

REPUBLIC OF KENYA



*Paper laid by the  
leader of majority party  
M.P.F  
Tuesday 11/10/2018*

OFFICE OF THE AUDITOR-GENERAL

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
MBOONI CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2017

PARLIAMENT  
OF KENYA  
LIBRARY



[30th SEPTEMBER 2017]



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**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND – MBOONI**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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## 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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

### (b) Key Management

The *Constituency's* 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 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	<b>Yusuf Mbuno</b>
2.	Fund Account Manager	<b>Paul Kimilu</b>
3.	District Accountant	<b>Joseph Chabari</b>

### (d) Fiduciary Oversight Arrangements

*List the CDFC as gazetted*

- |             |          |           |
|-------------|----------|-----------|
| 1. Sammy    | Mbithi   | Chairman  |
| 2. Paul     | Kimilu   | FAM       |
| 3. Terah    | Kyunguti | Secretary |
| 4. Peter    | Matunge  | Dcc       |
| 5. Amos     | Maingi   | Member    |
| 6. Veronica | Malila   | Member    |
| 7. Lawrence | Ndavi    | Member    |
| 8. Aurelia  | Muendo   | Member    |
| 9. Mary     | Mukula   | Member    |

**(e) Entity Headquarters**

*Provide box and physical address of the constituency CDF office*

P.O. Box 80 Code 90133, TAWA  
Matee building,  
Mbumbuni Market  
Makueni County

**(f) Entity Contacts**

**Provide telephone number and email of the constituency CDF office**

Telephone: 0715681197  
E-mail: mboonicdf@yahoo.com

**(g) Entity Bankers**

Constituency CDF main banker (provide the bank, branch, account number and address)

1. Equity Bank  
Wote Branch  
**0670262509102**

**(h) Independent Auditors**

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

## **II. FOWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE**

### **(a) Summary of Budget Performance**

Chairman Mbooni NG-CDFC on behalf of the committee members and residents hereby thank the NG-CDF Board for their continuous support in the disbursement of funds and project implementation. In the FY 2016/2017 Mbooni was allocated a total of Ksh 81,896,551.72. The budget for the year was fairly utilised despite the challenges of delays in funds disbursement.

### **(b) Key Achievements**

Some key achievements during the year were completion of KMTC Mbooni, new classrooms/ renovations, Science Laboratories, Dormitories and Chiefs Offices.

### **(c) Emerging Issues related to NG CDF**

The new NG-CDF CDF Act 2015 was enacted and operationalized. However a court ruling was issued by high court to ensure NG-CDF Act was aligned to the constitution. The same players went back to court to challenge the ruling. Despite this challenge the fund continued to operate effectively.

### **(d) Implementation Challenges and Way forward.**

Some implementation challenges include:

- (i) Delays in Funds disbursement
- (ii) Lack of commitment and managerial skills by the PMCs
- (iii) Misappropriation of funds by the PMCs
- (iv) Lack of support and technical guidance by the line Ministries

### **The way forward;**

- (a) Capacity build PMCs
- (b) Increase funds for M&E



**SAMMY MBITHI**

**CHAIRMAN NG-CDFC**

### **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 entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.


The Fund Account Manager in charge of the MBOONI *NG-CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the MBOONI *NG-CDF* accepts responsibility for the Constituencies' 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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the MBOONI *NG-CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2017, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the MBOONI *NG-CDF* further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the *NG-CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency'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 Fund Account Manager confirms that the Constituency'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 MBOONI *NG-CDF* financial statements were approved and signed on 4<sup>th</sup> August, 2017.

  
**Paul Kimilu**  
Fund Account Manager

  
**Sammy Mbithi**  
Chairman – NG CDFC

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MBOONI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mbooni Constituency set out on pages 5 to 23 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 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 effect of the matters 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-Mbooni 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

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

#### Basis for Qualified Opinion

##### 1. Prior Year Adjustments and Fund Balance

Note 10 to the financial statements reflects prior year adjustments of Kshs.14,845,390 (2016/2017) and of Kshs.40,761,033 (2015/2016) both of which have not been reflected in the statement of assets. Further, the nature and amounts of the error corrected have not been disclosed.

The statement of assets as at 30 June 2017 also reflects fund balance brought forward of Kshs.40,761,033 but the respective Note 9 reflects Kshs.40,732,033 resulting in a difference of Kshs.29,000.

