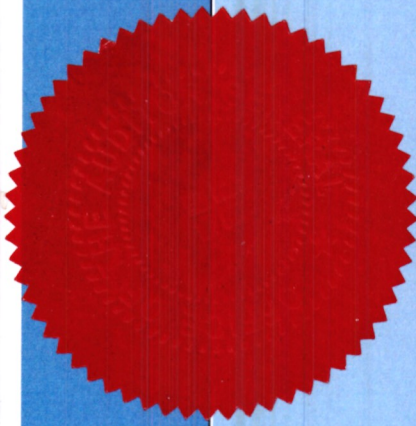


REPUBLIC OF KENYA



*Paper loan by the
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MP
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REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
LAMU WEST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LAMU WEST CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
LAMU WEST CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2017

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The National Government Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Stephen Charo-acting
3.	Accountant	Gregory Mwanzia
4.		

(d) Fiduciary Oversight Arrangements

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

(e) LAMU WEST NGCDF Headquarters

Lamu West NGCDF Office.
P.O Box 277-80500
Mokowe.
LAMU,KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LAMU WEST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

(f) LAMU WEST NGCDF Contacts

Telephone: 042-4632086
E-mail: lamuwestcdf@NGCDF.go.ke
Website: www.ngcdf.go.ke

(g) LAMU WEST NGCDF Bankers

1. Equity Bank
Mpeketoni Branch
A/C NO. 1270263908321

(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-
LAMU WEST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

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

The NGCDFC wish to acknowledge the support from the CDF Board since it made it possible through the grants to improve the Education and Security infrastructure of Lamu West.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF projects. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations. Above all, the current security situation hampering the area. This has brought some challenges in implementing the CDF projects.

Despite the various challenges, the NGCDFC is determined to deliver its mandate to the community. With this regards, we humbly request the release of funds within appropriate time in order to expedite the implementation and completion of projects.

Sign.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LAMU WEST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that Fund. 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 Lamu West NGCDF is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. 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 Fund; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Lamu West NGCDF accepts responsibility for the Fund'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 Fund's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2017, and of the Fund's financial position as at that date. The Accounting Officer in charge of the Fund further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Lamu West NGCDF confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Fund'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 Fund's financial statements were approved and signed by the Accounting Officer on 18/9/ 2017.



Fund Account Manager



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 – LAMU WEST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Lamu West Constituency set out on pages 6 to 24, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1. Presentation of the Financial Statements

The financial statements presented for audit verification did not include annexures for fixed asset register and bank balances in project management committees as at 30 June 2017 in line with the Public Sector Accounting Standards Board reporting guidelines.

As a result, the financial statements presented do not comply with the guidelines prescribed by the Public Sector Accounting Standards Board.

2. Unsupported Expenditure

As previously reported, included in the statement of receipts and payments for the year ended 30 June 2017 are payments for 2015-2016 totalling Kshs.10,335,549 and whose support documents were not availed for audit as detailed below:

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Lamu West Constituency for the year ended 30 June 2017

No.	Component (2015-2016 Comparative)	Note to the financial statement (2015-2016 Comparative) (Kshs.)	Amount Unsupported (2015-2016 Comparative) (Kshs.)
1	Transfer to secondary schools	6	6,000,000
2	Office and general supplies	5	415,846
3	Purchase of computers, printers and other ICT equipment	8	265,000
4	Compensation to employees	4	3,654,703
	Total		10,335,549

In the circumstances, the accuracy and completeness of payments totaling Kshs.10,335,549 in the comparative figures for the year ended 30 June 2016 could not be confirmed.

3. Bank Balances

The statement of assets reflects bank balance of Kshs.2,708,428 as at 30 June 2017. However, the management failed to avail subsequent bank statements to confirm when the unpresented cheques amounting to Kshs.7,700,526 were subsequently cleared by the bank account or when they were reversed in the cash book.

Consequently, the accuracy and completeness of bank balance of Kshs.2,708,428 as at 30 June 2017 could not be confirmed.

