Government Units	65,245,658	-	65,245,658	64,481,260	764,398	98.8%
Other grants and transfers	51,754,395	11,190,936	62,945,331	55,636,560	7,308,772	88.7%
Acquisition of Assets	2,000,000		2,000,000	2,000,000	-	100.0%
<b>TOTAL</b>	<b>129,840,717</b>	<b>14,367,931</b>	<b>144,208,648</b>	<b>130,205,119</b>	<b>14,003,529</b>	<b>90.4%</b>

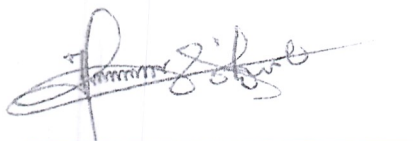
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –  
BUMULANG CONSTITUENCY**

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


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- (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. Utilization of funds was at 90.4%. All the allocation of 2015/16 which was approved by the board was released to the Bumula-NG-CDF main account as at 30<sup>TH</sup> June 2016 and disbursed to the PMCs.
  - ii. Utilization of employees salary was at 40.6%, this is underutilization because the balance holds the gratuity of the staff employees.

The BUMULANG-CDF financial statements were approved on 22/9/16 2016 and signed by:



**Chairman NG-CDF**



**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 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 –  
BUMULA CONSTITUENCY**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 are 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 –  
 BUMULA CONSTITUENCY  
 Reports and Financial Statements  
 for the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

1.0 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
1330407	Normal Allocation		
	A759718	6,900,000	
	A724066	10,000,000	
	A724201	10,000,000	
	A820535	20,000,000	
	A820871	18,000,000	
	A825508	25,000,000	
	A825617	39,940,717	
	A750323		7,300,000
	A750423		23,419,049
	A796526		14,431,429
	A796710		16,287,620
	A797025		30,719,049
	A796076		30,719,049
	<b>TOTAL</b>	<b>129,840,717</b>	<b>122,876,196</b>

2. COMPENSATION OF EMPLOYEES

2110000	2 COMPENSATION OF EMPLOYEES	2015 - 2016	2014 - 2015
Description		Kshs	Kshs
2110201	Basic wages of contractual employees	911,021	705,120
	<b>Personal allowances paid as part of salary</b>		
2120101	Employer contribution to NSSF	47,520	35,360
	<b>Total</b>	<b>958,541</b>	<b>740,480</b>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2210100	Utilities, supplies and services	1,237,759	2,026,074
2210802	Other committee expenses	2,809,000	
2210809	Committee allowance	3,082,000	9,682,900
	<b>Total</b>	<b>7,128,759</b>	<b>11,708,974</b>

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2630204	Transfers to primary schools	24,350,000	27,052,597
2630205	Transfers to secondary schools	25,415,603	43,765,000
2630206	Transfers to Tertiary institutions	-	1,500,000
2630207	Transfers to Health institutions	14,715,657	14,794,829
	<b>TOTAL</b>	<b>64,481,260</b>	<b>87,112,426</b>

5. OTHER GRANTS AND OTHER PAYMENTS

	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2640101	Bursary -Secondary	2,650,500	3,276,000
2640102	Bursary -Tertiary	12,759,327	11,222,250
2640105	Mocks & CAT	-	1,134,430
2640504	water	4,000,000	,650,000
2640507	Security	5,700,000	4,531,565
2640508	Roads	25,636,179	22,497,826
2640509	Sports	1,960,000	901,782
2640510	Other capital grants and transfer	1,200,000	801,785
2640200	Emergency Projects (specify)	1,730,554	4,854,138
	<b>Total</b>	<b>55,636,560</b>	<b>51,869,776</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –  
BUMULA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6. ACQUISITION OF ASSETS**

	Non Financial Assets	2015 - 2016	2014 - 2015
		Kshs	Kshs
3110302	Refurbishment of Buildings	2,000,000	-
3111001	Purchase of Office furniture and fittings	-	432,414
	<b>Total</b>	<b>2,000,000</b>	<b>432,414</b>

