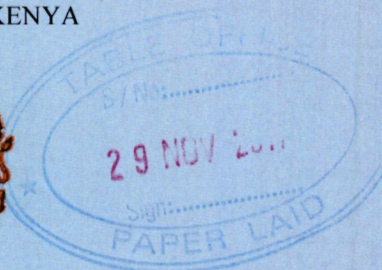


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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

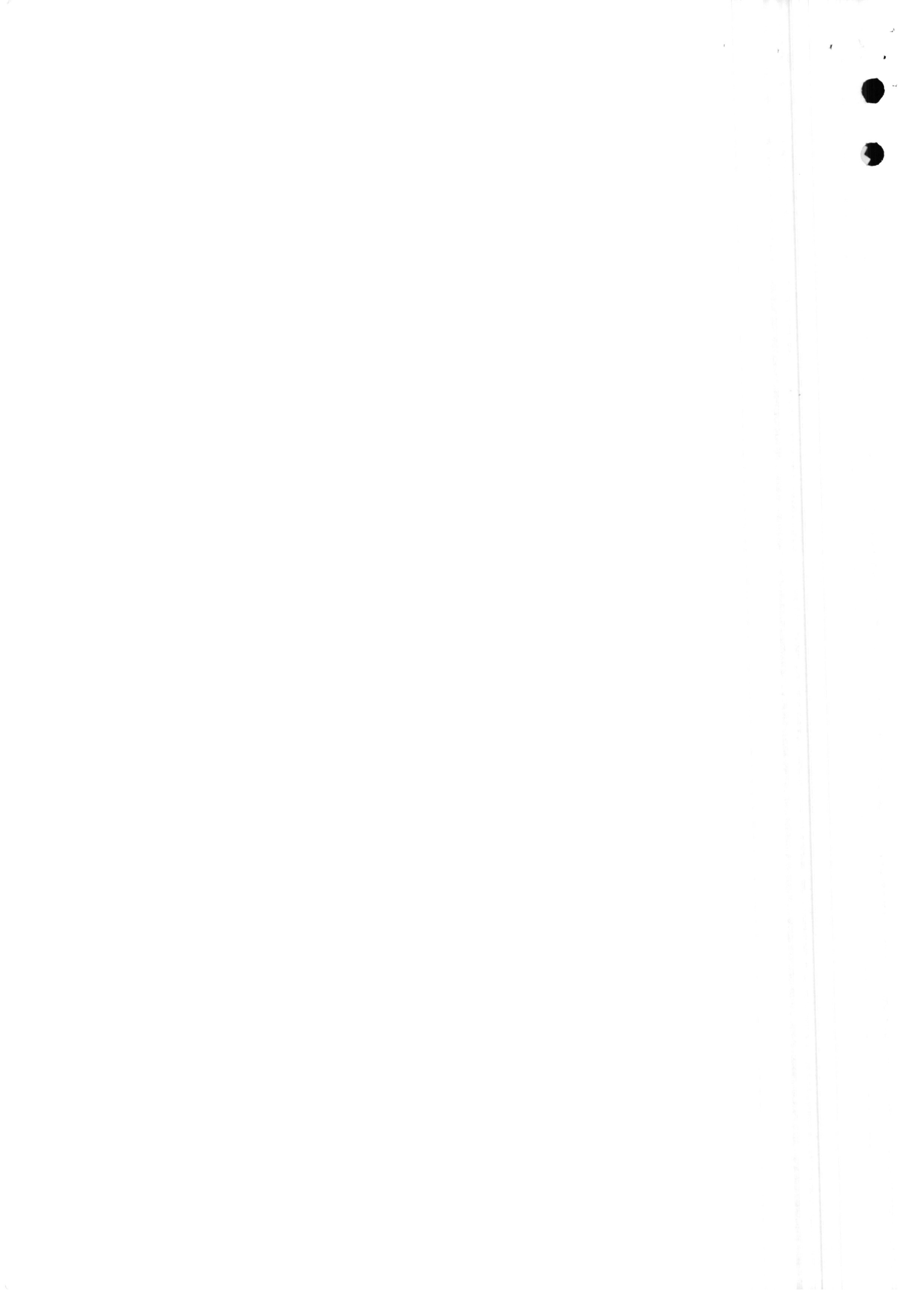
OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
RUNYENJES 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)**

