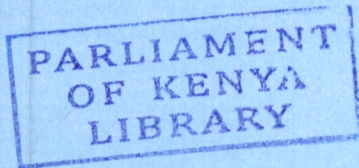


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



*Paper Laid by the
Leader of the
Majority Party
Hon. Aden Duale,
On Wednesday
29/1/2017
LBM*

REPORT

OF

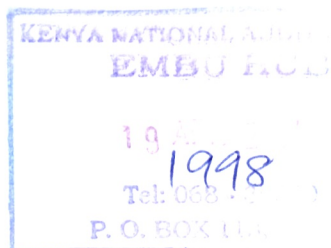
THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
SOUTH IMENTI**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**



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



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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
IMENTI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2016. 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 National Government Constituencies Development 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 South Imenti 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Leah Wairimu
3.	Accountant	Bonface Mugambi

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of South Imenti 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) SOUTH IMENTI NGCDF Headquarters

South Imenti Constituency Office Building.
P.O BoX 111- 60206
Kanyakine.
Meru. Kenya

South Imenti CDF Contacts

Telephone: (254) 720434742
E-mail: southimenticdf@gmail.com

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
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Reports and Financial Statements

For the year ended June 30, 2016

(f) South Imenti NGCDF Bankers

NG-CDF Main Banker
Cooperative Bank of Kenya
Nkubu Branch
Account Number 01120020073300
P.o Box740 60202
Nkubu

(g) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
IMENTI CONSTITUENCY**

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

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

In the Financial year 2015/2016 South Imenti NG-CDF utilised Kshs. 138,895,965 out of Kshs 160,534,807 available for utilization representing absorption rate of 86.5%. This comprised compensation of employees at 74%, use of goods and services at 73%, acquisition of assets at 71% transfer to other government units 97%, and other grants and transfers 81%

The constituency has greatly benefited from NG-CDF notably in the sectors of education, security, sports, environment conservation, roads and bridges among many other areas.

During implementation of the projects, the constituency has encountered numerous challenges including: lack of proper planning by project management committees, late release of funds, so many projects requiring assistance against limited resources, change of government policies and legal matters which led to delays in implementing the projects.

To address these challenges we recommend that: more funds be set aside for monitoring and evaluation to enable NG-CDFC carry out project inspection on monthly basis during implementation train project management committees on project planning to address the audit issues arising on procurement procedures, the Board releases funds on time to ensure utilisation is improved and an increase in the NG-CDF funding to enable the constituency take care of the numerous projects proposed by the residents.



Sign.....
CHAIRMAN NG-CDFC

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

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 South Imenti 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 June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 South Imenti 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, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the South Imenti 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 South Imenti 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 5/9/2016 2016.


P.O. Box 111 - 60206, KANYAKINE

Fund Account Manager


P.O. Box 111 - 60206, KANYAKINE

Chairman



OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - South Imenti Constituency set out on pages 7 to 24 which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, together with a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The financial statements reflected a cash and cash equivalents balance of Kshs.20,138,843 as at 30 June 2016. However, included in this balance were unrepresented cheques totaling to Kshs.38,078,244 which further included five (5) stale cheques totaling Kshs.883,795 which had not been reversed in the cash book as at 30 June 2016 as analyzed below:

Cheque No.	Date	Payee	Amount (Kshs)
4185	21.10.2015	Kamunde Sports Academy	800,000
4247	21.10.2015	South Eastern Kenya University	62,800
4349	21.10.2015	Kiambu Institute of Science and Technology	8,000
4351	12.11.2015	Nkuene Secondary	5,000
4191	12.11.2015	Commission to Domestic Taxes	7,995
Total			883,795

Further, the cash book reflected a cash balance of Kshs. 20,138,842 while certified board of survey report reflected a balance of Kshs. 20,238,842 resulting to an unexplained and unreconciled variance of Kshs. 100,000.

In review of the foregoing, the accuracy and completeness of the cash and cash equivalents balance of Kshs. 20,138,843 at as at 30 June 2016 could not be ascertained.