**7. BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency		2015 - 2016	2014 - 2015
	Account Number	Kshs (30/6/2016)	Kshs (30/6/2015)
<i>Bungoma Branch</i>	01120098471300	14,003,529	14,367,931
<b>Total</b>		<b>14,003,529</b>	<b>14,367,931</b>

**8. BALANCES BROUGHT FORWARD**

	2015-2016	2014 - 2015
	Kshs (1/7/2015)	Kshs (1/7/2014)
Bank accounts	14,003,529	14,367,931
<b>Total</b>	<b>14,003,529</b>	<b>14,367,931</b>

**9.0 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p><b>Presentation, accuracy and completeness of the financial statements</b> The internal public sector accounting standards (IPSAs)- cash basis financial statements presentation format prescribed by the National Treasury require the management to include among the financial statements presented for audit, a report on action taken on previous year auditors recommendations. In the year 2013/2014, Bumula CDF had a qualified audit opinion. However, the report on follow up of the audit issues raised was not included in the</p>	<p>The management has made arrangements to include among the financial statements a report on action taken to the previous year auditor's recommendations and all the discrepancies have been noted and corrected.</p>	Fund Manager	Resolved	1 Week



NATIONAL GOVERNMENT ENTITY – BUMULA NG-CDF

Reports and Financial Statements

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial statements for the year under review. Therefore, presentation of the financial statements does not conform to IPSAS (Cash Basis) prescribed by the National Treasury and the public Finance Management Act, 2012.</p> <p>In addition, the statement of appropriations is not complete as it does not disclose both the final budgeted and actual receipts. In addition, the opening balances differ with the last audited balances and causes and details of the variances were presented for audit review. Further, the statement of management responsibilities has not been signed by management as required.</p> <p>Consequently, the presentation, accuracy and completeness of the financial statements for the</p>				





Reports and Financial Statements

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

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)
	year ended 30 June 2015 cannot be confirmed.				
2.0	<p><b>Budgetary control and performance</b>                      During the year under review the Fund had an approved budget of Kshs. 173,813,548 but only Kshs. 156,445,618 was spent thus resulting in under-expenditure of 17,367,931. The recorded expenditure variances of more than 10% on various budget lines resulting to net under-expenditure of Kshs. 17,367,931 (or -10% of the annual budget) as analyzed in the table below;</p>	<p>Unspent budget allocation is brought about by delay in exchequer releases that makes it difficult for timely absorption of funds.</p> <p>The balance of Kshs. 17,367,931 was for various projects which had not started at the time of audit and some were on-going. Our office has liaised with the National Treasury and the CDF Board to ensure prompt disbursement of all monies allocated under CDF budget</p>	Fund Manager	Resolved	1 Week

Reports and Financial Statements  
For the year ended June 30, 2016 (Kshs'000)

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)
		performance efficiency and effectiveness.			
3.0	<p><b>Project implementation and management</b> The fund implemented a total of one hundred and fifty (150) projects/ programmes budgeted to cost Kshs. 109,959,631 under various sectors during the financial year. Fifty four (54) or 36% of the projects had been completed as at the time of audit in February 2016, while ninety five (95) or 63% of the projects were ongoing while work on one (1) of the projects had not started as shown below;</p>	<p>Bumula CDF has implemented a total of 150 projects during financial year 2014/2015. By the time of audit 36% of projects were incomplete as funds were still at the CDF Committee while others were ongoing. Please note that to date a total of 85% of projects are now complete to the scope thus meeting the planned budget</p>	Fund Manager	Resolved	2 Weeks
4.0	<p><b>Un-supported committee expenditure</b> During the year under review, the fund incurred committee</p>	<p>These were expenses which were incurred by the CDF committee during FY 2012/13. Please note that</p>	Fund Manager	Resolved	1 Week