4. Transfer to Other Government Units

The statement of receipts and payments reflects a figure of Kshs.18,698,000 for the year ended 30 June 2017 in respect of transfer to other government units as detailed in note 6 to the financial statements. Included in the transfer to other government units of Kshs.18,698,000 is disbursements to eight (8) projects totaling Kshs.15,749,000 as summarized below:

No.	Entity	Project Activity	Amount (Kshs.)
1	Mpeketoni Boys Secondary School	Purchase of 44KVA back-up electrical generator	1,400,000
2	Lamu Girls Secondary School	Purchase of 44KVA back-up electrical generator	1,400,000
3	Wiyoni Secondary School	Completion of 2 classrooms	3,000,000
4	Education School Furniture PMC	Purchase of desks	1,949,000

5	Hindi Primary School	Re-roofing of 5 no. classrooms	2,000,000
6	Umoja Primary	Renovation of 9 no. classrooms	1,000,000
7	Ndeu Primary School	Re-roofing of classrooms	2,500,000
8	Kiongwe Primary	Re-roofing of 11 no. classrooms	2,500,000
	Total		15,749,000

However, the project files availed lacked key documents including project expenditure returns, projects' bank account statements, tender documents and tender minutes and bills of quantities. This is contrary to Section 38 of National Government Constituencies Development Fund Act, 2015 which provides that the officer of the Board in every constituency shall compile and maintain a record showing all receipts, disbursements and actual expenditures on a monthly basis in respect of every project and sub-project under the Act. The management was therefore in breach of the law.

In the circumstances, the propriety, completeness and regularity of transfer to other government units figure of Kshs.15,749,000 for the year ended 30 June 2017 could not be confirmed.

5. Use of Goods and Services

The statement of receipts and payments reflects a figure of Kshs.10,891,451 for the year ended 30 June 2017 in respect of use of goods and services as detailed in note 5 to the financial statement. However, audit verifications revealed the following anomalies:

5.1. Other Committee Expenses

Included in use of goods and services figure of Kshs.10,891,451 for the year ended 30 June 2017 is other committee expenses figure of Kshs.3,433,500 which includes an amount of Kshs.1,826,580 on project monitoring and evaluation. However, audit verification revealed that the expenditure of Kshs.1,826,580 was not supported with minutes of meetings in line with Section 5 (1) of the National Government Constituencies Development Fund, Act, 2015. The validity of the payments was therefore doubtful.

5.2. Fuel, Oil, and Lubricants

Included in use of goods and services figure of Kshs.10,891,451 for the year ended 30 June 2017 is fuel, oil and lubricants amount of Kshs.1,308,312. However, audit verification revealed that the payments of Kshs.1,308,312 for fuel, oil and lubricants were neither supported with counter receipt voucher (S13) nor fuel register and nor work tickets. This was contrary to Section 159 of the Public Procurement and Asset Disposal Act, 2015. The management was therefore in breach of the law.

Consequently, the propriety and regularity of fuel, oil and lubricants balance of Kshs.1,308,312 for the year ended 30 June 2017 cannot be confirmed.

6. Other Grants and Transfers

6.1. Training of Coxswains

Included in other grants and transfers of Kshs.48,834,922 for the year ended 30 June 2017 as detailed in note 7 to the financial statements is bursary to tertiary institutions of Kshs.15,767,600. This includes a payment of Kshs.3,000,000 to a Kisumu-based private college for training of forty (40) coxswains in Lamu. However, there was no evidence of how the college was identified and selected in line with Section 91 (1) of the Public Procurement and Asset Disposal Act, 2015. In addition, there was no evidence of how the beneficiaries were selected neither was there documentary evidence that the training actually took place.

6.2. Driving Course

Included in other grants and transfers of Kshs.48,834,922 for the year ended 30 June 2017 as detailed in Note 7 to the financial statements is bursary to tertiary institutions of Kshs.15,767,600. This includes a payment of Kshs.5,536,600 to a driving school to train motor vehicle drivers and motor cyclists. However, there was no evidence of how the driving school was identified and selected in line with Section 91 (1) of the Public Procurement and Asset Disposal Act, 2015.

