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REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**

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

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE SOUTH 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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 South 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	Richard M. Maingi
3.	Accountant	Agnes M. Gitari

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Mbeere South 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 SOUTH NG-CDF Headquarters

NG-CDF Complex Building,
P.O Box 179-60113,
Kiritiri, Embu.

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

(f) MBEERE SOUTH NG-CDF Contacts

Telephone: (+254) 724 85 54 67
E-mail: mbeeresouthcdf@cdf.go.ke
Website: www.mbeeresouthcdf.go.ke

(g) MBEERE SOUTH NG-CDF Bankers

Bank: Sidian Bank
Branch: Embu Branch
Account No: 01007030000803
P.O BOX 1167,
Embu, 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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE SOUTH CONSTITUENCY
Reports and Financial Statements
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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. 58M against the approved budget for Kshs. 108M. 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. 58M 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 75% 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:
Peter W. Mukengwa,
CHAIRMAN NG-CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE SOUTH 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 South 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 South 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 in charge of the Mbeere South 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 South 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.


Richard M. Mwangi
Fund Account Manager


Peter W. Mukengwa
Chairman; NG-CDFC

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies development Fund - Mbeere South Constituency set out on pages 5 to 24, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and the 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 assessments, the auditor considers internal control relevant to the entity's

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

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 an adverse audit opinion.

Basis for Adverse Opinion

1.0. Disclosure and Presentation of Financial Statements

The International Public Sector Accounting Standards reporting template prescribed by the National Treasury requires that a report on follow up of audit recommendations form part of the financial statements.

However, although the Fund received a qualified opinion in 2014/2015, the report on the progress of follow up on the issues raised in the audit report has not been included in the financial statements for the year under review.

In the circumstance, the financial statements do not comply with IPSAS (cash basis) financial reporting presentation format as prescribed by the Public Sector Accounting Standard Board.

2.0. Incomplete Fixed Assets Register

The summary of fixed assets register at annex 4 reflects fixed assets balance of Kshs.28,482,775 as at 30 June 2016. However, the opening balance of Kshs.26,779,644 had been under stated by Kshs.2,000,000 which has not been adjusted to date.

In the circumstances, the accuracy and completeness of the summary of fixed assets balance of Kshs.28,482,775 as at 30 June 2016 could not be ascertained.

3.0 Unsupported Water Projects

During the year under review, the Fund disbursed Kshs.20,000,000 for three water projects to the Kiambere-Keraba Water Project Management Committee. The money was initially deposited in Equity Bank Account number 0190269044138, but later transferred to three different bank accounts numbers 0190269517563, 0190269517446 and 0190269517457 all opened on 23 August 2016 with similar signatories as for the initial bank account. However, the three projects of Keraba-Kilia line, Meka-Ngumu line and Gikiiru-Kabururi line were requested for by the Tana Water Services Board (TWSB) with a financing budget request of Kshs.77.5M. Further, TWSB indicated that Kshs.30M were available for the project without declaring the source. In addition, no bill of Quantities or specific portion of the projects were earmarked for funding by the Fund as the TWSB request was dated 13 June 2016. No project returns have been filed or works completion certificates

provided for audit review. It was not possible to separate works done by TWSB and the Fund funding during the project inspection.

In view of the foregoing, the legality, validity, propriety and value for money of the Kshs.20 million expenditure on the three water projects could not be ascertained as at 30 June 2016.

4.0. Irregularities in Transfers to other Government Entities

The financial statements as at 30 June 2016, reflects transfers to other government entities totaling to Kshs.22,442,809 (Note 6) appropriated for various projects in various primary and secondary schools in the Constituency. An audit of the available documents including physical inspections of the projects revealed the following irregularities;

4.1. Construction of a Laboratory at Mwanyani Secondary School

During the year under review, the Fund allocated Kshs.1,238,270.00 for the construction of a laboratory at Mwanyani secondary school which was awarded to Samto Civil Works on 3 August 2016 at a contract sum of Kshs.1,200,000. However, no contract agreement was availed for audit review. A physical verification carried out on 26 October 2016 revealed that the project had been done to lintel level but the contractor had not been on the site since August 2016.