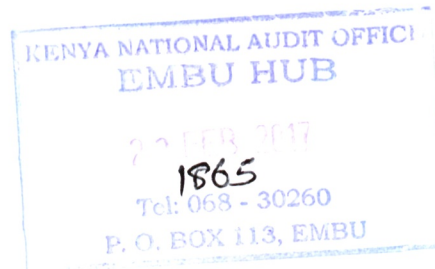


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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES
CONSTITUENCY**

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 (NGCDF) 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 *NG-CDF RUNYENJES Constituency* 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	Paul Thiga
3.	Accountant	Jane W. Muhari

(d) Fiduciary Oversight Arrangements

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

(e) NG-CDF RUNYENJES Constituency Headquarters

P.O. Box 518 Runyenjes
CDF Building
Along Embu-Meru Road Next to Runyenjes sub county H/Qs
RUNYENJES, KENYA

Reports and Financial Statements

For the year ended June 30, 2016

(f) NG-CDF RUNYENJES Constituency Contacts

Telephone: (254) 732 886 705
E-mail: cdfrunyenjes@gmail.com

Website: www.cdfrunyenjes.co.ke

(g) NG-CDF RUNYENJES Constituency Bankers

1. Kenya Commercial Bank

Embu Branch
A/C no. 1158881193

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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- RUNYENJES
CONSTITUENCY**

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

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

**Budget Performance against Actual Amounts for Current Year Based On Economic
Classification and Programmes**

In the financial year 2015/16, Runyenjes CDF was allocated kshs.105,050,362 with Kshs.9,454,533 going to recurrent expenses and the balance to development projects as follows;

Sector	Amount (Kshs)
Primary Schools	18,915,592
Secondary schools	17,800,000
Tertiary institutions	5,500,000
Security	2,350,000
Water	12,000,000
Bursary	26,262,590
Electricity	7,000,000
Other Statutory	15,222,180

A total of Kshs **100,046,020** has been spent on various projects as follows in the financial year 2015/16 as follows;

ITEM	AMOUNT SPENT (Kshs)
Compensation of Employees	1,733,827
Use of goods and services	2,593,502
Committee expenses	1,989,000
Transfers to Other Government Units	67,137,931
Other grants and transfers	26,279,600
Other Payments	322,160
TOTALS	100,056,020

Key achievements for the NG-CDF Runyenjes Constituency

The NG-CDFC Runyenjes constituency has realised the following key achievements in the course of NG-CDF projects implementation in the year 2015/16;

- The CDFC has paid fees to many students in the form of bursaries leading to higher retention of students in learning institutions thus enhancing performance.
- Laying of feeder lines in Ndamunge and Kagaari south water projects thus providing water to areas that never had access to piped water.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

-Construction and renovation in education institutions leading to improved learning environments and thus performance.

-Construction and renovation of A.P. lines and chiefs 'offices thus leading to enhanced security and officers' morale.

Emerging issues related to the NG-CDF Runyenjes Constituency

-Conflict between county governments and NG-CDF in cofunded projects.

Implementation challenges and recommended way forward.

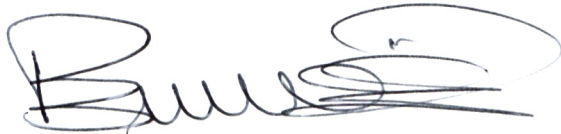
-Insufficient funding to constituency as compared to the requirements.

-Local politics surrounding projects implementation.

-Price fluctuations of materials.

-Poor record keeping by PMC's

Sign



CHAIRMAN NG-CDFC RUNYENJES CONSTITUENCY

Date: 22/9/2016

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES
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 NG-CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NG-CDF Runyenjes Constituency 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 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 NG-CDF Runyenjes Constituency 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 Runyenjes 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 NG-CDF Runyenjes Constituency confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NG-CDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NG-CDF's financial statements were approved and signed by the Accounting Officer on 22/9/ 2016.


Fund Account Manager


NG-CDFC Chairman

REPUBLIC OF KENYA

Telephone: +254-20-342330
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 - RUNYENJES 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 – Runyenjes Constituency set out on pages 6 to 22, 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 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 – Runyenjes 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 National Government Constituencies Development Fund – Runyenjes Constituency 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 of the Financial Statements

The statement of receipts and payments reflects receipts of Kshs.101,609,720 and expenditure of Kshs.100,056,020 resulting in a surplus of Kshs.1,553,700. However, the expenditure casting adds up to Kshs.102,035,020 leading to an unexplained difference of Kshs.1,979,000 and overstatement of surplus of Kshs.425,300. As a result, the accuracy of the financial statements could not be confirmed as at 30 June 2016.

