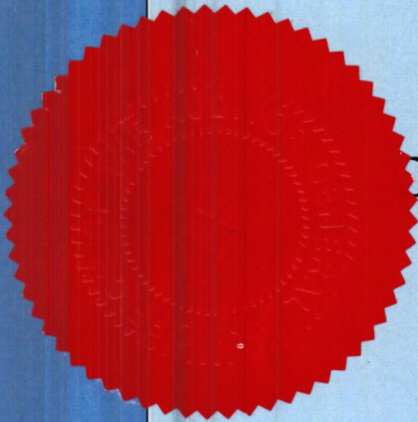


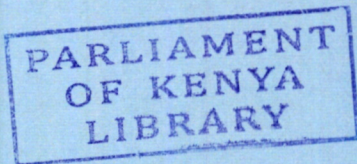
REPUBLIC OF KENYA



*paper laid by LOM
Wednesday 29/11/17
Agh*



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

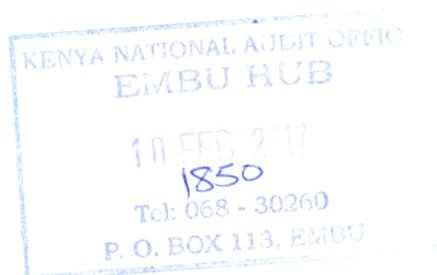
THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MBEERE NORTH
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
MBEERE NORTH CONSTITUENCY**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH 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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 Mbeere North Constituency's National Government Constituency Development Fund day-to-day management is under the following key organs:

- i. National Government 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 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Moses Sabila
3.	Accountant	Joram Mutua

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Mbeere North National Government Constituency Development Fund. 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) MBEERE NORTH NG-CDF Headquarters

NG-CDFC Building,
Mbeere North Sub-County HQs,
P.O Box 206-60104,
Siakago, Embu.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

(f) MBEERE NORTH NG-CDF Contacts

Telephone: (+254) 725169750
E-mail: mbeerenorthcdf@cdf.go.ke
Website: www.mbeerenorthcdf.go.ke

(g) MBEERE SOUTH NG-CDF Bankers

Bank: Cooperative Bank of Kenya
Branch: Siakago Branch
Account No: 01120051117000
P.O BOX 193-60104,
Siakago, 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

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

During the current financial year 2015/2016, the NG-CDF Board disbursed Kshs. 55M against the budgeted and approved Kshs. 110M. This posed a major challenge in the implementation of the desired projects as only 50% of the expected funds were available for utilisation. This led to a low absorption rate of the budgeted funds and by extension low expected output as the benefits of the desired projects could not be passed to the constituents. The NG-CDF Board disbursed the Kshs. 40M in December, 2015 and a further Kshs. 15M in March, 2016, a time when all the CDFC's had ceased operations nationwide further compounding the absorption of the funds problem. These funds had only the month of June, 2016 to be absorbed. This was after the taking effect of the NG-CDF Act 2015, and constitution of a new NG-CDFC.

Overly, we managed to utilize 60% of the total funds meant for utilization during the financial year.

The NG-CDFC is keen to ensure that projects are accomplished during the particular financial year by emphasising on adequate fund allocation for all the projects.

Challenges;

Delays in releasing of funds from the NG-CDF Board mostly occasioned by the threshold of the Kshs. 10 M requirements as bank balance before submitting a claim for further disbursements.

Remedies;

The NG-CDF Board should increase the above threshold to say Kshs. 20M and also endeavour to ensure that funds are released soon after they have been requisitioned.

Sign:

**Richard Thiriku,
CHAIRMAN NG-CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH 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 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Mbeere North 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 Mbeere North 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, 2016, and of the NG-CDF's financial position as at that date. The Accounting Officer charge of the Mbeere North 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.

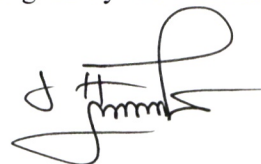
The Accounting Officer in charge of the Mbeere North NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible 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 5th September, 2016.



