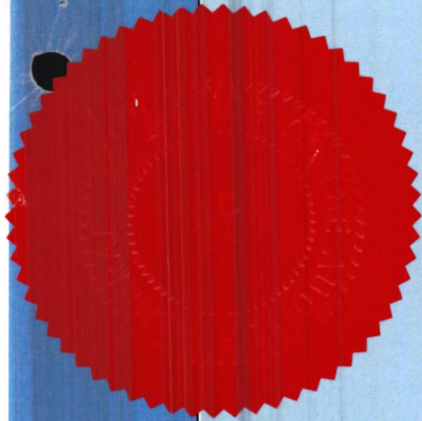


REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
IGEMBE CENTRAL CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**





KENYA NATIONAL GOVERNMENT  
CONSTITUENCY DEVELOPMENT FUND  
03 FEB 2017  
1832  
Tel: 068 - 30367  
P.O. BOX 118, NAIROBI



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
IGEMBE CENTRAL 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- IGEMBE CENTRAL  
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The National Government Constituencies Development Fund (NGCDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The National Government 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 National government Constituencies Development Fund.

### **(b) Key Management**

The Igembe central day-to-day management is under the following key organs:

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

### **(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 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>Danson Njogu</b>
3.	Accountant	<b>Gaiko G.F</b>

### **(d) Fiduciary Oversight Arrangements**

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

P.O. Box 300  
NG-CDF office-Kangeta.  
Meru-maua Road,  
Kangeta, Meru.

**(f) IGEMBE CENTRAL NGCDF Contacts**

Telephone: (254) 0703-780-482

**(g) IGEMBE CENTRAL NGCDF Bankers**

1. Co-operative bank of Kenya  
Maua  
P.O. Box 300  
Maua, Meru ,Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**CENTRAL CONSTITUENCY**

**Reports and Financial Statements**

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

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

**INTRODUCTION**

Igembe constituency is situated along Meru-Maua road and borders Igembe South on the east , Isiolo on the north and Igembe Central on the west regions. The main economic stay of the constituency is mainly farming of food crops with a large portion with Miraa . There is a large area in the south which is dry and the community majors on livestock keeping as their main economic activities. The constituency is vast with five wards and approximately has 350,000 population. The constituency is wholly developed by NGCDF in about 80% together with other partners, mainly national government and nongovernmental organizations.

**IGEMBE CENTRAL NGCDF PERFORMANCE**

The constituency received Kshs. 125,610,421 in the financial year 2015/2016 and has efficiently absorbed Kshs.148, 187,295 which translate into 98% rate inclusive bank balance brought forward. All the projects started in the financial year under consideration are complete and the constituents are enjoying the benefits of the Kitty. Various projects have been accomplished ranging from almost all sectors i.e. Roads, schools infrastructure, health and water.

**KEY ACHIEVEMENTS OF THE FUND**

NGCDF has transformed many lives of Igembe central residents. The empirical data available coupled with actual observations reveal an enormous impact on the residents in improved standard of living which was never witnessed before the inception of NGCDF. The current year has seen completion of 59 classrooms, 10 roads and 10 security projects .The many poor children who have been to school under the courtesy of the fund is a milestone reached in enabling every needy student access education. Various places where residents walked for long distances to seek water commodity is also a great achievement which has saved energy and time to pursue other activities.

We stand united in prayer and thanks giving that NGCDF may live long enough to transform many lives.

**EMERGING ISSUES**

NGCDF being a community fund has so far been identified with the constituents needs which changes every now and then. With the establishment of the devolved functions, various sectors have been taken by the county governments which has stripped off residents the very pertinent projects centre in their economic life. County governments have slowly taken off with residents agitating for various projects formally funded by NGCDF and this has brought great discontent on the side of the residents who think such functions should be handled by NGCDF.

