

REPUBLIC OF KENYA



Paper back
By Law Clerk,
Adm. Dir. (Emp)
24/10/2018
Wednesday
Afternoon
Sitting



OFFICE OF THE AUDITOR-GENERAL

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24 OCT 2018

REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
LURAMBI CONSTITUENCY
FOR THE YEAR ENDED
30 JUNE 2017



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LURAMBI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	i
II. FORWARD BY THE CABINET SECRETARY	iii
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES	iv
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	1
V. STATEMENT OF ASSETS	2
VI. STATEMENT OF CASHFLOW	3
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	4
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	5
IX. NOTES TO THE FINANCIAL STATEMENTS.....	7
X. OTHER IMPORTANT DISCLOSURES.....	12
XI. ANNEXES.....	13



CONSTITUENCY DEVELOPMENT FUND- LURAMBI CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund Act, 2003, amended in 2007 and repealed by the CDF Act of, 2013.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, 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 Constituencies Development agenda at the constituency level.

(b) Key Management

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

- i. Constituencies Development Fund Board (NGCDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Thomas Ontweka
3.	Accountant	Milcah Odeny

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Lurambi 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) LURAMBINGCDF Headquarters

NGCDF Office,
Osogo Road, Opposite State Lodge Gate B
P.O Box 2680 – 50100,
KAKAMEGA





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LURAMBI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30 June, 2017**

(f) LURAMBINGCDF Contacts

Telephone: (254) 0722 288 499
E-mail:cdflurambi@ngcdf.go.ke

(g) LURAMBI NG-CDF Bankers

Kenya Commercial Bank
A/C NO 1101945710
Kakamega Branch

(h) Independent Auditors

Auditor General
The office of 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- LURAMBI
CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June, 2017**

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

Lurambi NGCDFC pledges that all NGCDFC activities and decisions will be based on and guided by the following values:

- Continuous learning
- Integrity
- Service Culture
- Team Work
- Objectivity

The Lurambi NGCDFC comprises of;

1. Habib Anyolo- NGCDFC Chairman
2. Modesta Auka- NGCDFC Secretary
3. Peter Okwako- NGCDFC Member
4. Neddy Murunga- NGCDFC Member
5. Rydon Kadasia NGCDFC Member
6. Ramadhan Aura NGCDFC Member
7. Susan Akinyi NGCDFC Member
8. Thomas Ontweka Fund Account Manager
9. Michael Yator Deputy County Commissioner

I am pleased to report that 2016/2017 was a year of challenges. However we managed to improve our operating performance and managed to disburse more than 60% of the funds received from the Board (2016/17 Budget) to various projects within the year. However, 40% of the funds was still held by the NGCDF Board as at 30/06/2017. Despite the challenges and costs we encountered during the year, we managed to construct quite a number of facilities to completion and are now in use.

During the year, we managed to achieve the following:

1. Completed quite a number of facilities in Education, health, security, water, roads and bridges.
2. Started new projects. Some of them are complete while others are ongoing.
3. Trained quite a number of Project Management Committees.

Some of the emerging issues that we underwent include;

1. Overwhelming demand for Bursary

I take this opportunity to sincerely thank the NGCDF Board, NGCDFC and our key stakeholders for continued support and guidance.

On behalf of Lurambi NGCDFC and employees I assure you of our total dedication and tireless efforts in serving the constituents of Lurambi better.

Anylo
**Mr. Habib Anyolo
CHAIRMAN
Lurambi NGCDFC**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LURAMBI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30 June, 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 NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Lurambi NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on 30 June, 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 NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Lurambi NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Lurambi NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 20/9/ 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 – LURAMBI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Lurambi Constituency set out on pages 1 to 19, which comprise the statement of assets as at 30 June 2017, and the statements of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Lurambi Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Basis for Qualified Opinion section, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective manner.

Basis for Qualified Opinion

Other Grants and Transfers

Included in the other grants and transfers figure of Kshs.60,919,585 are water projects costing Kshs.5,934,889, which in turn includes Kshs.2,414,889 in respect of Munzeywe Water Project that was paid to local a contractor for borehole drilling at Kshs.1,614,689 and supply and installation of 10,000 litre water tank on a 6 metre steel tower at Kshs.800,200. The project was completed as per completion certificate dated 8 November 2016. However, on physical verification, it was noted that the project was

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

incomplete since the water pump was not installed due to inadequate allocation. In addition, the project is situated on a private land since the processing of the title deed had not been done. Further, the Management intention to hand over the project to the County Government was not yet approved.

