

REPUBLIC OF KENYA



*Paper laid*  
*By Hon Charles*  
*Amep*  
*24/10/2018*  
*Afternoon*  
*Sitting*  
*LB*

OFFICE OF THE AUDITOR-GENERAL



PARLIAMENT  
OF KENYA  
LIBRARY

REPORT

TABLE OFFICE  
S/No.....  
24 OCT 2018  
PAPER LAID

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
MBEERE NORTH CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE 2017





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
29 SEP 2017  
**RECEIVED**



---

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- MBEERE NORTH  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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



---

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

KENYA NATIONAL AUDITING BOARD  
EMBU HEAD OFFICE  
09 OCT 2017  
2121  
Tel: 063 - 30360  
P. O. BOX 113, EMBU

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

---

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	1
II. FORWARD BY THE CHAIRMAN NG-CDFC .....	3
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES .....	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	5
V. STATEMENT OF ASSETS .....	6
VI. STATEMENT OF CASHFLOW .....	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....	8
VIII. SIGNIFICANT ACCOUNTING POLICIES .....	10
IX. NOTES TO THE FINANCIAL STATEMENTS.....	12

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

---

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (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 Mbeere North Constituency's National Government Constituency Development Fund 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Moses Sabila</b>
3.	Accountant	<b>Joram Mutua</b>

**(d) Fiduciary Oversight Arrangements**

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

**(e) MBEERE NORTH NG-CDF Headquarters**

NG-CDFC Building,  
Mbeere North Sub-County HQs,  
P.O Box 206-60104,  
Siakago, Embu.



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

---

**(f) MBEERE NORTH NG-CDF Contacts**

Telephone: (+254) 725169750  
E-mail: mbeerenorthcdf@cdf.go.ke  
Website: www.mbeerenorthcdf.go.ke

**(g) MBEERE SOUTH NG-CDF Bankers**

Bank: Cooperative Bank of Kenya  
Branch: Siakago Branch  
Account No: 01120051117000  
P.O BOX 193-60104,  
Siakago, Kenya.

**(h) Independent Auditors**

Auditor General  
Office of the 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-  
MBEERE NORTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2017**

---

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

During the current financial year 2015/2016, the NG-CDF Board disbursed Kshs. 55M against the budgeted and approved Kshs. 110M. This posed a major challenge in the implementation of the desired projects as only 50% of the expected funds were available for utilisation. This led to a low absorption rate of the budgeted funds and by extension low expected output as the benefits of the desired projects could not be passed to the constituents. The NG-CDF Board disbursed the Kshs. 40M in December, 2015 and a further Kshs. 15M in March, 2016, a time when all the CDFC's had ceased operations nationwide further compounding the absorption of the funds problem. These funds had only the month of June, 2016 to be absorbed. This was after the taking effect of the NG-CDF Act 2015, and constitution of a new NG-CDFC.

Overly, we managed to utilize 60% of the total funds meant for utilization during the financial year.


The NG-CDFC is keen to ensure that projects are accomplished during the particular financial year by emphasising on adequate fund allocation for all the projects.

Challenges;

Delays in releasing of funds from the NG-CDF Board mostly occasioned by the threshold of the Kshs. 10 M requirements as bank balance before submitting a claim for further disbursements.

Remedies;

The NG-CDF Board should increase the above threshold to say Kshs. 20M and also endeavour to ensure that funds are released soon after they have been requisitioned.

  
Sign: .....  
**Richard Thiriku,**  
**CHAIRMAN NG-CDFC**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
MBEERE NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

**III. STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government CDF shall prepare financial statements in respect of that NG-CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Mbeere North NG-CDF is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NG-CDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NG-CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

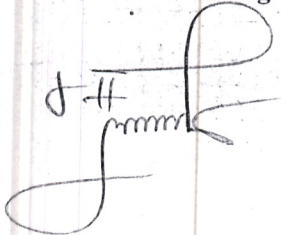
The Accounting Officer in charge of the Mbeere North NG-CDF accepts responsibility for the NG-CDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NG-CDF's financial statements give a true and fair view of the state of NG-CDF's transactions during the financial year ended June 30, 2016, and of the NG-CDF's financial position as at that date. The Accounting Officer charge of the Mbeere North NG-CDF further confirms the completeness of the accounting records maintained for the NG-CDF, which have been relied upon in the preparation of the NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

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

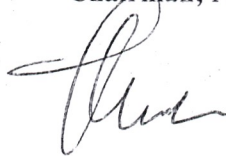
**Approval of the financial statements**

The NG-CDF's financial statements were approved and signed by the Accounting Officer on 5<sup>th</sup> JULY, 2017.