2.0 Unaccounted for Bursaries

The financial statements and other records maintained at the CDF office indicate that a total of Kshs. 8,248,930 had been disbursed as bursaries to various institutions as at 30 June 2016. However, only bursaries totaling to Kshs. 999,700 (12.11%) were acknowledged by the beneficiaries through letters of acknowledgement or issuance of official receipts leaving a balance of Kshs.7,249,230 (87.89%) unacknowledged.

In the circumstances, it has not been possible to ascertain whether the bursaries totaling to Kshs.7,249,230 benefited the intended beneficiaries and how it was accounted for.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund South Imenti Constituency as at 30 June 2016, and of its financial performance and its cash

flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), the National Government Constituencies Development Fund Act, 2015 and comply with the Public Finance Management Act, 2012.

Other Matter

1.0 Budget Control and Performance

The combined summary statement of appropriation reflected an original budget of Kshs.105,619,977. However, out of the Kshs.105,619,977 approved budget for the year, only Kshs.104,119,977 (98.58%) was disbursed during the year leading to a unrealized fund of Kshs.1,500,000 (1.42%). In addition to the Kshs.105,619,977 approved budget for the year, the Fund had a cash balance of Kshs.4,922,770 brought forward from the 2014/2015 and a further Kshs.49,865,060 which was budgeted for in 2014/2015 but was released by the Board in 2015/2016. In addition, other receipts totaling Kshs.127,000 realized from the sale of tender documents had been banked in Fund's account on 05 May 2016. Therefore, the total budget for the Fund during the year totaled to Kshs.160,534,807. However, out of the Kshs.160,534,807 total budget for the year only Kshs 138,895,965 (86.52%) was spent during the year while Kshs. 21,638,842 remained unutilized as at 30 June 2016 as shown below:

Revenue/ Expense Item	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable Basis Kshs	Variance Kshs	Performance %
RECEIPTS						
Cash Balance B/F	-	4,922,770	4,922,770	4,922,770	-	
Transfers from CDF Board	105,619,977	49,865,060	155,485,037	153,985,037	1,500,000	99
Other Receipts	-	127,000	127,000	127,000	-	
Total Receipts	105,619,977	54,914,830	160,534,807	159,034,807	1,500,000	
PAYMENTS						
Compensati on of Employees	2,024,000	900,000	2,924,000	2,159,476	764,524	73.9
Use of Goods and Services	7,281,797	2,362,664	9,644,461	7,046,790	2,597,671	73.1
Transfers to Other Government Units	49,200,000	16,437,931	65,637,931	63,537,931	2,100,000	96.8
Other Grants and Transfers	46,414,180	35,214,235	81,628,415	65,651,768	15,976,647	
Acquisition of Assets	700,000	-	700,000	500,000	200,000	71.4
Total Payments	105,619,977	54,914,830	160,534,807	138,895,965	21,638,842	

The residents of South Imenti Constituency did not therefore, get promised and expected services worth Kshs.21,638,842.

2.0 Project Management and Implementation

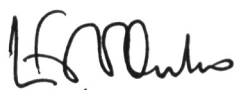
The approved budget for development projects was apportioned among various sectors within the constituency namely education, health, sports, environment, security, road and others. The funds allocated amounted to Kshs.78,234,134 which represented 74.1% of the total Fund budget.

Review of the project implementation status report revealed that 8 projects were completed, 154 or 87.5% were ongoing and 14 had not started as shown below:

Project Status	Sector	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No of Projects
Completed	Education	2,000,000	2,000,000	04
	Security	500,000	500,000	01
	Roads	2,921,735	2,921,735	02
	Others	700,000	700,000	01
	Sub Total	6,121,735	6,121,735	08
Ongoing	Education	41,100,000	41,100,000	115
	Environment	2,112,399	2,112,399	01
	Health	3,600,000	3,600,000	06
	Others	4,500,000	4,500,000	04
	Security	14,600,000	14,600,000	28
	Sub Total	65,912,399	65,912,399	154
Not Started	Others	2,500,000	1,000,000	02
	Security	1,200,000	1,200,000	04
	Education	2,500,000	2,500,000	08
	Sub-Total	6,200,000	4,700,000	14
Grand Total		78,234,134	76,734,134	176

Out of the 176 projects, 14 projects with approved budget of Kshs.6,200,000 had not started as at 30 June 2016 while 154 projects worth 65,912,399 were ongoing.