Moses Sabila
Fund Account Manager



Richard Thiriku
Chairman; NG-CDFC

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MBEERE NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Mbeere North Constituency set out on pages 5 to 26, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 material misstatement of the financial statements, whether due to fraud or error. In making those risk

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

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Government Constituencies Development Fund – Mbeere North Constituency's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The statement of financial asset reflects a cash and cash equivalents balance of Kshs.11,053,907 as at 30 June 2016. However, the cash book reflect a balance Kshs.11,019,967 resulting in unexplained and unreconciled variance of Kshs.33,940. Further, the balance was not supported with a bank balance confirmation certificate.

As a result, the accuracy of the cash and cash equivalents balance of Kshs.11,053,907 as at 30 June 2016 could not be confirmed.

2.0 Irregular Procurement of Land

The National Government Constituencies Development Fund - Mbeere North Constituency released Kshs.2,000,000 to Siakago Technical Institute Project Management Committee (PMC) vide payment voucher No. 032 dated 24 September 2015 for purchase of a parcel of land No. NTHAWA/SIAKAGO/1220 measuring 2.2 Ha from Githumbu Njeru of Box 123 Siakago for the Institute construction. However, the land purchase was not supported by a valuation report from a Government valuer or any approved and recognized property valuer. Even though, the management indicated that an official search for the parcel of land was done, no evidence was provided to support the claim. Further, at the time of the audit in October 2016, the Siakago Technical Institute PMC had not acquired the ownership documents of the parcel of land.

In addition, physical verification conducted on 28 October 2016 revealed that the parcel of land has not been put to the intended use.

In view of the foregoing, the propriety of land purchase expenditure of Kshs. 2,000,000 could not be confirmed.

3.0 Unsupported Inter Constituency Visit Expenses

The Fund, spent an amount of Kshs 1,312,800 on six (6) days' Inter Constituency visit to Kilifi South Constituency vide payment voucher No. 057 dated 18 February 2016. However, there was no back to office reports to support the expenditure.

Consequently, it has not been possible to confirm whether an expenditure of Kshs.1,312,800 had any value for money and whether it was a proper charge to public funds.

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 Constituencies Development Fund – Mbeere North 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

The Fund had budgeted to receive Kshs.157,793,290 during the year under review made up Kshs.100,953,056 for the year 2015/2016 and Kshs.56,840,234 due but not released in the year 2014/2015.

However available Authority to Incur Expenditure (AIEs) showed that only Kshs.107,361,748 was received from the Board during the year and an additional Kshs.4,478,486 opening cash balance hence the total funds available to the Fund during the year was Kshs.111,840,234. The Fund did not therefore receive an amount of Kshs.45,953,056 being the difference between the Kshs.157,793,290 budgeted receipts for the year and Kshs.111,840,234 receipts during the year. Further, out of the Kshs.111,840,234 received during the year, only Kshs.100,786,327 was spent while Kshs.11,053, 907 remained unspent as at 30 June 2016.

As a result, the residents of Mbeere North Constituency did not receive planned and expected services equivalent to the unspent funds totaling to Kshs.11,053,907 and undisbursed funds totaling Kshs.45,953,056 as at June 2016.

2.0 Project Implementation and Management

The approved budget for development projects was apportioned among various sectors within the constituency namely Primary schools, Secondary schools, Health institutions, Sports, Security, Roads, Emergency and Environment. The funds allocated amounted to Kshs.81,986,369 which represented 81% of the total budget.