Moses Sabila  
Fund Account Manager



Richard Thiriku  
Chairman; NG-CDFC





# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
Website: www.kenao.go.ke



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

---

#### REPORT ON THE FINANCIAL STATEMENTS

#### **Adverse Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Mbeere North Constituency set out on pages 5 to 25, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flow and summary statements 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the National Government Constituencies Development Fund – Mbeere North 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 do not comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, public money has not been applied lawfully and in an effective way.

#### **Basis for Adverse Opinion**

##### **1.0 Accuracy and Presentation of the Financial Statements**

##### **1.1 Presentation of the Financial Statements**

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) requires an inclusion of progress on follow – up of auditor recommendations as part of the financial statements. However, although the Fund had a qualified audit opinion in 2015/2016, no report on the progress of the issues raised was included in the financial statements for the year under review.



Further, the financial statements for the year under review were not properly paged as page 10 is repeated eleven (11) times and pages 11 to 20 are missing in the financial statements. In addition, the Management did not provide a management representation letter as required by ISSAI 1580.

In view of the foregoing, the financial statements did not comply with IPSAS (Cash Basis) financial presentation format as prescribed by the Public Sector Accounting Standards Board and the National Treasury.

## 1.2 Accuracy of the Financial Statements

The financial statements for the year under review reflects a balance of Kshs.39,375,862 on twelve (12) items while the summary of cash book reflected a total balance of Kshs.68,958,619 on the same items resulting in unexplained and unreconciled variance of Kshs.29,582,757 as follows;

Items	Financial Statement Amount (Kshs)	Cash Book (Kshs)	Variance (Kshs)
<b>Other Payments</b>			
Social hall	-	1,000,000	1,000,000
NG-CDF Office	-	2,000,000	2,000,000
Mbeere North compound	-	1,200,000	1,200,000
<b>Use of goods</b>	-	-	-
Motor vehicle fuel	600,000	850,000	250,000
Training expenses	350,000	400,000	50,000
<b>Transfers</b>	-	-	-
Primary schools projects	19,350,000	28,400,000	9,050,000
Transfer to Secondary Schools	15,400,000	26,558,000	11,158,000
Sports Project	1,637,931	3,595,538	1,957,607
Environment Project	1,637,931	2,037,931	400,000
Routine Maintenance - Vehicle and Other Transport Equipment	400,000	717,150	317,150
Health Project	-	200,000	200,000
Water Project	-	2,000,000	2,000,000
<b>TOTAL</b>	<b>39,375,862</b>	<b>68,958,619</b>	<b>29,582,757</b>

Further, the summary of fixed assets register at Annex 4 of the financial statements shows that the fixed assets remained at a constant figure of Kshs.28,051,330 as at 30 June 2016 and as at 30 June 2017. However, Note 8 to the financial statements and



the statement of receipts and payments reflects Kshs.1,255,172 expenditure on acquisition of assets during the year under review.

In addition, Note 5 to the financial statements indicates a use of goods and service balance of Kshs.5,034,810 as at 30 June 2017. However, included in this balance was Kshs.400,381 in respect to other operating expenses which was not supported with the respective accounting schedules.

In the circumstances, the accuracy and completeness of the financial statements balances as at 30 June 2017 could not be ascertained.

## **2.0 Non Existent Projects**

### **2.1 Environment Project**

During the year under review, Mbeere North Environment Project Management Committee (PMC) was funded with Kshs.2,037,931 in respect to environmental projects.

However, the signatories of the PMC bank account No. 01100569348500 (Co-operative Bank, Siakago Branch) were not provided for review, even though cash withdrawal of Kshs.2,033,000 were made as follows;

<b>Date</b>	<b>Amount (Kshs)</b>
19/10/2016	399,000
10/02/2017	240,000
16/02/2017	240,000
25/02/2017	60,000
27/02/2017	459,000
20/04/2017	635,000
<b>Total</b>	<b>2,033,000</b>

In addition, the project file containing advertisement, quotation, evaluation, award minutes, invoices, delivery notes and minutes authorizing withdrawal of funds was not made available for verification. In addition, all transactions involved cash withdrawals contrary to Section 36 (1) of National Government Constituencies Development Fund Act 2015.