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



Consequently, the validity and accuracy of the prior year adjustments and fund balance could not be confirmed.

## **2. Bank Balance**

The statement of assets reflects a bank balance of Kshs.14,845,390 as at 30 June 2017. The bank reconciliation statement for the month of June 2017 reflects unpresented cheques totalling Kshs.1,486,701. However, cheques amounting to Kshs.242,000 had gone stale as at 30 June 2017 but had not been written back to the cash book. In addition, bank balance confirmation certificate was not provided for audit verification.

Consequently, the existence and accuracy of the cash and cash equivalents balance of Kshs.14,845,390 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Mbooni 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. I believe that the audit 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 judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no other Key Audit Matters to communicate in my report.

## **Other Matter**

### **1. Budgetary Control and Performance**

(i) During the year under review, the Fund incurred expenditure totalling Kshs.166,301,344 or approximately 77% of the approved budget of Kshs.215,339,612 which resulted in under expenditure of Kshs.48,538,623. In addition, the Fund's receipts during the year amounted to Kshs.181,336,984 against the approved budget of Kshs.215,339,612 resulting in unrealized receipts of Kshs.34,002,628 or 16%.

(ii) There are unexplained variances between adjustments figures for administration expenses, transfers to other government units, other grants and transfers and acquisition of assets in the summary statement of appropriation and those in the supporting schedule provided by the Fund as follows:

Expenditure Item	Original Budget Kshs.	Adjustments Kshs.	Adjustments in budget as per schedule Kshs.	Variance Kshs.
<b>PAYMENTS</b>				
Compensation of Employees	1,876,000	6,186,500		
Use of goods and services	3,494,687	11,166,199		
Committee Expenses	2,000,000	13,204,893		
		<b>30,557,592</b>	<b>5,564,239</b>	<b>24,993,353</b>
Transfers to Other Government Units	44,001,874	64,364,165		
Other grants and transfers	28,812,990	33,521,304		
Acquisition of Assets	1,711,000	5,000,000		
		<b>102,885,469</b>	<b>127,878,822</b>	<b>-24,993,353</b>
<b>TOTAL</b>	<b>81,896,551</b>	<b>133,443,061</b>		

## 2. Implementation of Projects

Project implementation status report provided during the audit indicated that the original approved budget for the year amounted to Kshs.96,679,703 instead of Kshs.81,896,551 appearing in the summary statement of appropriation and the code list, resulting in unexplained difference of Kshs.14,783,152.

The project implementation status as at 30 June 2017 was as detailed below:

Project Name	Major Activity	Allocated Amount Kshs	Disbursed Amount Kshs	Implementation status	Completion date	Remarks
Kitoto Primary school	Construction of Office	1,350,000.00	650,000.00	Complete	30/Jun/17	Re-allocation
Kitundu primary school	Construction of staff house	630,051.41		Ongoing	30/Jun/17	Re-allocation
Kithangaini primary sch	Renovation of 4 classrooms	500,000.00	500,000.00	Complete	30/Jun/17	Re-allocation

Mukuku primary school	Renovation of 4 classrooms	500,000.00	500,000.00	Complete	30/Jun/17	Re-allocation
Mukuku primary school	Construction of Toilet	200,000.00	200,000.00	Complete	30/Jun/17	Emergency
Kitithini primary school	Renovation of 4 classrooms	500,000.00	500,000.00	Complete	30/Jun/17	Re-allocation
Kyamithenge Primary School	8 classroom renovations roofing, plastering	400,000.00	800,000.00	Complete	30/Jun/17	In use
Mwende Primary School	4 classroom renovations, roofing plastering	1,000,000.00	1,000,000.00	Ongoing	30/Jun/17	Tendering stage
Kyamuata Primary school	4 classroom renovations, roofing plastering	500,000.00	500,000.00	Ongoing	30/Jun/17	On progress
Kasyelia Primary School	4 classroom renovations, roofing plastering	500,000.00	500,000.00	Ongoing	30/Jun/17	On progress
Kilungu Primary school	4 classroom renovations, roofing plastering	500,000.00	500,000.00	Ongoing	30/Apr/18	Awaiting more funds
Kilungu Primary school	Construction of Toilet	350,000.00	350,000.00	Complete	30/Jun/17	Emergency
Kyome Primary School	4 classroom renovations, roofing plastering	500,000.00	500,000.00	Ongoing	30/Jun/17	On progress
Kako Primary School	4 classroom renovations, roofing plastering	500,000.00	500,000.00	Not started	30/Jun/17	Not started
Kako Primary School	Renovation of 6 classrooms	1,500,000.00	1,000,000.00	Re-allocated	30/Jun/17	Re-allocation
Muambani Primary school	4 classroom renovations, roofing plastering	500,000.00	500,000.00	Ongoing	30/Jun/17	On progress
Ngai Primary school	4 classroom renovations, roofing plastering	500,000.00	-		30/Jun/17	Awaiting funds
Miau primary school	4 classroom renovations, roofing plastering	500,000.00	-		30/Jun/17	Awaiting funds