Review of the project implementation status report revealed that 21 projects worth Kshs.18,500,000 were completed, 66 worth Kshs.39,608,000 had not started while 8 projects worth Kshs.23,878,369 were ongoing as shown below;

Sector	Project Status	Amount Allocated Kshs	Amount Disbursed Kshs	No of Projects
Education	Completed	13,000,000	13,000,000	16
	Ongoing	1,000,000	500,000	01

	Not Started	33,558,000	-	53
	Sub-Total	47,558,000	13,500,000	70
Emergency	Completed	-	-	-
	Ongoing	5,767,647	5,425,000	01
	Not Started	-	-	-
	Sub-Total	5,767,647	5,425,000	01
Health	Completed	800,000	800,000	02
	Ongoing	-	-	-
	Not Started	200,000	-	01
	Sub-Total	1,000,000	800,000	03
Water	Completed	-	-	-
	Ongoing	4,900,000	2,900,000	02
	Not Started	-	-	-
	Sub-Total	4,900,000	2,900,000	02
Security	Completed	-	-	-
	Ongoing	6,000,000	4,900,000	01
	Not Started	4,850,000	-	11
	Sub-Total	10,850,000	4,900,000	12
Roads	Completed	4,000,000	4,000,000	02
	Ongoing	3,000,000	2,998,733	01
	Not Started	-	-	-
	Sub-Total	7,000,000	6,998,733	03
Environment	Completed	-	-	-
	Ongoing	1,107,014	707,014	01
	Not Started	-	-	-
	Sub-Total	1,107,014	707,014	01
Sports	Completed	-	-	-
	Ongoing	2,103,708	692,353	01
	Not Started	-	-	-
	Sub-Total	2,103,708	692,353	01
Others	Completed	700,000	700,000	01
	Ongoing	-	-	-
	Not Started	1,000,000	-	01
	Sub-Total	1,700,000	700,000	02
	Grand Total	81,986,369	36,623,100	95

From the analysis, out of the 95 projects worth Kshs.81,986,369, 66 projects with approved budget of Kshs.39,608,000 had not been implemented as at 30 June 2016.

In the circumstances, it was not possible to ascertain that the Fund would implement all projects as budgeted and deliverer promised, planned, budgeted services to the constituents worth Kshs.39,608,000 as at 30 June 2016.

3.0 Irregularities on Insurance Costs

The Fund paid Kshs.403,809 to M/s APA Insurance Company for insurance of Fund's vehicle during the year under review. However, there was no evidence to

indicate how the company was identified. Further, there was no motor vehicle valuation report for the vehicle.

Under the circumstance, it has not been possible to determine whether the procurement of the service was fair, equitable, transparent, competitive and cost effective in line with Section 227(1) of the Constitution.



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

Nairobi

18 October 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH CONSTITUENCY**


Reports and Financial Statements

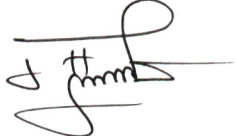
For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
RECEIPTS			
Balance b/d			15,657,467
Transfers from CDF board-AIEs' Received	1	107,361,748	88,888,197
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	152,000
TOTAL RECEIPTS		107,361,748	104,697,664
PAYMENTS			
Compensation of employees	4	1,547,723	1,053,754
Use of goods and services	5	5,845,590	6,097,789
Transfers to Other Government Units	6	48,897,569	50,580,100
Other grants and transfers	7	37,482,936	27,932,116
Acquisition of Assets	8	5,512,509	13,443,739
Other Payments	9	1,500,000	1,111,680
TOTAL PAYMENTS		100,786,327	100,219,178
SURPLUS/DEFICIT		6,575,421	4,478,486

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere North NG-CDF financial statements were approved on 23rd September, 2016 and signed by:


Richard Thiriku
Chairman; NG-CDFC


Moses Sabila
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH CONSTITUENCY**

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

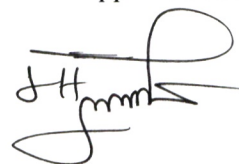
V. STATEMENT OF ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	11,053,907	4,478,486
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		11,053,907	4,478,486
REPRESENTED BY			
Retention	12	789,282	-
Fund balance b/fwd 1st July...	13	3,689,204	15,657,468
Surplus/Deficit for the year		6,575,421	4,478,486
Prior year adjustments	14	-	-
NET LIABILITIES		11,053,907	4,478,486