In the circumstances, it was not possible to ascertain that the procurement process of the Kshs.1,238,270 contract as at 30 June 2016 was fair, equitable, transparent, competitive and cost effective as required by Section 227 of the Constitution.

4.2. Construction of Administration Police Lines at Nganduri and Gachuriri

During the year under review, the Fund disbursed Kshs.3,000,000 for the construction of two AP lines at Nganduri and Gachuriri at a cost of Kshs.1,500,000 each. However, contract documents were not made available for audit review. Consequently, the propriety and value for money for the expenditure of Kshs.3,000,000 as at 30 June 2016 could not be confirmed.

4.3. Construction of a Classroom and a Latrine at Kamunyagia Secondary School

During the year under review, the Fund disbursed a total Kshs.750,000 to Kamunyagia secondary school for the construction of a classroom and a latrine for Kshs.500,000 and Kshs.250,000 respectively. A physical verification carried out on 26 October 2016 revealed that the classroom had been done and put into use including an eight door latrine. However, the latrine was poorly done as the roof was warping while the doors were made of off-cuts.

The project file lacked an official bill of quantities and there were no inspection reports from the technical department. The contractor, Rollis Consultants of P. O. Box 274- 60100 Embu had been paid a total of Kshs.617,200 as per the invoices

numbers 10 of 5 September 2016 of Kshs.417,200 and number 17 of 1 October 2016 of Kshs.200,000. The total amount quoted by the contractor was Kshs.712,500.

In the circumstances, the propriety and value for money of the expenditure of Kshs.617,200 as at 30 June 2016 could not be confirmed.

4.4. Irregularities in Project Implementation

The financial statements as at 30 June 2016 reflects Funds disbursed totaling to Kshs.15,935,360 to various primary schools to facilitate the construction of various projects. However, all the BQs were not prepared by the Ministry of Housing, Transport and Infrastructure.

Further, guidelines from the Ministry of Education, approvals from National Construction Authority and National Environmental Management Authority were not availed for audit review. In addition, title deeds from the respective primary schools were not availed.

In the circumstances, the propriety of the projects worth Kshs.15,935,360 as at 30 June 2016 could not be confirmed.

5.0. Irregular Expenditure on Mocks and CATS

Included in other grants and other payments figure of Kshs.40,114,322 was Kshs.1,400,000 for mocks and CATs, which was made in two payments (payment vouchers No. 173 of 12 May 2016 and No. 042 of 30 June 2016) of Kshs.700,000 each out of which payment voucher No. 042 was not supported by an imprest warrant. Further, the expenditure details of the two payments were similar and the respective items were directly procured contrary to the requirements of Section 103 of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the propriety of the expenditure of Kshs.1,400,000 as at 30 June 2016 could not be confirmed.

6.0. Prior year Adjustments

The statement of assets as at 30 June 2016 reflects a prior year adjustment balance of Kshs.707,397. However, no documentation or analysis has been provided to confirm the source and composition of the balance.

Consequently, the accuracy and authenticity of the prior year adjustment of Kshs.707,397 could not be ascertained.

Adverse Opinion

Because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of the Constituencies Development Fund–Mbeere South 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budget and Budgetary Control

The combined summary statement of appropriation reflected a final budget of Kshs.145,859,702. However, the approved budget reflected a budget of Kshs 108,170,035 leading to an unexplained variance of Kshs.37,689,667. Further, out of the Kshs.108,170,035 approved budget for the year, only Kshs. 85,565,893 was disbursed during the year leading to a revenue shortfall of Kshs.22, 604, 893. In addition to the Kshs.108,170, 035 approved budget for the year, the Fund had a cash balance of Kshs.9,423,773 brought forward from the 2014/2015 and a further Kshs.27,565,892 which was budgeted for in 2014/2015 but was released by the Board in 2015/2016.