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>expenditure amounting to Kshs. 9,681,900 as reported in the financial statements. However, only schedules and supporting documentation presented for audit was for expenditure totalling to Kshs. 5,803,000 and therefore the balance amounting to Kshs. 3,878,900 was not supported. Consequently, the propriety of the expenditure amounting to Kshs. 3,878,900 could not be confirmed</p>	<p>Bumula CDF was operating from Bungoma south District treasury before it was handed over to Bumula treasury in 2012. Therefore during handing over process to Bumula treasury there were some <del>unsurrendered</del> <del>impresses</del> which were later surrendered as per the financial statements of FY 2013/14 which also affected the financial statements of FY 2014/15.</p>			

Reports and Financial Statements  
 For the year ended June 30, 2016 (Kshs:000)

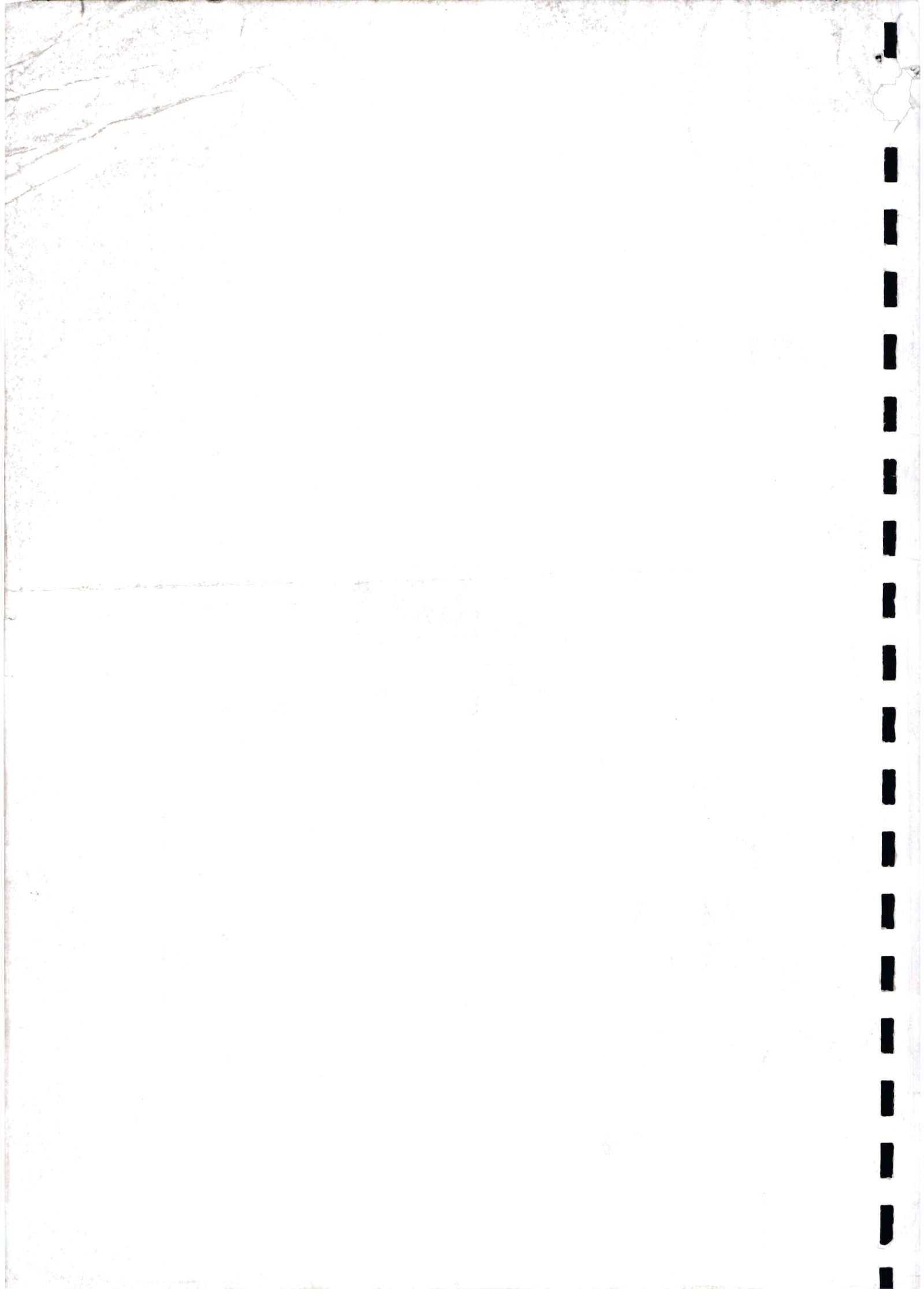
ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Buildings and structures	12,700,000	10,700,000
Office equipment, furniture and fittings	1,000,000	1,000,000
ICT Equipment, Software and Other ICT Assets	200,000	200,000
<b>Total</b>	<b>13,900,000</b>	<b>11,900,000</b>