Subsequently, the citizens of Lurambi did not receive value for money since the project is not operational as it is not complete.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Lurambi 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 requirements applicable to performing audits of financial statements in Kenya. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgments, are of most significance in the audit of the financial statements. Except for the matters raised in the Basis for Qualified Opinion and Other Matter sections of my report, there were no key audit matters to report in the year under review.

Other Matter

1. Budget Performance Analysis

1.1. Original Budget not fully Approved by the Board

The proposed budget was prepared much later in November, 2016 where Kshs.81,896,552 was proposed as the total expenditure for the financial year 2016/2017. The proposal was approved by the Board up to Kshs.66,769,464 and the balance of Kshs.15,127,088 is not yet approved leading to delay in the implementation of projects.

1.2. Statement of Appropriation: Recurrent and Development

Comparison of the budget against actual expenditure for the year 2016/2017 revealed that the transfer from CDF Board was under disbursed by Kshs.30,948,275 (21.67%), transfer to other government units was less by Kshs.15,298,774 (30.91%) and other grants and transfers by Kshs.11,073,349 (15.38%) as indicated in the table below.

Receipt/ Expense Item	Original Budget Kshs.	Adjustments Kshs.	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Utilization Difference Kshs.	% of Utilisa tion
Receipts						
Transfers from CDF Board	81,896,552	60,928,114	142,824,666	111,876,391	30,948,275	21.67
Payments						
Compensation of Employees	2,687,633	1,111,680	3,799,313	3,772,959	26,354	7
Use of goods and services	4,683,057	4,036,843	8,719,900	8,642,198	77,702	8.9
Transfers to Other Government Units	18,098,774	31,400,000	49,498,774	34,200,000	15,298,774	30.91
Other grants and transfers	49,294,828	22,698,104	71,992,932	60,919,585	11,073,347	15.38
Acquisition of Assets	7,132,260	1,681,487	8,813,747	-	8,813,747	
Total	81,896,552	60,928,114	142,824,666	107,534,742	35,289,924	

The under-expenditure was attributed to a shortfall of revenue as the Board only disbursed Kshs.51,448,277 out of Kshs.81,896,552.

2. Project Implementation Status Report- On going Projects

Analysis of the Project Implementation Status report from the financial year 2013/2014 to the year under review revealed that the Fund initiated several projects which have not been completed as detailed below:

F/Y	Estimated Cost Kshs.	Approved allocation Kshs.	Total Disbursements Kshs.
2013/14	159,606,365	12,950,000	2,400,000
2014/15	176,958,564	22,118,912	33,615,541
2015/16	250,795,290	37,050,000	34,200,000
2016/17	245,605,737	38,731,034	27,550,000
Total	832,965,956	110,849,946	97,765,541

From the above, projects estimated Kshs.832,965,956 were initiated from the financial year 2013/2014 to 2016/2017. Out of this amount, Lurambi CDFC had allocated Kshs.110,849,946 and disbursed Kshs.97,765,541. Further, thirty (15) projects costing Ksh.24,400,000 verified on April 2018 status was as indicated below;

Projects Verified				
	Project Name	Project Description	Amount Kshs.	Status
1	Lwesero Health Centre	Construction of Twin staff Houses	2,800,000	Complete but not occupied
2	Ekapwonje Primary School	construction of two new classrooms	1,000,000	Ongoing
3	Isumba Dispensary	Drilling of water & completion of dispensary	1,000,000	Dispensary-completed & in use Water- drilled but pump not installed hence not in use
4	Eshikhuyu Dispensary	Construction of Twin staff Houses	1,600,000	Complete but not occupied
5	Emukangu Primary School	Construction of two new classrooms and land purchase	2,200,000	Classrooms-ongoing Land- one acre purchased at Kshs 800,000.00
6	Chief Mutsembi Primary School	Land Purchase	2,000,000	1/4 acre of Land purchased
7	Kakamega Primary School	1. Desks 2. Roofing of Storey Building 3. Terrazzo flooring (1 st floor)	3,600,000	Ongoing
8	Shieywe Secondary School	Completion of two classrooms	1,000,000	Completed & in use
9	Kakamega Township Secondary School	Completion of two Laboratories (Work Tops & tiling, gas piping, 80 stools,	1,000,000	Completed & in use
10	Shitaho Primary School	Construction of three classrooms	1,000,000	Ongoing-
11	Rosterman Secondary School	Construction of Twin lab	1,500,000	Ongoing- Finished slab
12	Eshisiru Secondary School	Top-up to PTA funds to Purchase of Land	1,500,000	1.4 HA of land purchased at the cost of Kshs 2.5M
13	St. Lawrence Ichina Primary School	Construction of storey building (classrooms and offices	2,000,000	Ongoing (on Rental level)
14	Lwanungu Primary School	Construction of two classrooms	1,200,000	Ongoing