In addition, there was no evidence of how the beneficiaries were selected neither was there documentary evidence that the training actually took place. The management was therefore in breach of the law.

6.3. Security

Included in other grants and transfers of Kshs.48,834,922 for the year ended 30 June 2017 is security expenditure of Kshs.6,000,000. The security expenditure relates to the construction of administration office at Muharani Administration Police Post. However, there was no evidence availed for audit verifications on how contractor was identified and selected contrary to Section 91 (1) of Public Procurement and Asset Disposal Act, 2015. As a result, the management was in breach of the law.

6.4. Emergency Projects

According to Note 7 to the financial statements, other grants and transfers balance of Kshs.48,834,922 include Kshs.4,618,160 for emergency projects. The emergency projects figure of Kshs.4,618,160 include expenditure of Kshs.2,200,000, Kshs.1,918,080 and Kshs.500,000 for supply of food stuffs for distribution to various schools, supply of water to draught affected areas and motor vehicle fuel respectively. However, audit verifications revealed that the expenditure was approved

by the National Government Constituency Development Fund Committee after the delivery dates as detailed below:

No.	Payment Voucher No.	Item	Amount (Kshs.)	Date of Approval	Date Delivery
1	873	Supply of food	2,200,000	21/11/2016	20/11/2016
2	1387	Supply of water	1,918,080	20/02/2017	25/11/2016 to 31/12/2016
3	876	Supply of fuel	500,000	21/11/2016	12/02/2016
	Total		4,618,080		

This was contrary to Section 5 (1) of the National Government Constituencies Development Fund, Act, 2015. Therefore, the payment may have been irregular.

In the circumstances, the propriety, accuracy, and regularity of other grants and transfers of Kshs.48,834,922 for the year ended 30 June 2017 could not be confirmed.

7. Acquisition of Assets

As reported in the year 2015-2016, the statement of receipts and payments reflects acquisition of assets balance of Kshs.10,494,170 for the year ended 30 June 2016. The balance of Kshs.10,494,170 include purchase of motor vehicle and motor cycle figure of Kshs.8,979,170. However, the project file containing the project bank statement and procurement documents were not availed for audit verifications. As a result, it was not possible to confirm how the supplier was identified and the actual amount paid for the vehicle. In addition, the log books for the motor vehicle and motor cycle acquired during the financial year 2015-2016 at a total cost of Kshs.8,979,170 were not availed for audit verifications. The ownership of the assets could not be confirmed.

Further, a summary of asset register was not annexed to the financial statements as required per the Public Accounting Standards Board reporting template.

Consequently, the propriety, accuracy, completeness and ownership of comparative acquisition of assets balance of Kshs.8,979,170 for the year ended 30 June 2016 could not be confirmed.

8. Unremitted Taxes

The statement of receipts and payments for year ended 30 June 2017 reflects transfers to other government units of Kshs.18,698,000 and other grants and transfers of Kshs.48,834,922. Included in these transfers are a total of

Kshs.24,698,000 being disbursements to undertake various construction projects. However, there was no evidence of Withholding taxes being deducted from contractors and remitted to Kenya Revenue Authority contrary to Section 42A (4-C) of the Tax Procedures Act, 2015. As a result, the management did not comply with the income tax requirements and possible fines and penalties accruing due to non-compliance was not provided for in these financial statements.

Consequently, the management is in breach of the law and effects of non-compliance with the income tax laws could not be ascertained for the year ended 30 June 2017.

9. Budgetary Controls and Performance

The National Government Constituency Development Fund (NG-CDF) – Lamu West Constituency received an allocation of Kshs.66,914,149 being 82% of the original budget for the financial year under review.