2.0 Non Acknowledgement of Bursary Funds

Note 7 to the financial statements reflect bursaries totaling to Kshs.19,329, 600 comprising of Kshs.10,533,260 and Kshs.8,796, 340 disbursed to Secondary Schools and tertiary Institutions respectively as at 30 June 2016.

However, only bursaries totaling to Kshs.16,318,670 (84.42%) were acknowledged by the intended beneficiaries through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.3,010,930 (15.58%) un acknowledged by the beneficiary institutions.

Under the circumstances, it has not been possible to ascertain whether the bursaries amounting Kshs.3,010,930 benefited the intended beneficiaries and were expended as appropriated, at 30 June 2016.

3.0 Irregular Re-allocation and Unaccounted Transfers of Funds to Runyenjes Technical Training Institute

Note 6 the of notes to the financial statements reflects transfers to other Government entities totaling to Kshs.67,137,931 which included transfers to Tertiary Institutions totaling to Kshs.10,600,000. Further, included in the of Kshs.10,600,000 transfers to Tertiary Institutions was Kshs.10,000,000 which was disbursed to Runyenjes Technical Training Institute on 3 August 2015. However, this amount had been budgeted and approved for Karurumo Youth Polytechnic in the financial year 2014/2015. No documents were made available for audit review to show that the Board approved the re-allocation of funds from Karurumo Youth Polytechnic to Runyenjes Technical Training Institute as required by Section 10 (2) of the

Constituency Development Fund Act 2013. Further, the Kshs.10,000,000 had not been accounted for as at 30 June 2016.

In the circumstances, the propriety and value for money of expenditure amounting to Kshs.10, 000,000 as at 30 June 2016 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund – Runyenjes 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) the Public Finance Management Act, 2012 and do comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budget Control and Performance

The combined summary statement of appropriation reflected a final budget of Kshs.161,611,408 comprising of Kshs.105,050,362 approved budget for 2015/2016, Kshs.49,598,394 which was budgeted for in 2014/2015 but released in 2015/2016 and a cash balance of Kshs.6,951,327 brought forward from 2014/2015. However, out of the Kshs.105,050,362 approved budget for the year, only Kshs.52,000,000 (49.5%) was disbursed during the year leading to a revenue shortfall of Kshs.53,050,362 (50.5). Further, out of the Kshs.161,611,408 total available budget for the year, only Kshs.100,056,020 (61.9%) was spent during the year while Kshs.61,555,388 remained unutilized as at 30 June 2016 as shown below;

Revenue/ Expense Item	Original Budget (Kshs.)	Adjustments (Kshs.)	Final Budget (Kshs.)	Actual on Comparabl e Basis (Kshs.)	Variance (Kshs.)	Performance %
RECEIPTS						
Cash Balance B/F	-	6,951,327	6,951,327	6,951,327	-	
Transfers from CDF Board	105,050,362	49,598,394	154,648,756	101,595,394	53,053,362	66
Other Receipts	-	11,325	11,325	11,325	-	
Total Receipts	105,050,362	56,561,046	161,611,408	108,558,046	53,053,362	
PAYMENTS						
Compensation of Employees	1,550,000	1,600,000	3,150,000	1,733,827	1,416,173	55
Use of Goods and Services	7,904,532	3,357,723	11,262,255	4,582,502	6,679,753	41
Transfers to Other Government Units	42,215,592	34,300,583	76,516,175	67,137,931	9,378,244	88
Other Grants and Transfers	46,380,238	16,980,580	63,360,818	26,279,600	37,081,218	41
Other Payments	7,000,000	322,160	7,322,160	322,160	7,000,000	4
Total Payments	105,050,362	56,561,046	161,611,408	100,056,020	61,555,388	

The residents of Runyenjes Constituency did not therefore get expected services amounting to Kshs.61,555,388. The financial statements shows that out of the Kshs.105,050,362 that was budgeted for the year only Kshs.52,000,000 was disbursed by the Board.

Further, out of the Kshs.108,558,046 that was available during the year, only Kshs.100,056,020 was spent while Kshs.8,505,027 remained unutilized as at 30 June 2016 which also impacted on expected services by the constituents.

2.0 Unimplemented Projects

The Kshs.69, 333,239 approved budget for development projects was apportioned among various sectors within the Constituency namely education, electrification, water projects, security and emergencies.