Therefore, the total budget for the Fund during the year totaled to Kshs.145,159,702. However, out of the Kshs.145,159,702 total budget for the year only Kshs.70,918,171 (48.9%) was spent during the year while Kshs.74,241,530.65 remained unutilized as at 30 June 2016 as shown below;

Receipt Expense Item	Original Budget (Kshs.)	Adjustments (Kshs.)	Final Budget (Kshs.)	Actual on Comparable Basis (Kshs.)	Variance (Kshs)	Performance %
Receipts						
Transfers from CDF Board	108,170,035.00	36,989,666.65	145,159,701.65	94,989,666.65	50,170,035.00	65%
Total Payments	108,170,035.00	36,989,666.65	145,159,701.65	94,989,666.65	50,170,035.00	65%
Compensation of Employees	3,286,560.00	132,436.00	3,418,996.00	1,592,555.00	1,826,441.00	47%
Use of goods and services	6,712,654.00	377,983.65	7,090,637.65	5,005,354.00	2,085,283.65	71%
Transfers to Other Government Units	41,774,898.00	26,736,869.00	68,511,767.00	22,442,809.00	46,068,958.00	33%
Other grants and transfers	55,129,695.00	8,229,247.00	63,358,942.00	40,114,322.00	23,244,620.00	63%
Acquisition of Assets	1,266,228.00	1,263,131.00	2,529,359.00	1,763,131.00	766,228.00	70%
Other Payments	-	250,000.00	250,000.00	250,000.00	250,000.00	0%
Total Payments	108,170,035.00	36,989,666.65	145,159,701.65	70,918,171.00	74,241,530.65	49%

The residents of Mbeere South Constituency did not therefore, get promised and expected services worth Kshs.74,241, 531. The financial statements show that out of the Kshs.108,170,035 that was budgeted for the year only Kshs.85, 565,893 was disbursed by the Board. Further, out of the Kshs.85, 565,893 that was received during the year, only Kshs.70, 918,171 was spent while Kshs.14, 647,722 remained unutilized as at 30 June 2016 which was also a denial of equivalent services to the residents.

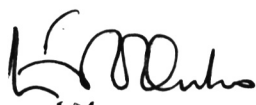
2.0 Project Implementation Status

The project implementation status made available for audit review showed that Kshs. 139,643,027 was allocated to projects in various sectors within the constituency namely primary schools, secondary schools, health institutions, sports, water, security, bursary, CDF office and emergency projects and administration and committee expenses.

Review of the project implementation status report revealed that 48 projects worth Kshs.26,598,491 were completed, 54 projects worth Kshs.53,601,784 were not started, and 13 projects worth Kshs.59,442,752 were ongoing as at 30 June 2016 as shown in the table below:

Sector	Project Status	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	No of Projects
Emergency	Not started	5,767,647.00	-	0
Sports	Complete	3,200,000.00	3,200,000.00	2
Bursary	Ongoing	28,859,075.00	10,859,075.00	1
CDF Bus	Not started	6,700,000.00	-	1
CDF Office	Complete	1,263,131.00	1,263,131.00	1
Education Projects	Complete	21,485,360.00	19,285,360.00	42
	Not started	32,372,089.00	-	43
	Ongoing	6,077,449.00	3,857,449.00	6
Security Projects	Complete	650,000.00	650,000.00	3
	Not started	5,840,000.00	-	6
	Ongoing	4,266,228.00	3,500,000.00	3
Environment	Not Started	1,222,048.00	-	1
Markets	Not Started	500,000.00	-	1
Health Projects	Not Started	1,200,000.00	-	1
	Ongoing	240,000.00	-	1
Water	Ongoing	20,000,000.00	20,000,000.00	3
Total		139,643,027.00	62,615,015.00	115

The status report shows that Kshs. 139,643,027 was allocated to various projects but only Kshs.62,615,015 was disbursed resulting to a shortfall of Kshs.77, 028, 012. In the circumstances, the residents of Mbeere South Constituency did not get promised and expected services worth Kshs.77, 028, 012 being the difference between the amount earmarked for projects during the year and the actual amount disbursed on the projects.