In the circumstance, the residents of Imenti south did not get services equivalent to the Kshs.6,200,000 budgeted but not implemented projects and it was not possible to ascertain that the Fund would implement all projects as budgeted.



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

Nairobi

21 September 2017

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
IMENTI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

IV STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Balance b/d			9,619,061
Transfers from NG-CDF board-AIEs' Received	1	153,985,037	91,719,261
Other Receipts	2	127,000	-
TOTAL RECEIPTS		154,112,037	101,338,322
PAYMENTS			
Compensation of employees	3a	2,159,476	1,170,563
Social Security Benefits	3b	-	24,000
Use of goods and services	4a	7,046,790	3,112,098
Committee Meeting Allowances	4b	-	3,212,050
Transfers to Other Government Units	5	63,037,931	41,932,759
Other grants and transfers	6	65,651,768	39,164,644
Acquisition of Assets	7	500,000	7,799,438
TOTAL PAYMENTS		138,895,965	96,415,552
SURPLUS/DEFICIT		15,216,072	4,922,770

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. South Imenti NGCDF financial statements were approved on 5/9/2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

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

V.STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	20,138,843	4,922,770
		20,138,843	4,922,770
TOTAL FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd 1st July...	9	4,922,770	-
Surplus/Deficit for the year		15,216,072	4,922,770
NET LIABILITIES		20,138,843	4,922,770

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. South Imenti NGCDF financial statements were approved on 5/9/2016 and signed by:


05 SEP 2016
 Chairman - NGCDF


05 SEP 2016
 Fund Account Manager

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

VI STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
		Kshs	Kshs
Transfers from CDF Board	1	153,985,037	91,719,261
Other Receipts	2	127,000	-
		154,112,037	91,719,261
Payments for operating expenses			
Compensation of Employees	3a	2,159,476	1,170,563
Social Security Benefits	3b	-	24,000
Use of goods and services	4a	7,046,790	3,112,098
Committee Meeting Allowances	4b	-	3,212,050
Transfers to Other Government Units	5	63,537,931	41,932,759
Other grants and transfers	6	65,651,768	39,164,644
		(138,395,965)	(88,616,114)
Net cash flow from operating activities		15,716,072	3,103,147
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(500,000)	(7,799,438)
Net cash flows from Investing Activities		(500,000)	(7,799,438)
NET INCREASE IN CASH AND CASH EQUIVALENT		15,216,072	(4,696,291)
Cash and cash equivalent at BEGINNING of the year	9	4,922,770	9,619,061
Cash and cash equivalent at END of the year		20,138,843	4,922,770

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. South Imenti NGCDF financial statements were approved on 5/9/2016 and signed by:


Chairman NGCDF


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
IMENTI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

**VII SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND
DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	105,619,977	54,787,830	160,407,807	158,907,807	1,500,000	99.1%
Other Receipts	-	127,000	127,000	127,000	-	
TOTAL	105,619,977	54,914,830	160,534,807	159,034,807	1,500,000	99.1%
PAYMENTS						
Compensation of Employees	2,024,000	900,000	2,924,000	2,159,476	764,524	73.9%
Use of goods and services	7,281,797	2,362,664	9,644,461	7,046,790	2,597,671	73.1%
Transfers to Other Government Units	49,200,000	16,437,931	65,637,931	63,537,931	2,100,000	96.8%
Other grants and transfers	46,914,180	34,714,235	81,628,415	65,651,768	15,976,647	80.4%
Acquisition of Assets	200,000	500,000	700,000	500,000	200,000	71.4%
TOTAL	105,619,977	54,914,830	160,534,807	138,895,965	21,638,843	86.5%

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
IMENTI CONSTITUENCY**

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

VIII SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
IMENTI CONSTITUENCY**

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

IX 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 June 30, 2016.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH
IMENTI CONSTITUENCY**