The Fund had actual expenditure of Kshs.82,882,657 resulting to under absorption of Kshs.33,756,703 or 29 % as summarized below:

Budget line	Final Budget Kshs	Expenditure Kshs	Under-absorption (Kshs.)	Under-absorption %
Compensation of Employees	4,464,549	4,458,284	6,265	1%
Use of Goods and Services	11,140,896	10,891,451	249,445	2%
Transfers to Other Gov't Entities	47,126,589	18,698,000	28,428,589	60%
Other Grants and Transfers	53,907,327	48,834,922	5,072,405	9%
Total	116,639,361	82,882,657	33,756,704	29%

The following were observations from the above analysis:

- i. The fund had a total under-expenditure of Kshs.33,756,704 representing 29% of the budget. This implies that public funds were lying idle at the expense of other deserving areas. The underutilization of the funds may have impacted negatively on the delivery of goods and services to the citizens of Lamu West or may be an indication of over-budgeting in the NG-CDF hence there is a need to re-evaluate the budgeting process to focus on more priority areas as guided by Public Participation in budget making.
- ii. The NG-CDF underspent by 60% on transfers to other government units which represents project funds not disbursed for implementation. This may affect public service delivery to the residents of Lamu West Constituency which contrary to values and principles of public service as provided for under Article 232 (1– c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

10. Project Implementation Status

According to the project implementation status report as at 30 June 2017, the following thirteen (13) projects with a total budget of Kshs.25,691,379 were not implemented during the period under review:

No.	Project Name	Project Activity	Project Allocation (Kshs.)	Status
1	Wiyoni Secondary School	construction of 2 door modern toilets to completion	600,000	0%
2	Kihongwe Primary School	construction of 2 door modern toilets to completion	600,000	0%
3	Maisha Masha Primary School	construction of two classrooms	2,800,000	0%
4	Juhudi Primary School	construction of two classrooms	2,800,000	0%
5	Salama Primary School	construction of two classrooms	2,800,000	0%
6	Majembeni Secondary School	construction to completion of two classrooms	2,800,000	0%
7	Strategic Plan	preparation of strategic plan 2016-2021	1,200,000	0%
8	Sikomani Primary School	renovation of computer lab	150,000	0%
9	Hindi Primary School	renovation of 5 classrooms, doors and windows fittings	700,000	0%
10	Witu Mjini Secondary School	wiring of classrooms and electricity connection	350,000	0%
11	Moa Secondary School	fencing of chain-link concrete poles, fence and gate of the whole school compound	1,500,000	0%
12	Bahari Secondary School	construction of administration block to completion	7,000,000	0%
13	Lamu West Secondary schools fire extinguishers project	purchase of fire extinguishers for secondary schools	2,391,379	0%
	Total		25,691,379	

The management has attributed non-implementation to delays by the National Government Constituencies Development Fund Board to disburse funds for the projects. Non-implementation of development projects affects goods and service delivery to the public and the intended purpose of the projects may not to be realized.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund's or to cease operations, or have no realistic alternative but to do so.

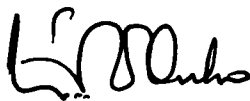
Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

My responsibility is to conduct an audit of the Fund's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report that includes my opinion 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of National Government Constituencies Development Fund – Lamu West Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.



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

Nairobi


12 July 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LAMU WEST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015- 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	66,914,148	98,889,934
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		66,914,148	98,889,934
PAYMENTS			
Compensation of employees	4	4,458,284	3,654,703
Use of goods and services	5	10,891,451	9,019,709
Transfers to Other Government Units	6	18,698,000	34,195,298
Other grants and transfers	7	48,834,922	30,563,500
Acquisition of Assets	8	-	10,494,170
Other Payments	9	-	-
TOTAL PAYMENTS		82,882,657	87,927,380
SURPLUS/DEFICIT		(15,968,509)	10,962,554

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lamu West NGCDF financial statements were approved on 18/9/ 2017 and signed by:


Chairman - NGCDF

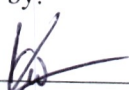

Fund Account Manager

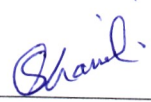
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LAMU WEST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