Prepared by:



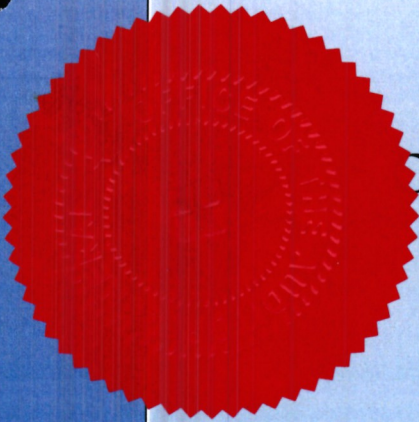
**Philip Odida**  
Fund Account Manager  
Bumula



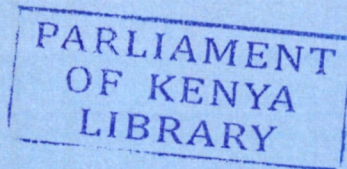
REPUBLIC OF KENYA



*Paper laid by the  
heads of majority party  
MP  
Rusdy 28/6/2018.*



OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**



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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
SIRISIA 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 (NG-CDFC) .....	3
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES.....	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	5
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# CONSTITUENCY DEVELOPMENT FUND- SIRISIA 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 NGCDF Act, 2003 now repealed by the NGCDF Act, 2013. 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 SIRISIA 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Ignatius KweyuAteya
3.	Accountant	Gilbert Abuya

#### (d) Fiduciary Oversight Arrangements

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

NGCDF Office Building.  
P.O Box 55- 50208  
SIRISIA.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**(f) Sirisia NGCDF Contacts**

E-mail: [cdfsirisia@cdf.go.ke](mailto:cdfsirisia@cdf.go.ke)

Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**(g) Sirisia NG CDF Bankers**

Cooperative Bank,

Bungoma Branch

Account Number 01120050350800

P.O Box

BUNGOMA

**(h) Independent Auditors**

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GPO 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- SIRISIA  
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 (NG-CDFC)**

The NG-CDFCs wishes to have in summary the budget performance pegged against actual amounts for current year transferred from the board and not based on economic classification and programmes.

The NG-CDF has improved the Education and Security infrastructures of SIRISIA.

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

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

Sign.....  
**CHAIRMAN NGCDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA  
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.

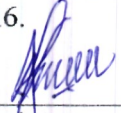
The Accounting Officer in charge of the SIRISIA NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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 SIRISIA 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 SIRISIA 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 SIRISIA 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 30<sup>th</sup> August 2016.

  
\_\_\_\_\_  
Fund Account Manager

  
\_\_\_\_\_  
Chairman

# REPUBLIC OF KENYA

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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 - SIRISIA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Fund Development - Sirisia Constituency set out on pages 5 to 15, which comprise the statement of assets as at 30 June 2016, and the statement receipts and payments, statement of cash flows for the year then ended, 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.