Kiteta primary school	4 classroom renovations, roofing plastering	500,000.00			30/Jun/17	Awaiting funds
Kiteta primary school	Construction of Toilet	200,000.00	200,000.00	Ongoing	30/Jun/17	Awaiting more funds
Yatwa primary school	4 classroom renovations, roofing plastering	500,000.00	-		30/Jun/17	Awaiting funds
Kitondo primary school	4 classroom renovations, roofing plastering	500,000.00	-		30/Jun/17	Awaiting funds
Wanzauni primary school	4 classroom renovations, roofing plastering	500,000.00	-		30/Jun/17	Awaiting funds
Kyanguma primary school	Construction of 4 door toilets, digging pit, foundation, walling, roofing, paint, doors	217,426.00	-		30/Jun/17	Awaiting funds
Maiuni primary school	Construction of 4 door toilets, digging pit, foundation, walling, roofing, paint, doors	217,426.00	-		30/Jun/17	Awaiting funds
Kaseki Primary school	Construction of Toilet	200,000.00	200,000.00	Complete	30/Jun/17	Emergency
Kilenge Primary School	Construction of Toilet	200,000.00	200,000.00	Complete	30/Jun/17	Emergency
Nthunthini Primary School	Construction of Toilet	200,000.00	200,000.00	Complete	30/Jun/17	Emergency
Ukala Primary School	Construction of Toilet	200,000.00	200,000.00	Complete	30/Jun/17	Emergency
Itulu Primary School	Construction of Toilet	154,327.00	154,327.00	Complete	30/Jun/17	Emergency
Utuneni secondary School	Dining hall Construction walling, roofing	500,000.00	3,000,000.00	Complete	30/Jun/17	Re-allocation
Mukaatini Secondary School	2 Staff house construction plastering, roofing	1,158,945.00	1,000,000.00	Complete	30/Jun/17	Re-allocation
Mbooni Boys Secondary School	Dining hall renovation flooring, plaster, roofing	865,770.00	1,000,000.00	Complete	30/Jun/17	Re-allocation
Kiteta Boys Secondary School	Renovation of Dormitory	300,000.00	300,000.00	Complete	30/Jun/17	Emergency

Yangua secondary school	Renovation of blown roof	300,000.00	300,000.00	Complete	30/Jun/17	Emergency
KMTC-Mbooni	3 classroom construction, Laboratory, Administration Block, Dormitory and Dining hall:- Walling, Roofing, plastering, painting, installation of windows, doors and finishes	40,986,874.00	63,227,544.00	Complete	30/Jun/17	Phase 1 complete
Yandue Dispensary	Construction of outside toilet	380,000.00	380,000.00	Complete	30/Jun/17	Emergency
Utwiini Dispensary	Construction of outside toilet	380,000.00	380,000.00	Complete	30/Jun/17	Emergency
Nthengo Drift	Completion of drift construction(horizontal frame work class F2 finish, cut bent and fix culverts,rails, edge mark posts and opening to the main road)	1,000,000.00	1,500,000.00	Complete	30/Jun/17	In use
Utwiini Drift	Completion of drift construction(horizontal frame work class F2 finish, cut bent and fix culverts, rails, edge mark posts and opening to the main road)	1,328,533.00	500,000.00	Complete	30/Jun/17	In use
Mbooni Social Hall	Construction, fencing, toilet	118,663.00	1,000,000.00	Complete	30/Jun/17	In use
Nduluku Social Hall	Construction of Social Hall	500,000.00	500,000.00	Complete	30/Jun/17	In use
Kithungo Administration Police Line	Administration Police Line construction walling, roofing	500,000.00	1,000,000.00	Complete	30/Jun/17	Re-allocation
Kalawa Assitant Chiefs Office	Office construction-Foundation	700,000.00	500,000.00	Complete	30/Jun/17	Re-allocation