15	Ebwamba Secondary School	Land Purchase	1,000,000	¾ acre purchased
	Total		24,400,000	

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 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services and applying the going concern accounting assumption, disclosing, as applicable, matters related to sustainability of services.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund's cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi


13 July 2018

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board	1	51,448,277	109,683,370
TOTAL RECEIPTS		51,448,277	109,683,370
PAYMENTS			
Compensation of employees	2	3,772,959	2,179,320
Use of goods and services	3	8,642,198	9,014,680
Transfers to Other Government Units	4	34,200,000	24,967,931
Other grants and transfers	5	60,919,585	42,460,663
Acquisition of Assets	6	-	1,164,120
TOTAL PAYMENTS		107,534,742	79,786,714
SURPLUS/DEFICIT		(56,086,465)	29,896,656

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lurambi NGCDF financial statements were approved on 20/9/ 2017 and signed by:



Chairman - NGCDFC





Fund Account Manager

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

V. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	4,341,649	60,428,115
TOTAL FINANCIAL ASSETS		4,341,649	60,428,115
REPRESENTED BY			
Fund balance b/fwd 1st July...	8	60,428,114	30,531,458
Surplus/Deficit for the year		(56,086,465)	29,896,656
NET LIABILITIES		4,341,649	60,428,114

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lurambi NGCDF financial statements were approved on 20/9/ 2017 and signed by:

KyL
Chairman - NGCDFC




[Signature]
Fund Account Manager

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

VI. STATEMENT OF CASHFLOW		2016-2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	51,448,277	109,683,370
		51,448,277	109,683,370
Payments for operating expenses			
Compensation of Employees	2	(3,772,959)	(2,179,320)
Use of goods and services	3	(8,642,198)	(9,014,680)
Transfers to Other Government Units	4	(34,200,000)	(24,967,931)
Other grants and transfers	5	(60,919,585)	(42,460,663)
		(107,534,742)	(78,622,594)
Net cash flow from operating activities		(56,086,465)	31,060,776
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	(1,164,120)
Net cash flows from Investing Activities		-	(1,164,120)
NET INCREASE IN CASH AND CASH EQUIVALENT		(56,086,465)	29,896,656
Cash and cash equivalent at BEGINNING of the year	8	60,428,114	30,531,458
Cash and cash equivalent at END of the year	7	4,341,649	60,428,114

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Lurambi NGCDF financial statements were approved on 20/9/ 2017 and signed by:


Chairman NGCDF




Fund Account Manager

Reports and Financial Statements
For the year ended 30 June, 2017

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	60,928,114	142,824,666	111,876,391	30,948,276	78%
TOTAL	81,896,552	60,928,114	142,824,666	111,876,391	30,948,276	78%
PAYMENTS						
Compensation of Employees	2,687,633	1,111,680.00	3,799,313	3,772,959.00	26,354.00	99.3%
Use of goods and services	4,683,057	4,036,843.00	8,719,900	8,642,198.00	77,702.00	99.1%
Transfers to Other Government Units	18,098,774	31,400,000.00	49,498,774	34,200,000.00	15,298,774.00	69%
Other grants and transfers	49,294,828	22,698,104.00	71,992,932	60,919,585.00	11,073,347.00	85%
Acquisition of Assets	7,132,260	1,681,487.00	8,813,747	-	8,813,747.00	0.0%
TOTAL	81,896,552	60,928,114.00	142,824,666	107,534,742	35,289,924.00	75.0%



ATK
Chairman NGCDF

[Signature]
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30 June, 2017**

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.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI
CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June, 2017

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 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 30 June, 2017.