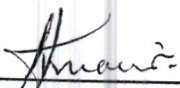
**IMPLEMENTATION CHALLENGES.**

There various challenges meted in the implementation of the kitty namely:

- a) Lack of management skills by the project implementation committees.
- b) Thinly allocation of project funds
- c) Political interferences

**WAY FORWARD**

NGCDF should be added more funds enough to complete projects. Again PMC should be trained frequently on good management practices. MPs and their opponents should not interfere with projects.



**CHAIRMAN NGCDFC**

CENTRAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF 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 CDF 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.

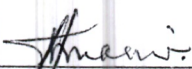
The Accounting Officer in charge of the Igembe central NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year 2015.2016 ended on June 30, 2016. This 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 Igembe central 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 Igembe Central 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 Igembe central 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.

  
Chairman NGCDF

  
Fund account manager

**FUND ACCOUNT MANAGER**  
**IGEMBE CENTRAL CDF**  
**P . O . Box 300,Maua**  
**Date.....**



# REPUBLIC OF KENYA

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Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - ISEMBE CENTRAL 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 the National Government Constituency Development Fund - Isembe Central Constituency set out on pages 6 to 15, 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; 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 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 assessments, the auditor considers internal control relevant to the entity's preparation

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

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

## **Basis for Qualified Opinion**

### **1.0 Accuracy and Presentation of the Financial Statements**

#### **1.1 Accuracy of the Statements of Cash Flow**

The statement cashflow for the year under review reflected a cash and cash equivalents balance of Kshs.2,668,778 as at 30 June 2016. However, a recasting of the figures in the statement reflected the following casting errors;

<b>Item</b>	<b>Figure Reflected in the Cash flow Statement (Kshs)</b>	<b>Re-casted Figures (Kshs)</b>	<b>Variance (Kshs.)</b>
Payments for operating expenses	(141,187,295)	(140,187,429)	999,866
Net cashflow from operating activities	(29,004,374)	(13,004,508)	15,999,866
Net increase in cash and cash equivalents	(21,004,374)	(21,004,508)	(134)
Cash and cash equivalent at end of the year	2,668,778	2,668,644	134

Further, the statement of receipts and payments for the year under review reflected a deficit of Kshs.22,576,874. However, a recasting of the statement gave a deficit of Kshs.22,577,008 resulting into an under cast of Kshs.134.

In the circumstances, the accuracy of the financial statements balances as at 30 June 2016 could not be ascertained.

#### **1.2 Presentation of the Financial Statements**

The International Public Sector Accounting Standards (cash basis) financial statement presentation format prescribed by Public Sector Accounting Standard Board requires the inclusion of a progress report on follow up on the previous year's audit issues.

However, although the Fund had a qualified audit opinion for its 2014/2015 financial statements, this report was not included in the financial statements for the year under review.

Further, the financial statements did not include a separate recurrent and a separate development summary statement of appropriation as required by IPSAS Cash Basis.

Consequently, the presentation of the financial statements for the year under review did not conform to the format prescribed by the Public Sector Accounting Standards Board

under IPSAS (Cash Basis) and the actions taken on the audit issues raised in the 2014/2015 could not be ascertained.

## 2.0 Doubtful Stale Cheques

The statement of cashflow for the year under review and Note 8 of the notes to the financial statements reflects prior year adjustment of stale cheques amounting to Kshs.1,572,500. However, the stale cheques totaling to Kshs.1,572,500 were not presented for audit verification.

Under the circumstance, the accuracy, authenticity and existence of stale cheques amounting to Kshs. 1,572,500 as at 30 June 2016 could not be confirmed.