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere North NG-CDF financial statements were approved on 23rd September, 2016 and signed by:



Richard Thiriku
Chairman; NG-CDFC



Moses Sabila
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

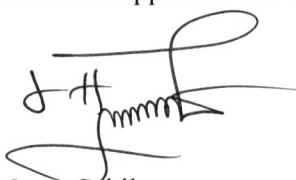
For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

Receipts for operating income	NOTE	2015 - 2016	2014 - 2015
		Kshs	Kshs
Transfers from CDF Board	1	107,361,748	88,888,197
Other Receipts	3	-	152,000
		107,361,748	89,040,197
Payments for operating expenses			
Compensation of Employees	4	1,547,723	1,053,754
Use of goods and services	5	5,845,590	6,097,790
Transfers to Other Government Units	6	48,897,569	50,580,100
Other grants and transfers	7	37,482,936	27,932,116
Other Payments	9	1,500,000	1,111,680
		95,273,818	86,775,439
Net cash flow from operating activities		12,087,930	2,264,758
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(5,512,509)	(13,443,739)
Net cash flows from Investing Activities		(5,512,509)	(13,443,739)
NET INCREASE IN CASH AND CASH EQUIVALENT		6,575,421	(11,178,982)
Cash and cash equivalent at BEGINNING of the year	13	4,478,486	15,657,468
Cash and cash equivalent at END of the year		11,053,907	4,478,486

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere North NG-CDF financial statements were approved on 23rd September, 2016 and signed by:


Richard Thiriku
Chairman; NG-CDFC


Moses Sabila
Fund Account Manager

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from CDF Board	100,953,056	56,840,234	157,793,290	111,840,234	45,953,056	70.88
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTAL	100,953,056	56,840,234	157,793,290	111,840,234	45,953,056	70.88
PAYMENTS					-	
Compensation of Employees	2,515,000	1,174,856	3,689,856	1,547,723	2,142,133	41.95
Use of goods and services	6,951,687	3,302,627	10,254,313	5,845,590	4,408,724	57.01
Transfers to Other Government Units	48,558,000	34,097,569	82,655,569	48,897,569	33,758,000	59.16
Other grants and transfers	41,228,369	11,364,234	52,592,602	37,482,936	15,109,666	71.27
Acquisition of Assets	-	4,804,946	4,804,946	5,512,509	(707,562)	114.73
Other Payments	1,700,000	2,096,000	3,796,000	1,500,000	2,296,000	39.52
TOTAL	100,953,056	56,840,232	157,793,288	100,786,327	57,006,961	63.87

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

- (a) The kitty received 50% of the expected allocated funds mostly occasioned by the coming to effect of the NG-CDF Act 2015, which required about three calendar months for new CDFCs' to be put in place. The kitty had 66% funds available of the total expected funds for utilization.
- (b) The Kitty managed to utilise 60% of the expected allocation funds during the current year. This was occasioned by the fact that only 50% of the funds were actually disbursed by the Board and loss of time during the coming to effect of the NG-CDF Act 2015.

The Mbeere North NG-CDF financial statements were approved on 23rd September, 2016 and signed by;



Richard Thiriku
Chairman; NG-CDFC



Moses Sabila
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 CONSTITUENCY DEVELOPMENT FUND-
MBEERE NORTH CONSTITUENCY**

**Reports and Financial Statements
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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 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.

9. 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.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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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	Cash and Cash Equivalents	Stale cheques have been reversed in Cash book	FAM	Resolved	
2.0	Irregular Procurement of Land	The title deeds have been processed	FAM & PMCs	Resolved	
3.0	Unsupported Bursary Funds	More efforts to follow up for bursaries acknowledgement	FAM	Partly Resolved	
4.0	Irregular Contribution to Uwezo Fund	Management of Uwezo Fund to refund the money	FAM & CDFC	Not Resolved	
5.0	Budget Control and Performance	Funds not received for Fy2014/2015 were received in Fy2015/2016	FAM & CDFC	Resolved	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation	AIE NO. A		
	796190 / 750314	26,180,873	36,526,451
	796226 / 796907	26,180,875	5,200,000
	820752 / 797079	20,000,000	12,161,746
	820518 / 796679	20,000,000	35,000,000
	A820981	15,000,000	
TOTAL		107,361,748	88,888,197