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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	AIE NOs	2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal allocation	829901	4,094,827.60	
	855054	36,853,449.00	
	855594	500,000.00	
	839684	10,000,000.00	
	724120	-	10,000,000
	796319	-	10,000,000
	820839		25,000,000
	820602		10,000,000
	825798		54,683,370
	TOTAL		51,448,277



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI
CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Basic wages of contractual employees	2,210,760	2,179,320
gratuity	1,562,199	
Total	3,772,959	2,179,320



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI
CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	250,443	643,808
Office rent	200,000	300,000
Domestic travel and subsistence	-	52,800
Hospitality supplies and services	95,780	54,250
Other committee expenses	-	570,000
Committee allowance	8,041,975	6,753,900
Office and general supplies and services	-	635,922
Fuel ,oil & lubricants	-	4,000
Routine maintenance – vehicles and other transport equipment	54,000	-
Total	8,642,198	9,014,680



4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 -2016
	Kshs	Kshs
Transfers to primary schools	20,300,000	8,987,931
Transfers to secondary schools	9,500,000	10,400,000
Transfers to health institutions	4,400,000	5,580,000
TOTAL	34,200,000	24,967,931

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI
CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bursary – secondary schools	10,927,601	7,012,746
Bursary – tertiary institutions	7,496,240	8,120,700
Bursary – special schools	170,000	-
Mock & CAT	800,000	770,000
Water projects	5,934,889	1,674,100
Security projects	15,400,000	1,500,000
Roads projects	10,744,455	17,178,926
Sports projects	1,880,000	985,536
Environment projects	995,400	
Other Projects -Text Books	200,000	1,000,000
Office Fence	2,000,000	
Emergency Projects	4,371,000	4,218,655
Total	60,919,585	42,460,663



6. ACQUISITION OF ASSETS

Non-Financial Assets

	2016 - 2017 Kshs	2015 - 2016 Kshs
Construction of Buildings	-	567,413.50
Purchase of Office Furniture and General Equipment	-	596,706
Total	-	1,164,119.50

7: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017 Kshs	2015 - 2016 Kshs
Kenya Commercial Bank A/c 1101945710	4,341,649	60,428,115
	4,341,649	60,428,115

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI
CONSTITUENCY**

Reports and Financial Statements

For the year ended 30 June, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	60,428,115	30,531,458
Total	60,428,115	30,531,458



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30 June, 2017**

9. OTHER IMPORTANT DISCLOSURES

9.1: OTHER PENDING PAYABLES

	Kshs 2016-2017	Kshs 2015-2016
Amounts due to other Government entities (Annex 2)	15,371,754	31,472,980
Amounts due to other grants and other transfers (Annex 2)	11,000,367	22,625,124
Others (Acquisition of assets)	8,813,747	1,681,487
	35,185,868	55,779,591

9.2: PMC account balances

	Kshs 2016-2017	Kshs 2015-2016
PMC account Balances(See Annex 3)	4,235,289.40	98,574.00
	4,235,289.40	98,574.00

9.3: Pending disbursement from the CDF Board

	Kshs 2016-2017	Kshs 2015-2016
Amount owed	30,948,276	500,000
	30,948,276	500,000



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –LURAMBI CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June, 2017

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs)	Historical Cost (Kshs)
	2016/17	2015/16
Buildings and structures	64,886,754.50	64,886,754.50
Transport equipment	2,667,950.00	2,667,950.00
Office equipment, furniture and fittings	796,246.00	796,246.00
ICT Equipment, Software and Other ICT Assets	504,000.00	504,000.00
Other Machinery and Equipment	58,500.00	58,500.00
Total	68,913,450.50	68,913,450.50



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –LURAMBI CONSTITUENCY

Reports and Financial Statements

For the year ended 30 June, 2017

ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.Emahungu primary		500,000.00			500,000.00	-	STILL HELD AT BOARD
2.Eshibembe Primary		300,000.00			300,000.00	-	STILL HELD AT BOARD
3.Indangalasa Primary		250,000.00			250,000.00	-	Still held at Board
4.Emachembe primary		1,000,000.00			1,000,000.00	-	Still on CDFC account
5.Shikoti Girls Boarding Primary		500,000.00			500,000.00	-	Still held at Board
6.Eshandukusi primary		500,000.00			500,000.00	-	Still held at Board
7.Eshirumba primary		850,000.00			850,000.00	-	Still held at Board
8.Matioli Primary		100,000.00			100,000.00	-	Still held at Board
9.Shisango primary		600,000.00			600,000.00	-	Still held at Board
10.Lyanungu primary		500,000.00			500,000.00	-	Still held at Board
11.Mwiyala Primary		548,774.48			548,774.48	-	Still held at Board
12.Nyayo Tea Zone primary		850,000.00			850,000.00	-	Still held at Board
13.Daisy special primary School		500,000.00			500,000.00	-	Still held at Board
14.Bukhulunya primary		500,000.00			500,000.00	-	Still held at Board
15.Kakamega Township primary		500,000.00			500,000.00	-	Still held at Board
16.Rosterman primary		1,000,000.00			1,000,000.00	-	Still held at Board
17.Shitaho primary		1,000,000.00		500,000	500,000.00	-	Still held at Board
18.Shikoti mixed secondary		3,200,000.00		-	3,200,000.00	-	Still held at Board
19.Shisango Girls Secondary		300,000.00		-	300,000.00	-	Still held at Board
20.Matende Girls secondary		300,000.00		-	300,000.00	-	Still held at Board
21.Lurambi primary school		2,000,000.00		-	2,000,000.00	-	Still held at CDF Account