	walling, roofing, doors & Finishes					
Mataa Chiefs Office	Construction of Chiefs Office walling, roofing	1,000,000.00	1,500,000.00	Complete	30/Jun/17	In use
Mbooni west Police station	Construction of Toilet	380,000.00	380,000.00	Complete	30/Jun/17	Emergency
Waia Dos Office/AP Line	Renovation of Dos Office and AP Line	750,000.00	750,000.00	Complete	30/Jun/17	Emergency
NG-CDF Motor vehicle Mbooni	Additional funds for purchase of motor vehicle	830,000.00	-	To be reallocated	30/Jun/17	Re-allocation
NG-CDF Motor vehicle Mbooni	Purchase of Motor- Land cruiser extension	1,711,000.00	6,711,000.00	Complete	30/Jun/17	In use
		<b>96,679,703.13</b>	<b>122,053,558.72</b>			

The constituents of Mbooni did not obtain value in respect of projects budgeted for but not fully implemented as at the end of the year.

### **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, 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 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**

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 continue 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 to cease sustaining 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 to 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**

**31 July 2018**



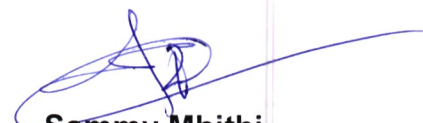
#### IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	140,195,451	112,532,835
Other Receipts	2	190,250	29,000
<b>TOTAL RECEIPTS</b>		<b>140,385,701</b>	<b>112,561,835</b>
<b>PAYMENTS</b>			
Compensation of employees	3	1,924,500	1,880,450
Use of goods and services	4	7,273,418	7,876,374
Transfers to Other Government Units	5	102,356,640	41,727,283
Other grants and transfers	6	48,035,786	24,295,800
Acquisition of Assets	7	6,711,000	-
<b>TOTAL PAYMENTS</b>		<b>166,301,344</b>	<b>75,779,907</b>
<b>SURPLUS/DEFICIT</b>		<b>(25,915,643)</b>	<b>36,781,928</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MBOONI NG-CDF financial statements were approved on 4<sup>th</sup> August 2017 and signed by:



**Paul Kimilu**  
Fund Account Manager



**Sammy Mbithi**  
Chairman – NG CDFC

## V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	<b>8A</b>	14,845,390	40,732,033
Cash Balances (cash at hand)	<b>8B</b>	-	29,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>14,845,390</b>	<b>40,761,033</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	<b>9</b>	40,761,033	1,941,305
Surplus/Deficit for the year		(25,915,643)	36,781,928
<b>NET FINANCIAL POSITION</b>		<b>14,845,390</b>	<b>40,761,033</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MBOONI CDF financial statements were approved on 4<sup>th</sup> August 2017 and signed by:



**Paul Kimilu**  
 Fund Account Manager



**Sammy Mbithi**  
 Chairman – NG CDFC

**VI. STATEMENT OF CASH FLOW**

<b>Receipts for operating income</b>	<b>NOTE</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>
Transfers from CDF Board	1	140,195,451	112,532,835
Other Receipts	2	190,250	29,000
		<b>140,385,701</b>	<b>112,561,835</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	1,924,500	1,880,450
Use of goods and services	4	7,273,418	7,876,374
Transfers to Other Government Units	5	102,356,640	41,727,283
Other grants and transfers	6	48,035,786	24,295,800
		<b>159,590,344</b>	<b>75,779,907</b>
<b>Net cash flow from operating activities</b>		<b>(19,204,643)</b>	<b>36,781,728</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	(6,711,000)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(25,915,643)</b>	<b>36,781,928</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	9	<b>40,761,033</b>	<b>1,941,305</b>
<b>Cash and cash equivalent at END of the year</b>		<b>14,845,390</b>	<b>40,761,033</b>

The Mbooni CDF Financial statements were approved on 4<sup>th</sup> August 2017 and signed by:



**Paul Kimilu**  
**Fund Account Manager**



**Sammy Mbithi**  
**Chairman NG-CDFC**

**VII. SUMMARY STATEMENT OF APPROPRIATION:  
 RECCURENT 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	81,896,551	133,443,061	215,339,612	181,146,734	34,192,878	84%
Other Receipts				190,250	(190,250)	
<b>TOTAL</b>	<b>81,896,551</b>	<b>133,443,061</b>	<b>215,339,612</b>	<b>181,336,984</b>	<b>34,002,628</b>	<b>84%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,876,000	6,186,500	8,062,500	1,924,500	6,138,000	23%
Use of goods and services	3,494,687	11,166,199	14,660,886	3,103,154	11,557,733	21%
Committee Expenses	2,000,000	13,204,893	15,204,893	4,170,264	11,034,629	27%
Transfers to Other Government Units	44,001,874	64,364,165	108,366,039	102,356,640	6,009,399	94%
Other grants and transfers	28,812,990	33,521,304	62,334,294	48,035,786	14,298,508	77%
Acquisition of Assets	1,711,000	5,000,000	6,711,000	6,711,000	0	100%
<b>TOTAL</b>	<b>81,896,551</b>	<b>133,443,061</b>	<b>215,339,612</b>	<b>166,301,344</b>	<b>48,538,623</b>	<b>77%</b>



**Paul Kimilu**  
 Fund Account Manager



**Sammy Mbithi**  
 Chairman NG-CDFC

## **IX. SIGNIFICANT ACCOUNTING POLICIES**

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

### **a) 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 and relevant legal framework of the Government of Kenya. 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 Constituency and all values are rounded to the nearest thousand (Kshs'000). 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 Constituency.

### **b) Recognition of revenue and expenses**

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

### **c) In-kind contributions**

In-kind contributions are donations that are made to the Constituency 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 Constituency 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.

**d) 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 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.

**e) Receivables and payables**

Receivables are funds due to the Constituency at the end of the financial year from the NG-CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**f) 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 Constituency'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 Constituency's actual performance against the comparable budget for the financial year under review has been including in an annex to these financial statements.

**g) Comparative figures**

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

**h) 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.

## X. NOTES TO THE FINANCIAL STATEMENTS

### 1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES

Description NO.	AIE	2016-2017	AIE	2015-2016
		Kshs		Kshs
CDF BOARD				
			A724011	5,000,000
	A825590	16,000,000	A750293	45,021,348
	A825705	5,500,000	A724011	12,511,487
	A825902	20,000,000	A820683	10,000,000
	A825950	47,747,175	A820983	40,000,000
	A829931	4,094,827		
	A855636	36,853,449		
	A839709	10,000,000		
<b>TOTAL</b>		<b>140,195,451</b>		<b>112,532,835</b>

### 2. OTHER RECIEPTS

	2016-2017	2015-2016
	Kshs	Kshs
Other Receipts not classified elsewhere	190,250	29,000
(Sale of Tender documents)		
<b>TOTAL</b>	<b>190,250</b>	<b>29,000</b>

### **3. COMPENSATION OF EMPLOYEES**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,689,968	1,858,850
Employer contribution to NSSF	41,600	21,600
Employer contribution to NHIF	63,900	-
Employer contribution to PAYEE	129,032	-
<b>TOTAL</b>	<b>1,924,500</b>	<b>1,880,450</b>

### **4. USE OF GOODS AND SERVICES**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	761,718	-
Domestic travel and subsistence	923,500	530,274
Other committee expenses	-	1,110,470
Committee allowance	4,170,264	4,877,930
Office and general supplies and services	228,370	197,484
Fuel, Oil & Lubricant	25,020	600,000
Routine Maintenance of-Vehicles and other transport	586,009	560,216
Printing/ Advertisement	57,536	-
Training Expenses	185,000	-
Other Operating Expenses	317,000	-
Bank Charges	19,000	-
<b>TOTAL</b>	<b>7,273,418</b>	<b>7,876,374</b>



## 5. TRANSFER TO OTHER GOVERNMENT UNITS

	2016-2017	2015-2016
	Kshs	Kshs
Transfers to Primary schools	23,780,051	3,451,613
Transfers to Secondary Schools	31,974,715	7,150,000
Transfers to tertiary Institutions	46,601,874	26,625,670
Transfers to Health Institutions	-	4,500,000
<b>TOTAL</b>	<b>102,356,640</b>	<b>41,727,283</b>