Further, a physical verification done on 17 January 2018 revealed that no environmental projects (planting of trees seedlings) had been undertaken in Primary schools of Murangu, Kyenire, Muiru, Kamarindo, Kaimugongo, Rwagori and Mbwarwari Primary Schools and Secondary schools of Ngiiri, Ciera, karambari and Munthanthara Secondary Schools as alleged.

In the circumstances, the propriety and value for money of the Kshs.2,033,000 as at 30 June 2017 could not be confirmed.



## **2.2 National Government Constituencies Development Fund (NG-CDF) Office Block**

During the year under review, the Constituency Development Fund Committee (CDFC) disbursed Kshs.2,000,000 to Mbeere North Project Management Committee(PMC) in respect of completion of NG-CDF office block including plastering, walling, painting, windows and doors.

However, records made available showed that a contract for the same works had earlier been awarded on 24 January 2014 to M/s Bunter enterprises of P.O Box 00504-26739 Nairobi and the retention money of Kshs.789,282 was paid to the contractor on 4 November 2016 upon completion of construction works.

In addition, physical verification done on 17 January 2018, revealed that no work was implemented by the PMC during the year under review hence the funds remained unaccounted for.

In the circumstances, the propriety and value for money of the Kshs.2,000,000 expenditure as at 30 June 2017 could not be confirmed.

## **2.3 Mbeere North Office Compound**

During the year under review, the CDFC disbursed Kshs.1,200,000 for planting trees, flowers and landscaping of the office grounds. However, records made available for audit review showed that the same works had been undertaken in the financial year 2015-2016. Further, physical verification done on 17 January, 2018 revealed that no work of planting trees, flowers and landscaping had been implemented during the year under review hence the Kshs.1,200,000 remained unaccounted for.

In consequence, the propriety and value for money of Kshs.1,200,000 allegedly incurred on planting trees, flowers and landscaping as at 30 June 2017 could not be confirmed.

## **2.4 Mbeere North NG-CDF Office Equipment**

During the year under review, the CDFC disbursed Kshs.1,255,172 for the purchase of office equipment and furniture, comprising of 10 cabinet shelves, 5 executive tables, 6 office executive chairs, social hall public address system,3 in 1 printer and 3 laptops. However, the minutes for PMC's formation, PMC account signatories introductory letter and bank statement were not made available for audit verification.

In addition, Min 001 PMC 2016/2017 of 09 March 2017, indicates that the PMC approved withdraw of Kshs.650,000 for purchase of office equipment but no records were made available to confirm that the equipment were procured. In addition, Min 002 PMC 201/2017 of the meeting held on 5 April, 2017, indicates that the members agreed to pay M/S Gateri furniture enterprises Kshs.255,000 for the sofa set and two executive chairs and tables supplied on 31 March, 2017. However, the procurement procedures including how the supplier was identified were not made available for audit verification.

Further, a physical verification done on 17 January 2018, revealed that out of the items that were supposed to be procured using the Kshs.1,255,172, only four (4) desktop computers and 3 in 1 printer had been delivered. However, no inspection and acceptance report for the items that had been delivered was made available for audit verification.

In the circumstances, the propriety and value for money of the Kshs.1,255,172 expenditure as at 30 June 2017 could not be confirmed.

## 2.5 Riandu Police Station

During the year under review, the CDFC disbursed Kshs.2,500,000 to Riandu Police Station PMC for construction of a police post. However, minutes for PMC formation and PMC account signatories' introduction letter were not made available for audit verification.

Further, physical verification done on 17 January, 2018 revealed that no police post had been constructed at Riandu and a verbal enquiry from the surrounding community revealed that there were wrangles of land ownership between the seller and PMC.

Under the circumstance, the propriety and value for money of the Kshs.2,500,000 expenditure at 30 June 2017 could not be confirmed.

## 3.0 Doubtful Sports Projects

During the year under review, Mbeere North sports PMC was funded with Kshs.3,991,772 which comprised funding for the year of Kshs.3,595,538 and an opening balance of Kshs.396,234.