NATIONAL GOVERNMENT ENTITY –LURAMBI CONSTITUENCY

Reports and Financial Statements
For the year ended 30 June, 2017

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
Sub-Total							
Amounts due to other grants and other transfers							
1. Emusala AP Line		500,000.00		-	500,000.00	-	Still held at Board
2. Bukura police post		1000,000.00		-	1000,000.00	-	Still held at Board
3. Eshibeye Assistant Chief's Office		500,000.00		-	500,000.00	-	Still held at Board
4. Bukhungu Chief's Office		800,000.00		-	800,000.00	-	Still held at Board
5. Emachembe primary-Text books		200,000.00		-	200,000.00	-	Still held at Board
6. Eshisiru secondary-Text books		200,000.00		-	200,000.00	-	Still held at Board
7. Indangalasia Chief's Camp		1,500,000.00		-	1,500,000.00	-	Still held at Board
8. Butotso Social hall		2,500,000.00		-	2,500,000.00	-	Still held at Board
9. Social Security		2,000,000.00		-	2,000,000.00	-	Still held at Board
10. Bursary		1,873,347.00		-	1,873,347.00	-	Still held at Board
Sub-Total							
Sub-Total							
Others (Acquisition of Assets)							
11. Motor vehicle		7,132,260.00		-	7,132,260.00	-	Still held at Board
12. Masera construction LTD-Retention		1,181,487.00		-	1,181,487.00	-	Still held at CDFC account
13. Office Furniture		500,000.00		-	500,000.00	-	Still held at CDFC account
Sub-Total							
Grand Total							
					8,813,747.00		
					35,186,868.00		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –LURAMBI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30 June, 2017**

ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Eshibeye-Esumba Health Centre	Cooperative	01134023568100	327	525
Eshikhuyu Health Centre	Cooperative	01134023562900	35,000	1,400
Lwesero Health Centre	KCB	1164065955	64,463	1,500
Matioli Dispensary	KCB	1174053585	3,948	900
Shiyunzu Dispensary	KCB	1183833288	4,600	0
Kakamega Primary School	KCB	074147101043	2,136	275
Fitina Road Milimani PMC	KCB	1183740743	1,000	0
Shisasari Primary School	KCB	1174095636	9,938	1,200
Mahiakalo Assistant Chief's Office	KCB	1183345461	141,504	3,000
Ematsayi AP Camp	KCB	1183756658	60,580	3,080
Lwesero Police Post	KCB	1145226493	8,603	0
Shibiriri AP Camp	KCB	1183351623	787.50	1,050
Shitungu AP Camp	KCB	1183261608	98,363.50	0
Butsotso Central Chief's Office	KCB	1183789017	2,000	0
Eshilibo Primary School	KCB	1135165351	2,074	575
Ekapwonje Primary School	KCB	1183366299	1,694	0
Emulundu Primary School	KCB	1177783908	42,534	600
Eshibeye Primary School	KCB	1183841531	9,639	0
Eshibembe Primary School	KCB	1183559054	951	0
Emukangu Primary School	KCB	1184057648	2,370	0
Ebung'aya Primary School	KCB	1183803982	4,384	0
St. Lawrence Ichina Primary School	KCB	1156021332	15,147	1,500
Nyayo Tea Zone Primary School	KCB	1171045689	5,952	0
Lyanungu Primary School	KCB	1183342608	4,160	2,000
Ebwambwa Primary School	KCB	1101561785	4,511.35	725
Lurambi Primary School	KCB	1174031433	1,061,979	61,979
Chief Mutsembi Primary School	KCB	1177075385	733.70	830
Bondeni Primary School	KCB	1131772377	34,078	0
Bukhulunya Primary School	KCB	1184416125	499,600	0
Shitaho Primary School	KCB	1183301421	117,056	2,000
Rosterman Primary School	KCB	1184250197	3,588	0
Amalemba Primary School	KCB	1168158354	474	0
Shitaho Community School	KCB	1171494858	1,434	434
Matende Primary School	KCB	1172017824	1,462	462
Hirumbi Primary School	KCB	1109549768	507	1000
Musaa Primary School	KCB	1126900141	1,267	0
Shivakala Primary School	KCB	1183671725	16,248	0
Kilimo Girls Secondary School	KCB	1174508957	48,502	502