## 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 – Igembe Central Constituency as at 30 June 2016 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

## Other Matter

### 1.0 Budgetary Control and Performance

During the financial year under review, the Fund approved an expenditure budget of Kshs.150,856,073. However, the actual expenditure as at 30 June 2016 totalled to Kshs.148,187,429 resulting to an un-utilized budget of Kshs.2,668,778. Further, the Fund had unutilized funds amounting to Kshs.23,673,152 at the beginning of the financial year whereas as at 30 June 2016 funds amounting to Kshs.2,668,778 had not been spent after receiving transfers amounting to Kshs.125,610,421. A component analysis for the budgeted amounts versus the actual is as follows:

### Expenditure Analysis

	Original budget (Kshs.)	Adjustment (Kshs.)	Final budget (Kshs.)	Actual (Kshs.)	Variation (Kshs.)	Absorption (%)
Compensation of Employee	1,620,000	500,000	2,120,000	1,120,000	1,000,000	53
Use of Goods and services	7,090,849	2,261,982	9,352,831	9,170,267	182,564	98
Transfer to Other Government Unit	60,369,137	13,827,011	74,196,148	73,693,581	502,567	99
Other Grants and Transfers	47,980,435	8,656,659	56,637,094	56,203,581	433,513	99
Acquisition of Assets	550,000	8,000,000	8,550,000	8,000,000	550,000	94
<b>Total</b>	<b>117,610,421</b>	<b>33,245,652</b>	<b>150,856,073</b>	<b>148,187,429</b>	<b>2,668,644</b>	<b>98</b>

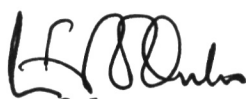
The residents of Igembe South Constituency did not therefore receive promised and expected services equivalent to the Kshs.2,668,644 being the difference between the budgeted and actual expenditure.

## 2.0 Project Implementation and Management

During the period under review the Fund allocated Kshs.91,999,572 to projects in various sectors including primary schools, secondary schools, health institutions, water projects, security, road, sports and environment within the constituency. Analysis as per the project implementation status indicated that projects amounting to Kshs.85,681,925 had been completed as at 30 June 2016. Further projects amounting to Kshs.5,767,647 were on-going while one (1) project amounting to Kshs.550,000 had not been started as at the end of the financial year. A detailed analysis of the project implementation status is as indicated below;

Sector	Project status	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	No of Projects
Education	Completed	60,369,137	60,369,137	59
	<b>Sub Total</b>	<b>60,369,137</b>	<b>60,369,137</b>	<b>59</b>
Roads & Bridges	Completed	16,049,078	16,049,078	9
	<b>Sub Total</b>	<b>16,049,078</b>	<b>16,049,078</b>	<b>9</b>
Water	Completed	320,000	320,000	2
	<b>Sub Total</b>	<b>320,000</b>	<b>320,000</b>	<b>2</b>
Motor cycle	Not started	550,000	550,000	1
	<b>Sub Total</b>	<b>550,000</b>	<b>550,000</b>	<b>1</b>
Sports	Completed	2,246,855	2,246,855	1
	<b>Sub Total</b>	<b>2,246,855</b>	<b>2,246,855</b>	<b>1</b>
	Completed	5,767,647	5,767,647	1
Emergency 5%	<b>Sub Total</b>	<b>5,767,647</b>	<b>5,767,647</b>	<b>1</b>
	Completed	2,246,855	2,246,855	1
Environment	<b>Sub Total</b>	<b>2,246,855</b>	<b>2,246,855</b>	<b>1</b>
	Completed	4,450,000	4,450,000	7
Security	<b>Sub Total</b>	<b>4,450,000</b>	<b>4,450,000</b>	<b>7</b>
	<b>Grand Total</b>	<b>91,999,572</b>	<b>91,999,572</b>	<b>81</b>

In view of the foregoing, the Fund did not implement 1 project worth Kshs.550,000 which was included in the budget for the year under review and the residents of Igembe Central constituency did not get equivalent promised and expected services.