Review of the project implementation status report as at 30 June 2016 revealed that out of the 97 projects worth Kshs.69,333,239 budgeted to be undertaken during the year under review, only fifty one (51) projects worth Kshs.19,250,000 were completed, twenty (20) projects worth Kshs.21,215,592 had not started while twenty seven (27) projects worth Kshs.28,867,647 were on going as shown below;

Sector	Project Status	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	No. of Projects
Education	Complete	18,750,000	18,750,000	47
	Ongoing	10,400,000	6,500,000	20
	Not Started	13,065,592	-	15
	Total	42,215,592	25,250,000	82
Electrification	Complete	-	-	-
	Ongoing	-	-	-
	Not Started	7,000,000	-	1
	Total	7,000,000	-	1
Security	Complete	500,000	500,000	4
	Ongoing	700,000	700,000	4
	Not Started	1,150,000	1,150,000	4
	Total	2,350,000	2,350,000	12
Water	Complete	-	-	-
	Ongoing	12,000,000	3,000,000	2
	Not Started	-	-	-
	Total	12,000,000	3,000,000	2
Emergency	Complete	-	-	-
	Ongoing	5,767,647	1,000,000	1
	Not Started	-	-	-
	Grand Total	69,333,239	31,600,000	97

The residents of Runyenjes Constituency did not therefore get the expected services equivalent to Kshs.21, 215,592 being the budget for the unimplemented projects.



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

Nairobi

19 October 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES
CONSTITUENCY**

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	101,598,394	49,598,395
Other Receipts	2	11,325	4,000
TOTAL RECEIPTS		101,609,720	49,602,395
PAYMENTS			
Compensation of employees	3	1,733,827	1,477,860
Use of goods and services	4	4,582,502	5,135,231
Committee Expenses	5	1,979,000	2,550,137
Transfers to Other Government Units	6	67,137,931	39,583,647
Other grants and transfers	7	26,279,600	41,253,830
Other Payments	8	322,160	1,514,440
TOTAL PAYMENTS		100,056,020	88,965,008
SURPLUS/DEFICIT		1,553,700	(39,362,614)

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



Chairman - CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES
CONSTITUENCY**

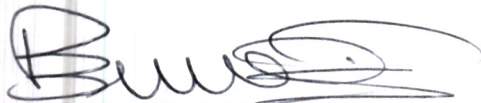
Reports and Financial Statements

For the year ended June 30, 2016

V. STATEMENT OF ASSETS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9A	8,274,561	6,008,945
Cash Balances (cash at hand)	9B	162,466	393,382
Outstanding Imprests	10	68,000	549,000
TOTAL FINANCIAL ASSETS		8,505,027	6,951,327
REPRESENTED BY			
Balance for the year (from statement of receipt and expenditure)		8,505,027	6,951,327
NET LIABILITIES		8,505,027	6,951,327

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



Chairman - CDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES CONSTITUENCY

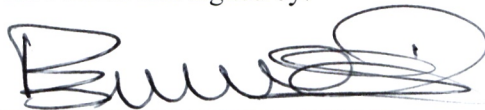
Reports and Financial Statements

For the year ended June 30, 2016

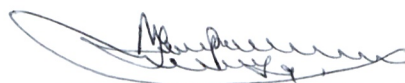
VI. STATEMENT OF CASHFLOW

Receipts for operating income	NOTE	2015 - 2016	2014 - 2015
		Kshs	Kshs
Transfers from CDF Board	1	101,598,394	49,598,395
Other Receipts	2	11,325	4,000
Total Receipts		101,609,720	49,602,395
Payments for operating expenses			
Compensation of Employees	3	1,733,827	1,477,860
Use of goods and services	4	2,593,502	2,585,093
Committee expenses	5	1,989,000	2,550,138
Transfers to Other Government Units	6	67,137,931	39,583,647
Other grants and transfers	7	26,279,600	41,253,830
Other Payments	8	322,160	1,514,440
		100,056,020	88,965,008
Net cash flow from operating activities		1,553,700	(39,362,614)
Adjusted for:			
Net cash flow from operating activities		1,553,700	(39,362,614)
CASHFLOW FROM INVESTING ACTIVITIES			
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		1,553,700	(39,362,614)
Cash and cash equivalent at BEGINNING of the year	10	6,951,327	46,313,940
Cash and cash equivalent at END of the year		8,505,027	6,951,327