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

X NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation	A796063	24,932,530	41,854,201
	A790089	24,932,530	16,932,530
	A796450	20,000,000	8,000,000
	A820643	10,000,000	24,932,530
	A820789	22,000,000	
	A825743	52,119,977	
TOTAL		153,985,037	91,719,261

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

XI NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 . OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from Sale of tender documents	127,000	-
Total	127,000.00	-

3 a: COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,261,903	1,170,563
House allowance	242,400	-
Transport allowance	201,600	-
Employer contribution to NSSF	24,000	-
gratuity	429,573	-
Total	2,159,476	1,170,563

3 b: Social Security Benefits - 24,000

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4 a:USE OF GOODS AND SERVICES	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	131,870	26,568
Communication, supplies and services	172,060	154,240
Domestic travel and subsistence	135,270	566,500
Printing, advertising and information supplies & services	172,608	31,050
Training expenses	741,200	838,240
Hospitality supplies and services	218,140	29,700
Other committee expenses	418,800	-
Committee allowance	2,836,000	-
Insurance costs	305,638	
Office and general supplies and services	356,942	181,660
Fuel ,oil & lubricants	497,296	754,050
Other operating expenses	14,560	20,765
Routine maintenance – vehicles and other transport equipment	1,046,406	509,325
Total	7,046,790	3,112,098
4b: Committee allowance	-	3,212,050

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5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools	35,837,931	20,750,000
Transfers to secondary schools	21,200,000	13,000,000
Transfers to tertiary institutions	1,300,000	1,400,000
Transfers to health institutions	5,200,000	6,782,759
TOTAL	63,537,931	41,932,759

6. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools	1,465,100	1,077,000
Bursary – tertiary institutions	6,783,830	5,205,837
Mock & CAT	500,000	706,125
Water	7,161,746	5,648,118
Security	19,200,000	10,700,000
Roads	7,621,735	-
Sports	2,067,456	2,099,000
Environment	1,994,602	1,305,092
Markets and community centres	10,879,052	7,338,400
Emergency Projects (specify)	7,978,248	5,085,071
Total	65,651,768	39,164,644

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7. ACQUISITION OF ASSETS

Non-Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Refurbishment of Buildings	500,000	1,098,785
Purchase of Vehicles and Other Transport Equipment	-	6,700,653
Total	500,000	7,799,438

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Bank Accounts (cash book balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cooperative Bank of Kenya A/c 01120020073300	20,138,842.59	4,922,770.46
	20,138,842.59	4,922,770.46

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank account(cash book)	4,922,770.46	9,619,061
Total	<hr/> 4,922,770.46	<hr/> 9,619,061
	<hr/> <hr/>	<hr/> <hr/>

10. OTHER IMPORTANT DISCLOSURES

10.1: PENDING STAFF PAYABLES - GRATUITY

	Kshs	Kshs
Stephen Mwenda	303,329	180,000
Eric Gitonga	237,753	141,000
Idah Gaceri	237,753	122,000
Jackhim Gitonga	205,377	122,000
Enedy Mukami	205,377	122,000
	<hr/> 1,189,589	<hr/> 687,000
	<hr/> <hr/>	<hr/> <hr/>

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10.2 AUDIT REPORT 2014/2015 FOLLOW UP

Reference No on the audit query report	Issue/Observation from the auditor	Management comment	Focal Point person to resolve the issue	Status
1.	<p>Cash and Cash Equivalent</p> <p>The The cash and cash equivalents balances stood at Kshs 4,922,770.00 as at 30th June 2015. However, unpresented cheques of Kshs 1,949,082.10 in the bank reconciliation statement of June 2015, included a stale Cheque Of Kshs 60,800 which had not been reversed in the cashbook. It was also not clear why the fund has a large number of unpresented cheques and and uncleared effects of Kshs 15,276.00 As a result, the cash and cash equivalents balances Kshs 4,922,770 at as at 30 June 2015 could not be confirmed</p>	<p>Stale cheques have since been reversed to the cash book and replaced</p>	District Accountant	Resolved
2	<p>Unaccounted Bursary Fund</p> <p>Records maintained at the CDF office indicate that a total of Kshs 6,988,962.00 had been disbursed as bursaries to various institutions as at 30 June 2016.</p>	<p>The Fund Account Manager has been writing constant reminders to the institution however the response is very sluggish. The committees resolved to hand deliver the cheques to the institutions situated at neighboring counties and the response has been positive in terms</p>	<p>NG CDFC Chairman Fund Account Manager</p>	resolved