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

**Nairobi**

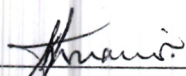
**9 October 2017**

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

**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	125,610,421	142,163,059
Prior Year Adjustment		-	160,000
<b>TOTAL RECEIPTS</b>		<b>125,610,421</b>	<b>142,323,059</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	1,120,000	545,000
Use of goods and services	3	9,170,267	10,183,380
Transfers to Other Government Units	4	73,693,581	52,582,609
Other grants and transfers	5	56,203,581	58,089,141
Acquisition of Assets	6	8,000,000	-
<b>TOTAL PAYMENTS</b>		<b>148,187,295</b>	<b>121,400,130</b>
<b>SURPLUS/DEFICIT</b>		<b>(22,576,874)</b>	<b>20,922,929</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on \_\_\_\_\_ 2016 and signed by:

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

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

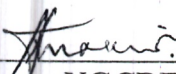
**FUND ACCOUNT MANAGER  
IGEMBE CENTRAL CDF  
P. O. Box 300, Maua  
Date.....**

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

**VI. STATEMENT OF ASSETS**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	6	2,668,778	23,673,152
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,668,778</b>	<b>23,673,152.00</b>
<b>REPRESENTED BY :</b>			
Fund balance b/fwd	7	23,673,152	2,750,223
Surplus/Deficit for the year		(22,576,874)	20,922,929
Prior year adjustments	8	1,572,500	-
<b>NET FINANCIAL POSITION</b>		<b>2,668,778</b>	<b>23,673,152</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on \_\_\_\_\_ 2016 and signed by:

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

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

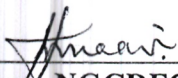
**FUND ACCOUNT MANAGER  
IGEMBE CENTRAL CDF  
P . O . Box 300, Maua  
Date.....**

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

**VII. STATEMENT OF CASHFLOW**

		<b>2015 - 2016</b>	<b>2014 - 2015</b>
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	125,610,421	142,163,059
<b>Total Receipts for operating income</b>		<b>125,610,421</b>	<b>142,163,059</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	1,120,000	545,000
Use of goods and services	3	9,170,267	10,183,380
Transfers to Other Government Units	4	73,693,581	52,582,609
Other grants and transfers	5	56,203,581	58,089,141
		<b>(141,187,295.00)</b>	<b>(120,400,130)</b>
<b>Adjusted for:</b>			
Prior year adjustments-stale cheques	8	1,572,500	160,000
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(29,004,374)</b>	<b>20,922,929</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Construction of Buildings		(8,000,000)	-
<b>Net cash flows from Investing Activities</b>		<b>(8,000,000)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(21,004,374)</b>	<b>20,922,929</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	7	<b>23,673,152</b>	<b>2,750,223</b>
<b>Cash and cash equivalent at END of the year</b>		<b>2,668,778</b>	<b>23,673,152</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on \_\_\_\_\_ 2016 and signed by:

  
\_\_\_\_\_  
Chairman NGCDF

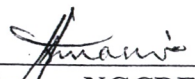
  
\_\_\_\_\_  
Fund Account Manager

**FUND ACCOUNT MANAGER  
IGEMBE CENTRAL CDF  
P . O . Box 300, Maua  
Date.....**

VIII. 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	118,110,421	33,673,152	151,356,073	125,610,421	24,173,152	83%
<b>TOTAL RECEIPTS</b>	<b>118,110,421</b>	<b>33,673,152</b>	<b>151,356,073</b>	<b>125,610,421</b>	<b>25,745,652</b>	<b>83%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,620,000	500,000	2,120,000	1,120,000	1,000,000	53%
Use of goods and services	7,090,849	2,261,982	9,352,831	9,170,267	182,564	98%
Transfers to Other Government Units	60,369,137	13,827,011	74,196,148	73,693,581	502,567	99%
Other grants and transfers	39,980,435	16,656,659	56,637,094	56,203,447	433,647	96%
Acquisition of Asset-Motorcycle	8,550,000	-	550,000	8,000,000	550,000	94%
Other Payments-Kenya national audit	500,000	-	500,000	0	500,000	100
<b>TOTALS</b>	<b>118,110,421.00</b>	<b>33,245,652.00</b>	<b>151,356,073</b>	<b>148,187,295</b>	<b>3,168,778</b>	<b>98%</b>

The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on \_\_\_\_\_ 2016 and signed by:

  
Chairman NGCDF

  
Fund Account Manager

**FUND ACCOUNT MANAGER**  
**IGEMBE CENTRAL CDF**  
**P. O. Box 300, Maua**  
**Date.....**



## **IX. 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.

**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.

CENTRAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1: TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016 Kshs	2015-2014 Kshs.
CDF Board		
AIE NO           724023	8,000,000	
AIE NO           724224	10,000,000	
AIE NO           820555	10,000,000	
AIE NO           724085	10,000,000	
AIE NO           820731	29,000,000	
AIE NO           825725	29,000,000	
AIE NO           750142		38,738,113
AIE NO           750447		27,856,241
AIE NO           796738		13,142,495
AIE NO           796555		14,713,737
AIE NO           79138		27,856,237
AIE NO           796017		19,856,236
<b>TOTAL</b>	<b>125,610,421</b>	<b>142,163,059</b>

**2: COMPENSATION OF EMPLOYEES**

	2015 - 2016 Kshs	2015 - 2014 Kshs
Basic wages of contractual employees	1,120,000	545,000
<b>Total</b>	<b>1,120,000.00</b>	<b>545,000</b>

**3: USE OF GOODS AND SERVICES**

	2015 - 2016 Kshs	2015-2014 Kshs.
Committee expences	7,555,000	7,075,000
Communication, supplies and services	10,000	301,000
Office and general supplies and services	447,267	434,380
Fuel,oil and lubricants	900,000	1,665,000
Routine maintenance – vehicles and other transport equipment	258,000	708,000
<b>Total</b>	<b>9,170,267</b>	<b>10,183,380</b>

**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- I GEMBE  
CENTRAL CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4: TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2015-2014
	Kshs	Kshs.
Transfers to primary schools	20,557,931	20,800,000
Transfers to secondary schools	53,135,650	27,299,850
Transfers to secondary schools	-	4,482,759
<b>TOTAL</b>	<b>73,693,581</b>	<b>53,862,609</b>

**5: OTHER GRANTS AND OTHER PAYMENTS**

	2016 – 2015	2015-2014
	Kshs	Kshs.
Bursary – secondary schools	8,944,700	9,000,000
Bursary – tertiary institutions	9,817,460	12,010,904
Water projects	320,000	6,080,000
Security projects	4,950,000	5,150,000
Roads projects	16,549,078	14,300,000
Sports projects	2,246,855	298,538
Environment projects	4,475,354	1,459,869
Emergency projects	7,500,000	3,900,000
Strategic Plan	-	2,500,000
Capacity building	1,400,000	-
<b>Total</b>	<b>56,203,447</b>	<b>54,699,311</b>

**6. Acquisition of Assets**

	2015 - 2016	2015-2014
	Kshs	Kshs
Construction of Building- CDF Igembe Central Office	8,000,000	-
<b>Total</b>	<b>8,000,000</b>	<b>-</b>

**7: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2015 - 2016	2005-2014
	Kshs	Kshs
Cash and Bank.	2,668,778	23,673,152
<b>Total</b>	<b>2,668,778</b>	<b>23,673,152</b>

**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE  
CENTRAL CONSTITUENCY**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8: BALANCES BROUGHT FORWARD**

	<b>2015 - 2016</b>	<b>2015-2014</b>
	<b>Kshs</b>	<b>Kshs.</b>
Bank accounts	23,673,152	2,750,223
<b>Total</b>	<b>23,673,152</b>	<b>2,750,223</b>

**9: PRIOR YEAR ADJUSTMENTS**

	<b>2015 - 2016</b>	<b>2015-2014</b>
	<b>Kshs</b>	<b>Kshs</b>
Stale cheques and reversals	1,572,500	160,000
<b>Total</b>	<b>1,572,500</b>	<b>160,000</b>

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

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Office equipment, furniture and fittings	290,900	290,900
ICT Equipment, Software and Other ICT Assets	219,500	219,500
Motor vehicle	6,125,000	6,125,000
Building – CDF Offices	8,000,000	-
<b>Total</b>	<b>14,635,400</b>	<b>6,635,400</b>