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



Chairman CDFC



Fund Account Manager

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS	Kshs	Kshs	Kshs	Kshs	Kshs	
Balance b/f		6,951,327	6,951,327	6,951,327		
Transfers from CDF Board	105,050,362	49,598,394	154,648,756	101,598,394	53,050,362	66
Other Receipts		11,325	11,325	11,325		
Total	105,050,362	56,561,046	161,611,408	108,561,046	53,050,362	
PAYMENTS						
Compensation of Employees	1,550,000	1,600,000	3,150,000	1,733,827	1,416,173	55
Use of goods and services & committee expenses	7,904,532	3,357,723	11,262,255	4,582,502	6,689,753	41
Transfers to Other Government Units	42,215,592	34,300,583	76,516,175	67,137,931	9,378,244	88
Other grants and transfers	46,380,238	16,980,580	63,360,818	26,279,600	37,081,218	41
Social Security Benefits						
Acquisition of Assets						
Other Payments	7,000,000	322,160	7,322,160	322,160	7,000,000	4
TOTALS	105,050,362	56,561,046	161,611,408	100,056,020	61,555,388	

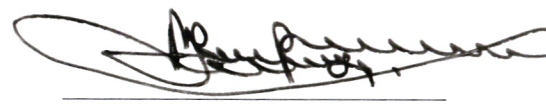
(a) Commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. The underutilization noted under use of goods and services, other grants and transfers and other payments resulted from delay in release of funds from NG-CDFB. 50.50% of 2015/16 allocation not received at the close of the 2015/16 financial year.

The NG-CDF RUNYENJES CONSTITUENCY financial statements were approved on 22/9/2016 and signed by:



Chairman NG-CDF



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES
CONSTITUENCY**

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

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.

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- RUNYENJES
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES

Description	A.I.E. NO.	2015 - 2016	2014 - 2015
		Kshs	Kshs
	A796002/A750377	24,799,197	7,300,000
Normal Allocation	A796150/A759526	21,654,197	17,499,197
	A724185/A796547	3,145,000	14,879,518
	A796448/A796861	30,000,000	9,919,679
	A820782	22,000,000	
TOTAL		101,598,394	49,598,395

2 OTHER RECEIPTS

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Other Receipts Not Classified Elsewhere (specify)-Untransferred bal			
Reversal-coop bank		5,200	
Underpaid chq		500	
Reversal-comm. D. txs		5,625	
Deposit(KCB)			4,000
Total		11,325	4,000

3 COMPENSATION OF EMPLOYEES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Basic wages of contractual employees		1,276,137	868,590
Transport allowance		457,690	362,130
Other personnel payments			247,140
Total		1,733,827	1,477,860

NOTES TO THE FINANCIAL STATEMENTS

4 USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	525,872	1,022,960
Training expenses	1,167,260	621,515
Insurance costs	103,985	113,017
Fuel ,oil & lubricants	520,000	560,000
Routine maintenance – other assets	276,385	267,601
Total	2,593,502	2,585,093

5 COMMITTEE EXPENSES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Other committee expenses	485,000	842,500
Committee allowance	1,504,000	1,707,638
Total	1,989,000	2,550,138

6 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools	32,987,931	29,150,888
Transfers to secondary schools	22,550,000	5,950,000
Transfers to Tertiary institutions	10,600,000	
Transfers to Health institutions	1,000,000	4,482,759
TOTAL	67,137,931	39,583,647

7 OTHER GRANTS AND OTHER PAYMENTS

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs

NATIONAL GOVERNMENT ENTITY - (RUNYENJES CONSTITUENCY)
Reports and Financial Statements
For the year ended June 30, 2016

Bursary -Secondary		10,533,260	8,973,629
Bursary -Tertiary		8,796,340	5,588,630
water		3,000,000	19,491,571
Agriculture (food security)		400,000	2,000,000
Security		3,350,000	3,000,000
Roads		200,000	2,200,000
Total		26,279,600	41,253,830

9 Other Payments			
Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
CDF Office project		300,000	1,500,000
Bank charges		22,160	14,440
TOTAL		322,160	1,514,440

10A: Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2015 - 2016	2014 - 2015
		Kshs	Kshs
Cooperative bank Embu branch A/c	01120051117200		28,577
KCB Embu branch A/C no.	1158881193	8,274,561	5,980,368
Total		8,274,561	6,008,945

10B: CASH IN HAND)

		2015 - 2016	2014 - 2015
		Kshs	Kshs
Other receipts (specify)--Cash with D.A. for office use		162,466	393,382
Total		162,466	393,382