However, the signatories of Mbeere North sports PMC bank account number 0112005117000 (Co-operative Bank, Siakago Branch) were not availed, even though a withdrawal of Kshs.3,985,800 had been made as at 30 June 2017 as follows;

<b>Date</b>	<b>Details</b>	<b>Amount (Kshs)</b>
29-07-16	S/B Withdrawal	395,000
12-05-17	S/B Withdrawal	72,200
20-04-17	S/B Withdrawal	566,000
16-02-17	S/B Withdrawal	220,000
10-02-17	Mass Sports Enterprises	269,500
10-02-17	S/B Withdrawal	350,000
22-02-17	S/B Withdrawal	60,000
27-02-17	S/B Withdrawal	98,500
20-12-16	S/B Withdrawal	3,600
27-10-16	S/B Withdrawal	1,645,000
19-10-16	S/B Withdrawal	306,000
	<b>Total</b>	<b>3,985,800</b>



Further, the project file containing advertisement, quotation, evaluation, award minutes, invoices, delivery notes and minutes authorizing withdrawal of funds were not made available for verification. In addition, most transactions involved cash withdrawals contrary to Section 36 (1) of the NG-CDF Act 2015.

Further, Mbeere North re-allocated Kshs.1,650,000 to sports activities through MIN/004/NGCDF/MBEEREN/2015/2016; from funds meant for school projects without approval of the Board contrary to Section 6 (2) of the NG-CDF Act 2015. In addition, registration schedules for various teams, calendar of events, photographs of the tournaments and signed team sheets were not made available for audit review.

A verbal enquiry from the locals revealed that they were unaware of any tournaments held in various wards during the year under review.

In the circumstances, the propriety and value for money of the Kshs.3,985,800 expenditure as at 30 June 2017 could not be confirmed.

#### **4.0 Irregularities in Secondary Schools Projects**

##### **4.1 Completion of Administration Block in Kune Secondary School**

During the year under review, Kune Secondary School was funded with Kshs.2,000,000 in respect of Completion of administration block which entailed shutting flooring, plastering and painting. However, a physical verification done on 17 January 2018 revealed that the funds had been diverted to construction of a girl's hostel and a kitchen without approval of the Board contrary to Section 6 (2) of the NG-CDF Act 2015.

Further, no documents were made available to show how the two contractors - Karua Concrete Ltd and Kiritiri Contractors who had been paid Kshs.570,140 and Kshs.1,375,860 respectively as at 30 June 2017 were procured and further, the certificates of work done, bill of quantities and drawings were not made available for audit verification.

In the circumstances, the propriety and value for money of the Kshs.2,000,000 expenditures as at 30 June 2017 could not be confirmed.

##### **4.2 Construction of a Dormitory in Riandu Mixed Secondary School**

During the year under review, Riandu Mixed Secondary School was funded with Kshs.1,500,000 in respect of construction of a dormitory. Initially, the school received Kshs.108,000 on 15/11/2016 for acquisition of dining hall benches and forms. However, the funds were diverted to mobilization of the dormitory construction without approval of the Board contrary to Section 6 (2) of the NG-CDF Act 2015.

Further, no documents were made available to show how the contractor - M/s Emwati General Supplies Ltd of Box 22465, GPO Nairobi was sourced and further, certificates of work done, bills of quantities and drawings were not made available for audit verification.

Further, M/s Emwati General Supplies Ltd requisitioned Kshs.950,000 (63%) of the KShs.1,500,000 funding vide letter dated 22/02/2017 as advance payment for the purpose of mobilization and substructure works execution. However, no signed contract was made available in support of the Kshs.950,000 (63%) advance payment. In

addition, on 29 February 2017 the contractor was paid Kshs.471,812 without approval by the PMC and no certificates of work done were made available for audit verification.

Further, a physical verification done on 17 January 2017 including a verification of the summary of expenditure dated 14 November 2017 signed by the school principal, revealed that only a foundation of the structure had been put up at a cost of Kshs.1,608,000 even though the project proposal indicated the structure was to be built to completion using the Kshs.1,500,000.

In the circumstances, the propriety and value for money of the Kshs.1,608,000 expenditure as at 30 June 2017 could not be confirmed.

#### **4.3 Construction of Kitchen/Dinning Hall in S.A Itiira Secondary School**

During the year under review, S.A Itiira Secondary School was funded with Kshs.1,200,000 in respect of construction of a Kitchen/Dining Hall. A PMC's minute number MIN7/2017 of 12/01/2017 revealed that Thima Ltd was awarded the contract. Further according to the same minute, a cash withdrawal of Kshs.250,000 was to be made for paying the contractor and also receive bank transfer of Kshs.600,000 to A/C no. 01148344983800 at Cooperative bank Siakago branch. However, a physical verification done on 17 January 2018 revealed that Thima Ltd constructed a dining hall structure but no kitchen structure had been done. However, the workmanship appeared poorly done in that the floor was rough, no windows were fitted, external and internal finishings were not done, the type of iron sheets used were of poor quality, electric connectors had not been fitted the quality of metal doors fitted were substandard and poor quality timber was used to support the roof as some sections had been eaten away by burrowing insects.