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	<p>Observations</p> <p>Only 44.6 % bursaries were acknowledged through letters of acknowledgement and official receipts</p> <p>There were no clear criteria on award of bursaries and lack of vetting committees at ward levels. It was therefore no</p>	<p>of receipting. The ward committees were formed every sub location to have a member and to co opt the assistance chiefs and the chiefs</p>		
3	<p>Budgetary control and performance</p> <p>The CDF Fund – South Imenti had budgeted to receive Kshs 99,730,120 from the CDF Board However actual receipt for the year was Kshs 91, 719,261.20 which included Kshs 41,854,201.2 relating to financial year 2013/2014 translating to non receipt of Kshs 49,865, 080 for the year under review rendering the whole budget unrealistic</p>	<p>The slow absorption of funds resulted to slow presentation of the bursary cheques that were dispatched through EMS and took time before presenting them to the bank, also there were project management committees who held the cheques on receiving them which made the committee to change the mode of dispatching the projects cheques whereby the Fund manager is supposed to deposit the cheque and notify the beneficiary through writing and attaching the deposit slip</p>	Fund Manager	Resolved
4	<p>Other Matters</p> <p>(i) Construction of Kanyakine District Headquarters and District</p>	<p>The two projects were handed over during transition in year 2013 to the current NG CDF committee which continued funding as the</p>	NG CDF Committee	Pending

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SOUTH IMENTI CONSTITUENCY

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	<p>Commissioners Residence</p> <p>The two projects were funded from years 2007/2008 and 2012/2013 to a cost of Kshs 21,350,000 and 7,000,000 respectively</p> <p>(ii) Complete and Unutilised projects</p> <p>During the period 2007/2008 to 2014/2015 South Imenti had utilised Kshs 14,350,000 however the projects remained unutilized, consequently the value for money had not been realized</p>	<p>policy of the NG CDF Board requires the project to funded to completion and failure to fund would have led to lost of government funds</p> <p>Mwichiune, Kieni Kia Ndege, Kigane, Ithitwe and Mbeti Dispensaries were taken over by the County Government and no staff are stationed in the facilities still not in use</p> <p>Chure and Baranga AP Line are still not in use only Abogeta West DO s office has been occupied by the Assistant County Commissioner and now in use</p>		<p>Pending</p>
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	<p>(iii) Stalled Projects</p> <p>South Imenti Has two stalled projects , Mikumbune Library and Mikumbune Subcounty District Hospital worth Kshs 3,600,000.00 which stalled and the area residents have not benefited from the facilities</p>	<p>The sub County hospital was taken over by the county government and funded the on going project. NG CDFC also funded Mikumbune Library with Kshs 1,000,000.00 in Financial Year 2016/2017 which will complete ground floor and put it in use</p>		
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 NATIONAL GOVERNMENT CDF SOUTH IMENTI
 05 SEP 2016
 P.O. Box 111, 40008, KANYAKINE
 Chairman NG CDFC


 NATIONAL GOVERNMENT CDF SOUTH IMENTI
 05 SEP 2016
 P.O. Box 111, 40008, KANYAKINE
 Fund Account Manager

ANNEX 1: SUMMARY OF FIXED ASSETS REGISTER

Asset class	Historical Cost 2015/16 Kshs	Historical Cost 2014/15 Kshs
Buildings and Structures	1,598,785	1,098,785
Transport Equipment	11,371,750	11,371,750
Office Equipment, Furniture and Fittings	281,794	281,794
ICT Equipment	165,474	165,474
Other Machinery and Equipment	101,650	101,650
Total	13,519,453	13,019,453