11 OUTSTANDING IMPRESTS

<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2015)</i>
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NATIONAL GOVERNMENT ENTITY - (RUNYENJES CONSTITUENCY)

Reports and Financial Statements

For the year ended June 30, 2016

		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Paul N. Thiga</i>	30TH JUNE 2016	68,000	-	68,000
Total				68,000

12 BALANCES BROUGHT FORWARD

		2015 - 2016	2014 - 2015
		Kshs	Kshs
Bank accounts		6,008,945	45,644,832
Cash in hand		393,382	669,109
Imprest		549,000	-
Total		6,951,327	46,313,940

13 OTHER IMPORTANT DISCLOSURES

13.1: NON CURRENT ASSETS (See Annex 1)

	2015-2016	2014-2015
	Kshs	Kshs
Fixed Assets	10,090,126	10,090,126
Total	10,090,126	10,090,126

13.2: RECEIVABLES FROM CDF BOARD (See Annex 2)

	2015-2016	2014-2015
	Kshs	Kshs
Amount Due from CDF Board	53,050,362	49,598,394
Total	53,050,362	49,598,394

13.3: PAYABLES (See Annex 3)

	2015-2016	2014-2015
	Kshs	Kshs
Amount Due to Projects	61,555,389	49,598,394
Total	61,555,389	49,598,394

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Type Asset	Cost (KSHS)	
	2015/16	2014/2015
FURNITURE & FITTINGS	485,072	485,072
PROPERTY, PLANT & EQUIPMENT		
CDF-OFFICE BUILDING	6,066,306	6,066,306
OTHER P,P&E	712,838	712,838
CDF VEHICLE	2,825,910	2,825,910
G.Total	10,090,126	10,090,126

CONSTITUENCIES DEVELOPMENT FUND

INVENTORY OF CDFC ASSETS AS AT 30TH JUNE 2016

CONSTITUENCY: RUNYENJES

FURNITURE & FITTINGS

Type of furniture	Asset Number	Asset Serial Number	Acquisition Date	Cost (KSHS)
OFFICE TABLE	057/CDF/1	057/CDF/1/01	2004	7,000
OFFICE TABLE	057/CDF/1	057/CDF/1/02	2004	3,000
OFFICE TABLE	057/CDF/1	057/CDF/1/03	2004	3,000
L-SHAPE TABLES		057/CDF/1/04-07	27/11/2008	34,483
OFFICE TABLE		057/CDF/1/08	27/11/2008	60,345
WORKSTATION		057/CDF/1/09	27/11/2008	81,724
COFFEE TABLE		057/CDF/1/10	27/11/08	15,517
CONFERENCE TABLE		057/CDF/1/011-012	01/10/09	20,000
CONFERENCE TABLE		057/CDF/1/013-014	01/10/09	19,000
OFFICE CHAIR		057/CDF/2/01	2004	700
OFFICE CHAIR	057/CDF/2	057/CDF/2/01-02	2004	500
OFFICE CHAIR	057/CDF/2	057/CDF/2/04-08	2008	750
SOFA SET		057/CDF/4/01	27/11/2008	168,276
OFFICE CHAIR		057/CDF/2/09-037	27/11/08	3,966
H/B LEATHER CHAIR		057/CDF/2/038	27/11/08	34,483
L/B LEATHER CHAIR		057/CDF/2/039-040	27/11/08	13,362
SECRETARIAL W/A		057/CDF/2/041-042	27/11/08	8,621

NATIONAL GOVERNMENT ENTITY - (RUNYENJES CONSTITUENCY)