## 6. OTHER GRANTS AND TRANSFERS

	2016-2017	2015-2016
	Kshs	Kshs
Bursary – Secondary Schools	7,115,141	15,136,800
Bursary Tertiary	6,285,000	89,000
Bursary Special Schools	105,000	220,000
CATS/MOCKS	1,800,000	-
Water	3,500,000	2,000,000
NG- CDF Office	6,639,122	-
Agriculture	-	-
Social Halls	1,618,663	100,000

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Security	7,000,000	2,200,000
Roads	5,328,533	1,000,000
Sports	-	1,000,000
Environment	500,000	450,000
Emergency	8,144,327	2,100,000
<b>TOTAL</b>	<b>48,035,786</b>	<b>24,295,800</b>

**7. ACQUISITION OF ASSETS**

Motor vehicle	6,711,000	-
<b>TOTAL</b>	<b>6,711,000</b>	<b>-</b>

**8A: BANK BALANCES (CASH BOOK BANK BALANCE)**

<b>Name of Bank, Account No. &amp; Currency</b>	<b>2016-2017</b>	<b>2015-2016</b>
<b>Account No.</b>	<b>Kshs (30/6/2017)</b>	<b>Kshs (30/6/2016)</b>
<b>EQUITY WOTE BRANCH 670262509102</b>	<b>14,845,390</b>	<b>40,732,033</b>
<b>TOTAL</b>	<b>14,845,390</b>	<b>40,732,033</b>

**8B: CASH IN HAND**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs (30/6/2017)</b>	<b>Kshs (30/6/2016)</b>
	<b>-</b>	<b>29,000</b>
<b>TOTAL</b>	<b>14,845,390</b>	<b>40,761,033</b>

**9. BALANCES BROUGHT FORWARD**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs (1/7/2017)</b>	<b>Kshs (1/7/2016)</b>
Bank Accounts	40,732,033	1,941,305
Imprests	-	-
<b>TOTAL</b>	<b>40,732,033</b>	<b>1,941,305</b>

**10. PRIOR YEAR ADJUSTMENTS**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	14,845,390	40,732,033
Cash in hand	-	29,000
<b>TOTAL</b>	<b>14,845,390</b>	<b>40,761,033</b>

## **11. OTHER IMPORTANT DISCLOSURES**

### **11.1: OTHER PENDING PAYABLES**

	<b>Kshs</b>
Amount due to other Government entities	3,500,000
Amount due to other grants and other transfers	21,100,000
Amount due to Use of Goods and Services	6,370,687
<b>TOTAL</b>	<b>30,970,687</b>

<b>11.2: Amount due from NG-CDF BOARD</b>	<b>Ksh.</b>
	<b>34,383,128</b>

**ANNEX 1 – ANALYSIS OF OTHER PENDING PAYABLES**

NAME	Brief Transaction Description	Original Amount	Date Payable contracted	Amount paid to date	Outstanding balance 2016	Outstanding balance 2015	Comments
		A	B	C	D=a-c		
<b>Amount Due to other Government entities</b>							
1. Education projects	Mwende Primary School	1,000,000	FY 2016/17	-	1,000,000	-	Waiting disbursement from Board
	Kyamuata Primary School	500,000	FY 2016/17	-	500,000	-	Waiting disbursement from Board
	Kasyelia Primary School	500,000	FY 2016/17	-	500,000	-	Waiting disbursement from Board
	Kilungu Primary	500,000	FY 2016/17	-	500,000	-	Waiting disbursement
	Kako Primary School	500,000	FY 2016/17	-	500,000	-	Waiting disbursement from Board
	Muambani Primary School	500,000	FY 2016/17	-	500,000	-	Waiting disbursement from Board
<b>Sub-Total</b>		<b>3,500,00</b>			<b>3,500,000</b>	-	-