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


Nairobi


19 October 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
 MBEERE SOUTH CONSTITUENCY
 Reports and Financial Statements
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IV. STATEMENT OF RECEIPTS AND PAYMENTS			
	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	85,565,892.75	82,553,508.15
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	613,858.90
TOTAL RECEIPTS		86,565,892.75	83,167,367.05
PAYMENTS			
Compensation of employees	4	1,592,555.00	877,942.00
Use of goods and services	5	5,005,354.00	12,511,934.25
Transfers to Other Government Units	6	22,442,809.00	61,782,759.00
Other grants and transfers	7	40,114,322.00	21,348,898.00
Acquisition of Assets	8	1,763,131.00	2,000,000.00
Other Payments	9	-	-
TOTAL PAYMENTS		70,918,171.00/	98,521,533.25
SURPLUS/DEFICIT		14,647,721.75	(15,354,166.20)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere South NG-CDF financial statements were approved on 5th September, 2016 and signed by:


 Peter W. Mukengwa
 Chairman; NG-CDFC


 Richard M. Maingi
 Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE SOUTH CONSTITUENCY
Reports and Financial Statements
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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	24,778,892.65	9,423,773.90
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		24,778,892.65	9,423,773.90
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd. 1st July...	13	9,423,773.90	24,777,940.10
Surplus/Deficit for the year		14,647,721.75	(15,354,166.20)
Prior year adjustments	14	707,397.00	-
NET LIABILITIES		24,778,892.65	9,423,773.90

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere South NG-CDF financial statements were approved on 5th September, 2016 and signed by:



Peter W. Mukengwa
Chairman; NG-CDFC



Richard M. Maingi
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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VI. STATEMENT OF CASHFLOW

Receipts for operating income	NOTE	2015 - 2016	2014 - 2015
Transfers from CDF Board	1	85,565,892.75	82,553,508.15
Other Receipts	3	-	613,858.90
		85,565,892.75	83,167,367.05
Payments for operating expenses			
Compensation of Employees	4	1,592,555.00	877,942.00
Use of goods and services	5	5,005,354.00	12,511,934.25
Transfers to Other Government Units	6	22,442,809.00	61,782,759.00
Other grants and transfers	7	40,114,322.00	21,348,898.00
Other Payments	9	-	-
		69,410,852.75	96,521,533.25
Adjusted for:			
Adjustments during the year	14	707,397.00	-
Net cash flow from operating activities		17,118,249.75	(13,354,166.20)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	1,763,131.00	2,000,000.00
Net cash flows from Investing Activities		(1,763,131.00)	(2,000,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		15,355,118.75	(15,354,166.20)
Cash and cash equivalent at BEGINNING of the year	13	9,423,773.90	24,777,940.10
Cash and cash equivalent at END of the year		24,778,892.65	9,423,773.90

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere South NG-CDF financial statements were approved on 5th September, 2016 and signed by:



Peter W. Mukengwa
 Chairman; NG-CDFC



Richard M. Maingi
 Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

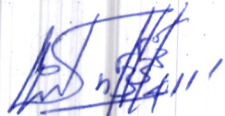
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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						
Transfers from CDF Board	108,870,035.00	36,989,666.65	145,859,701.65	94,989,666.65	50,870,035.00	65.12
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTAL	108,870,035.00	36,989,666.65	145,859,701.65	94,989,666.65	50,870,035.00	65.12
PAYMENTS						
Compensation of Employees	3,286,560.00	132,436.00	3,418,996.00	1,592,555.00	1,826,441.00	46.58
Use of goods and services	6,712,654.00	377,983.65	7,090,637.65	5,005,354.00	2,085,283.65	70.59
Transfers to Other Government Units	48,474,898.00	26,736,869.00	75,211,767.00	22,442,809.00	52,768,958.00	29.84
Other grants and transfers	48,629,695.00	8,229,247.00	56,858,942.00	40,114,322.00	16,744,620.00	70.55
Acquisition of Assets	1,266,228.00	1,263,131.00	2,529,359.00	1,763,131.00	766,228.00	69.71
Other Payments	500,000.00	250,000.00	750,000.00	0	750,000.00	0
TOTAL	108,870,035.00	36,989,666.65	145,859,701.65	70,918,171.00	74,941,530.65	48.62

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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- (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 65% funds available of the total expected funds for utilization.
- (b) The Kitty managed to utilise 75% 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 South NG-CDF financial statements were approved on 5th September, 2016 and signed by;



Peter W. Mukengwa
Chairman; NG-CDFC



Richard M. Maingi
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
MBEERE SOUTH CONSTITUENCY
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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-
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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.