Reports and Financial Statements

For the year ended June 30, 2016

HIGH BACK OFFICE W/A		057/CDF/2/043-044	27/11/08	10,345
PROPERTY, PLANT & EQUIPMENT				
Type of P,P & E	Asset Number	Serial Number	Acquisition Date	Cost (KSHS)
CDF-OFFICE BUILDING	057/CDF/3	057/CDF/3/01	2005-2008	6,066,306
OFFICE CABINET(4DRW)	057/CDF/5	057/CDF/5/01-03	27/11/2008	15,517
EXE/CABINET W/H/GLASS	057/CDF/7	057/CDF/7/01	27/11/2008	68,103
STORAGE CUPBOARDWOODEN		057/CDF/12/01	27/11/2008	16,206
COMPUTERS	057/CDF/8	057/CDF/8/01-03	13/1/09	66,700
PRINTER1005/LJ	057/CDF/9	057/CDF/9/01-02	13/1/09	9,500
FAX MACHINE	057/CDF/10	057/CDF/10/01	13/1/09	17,000
SCANNER(OFFICE)	057/CDF/11	057/CDF/11/01	13/1/09	7,500
KYOCERA COPIER 1635	057/CDF/13	057CDF/13/01	13/1/09	140,000
UPS-650VA	057/CDF/14	057/CDF/14/01-03	13/1/09	8,500
CURTAINS F/H	057/CDF/15	057/CDF/15/01	11/10/08	177,710
STAPLER	057/CDF/16	057/CDF/16/01-03	01/12/09	500
PAPER PUNCH	057/CDF/17	057/CDF/17/01-02	01/12/09	600
FLASH DISK	057/CDF/19	057/CDF/19/01	2008	1,800
TOYOTA HILUX 4*4 single cab	057/CDF/20	057/CDF/20/1-GKA 298U	Apr-10	2,825,910
PUBLIC ADDRESS SYSTEM	057/CDF/21	057/CDF/21/01-10	Apr-10	118,700
(complete with speakers , power cables, amplifier etc.		(AS PER RECEIPT)		
Honda Generator-2.2KVA	057/CDF/22	057/CDF/22/01	21/7/2010	64,500

PREPARED BY: MR. PAUL N. THIGA

CONFIRMED BY: PHINEAS G. KAMWEGA

FUND ACCOUNT MANAGER..........Date.....22/9/2016.....

NG-CDFC CMAN  DATE.... 22/9/2016.....

ANNEX 2 - ANALYSIS OF ACCOUNTS RECEIVABLES

RUNYENJES CONSTITUENCY 2015/16 PROJECTS 2ND DISBURSEMENT RECEIVABLES				
PROJECT NO.	PROJECT NAME	ALLOCATION KSHS	TOTAL KSHS	BAL-From NG_CDFB KSHS
064/2640200	Emergency	5,767,647	1,000,000	4,767,647
064/2640100	Bursary	26,262,591	14,900,000	11,362,591
064/AP1	Administration/recurrent-6%	6,303,022	1,000,000	5,303,022
064/AP2	Monitoring & Evaluation (M &E) 3%	3,151,511	1,000,000	2,151,511
WATER PROJECTS				
064/2640504/001	Ndamunge Water Project	6,000,000	1,500,000	4,500,000
064/2640504/002	Kagaari South Water Project	6,000,000	1,500,000	4,500,000
ELECTRICITY PROJECT				
064/2640506/001	Rural Electrification Authority	7,000,000	-	7,000,000
PRIMARY SCHOOLS PROJECTS				
064/2630204/035	Muragari Pry	315,592	-	315,592
064/2630204/039	Ngeniari pry	500,000	-	500,000
SECONDARY SCHOOLS PROJECTS				
064/2630205/005	Gitare sec	300,000	-	300,000
064/2630205/006	Kanja Sec	800,000	800,000	-
064/2630205/007	Kariru sec	600,000	600,000	-
064/2630205/008	karurumo sec	500,000	-	500,000
064/2630205/011	Kavutiri sec	250,000	-	250,000
064/2630205/012	Kiamboa Sec	800,000	-	800,000
064/2630205/013	Kiangungi Sec	500,000	-	500,000
064/2630205/014	Kianjokoma Day Sec	500,000	-	500,000
064/2630205/020	Mbuijeru Sec	800,000	-	800,000
064/2630205/024	Muragari Sec	500,000	-	500,000
064/2630205/027	Nthagaiya day	500,000	-	500,000
064/2630205/028	Nyagari Sec	500,000	-	500,000
064/2630205/029	St michael Sec	500,000	-	500,000
064/2630205/030	Thigingi sec	1,000,000	-	1,000,000
064/2630205/031	Ugweri Sec	500,000	-	500,000
TERTIARY INSTITUTIONS PROJECTS				
064/2630206/001	Runyenjes Technical training Institute	5,500,000	-	5,500,000
G. Total		75,350,362	22,800,000	53,050,362