2. PROCEEDS FROM SALE OF ASSETS

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	5,000
Other Receipts Not Classified Elsewhere	-	147,000
Total	-	152,000

4. COMPENSATION OF EMPLOYEES

Description

Basic wages of contractual employees

Basic wages of casual labour

Employer contribution to NSSF

Personal allowances paid as part of salary

House allowance

Transport allowance

Leave allowance

Other personnel payments

Gratuity

Total

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	953,403	736,074
Basic wages of casual labour	40,000	-
Employer contribution to NSSF	58,320.00	25,680
Personal allowances paid as part of salary		
House allowance	288,000	120,000
Transport allowance	192,000	164,000
Leave allowance	16,000	8,000
Other personnel payments	-	-
Gratuity	-	-
Total	1,547,723	1,053,754

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	-	-
Office rent	77,000	84,000
Communication, supplies and services	28,689	25,400
Domestic travel and subsistence	149,205	132,100
Printing, advertising and information supplies & services	102,336	90,604
Rentals of produced assets	-	-
Training expenses	437,000	1,015,000
Hospitality supplies and services	77,578	68,684
Other committee expenses	695,000	811,000
Committee allowance	2,224,000	2,335,000
Insurance costs	403,809	403,849
Specialised materials and services	-	-
Office and general supplies and services	26,700	23,638
Fuel ,oil & lubricants	600,000	205,000
Other operating expenses	559,381	860,000
Routine maintenance – vehicles and other transport equipment	452,011	32,111
Routine maintenance – other assets	12,882	11,405
Total	5,845,590	6,097,790

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to Primary Schools (see attached list)	25,697,569	5,400,000
Transfers to Secondary Schools (see attached list)	18,130,000	40,697,341
Transfers to Tertiary Institutions (see attached list)	4,000,000	-
Transfers to Health Institutions (see attached list)	1,070,000	4,482,759
TOTAL	48,897,569	50,580,100

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 -2015
	Kshs	Kshs
Bursary -Secondary	5,961,190	2,162,000
Bursary -Tertiary	2,945,810	919,000
Bursary-Special schools	-	28,000
Mocks & CAT	-	1,200,000
water	3,700,000	2,770,000
Agriculture (food security)	-	-
Electricity projects	-	-
Security	6,900,000	5,900,000
Roads	6,998,733	10,397,964
Sports	908,490	1,655,152
Environment	1,143,454	1,300,000
Emergency Projects (specify)	8,925,259	1,600,000
Total	37,482,936	27,932,116

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	1,367,389	6,743,086
Refurbishment of Buildings	1,593,858	-
Purchase of Vehicles and Other Transport Equipment	-	6,700,653
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	2,311,262	-
Purchase of ICT Equipment, Software and Other ICT Assets	240,000	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	5,512,509	13,443,739

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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Reports and Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Construction of Markets	-	711,680
Contracted Professional Services	-	400,000
Social Hall	1,500,000	-
TOTAL	1,500,000	1,111,680

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cooperative Bank of Kenya, Siakago Branch A/C No: 01120051117000	11,053,905	4,478,486
	-	-
	-	-
Total	11,053,907	4,478,486
10B: CASH IN HAND		
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (specify)	-	-
	-	-
Total	-	-
[Provide cash count certificates for each]	N/A	N/A

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

0

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

12 Retention			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
Bunter Enterprises Ltd		789,282	1,578,564
TOTAL		789,282	1,578,564

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	4,478,486	15,430,148
Cash in hand	-	-
Imprest	-	227,319
Total	4,478,486	15,657,467

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2014 - 2015	2013 - 2014
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
Total	-	-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
 MBEERE NORTH CONSTITUENCY
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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015- 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	-	4,569,655
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
Total	-	4,569,655