In addition, the bill of quantity and drawings for the construction of a Kitchen/Dining Hall to completion were not made available for audit verification.

As a result, the propriety and value for money of the Kshs.1,200,000 expenditure as at 30 June 2017 could not be confirmed.

#### **4.4 Construction of Multipurpose Hall/Kitchen at Kavengero Secondary School**

During the year under review, Kavengero Secondary School was funded with Kshs. 3,000,000 in respect of Construction of a multipurpose hall to completion including shutting flooring, plastering and painting.

However, the bills of quantities and drawings for the structure and the Procurement records in respect to contracting M/S JoneRob Limited for the works were not made available for audit verification.

In addition, although an advance payment of Kshs.1,000,000 was deposited in the contractor's Account No. 01109730005900 at Co-operative Bank, Embu Branch, the respective signed contract supporting the advance payment was not made available for audit review. Further, the respective interim certificates, inspection and acceptance reports, progress reports from the Works Officer, PMC's minutes and bank statements not availed for audit verification.

In the circumstances, the propriety and value for money of the Kshs.3,000,000 expenditure as at 30 June 2017 could not be confirmed.



#### **4.5 Construction of a New Laboratory at Kivue Secondary School**

During the year under review, Kivue Secondary School was funded with Kshs.1,000,000 in respect of Construction of a new laboratory.

However, bills of quantities and drawings of the structure were not availed for audit verification even though PMC's minute number PMC/3/MIN/4/17 of 16 January 2017 and PMC/4/Min/2/17 of 8 February 2017 gave an estimated project cost of Kshs.932,300 without involving the public works office contrary to Section 36 (1) of the NG-CDF Act 2015. Further, cash withdrawals totaling Kshs.952,000 were made from the PMC's bank account without relevant supporting documents including invoices, cash receipts and valuation of work certificates and there was no evidence that the Kshs.952,000 withdrawn had been paid to the contractor.

In the circumstances, the propriety and value for money of the Kshs.1,000,000 expenditure of as at 30 June 2017 could not be confirmed.

#### **4.6 Construction of a Classroom at S.A Muthanthara Secondary School**

During the year under review, S.A Muthanthara Secondary School was funded with Kshs.500,000 in respect of construction of Classroom to completion. However, no project proposal was made available for verification. Further, available minutes indicated that only Kshs.400,000 had been received in Muthanthara Primary School A/C no. 00100051160101 through deposit slip Ref.BRF071G3453901 of 7 February 2017 instead of Kshs.500,000. In addition, a physical verification done on 17 January 2018 revealed that the funds were diverted to completion/ renovation in respect to plastering two classrooms, putting floor to three classrooms and completing administration block extension without approval of the Board contrary to Section 6 (2) of the NG-CDF Act 2015.

Further, no documents were made available for audit verification to show how the contractor, Mason Gitonga Nyaga ID no. 13339116 was procured. In addition, the classrooms branding "under patronage of Hon. Muriuki Njagagua" was contrary to Section 25 of the NG-CDF Act 2015 and further all transactions amounting to Kshs.500,000 involved cash withdrawals contrary to Section 36 (1) of the NG-CDF Act 2015.

In the circumstances, the propriety and value for money of the Kshs.500,000 expenditure as at 30 June 2017 could not be confirmed.

#### **4.7 Construction of a New Dining Hall to Completion at Karambari Secondary School**

During the year under review, Karambari Secondary School was funded with Kshs.800,000 for the Construction of a new Dining Hall to completion. However, the Bills of Quantities and drawings for the structure and procurement records were not made available for audit verification. Further, minute number MIN6/4/17 of 24 April 2017 allocated funds amounting to Kshs.500,000 for cement, sand, doors, paint, fascia board, chairs, ballast and labor without involving the public works office contrary to Section 36 (1) of the NG-CDF Act 2015.

In addition, cash withdrawn and allegedly spent of Kshs.795,000 was not supported by the relevant expenditure documents including invoices, cash receipts and valuation of work certificates. Further, although the withdrawals were reportedly made to pay for the construction of a new dining hall to completion, no evidence was made available to show that the contractor and other vendors were paid the money. Further, all transactions amounting to Kshs.795,000 involved cash withdrawals contrary to Section 36 (1) of the NG-CDF Act 2015.