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<b>Amount Due to Other grants and Transfers</b>							
	Bursary- Fees to needy students	21,100,000	FY2016/17	-	21,100,000	-	Waiting disbursement from Board
	Mau drift	3,434,853	FY 2009 /2010	-	3,434,853	-	Waiting disbursement from Board
<b>Sub-Total</b>		<b>24,534,853</b>	<b>FY 2016/17</b>	<b>-</b>	<b>24,534,853</b>	<b>-</b>	
<b>Amount Due to Goods and services</b>							
	Administration and Recurrent	3,891,379	FY 2016/17	-	3,891,379	-	Waiting disbursement from Board
	Monitoring & Evaluation	2,456,896	FY2016/17	-	2,456,896	-	Waiting disbursement from Board
<b>Sub- Total</b>		<b>6,348,275</b>			<b>6,348,275</b>		
<b>Grand Total</b>		<b>34,383,128</b>			<b>34,383,128</b>		

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset Class</b>	<b>Historical Cost</b>	
	<b>Historical Cost</b>	<b>Historical Cost</b>
	<b>Kshs</b>	<b>Kshs</b>
	<b>2016-2017</b>	<b>2015-</b>
<b>2016</b>		
<b>Transport Equipment</b> 4,737,672	11,101,552	
<b>Office equipment, furniture &amp; fittings</b> 113,674	478,337	
<b>ICT Equipment, software and other</b> 277,500	350,800	
<b>Other Machinery and Equipment</b> 22,040,000	22,040,000	
<b>TOTAL</b> <b>27,168,846</b>	<b>33,879,846</b>	



**ANNEX 3 – PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017**

PMC	BANK	ACCOUNT NUMBER	BANK BALANCE 2016/17	BANK BALANCE 2015/16
Kyamithenge Primary School	Equity	1178438000	0	0
Kako Primary School	Equity	0670197625104	0	1,614.25
Mukaatini Secondary School	KCB	1171020376	2,315.00	0
KMTC Mbooni	Equity	0670264428040	16,924,299.00	7,500,000.00
Nthengo Drift	KCB	1178403718	0	29,600.00
Mbooni social Hall	KCB	1166834999	0	0
Kithungo Ap Line	KCB	1201195187	0	0
Kithangaini Primary School	KCB	1183891695	214.00	0
Yandue Dispensary	KCB	1155291891	0	0
Waia Dos Office	Equity	0670271867740	0	0
Kwaithi Secondary School	KCB	1152118870	1,780.00	0
Mbooni West Police Station	KCB	1206723289	0	0
Mukuku Primary School	KCB	1152898655	0	0
<b>TOTAL</b>			<b>16,928,608</b>	<b>7,530,614.25</b>

**PROGRESS ON FOLLOW UP OF AUDITOR RECCOMENDATIONS**

REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATION FROM AUDITOR	MANAGEMENT COMMENTS	FOCAL POINT PERSON TO RESOLVE THE ISSUE(Name and Design)	TIME FRAME (Put a date when you expect the issue to be resolved)
EH/AUD/NG-CDF MBOONI/2015- 2016/2				
	<p><b>Accuracy of the Financial Statements.</b></p> <p>The cash and cash equivalent balance of Kshs. 3,079,105 at the beginning of the year under review differs with the audited closing cash and cash equivalent balance of kshs. 1,941,305 by an explained variance of kshs. 1,137,800.</p>	<p>The issue was discussed with Audit team and amendment were carried out and audited Financial statements were forwarded to Audit Office vide letter ref.NG-CDFM/AU/5 dated 10<sup>th</sup> May 2017.</p>	<p>Paul Kimilu  Fund Account Manager</p>	<p>5 days</p>
	<p><b>Construction of the proposed David Mbiti Technical Training Institute.</b></p> <p>The PMC did not submit their expenditure returns and procurement documents for audit review</p>	<p>The response was done and the expenditure returns were forwarded to Audit Office</p>	<p>Paul Kimilu  Fund Account Manager</p>	<p>5 days</p>

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	<p><b>Un supported Project Expenditure.</b></p> <p>During audit project files and procurement documents for 5 projects kshs. 3,800,000 were not availed for review.</p>	<p>The projects were on going during the audit period and the response was done and all the documents were forwarded to audit Office</p>	<p>Paul Kimilu</p> <p>Fund Account Manager</p>	<p>5 days</p>
	<p><b>Construction of a classroom at Mavindu Secondary school.</b></p> <p>After construction the classroom had been converted into a dormitory and branding had not been done.</p>	<p>The response was done and photographs of the branded classroom forwarded to audit Office</p>	<p>Paul Kimilu</p> <p>Fund Account Manager</p>	<p>5 days</p>