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation	AIE NO...		
	A796133	27,565,892.75	7,300,000.00
	A820982	29,000,000.00	20,265,892.75
	A820937	29,000,000.00	14,395,365.65
			13,026,357.00
			27,565,892.75
TOTAL		85,565,892.75	82,553,508.15

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	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	613,858.90
Total	-	613,858.90

4. COMPENSATION OF EMPLOYEES

Description

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	618,875.00	549,589.00
Basic wages of casual labour	444,000.00	300,740.00
Employer contribution to NSSF	49,680.00	27,613.00
Personal allowances paid as part of salary		
House allowance	204,000.00	-
Transport allowance	276,000.00	-
Leave allowance	-	-
Other personnel payments	-	-
Gratuity	-	-
Total	<u>1,592,555.00</u>	<u>877,942.00</u>

**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	206,719.00	288,774.00
Office rent	-	-
Communication, supplies and services	67,460.00	62,503.00
Domestic travel and subsistence	238,800.00	692,120.00
Printing, advertising and information supplies & services	189,950.00	1,661,057.00
Rentals of produced assets	-	-
Training expenses	-	2,137,652.00
Hospitality supplies and services	122,510.00	527,060.00
Other committee expenses	646,408.00	917,995.00
Committee allowance	2,113,000.00	2,695,000.00
Insurance costs	235,000.00	235,053.00
Specialised materials and services	-	-
Office and general supplies and services	-	945,408.00
Fuel ,oil & lubricants	441,396.00	451,710.00
Other operating expenses	-	1,148,152.25
Routine maintenance – vehicles and other transport equipment	689,591.00	596,265.00
Routine maintenance – other assets	<u>54,520.00</u>	<u>153,185.00</u>
Total	<u>5,005,354.00</u>	<u>12,511,934.25</u>

**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	15,935,360.00	33,550,000.00
Transfers to secondary schools	6,107,449.00	18,700,000.00
Transfers to tertiary institutions	400,000.00	3,550,000.00
Transfers to health institutions	-	5,982,759.00
TOTAL	22,442,809.00	61,782,759.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary	5,996,650.00	5,878,000.00
Bursary -Tertiary	4,862,425.00	4,762,000.00
Bursary-Special schools	-	30,000.00
Mocks & CAT	1,400,000.00	-
water	* 20,000,000.00	3,214,708.00
Agriculture (food security)	-	-
Electricity projects	-	-
Security	3,650,000.00	1,720,000.00
Roads	-	-
Sports	4,205,247.00	510,000.00
Environment	-	934,190.00
Emergency Projects (specify)	-	4,300,000.00
Total	40,114,322.00	21,348,898.00

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
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OTES 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	-	-
Refurbishment of Buildings	1,763,131.00	2,000,000.00
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	1,763,131.00	2,000,000.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

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

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016 Kshs	2014 - 2015 Kshs
K-Rep Bank, Embu Branch A/C no. 01007030000803	24,778,892.65	9,423,773.90
	-	-
	-	-
	-	-
	24,778,892.65	9,423,773.90
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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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	9,423,773.90	24,180,576.10
Cash in hand	-	-
Imprest	-	597,364.00
Total	9,423,773.90	24,777,940.10

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bank accounts	707,397.00	-
Cash in hand	-	-
Imprest	-	-
Total	707,397.00	-

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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	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	xxx	xxx
Supply of services	xxx	xxx
	xxx	xxx

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	xxx	xxx
Middle management	xxx	xxx
Unionisable employees	xxx	xxx
Others (specify)	xxx	xxx
	xxx	xxx

15.3: OTHER PENDING PAYABLES (See Annex 3)

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE SOUTH 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 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
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						
Grand Total						

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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							

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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							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	2,000,000.00	2,000,000.00
Buildings and structures	21,763,131.00	20,000,000.00
Transport equipment	3,400,009.00	3,400,009.00
Office equipment, furniture and fittings	839,335.00	839,335.00
ICT Equipment, Software and Other ICT Assets	303,000.00	303,000.00
Other Machinery and Equipment	177,300.00	177,300.00
Heritage and cultural assets	N/A	N/A
Intangible assets	N/A	N/A
Total	28,482,775.00	26,719,644.00

Prepared by:



Richard M. Maingi
Fund Account Manager
Mbeere South