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	-	-
Total	-	-

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (specify)	-	-
Total	-	-

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE NORTH CONSTITUENCY
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. Bunter Enterprises Ltd	15,785,636	Feb, 2014	14,996,354	789,282	2,156,670	
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total	15,785,636	Feb, 2014	14,996,354.20	789,282	2,156,670	
Grand Total	15,785,636	Feb, 2014	14,996,354.20	789,282	2,156,670	

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE NORTH CONSTITUENCY
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE NORTH CONSTITUENCY
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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
Sub-Total							
Amounts due to other grants and other transfers							
Primary School Desks	To acquire 1500 desks for 50 primary schools	4,500,000	N/A		4,500,000		To contract for desks
Sub-Total		4,500,000			4,500,000		
Sub-Total		4,500,000			4,500,000		
Others (specify)							
Employees' Salaries	Payment of staff salaries and gratuity	2,398,000	N/A	1,898,000	500,000		On going
Goods and Services	General office running expenses	2,428,125	N/A	1,736,062	692,063		On going
NSSF	Payment of NSSF Deductions	64,800	N/A		64,800		On going
NHIF	Payment of NHIF Deductions	52,200	N/A		52,200		On going
Committee Expenses	Payment of Committee sitting allowances	1,368,000	N/A	68,000	1,300,000		On going
Goods and Services	General office running expenses	215,562	N/A		215,562		On going
Committee Expenses	Payment of Committee sitting	1,140,000	N/A		1,140,000		On going

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE NORTH CONSTITUENCY

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	allowances						
CDFC/PMC Capacity Building	Undertake Training of the PMCs/CDFCs	1,800,000	N/A		1,800,000		Organising CDFC training
Sub-Total		9,466,687		3,702,062	5,764,625	9,466,687	
Grand Total		29,752,323		18,698,416	11,053,907		

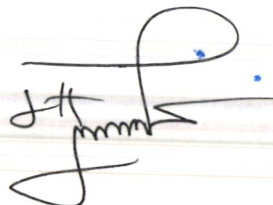
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE NORTH CONSTITUENCY
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	-	-
Buildings and structures	18,436,827	15,475,580
Transport equipment	6,700,653	6,700,653
Office equipment, furniture and fittings	2,501,260	189,998
ICT Equipment, Software and Other ICT Assets	412,590	172,590
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	28,051,330	22,538,821

Prepared by:

Moses Sabila
Fund Account Manager-Mbeere North



MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY

Reports and Financial Statements

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2015	Comments
18. Higher Education Loans Board	2,136,988		-	2,136,988	-	
19. Insurance Regulatory Authority	4,538,300		-	4,538,300	-	
20. Kenya Dairy Board	422,743		-	422,743	-	
21. Kenya Re-insurance Corporation	1,255,415		-	1,255,415	-	
22. Ministry Of Defence	23,422,112		-	23,422,112	-	
23. National Aids Control	922,671		-	922,671	-	
24. National Disaster Management Authority	657,224		-	657,224	-	
25. Post Bank	1,830,861		-	1,830,861	-	
26. Privatization Commission	625,293		-	625,293	-	
27. Reinsurance Authority	177,000		-	177,000	-	
28. WASREBSVP	3,780,000		-	3,780,000	-	
Sub-Total	42,877,021		982,175	41,894,846	28,267	
Grand Total	56,357,147		2,460,254	53,896,852	10,334,450	

MINISTRY OF INFORMATION, COMMUNICATIONS AND TECHNOLOGY

Reports and Financial Statements

For the year ended June 30, 2016

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land		
Buildings and structures		
Transport equipment	290,218,193.00	
Office equipment, furniture and fittings	32,531,683.00	
ICT Equipment, Software and Other ICT Assets	33,732,887.00	
Other Machinery and Equipment		-
Heritage and cultural assets		-
Intangible assets		-
Total	356,482,763.00	