#### **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 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 judgement, including the assessment of the risks of

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

material misstatement of 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. Lack of Title Deeds for Purchased Parcels of Land**

During the year under review, the CDF approved and disbursed funds totalling to Kshs.800,000 for purchase of land for Sengeteti Primary School at Kshs.400,000 and Masaba Primary School at Kshs.400,000. However, the transfer of parcels of land purchased had not been fully processed and in absence of vital documents for these parcels of land, it was not possible to confirm ownership.

#### **2. Unsupported Procurement on Acquisition of Assets**

A local company was contracted to construct septic tank, sock pit, four door pit latrine and landscaping at the new CDF building at a cost of Kshs.5,373,924. However, the tender evaluation minutes were not availed for audit review. Consequently value for money on this expenditure could not be fully confirmed.

#### **3. Unavailed Logbook**

The logbook for Land Rover GK A597V was not availed for audit verification. Further, physical verification could not be done as the vehicle was said to be grounded in a garage in Kisumu.

In view of the above, the ownership and status of the vehicle could be confirmed.

#### **4. Incomplete Sibumba Water Project**

A local company was contracted to construct piping works for Sibumba Water Project at a cost of Kshs.8,450,000. However, the project is not yet operational as the pipes have been destroyed by road works in the constituency. In view of this, the constituents of Sirisia are being denied service delivery from this project hence no value for money on the project.

## **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 - Sirisia 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 National Government Constituencies Development Fund Act, 2015.

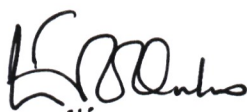
## **Other Matter**

### **1. Budgetary Control Performance**

The Fund had an approved budget of Kshs.114,152,866 and spent Kshs.106,463,493 resulting to an under expenditure of Kshs.7,689,373 or overall budget utilization of 93% which is commendable. Further, of all the budgetary expenditure lines only other grants and transfers expenditure incurred absorption rating of 84% which is below 90%. Consequently, the budget target on this line item was not met within the financial year.

### **2. Project Implementation Status**

During the year under review, the Fund was to implement a total of 185 projects/programmes by different sectors. However, an analysis of implementation status indicates that 48 or 26% of the projects were still ongoing while 137 or 76% of the project had been completed. Therefore, the Fund did not fully meet the budget target and effective delivery of service.



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

**Nairobi**

**18 April 2018**

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA  
CONSTITUENCY

Reports and Financial Statements


For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30<sup>TH</sup>  
JUNE 2016

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board	1	114,152,866	107,308,794
<b>TOTAL RECEIPTS</b>		<b>114,152,866</b>	<b>107,308,794</b>
<b>PAYMENTS</b>			
Compensation of employees	2	2,290,220	1,332,778
Use of goods and services	3	8,267,291	9,551,995
Transfers to Other Government Units	4	51,250,943	54,613,381
Other grants and transfers	5	39,281,089	58,672,454
Acquisition of Assets	6	5,373,950	10,000,000
Other Payments		-	1,100,000
<b>TOTAL PAYMENTS</b>		<b>106,463,493</b>	<b>135,270,608</b>
<b>SURPLUS/DEFICIT</b>		<b>7,689,374</b>	<b>(27,961,814)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SIRISIA NGCDF financial statements were approved on 30<sup>th</sup> August 2016 and signed by:

  
\_\_\_\_\_  
Chairman - NGCDFC

  
\_\_\_\_\_  
Fund Account Manager




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

V. STATEMENT OF ASSETS AS AT 30<sup>TH</sup> JUNE 2016

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	7	8,628,000	249,426
Outstanding Imprests		-	689,200
<b>TOTAL FINANCIAL ASSETS</b>		<b>8,628,000</b>	<b>938,626</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	8	938,626	28,900,440
Surplus/Deficit for the year		7,689,374	(27,961,814)
<b>NET LIABILITIES</b>		<b>8,628,000</b>	<b>938,626</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SIRISIA NGCDF financial statements were approved on 30<sup>th</sup> August 2016 and signed by:

  
 \_\_\_\_\_  
 Chairman - NGCDFC

  
 \_\_\_\_\_  
 Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SIRISIA  
CONSTITUENCY**

**Reports and Financial Statements**


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

**VI. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2016**

		2015 - 2016 Kshs	2014 - 2015 Kshs
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	114,152,866	107,308,794
		<b>114,152,866</b>	<b>107,308,794</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	2,290,220	1,332,778
Use of goods and services	3	8,267,291	9,551,998
Transfers to Other Government Units	4	51,250,943	54,613,381
Other grants and transfers	5	39,281,089	58,672,459
Other Payments		-	1,100,000
		<b>101,089,543</b>	<b>135,270,608</b>
<b>Adjusted for:</b>			
<b>Net cash flow from operating activities</b>		<b>13,063,323</b>	<b>(32,307,849)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	5,373,950	10,000,000
<b>Net cash flows from Investing Activities</b>		<b>(5,373,950)</b>	<b>(10,000,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>7,689,374</b>	<b>(27,961,814)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	7	<b>938,626</b>	<b>28,900,440</b>
<b>Cash and cash equivalent at END of the year</b>	8	<b>8,628,000</b>	<b>938,626</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SIRISIA NGCDF financial statements were approved on 30<sup>th</sup> August 2016 and signed by:

  
\_\_\_\_\_  
**Chairman - NGCDFC**


  
\_\_\_\_\_  
**Fund Account Manager**

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**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2016**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on		% of utilisation
				Comparable Basis	Budget	
a	b	c=a+b	d	e=c-d	f=d/c%	
<b>RECEIPTS</b>						
Transfers from CDF Board	113,214,240	938,626	114,152,866	106,463,502	7,689,364	7%
<b>TOTAL</b>	<b>113,214,240</b>	<b>938,626</b>	<b>114,152,866</b>	<b>106,463,493</b>	<b>7,689,373</b>	<b>7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,000,000	(709,771)	2,290,220	2,290,220	79.00	0%
Use of goods and services	7,411,426	855,865	8,267,290	8,267,290	-	0%
Transfers to Other Government Units	51,250,945	(2)	51,250,943	51,250,943	-	0%
Other grants and transfers	46,355,065	7,073,976	39,281,089	39,281,089	-	0%
Acquisition of Assets	5,598,804	(224,854)	5,373,950	5,373,950	-	0%
<b>TOTAL</b>	<b>113,616,240</b>	<b>938,626</b>	<b>114,152,866</b>	<b>106,463,493</b>	<b>79</b>	<b>0%</b>

The SIRISIA NGCDF financial statements were approved on 30<sup>th</sup> August 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 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

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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 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.

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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES**

Description		2015 - 2016	2014 -2015
		Kshs	Kshs
Normal Allocation	AIE NO 724152	10,000,000	
	AIE NO796399	10,000,000	
	AIE NO820642	10,000,000	
	AIE NO 820913	26,000,000	
	AIE NO 825813	57,214,240	
			938,626
Balance b/f	A759531		26,827,198.50
	A796154		26,827,198.90
	A796643		14,096,319.10
	A796870		12,730,879.00
	A797155		26,827,198.50
<b>TOTAL</b>		<b>114,152,866</b>	<b>107,308,794.00</b>

**2 COMPENSATION OF EMPLOYEES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,794,410	1,332,778
	120,000	-
Employer contribution to NSSF gratuity	79,160	-
	296,650	-
<b>Total</b>	<b>2,290,220</b>	<b>1,332,778</b>