V. STATEMENT OF ASSETS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	2,708,428	16,931,365
Cash Balances (cash at hand)	10B	100,000	1,206,500
Outstanding Imprests	11		-
TOTAL FINANCIAL ASSETS		2,808,428	18,137,865
REPRESENTED BY			
Retention	12	-	
Fund balance b/fwd 1st July...	13	18,137,865	7,175,311
Surplus/Deficit for the year		(15,968,509)	10,962,554
Prior year adjustments	14	639,072	-
NET LIABILITIES		2,808,428	18,137,865

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lamu West NGCDF financial statements were approved on 12/9/ 2017 and signed by:


Chairman - NGCDFC


Fund Account Manager

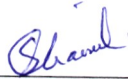
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LAMU WEST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from CDF Board	1	66,914,148	98,889,934
Other Receipts	3	-	-
		66,914,148	98,889,934
Payments for operating expenses			
Compensation of Employees	4	4,458,284	3,654,703
Use of goods and services	5	10,891,451	9,019,709
Transfers to Other Government Units	6	18,698,000	34,195,298
Other grants and transfers	7	48,834,922	30,563,500
Other Payments	9	-	-
		82,882,657.36	77,433,210.00
Adjusted for:			
Adjustments during the year	14	639,072	-
Net cash flow from operating activities		(15,329,437)	21,456,724
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(10,494,170)
Net cash flows from Investing Activities		-	(10,494,170)
NET INCREASE IN CASH AND CASH EQUIVALENT		(15,329,437)	10,962,554
Cash and cash equivalent at BEGINNING of the year	13	18,137,865	7,175,311
Cash and cash equivalent at END of the year		2,808,427	18,137,865

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lamu West NGCDF financial statements were approved on 18/9/ 2017 and signed by:


Chairman NGCDFC


Fund Account Manager

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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	81,896,552	34,103,737	116,000,289	85,052,013	30,948,276	73%
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
TOTAL	81,896,552	34,103,737	116,000,289	85,052,013	30,948,276	73%
PAYMENTS						
Compensation of Employees	3,292,368	1,172,180	4,464,549	4,458,284	6,265	100%
Use of goods and services	4,078,321	7,062,575	11,140,896	10,891,451	249,445	98%
Transfers to Other Government Units	34,681,034	12,445,555	47,126,589	18,698,000	28,428,589	40%
Other grants and transfers	39,844,828	14,062,499	53,907,327	48,834,922	5,072,405	91%
Acquisition of Assets				-	-	0%
Other Payments	-	-	-	-	-	0%
TOTAL	81,896,552	34,742,809	116,639,361	82,882,657	33,756,703	71%

VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NGCDF.

2. Recognition of revenue and expenses

The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

3. In-kind contributions

In-kind contributions are donations that are made to the NGCDF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015-2016
		Kshs	Kshs
Normal Allocation	AIE NO. A829644	4,094,827	98,889,934
	AIE NO. A839556	15,965,872	
	AIE NO. A855169	36,853,449	
	AIE NO. A839680	10,000,000	
	Total	66,914,148	98,889,934

2. PROCEEDS FROM SALE OF ASSETS

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Receipts from the Sale of Buildings		-	
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	
Receipts from the Sale of office and general equipment		-	
		-	-
	Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Interest Received	-	-
Other Receipts Not Classified	-	-
Elsewhere (Tenders)	.	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	2,492,000	2,454,600
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF gratuity	17,000	.
	1,949,284	1,200,103
Total	4,458,284	3,654,703

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services		256,687
Office rent	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	2,863,032	1,010,000
Printing, advertising and information supplies & services		46,000
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Other committee expenses	3,433,500	3,339,000
Committee allowance	1,001,215	548,000
Insurance costs		383,372
Specialised materials and services	346,000	130,961
Office and general supplies and services	1,374,942	865,846
Fuel ,oil & lubricants	1,308,312	1,452,843
Other operating expenses-Bank charges	23,966	-
Other operating expenses-Strategic Plan		987,000
Other operating expenses-Audit Fee		
Routine maintenance – vehicles and other transport equipment	540,484	
Routine maintenance – other assets		
Total	10,891,451	9,019,709