NATIONAL GOVERNMENT ENTITY –LURAMBI CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June, 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Matioli Secondary School	KCB	1174063610	1,118	118
Mwangaza Secondary School	KCB	1171039883	11,278	278
Eshisiru Secondary School	KCB	1183320183	9,484	0
Shieywe Secondary School	KCB	1133632998	6,803	1,600
St. CaroliLwangaMaraba Secondary School	KCB	1156433037	13,110	1,300
Rosterman Secondary School	KCB	1183317611	42,103.50	2,103
Lurambi CDF Examination Council	Family	078000033458	5,717	1,200
Shirere Water Springs PMC	KCB	1197610006	1,880	0
Lurambi Sports & Cultural PMC	KCB	1184419931	0	1,000
Eshisiru CDF Office Borehole PMC	KCB	1184430365	14,000	2,000
Butsotso East AP Line	KCB	1156135680	311.45	110
Kakamega Muslim Secondary School	Cooperative	01139165026500	1,306.90	206
Kakamega Township Secondary School	KCB	1103431080	110,412	1,200
Ebwambwa Secondary School	KCB	1206396792	1,000,435	0
Lurambi Environmental PMC	KCB	1200170659	0	1,215
Emulele Primary School	KCB	1204291322	31,398	0
Ebuhayi Primary School	KCB	1204175772	2,170	205
Lurambi CDF Office Fence PMC	KCB	1203861397	1,435	0
Eshibeye Secondary School		1134251025	41,903.50	502
Lurambi Solar Lights PMC	KCB	1205888780	623,829	0
Ebwambwa Secondary School	KCB	1206398442	3,000	0
Total			4,235,289.40	98,574.00



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LURAMBI CONSTITUENCY

Reports and Financial Statements

For the year ended 30 June, 2017

ANNEX 3: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS


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

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)
KAK/C/INSP/1/(72)	-Width of the classrooms measured 6000mm (20ft) instead of 7200mm(24ft) as per the plan at the same contractual price of kshs 1,700,000.00 of Shisasari Primary	-The project was supervised by County Public Works -The plan that was available in the file was a draft and not used during the construction.	-Fanuel Asatsa County Works Officer(Clerk of Works)	-Resolved	-Resolved
KAK/C/INSP/1/(72)	-Handing over of Lurambi CDF office to County Government of Kakamega as per MOU dated 28 th January 2014. -County government was supposed to take over and compensate the CDF office kshs.54,168,070.00 -No reason has been given why the handing over of the CDF office building to the County	The MOU regarding the handover of CDF storey building to Kakamega County Government was signed on 28 th January,2014 and forwarded to the Chief Executive Officer of the NGCDF Board together with the request for authority to handover the building. The signatories of the Memorandum of Understanding were; 1.Hon Wycliff Ambetsa Oparanya-Governor		Not Resolved	

NATIONAL GOVERNMENT ENTITY – LURAMBI CONSTITUENCY

**Reports and Financial Statements
For the year ended 30 June, 2017**

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)
	Government has taken too long	<p>Kakamega County 2.Hon Raphael Milikau Otaalo-MP Lurambi -CDF Board of Directors held a meeting on 19th December, 2016 and resolved that Lurambi NGCDF submit a new Memorandum of Understanding signed by the Kakamega County Secretary, Fund Account Manager and Lurambi NGCDF chairman, indicating that the County Government will implement projects as proposed by Lurambi and Navakholo constituencies. -The projects to be implemented by the County Government of Kakamega should be recognized as NGCDF projects in projects Implementation Status report.</p>			

Prepared by: 

**Thomas Ontweka
Fund Account Manager
Lurambi NGCDF**