ANNEX 3 - ANALYSIS OF ACCOUNTS PAYABLES

RUNYENJES CONSTITUENCY 2015/16 PROJECTS 2ND DISBURSEMENT RECEIVABLES				
PROJECT NO.	PROJECT NAME	ALLOCATION KSHS	TOTAL KSHS	BAL-From NG_CDFB KSHS
064/2640200	Emergency	5,767,647	1,000,000	4,767,647
064/2640100	Bursary	26,262,591	14,900,000	11,362,591
064/AP1	Administration/recurrent- 6%	6,303,022	1,000,000	5,303,022
064/AP2	Monitoring & Evaluation (M & E) 3%	3,151,511	1,000,000	2,151,511
WATER PROJECTS				
064/2640504/001	Ndamunge Water Project	6,000,000	1,500,000	4,500,000
064/2640504/002	Kagaari South Water Project	6,000,000	1,500,000	4,500,000
ELECTRICITY PROJECT				
064/2640506/001	Rural Electrification Authority	7,000,000.00	-	7,000,000.00
PRIMARY SCHOOLS PROJECTS				
064/2630204/035	Muragari Pry	315,592	-	315,592
064/2630204/039	Ngeniari pry	500,000	-	500,000
SECONDARY SCHOOLS PROJECTS				
064/2630205/005	Gitare sec	300,000	-	300,000.00
064/2630205/006	Kanja Sec	800,000	800,000	-
064/2630205/007	Kariru sec	600,000	600,000.00	-
064/2630205/008	karurumo sec	500,000	-	500,000
064/2630205/011	Kavutiri sec	250,000	-	250,000
064/2630205/012	Kiamboa Sec	800,000	-	800,000
064/2630205/013	Kiangungi Sec	500,000	-	500,000
064/2630205/014	Kianjokoma Day Sec	500,000	-	500,000
064/2630205/020	Mbuinjeru Sec	800,000	-	800,000
064/2630205/024	Muragari Sec	500,000	-	500,000
064/2630205/027	Nthagaiya day	500,000	-	500,000
064/2630205/028	Nyagari Sec	500,000	-	500,000
064/2630205/029	St michael Sec	500,000	-	500,000
064/2630205/030	Thigingi sec	1,000,000	-	1,000,000
064/2630205/031	Ugweri Sec	500,000	-	500,000
TERTIARY INSTITUTIONS PROJECTS				
064/2630206/001	Runyenjes Technical training Institute	5,500,000.00	-	5,500,000

NATIONAL GOVERNMENT ENTITY - (RUNYENJES CONSTITUENCY)

Reports and Financial Statements

For the year ended June 30, 2016

	G. Total	75,350,362	22,800,000	53,050,362
ANALYSIS OF THE CASHBOOK BALANCE				
1	Emergency			1000,000
2	Bursary to secondary schools			745,592
3	Bursary to tertiary institutions			637,900
4	Bursary-Mocks and assesments			1,500,000
5	Employee salaries			573,519
6	Goods and services			548,602
7	NSSF			50,000
8	Committee expenses-admin			500,000
9	Committee expenses-M&E			700,000
10	Other projects-14/15			100,000
11	Emergency-14/15			1,935,709
12	M&E-14/15			144,620
13	Admin-14/15			1085
14	Imprest			68,000
	TOTAL			8,505,027

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUNYENJES
CONSTITUENCY**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Cash and Cash Equivalent. No reversal of stale cheques of Kshs.143,500	The stale cheques have been reversed in the cashbook	Accountant	Resolved	31/12/16
2	Non acknowledgement of bursary funds from education institutions.	Employed a records officer to assist in following up on the acknowledgements. The bursary acknowledgements drastically improved in the following year. Forwarding letter for bursary cheques improved and clearly demands the beneficiaries to bring back acknowledgements from the learning institutions. A cheques register with the details of all the persons collecting the cheques also maintained.	Dennis Mugendi	Not resolved	31/12/16
3	Unprocessed Land title deeds Runyenjes CDF Purchased land for three primary schools. However, purpose of land search, purchase agreements, consent for transfer,	Titledeeds for Kithare pry and Nguyori pry have been processed and copies provided to the audit team (see attached). The transfer documents for St phillips makengi pry have also been provided for audit (registration of St phillips title to be done in a weeks time –headmasters confirmation)	F.A.M.	Resolved	31/12/16


NATIONAL GOVERNMENT ENTITY - (RUNYENJES CONSTITUENCY)
Reports and Financial Statements
For the year ended June 30, 2016

	valuation report, title deed				
Budgetary performance	Shortfall in receipts of Kshs.45,598,394.	The funds were received in 2015/2016 and were used to implement projects that were not implemented in 2014/2015	FAM	Resolved	31/12/16



Chairman NG-CDF

22/9/2016



Fund Account Manager