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	12,898,000	549,904
Transfers to secondary schools	5,800,000	33,645,394
Transfers to Tertiary institutions		
Transfers to Health institutions	-	
TOTAL	18,698,000	34,195,298

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	17,325,300	7,977,000
Bursary -Tertiary	15,767,600	9,870,500
Bursary-Special schools	558,000	-
Mocks & CAT	-	-
water		4,500,000
Agriculture (food security)	-	-
Electricity projects	300,000	500,000
Security	6,000,000	.
Roads	.	-
Sports	1,637,931	1,000,000
Environment	2,627,931	
Other capital grants and transfer	-	
Emergency Projects (water trecking in drought areas within constituency & construction of toilets at moa se. school)	4,618,160	6,716,000
	.	-
Total	48,834,922	30,563,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets		2016 - 2017	2015 - 2016
		Kshs	Kshs
Purchase of Buildings		-	-
Construction of Buildings		.	
Refurbishment of Buildings		-	-
Purchase of Vehicles			8,979,170
Purchase of Bicycles & Motorcycles			250,000
Overhaul of Vehicles		-	-
Purchase of Office furniture and fittings			1,000,000
Purchase of computers ,printers and other IT equipments			265,000
Purchase of photocopier		-	-
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
			-
Total		-	10,494,170

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

No other payments		-	-
		-	-
		-	-
TOTAL		-	-

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2016 - 2017 Kshs (30/6/2017)	2015 - 2016 Kshs (30/6/2016)
Equity Bank Mpeketoni Branch	1270263908321	2,708,427	16,931,365
Total		2,708,427	16,931,365

10B: CASH IN HAND)

	2016 - 2017 Kshs (30/6/2017)	2015 - 2016 Kshs (30/6/2016)
lamu west treasury	100,000	1,206,500
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
Total	100,000	1,206,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2017)</i>
	Date imprest taken	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
			-	
		-	-	-
		-	-	-
		-	-	-
12 Retention				
Supplier/Contractor	PV no	2016 - 2017	2015 - 2016	
		N/A	N/A	

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13. BALANCES BROUGHT FORWARD

		2016 - 2017	2015 - 2016
		Kshs (1//7/2016)	Kshs (1/7/2015)
Bank accounts		16,931,365	7,043,311
Cash in hand		1,206,500	132000
Imprest			
Total		18,137,865	7,175,311

14. PRIOR YEAR ADJUSTMENTS

		2016 - 2017	2015 - 2016
		Kshs	Kshs
Bank accounts			
Cash in hand		-	-
Imprest		-	-
Reversed cheques		639,072	-
Total		639,072	-

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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 - 2016
	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

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2017 d=a-c	Outstanding Balance 2016	Comments
Construction of buildings						
1. n/a						n/a
2.						
3.						
Sub-Total						
Construction of civil works						
4.						n/a
5.						
6.						
Sub-Total						
Supply of goods						
7.						n/a
8.						
9.						
Sub-Total						
Supply of services						
10.						n/a
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 2017	Outstanding Balance 2016	Comments
		A	b	c	d=a-c		
Senior Management							
1.							n/a
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							n/a
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							n/a
9.							
Sub-Total							
Others (specify)							
10.							
11.							n/a
12.							
Sub-Total							
Grand Total							

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2017 d=a-c	Outstanding Balance 2016	Comments
Amounts due to other Government entities							
1.							n/a
2.							
3.							
Sub-Total							
Amounts due to other grants and other transfers							
4.							n/a
5.							
6.							
Sub-Total							
Sub-Total							
Others (specify)							
7.							
8.							n/a
9.							
Sub-Total							
Grand Total							

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016-2017	Historical Cost (Kshs) 2015-2016
Land		
Buildings and structures	7,000,000	7,000,000
Transport equipment	11,229,170	11,229,170
Office equipment, furniture and fittings	1,500,000	1,500,000
ICT Equipment, Software and Other ICT Assets	640,000	640,000
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	20,369,170	20,369,170