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**3 USE OF GOODS AND SERVICES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	3,022,338	57,632
Office rent	175,000	10,000
Communication, supplies and services	-	420,000
Domestic travel and subsistence	200,400	451,100
Printing, advertising and information supplies & services	249,425	186,800
Training expenses	595,500	782,420
Hospitality supplies and services	100,000	1,785,200
Other committee expenses	905,190	-
Committee allowance	2,819,438	4,225,404
Office and general supplies and services	-	596,000
Fuel ,oil & lubricants	200,000	128,600
Other operating expenses	-	70,612
Routine maintenance – vehicles and other transport equipment	-	838,227
<b>Total</b>	<b>8,267,290</b>	<b>9,551,995</b>

**4 TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools	26,520,471	29,550,099
Transfers to secondary schools	13,385,315	17,949,526
Transfers to Tertiary institutions	10,000,000	-
Transfers to Health institutions	1,345,157	7,113,756
<b>Total</b>	<b>51,250,943</b>	<b>54,613,381</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5 OTHER GRANTS AND OTHER PAYMENTS**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary	10,000,000	12,562,860
Bursary -Tertiary	5,274,000	7,850,240
Bursary-Special schools	-	665,000
Mocks & CAT	3,000,000	2,000,000
Water	8,450,000	3,950,000
Security	4,515,157	1,600,000
Roads	3,000,000	17,200,000
Sports	2,274,285	4,146,176
Other capital grants and transfer	-	2,146,178
Emergency Projects (specify)	2,767,647	6,552,000
<b>Total</b>	<b>39,281,089</b>	<b>58,672,454</b>

**6 ACQUISITION OF ASSETS**

Non-Financial Assets	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	5,373,950	10,000,000
<b>Total</b>	<b>5,373,950</b>	<b>10,000,000</b>

**7 BANK BALANCE**

Name of Bank, Account	2015 - 2016	2014 - 2015
	(30/6/2016) Kshs	(30/6/2015) Kshs
COOPERATIVE BANK	8,628,000	249,426
BUNGOMA A/C NO. 011220050350800		
<b>Total</b>	<b>8,628,000</b>	<b>249,426</b>

**8 BALANCES BROUGHT FORWARD**

	2015 - 2016	2014 - 2015
	(1/7/2015) Kshs	(1/7/2014) Kshs
Bank accounts	938,626	28,900,440
<b>Total</b>	<b>7,249,589</b>	<b>28,900,440</b>



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**9.0 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	Issue observation from Auditor	Management comments	Focal point person to resolve the issue (Name and designation)	Status (resolved/not resolved)	Timeframe; (time frame when I expect the issue to be resolved)
1001	Project implementation status	Late remission of funds from the board.	Ignatius Kweyu Ateya- Fund account manager.	Resolved-but no submission done to Public accounts committee yet.	16/02/2016
1002	Land for bungoma west police division	The land was bought but the processing of land title deed was under way. The management instructed the beneficiary to acquire it within three months.	Ignatius Kweyu Ateya- Fund account manager.	Resolved no submission done to Public account committee yet.	16/02/2016
1003	Multiple construction of staff house-chebukutumi health centre.	Management will ensure stalled nurse houses funded 2014 is funded in the next financial year but new project of 2014/15 was a ministry of health project funded through CDF.	Ignatius Kweyu Ateya- Fund account manager.	Resolved but no submission done to Public accounts committee yet.	16/02/2016
1004	Reallocation of emergency funds	Most of the projects funded were emergency in nature which did not require the Boards authority.	Ignatius Kweyu Ateya- Fund account manager.	Resolved all funds disbursed	16/02/2016

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**ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost	
	(Kshs) 2014/15	(Kshs) 2013/14
Land		
Buildings and structures	5,373,950	10,000,000
<b>Total</b>	<b>5,373,950</b>	<b>10,000,000</b>

Prepared by:



**Ignatius KweyuAteya**  
Fund Account Manager  
**SIRISIA**