In the circumstances, the propriety and value for money of the Kshs.800,000 expenditure as at 30 June 2017 could not be confirmed.

## **5.0 Unaccounted for Water Projects Fund**

During the year under review, Muminji Water PMC and Evurore Water PMC were each funded Kshs.1,000,000 for reticulation of water. However, procurement records, invoices, local purchase orders, bank statements, inspection reports, Bill of Quantities, recommendations and assessments by sub county officer were not made available for audit verification. Further, a physical verification done on 17 January 2018 revealed that no project records including progress of work were maintained.

In the circumstances, the propriety, validity and value for money of the Kshs.2,000,000 expenditure as at 30 June 2017 could not be confirmed.

## **6.0 Irregular Procurements of Motor Vehicle Repairs and Fuel**

During the year under review, the Fund paid New Embu Uhuru Garage Limited of Box 245 -60100 Embu Kshs.717,150 for repairs of a motor vehicle. However, no records were availed to show how the company was sourced. Further, although the Kshs.717,150 was supposed to be reimbursed by UAP insurance Company as the vehicle was comprehensively insured, no documents were availed to show that the funds had been reimbursed as at 30 June 2017.

In addition, the Company was paid kshs.551,069 in respect to repairing GK 815G via cheque numbers 9647, 9648, 8235 and 8236. However, CDFC Min/004/NG-CDFC/MBEEREN/2016/2017; had approved only and expenditure of Kshs.112,221 and therefore repairs worth Kshs.438,848 were not approved.

Further, Kshs.850,000 was paid to Quick Kobil Service Station in respect to fuel and lubricants which was not supported by fuel register, delivery notes and work tickets.

In the circumstances, the propriety and value for money for the expenditure of Kshs.438,848 for motor repairs and Kshs.850,000 for fuels and lubricants all totaling Kshs.1,288,848 as at 30 June 2017 could not be confirmed.

## **7.0 Unaccounted for Bursary Funds**

### **7.1 Secondary Schools and Tertiary Institutions**

Note 7 to Financial Statements reflected a balance of Kshs.31,608,150 in respect of bursary funds for secondary schools and tertiary institutions as at 30 June 2017. However, out of Kshs.31,608,150, only Kshs.19,469,137 was accounted for in form of



payment vouchers, while the balance of Kshs.12,139,013 remained unaccounted for as follows;

<b>Institutions</b>	<b>Balances as per Financial statements (Kshs)</b>	<b>Balances as per the Payment Vouchers (Kshs)</b>	<b>Variance (Kshs)</b>
Secondary Schools	15,804,075	11,300,000	4,504,075
Tertiary Institutions	15,804,075	8,169,137	7,634,938
<b>Total</b>	<b>31,608,150</b>	<b>19,469,137</b>	<b>12,139,013</b>

In the circumstances, it was not possible to ascertain the propriety of the Kshs.12,139,013 and that the expenditure was a proper charge to public funds.

## **7.2 Irregular Allocation of Bursary Funds to Boda Boda Students**

During the year under review, the CDFC allegedly spent Kshs4,655,000 to train over 500 over boda boda riders in a Local Driving School by the name of M/S Pema Driving School as indicated below:-

<b>Date</b>	<b>PV No.</b>	<b>CHq No.</b>	<b>Amount (Kshs)</b>
27/01/2017	8068	8313	655,000
21/04/2017	8138	8606	<u>4,000,000</u>
<b>Total</b>			<u><b>4,655,000</b></u>

However, no records were availed to show how the driving school was identified. Further, the riders were charged between Kshs.4,000 to Kshs.10,000 and it was not explained why the charges per rider were different. In addition, the cash book reflected Kshs.4,800,000 payments to M/S Pema Driving School while respective records reflected Kshs.4,655,000 resulting into an unexplained and unreconciled variance of Kshs.145,000. Further, no records were made available to show the number of boda boda riders enrolled, trained, tested and eventually qualified.

In addition, scrutiny of a list of riders attached to the payment voucher No. 8138 of 21 April 2017 revealed that some names did not match with the ID numbers indicated and some names were repeated thus occasioning double payments to the driving school while other names did not have a corresponding ID numbers.

In the circumstance, the Kshs.4,655,000 expenditure as at 30 June 2017 may not have been a proper charge to public funds and may not have a corresponding value for money

## **8.0 Primary School Projects**

### **8.1 Construction of Classroom in S.A Itiira Primary School**

During the year under review, S.A. Itiira primary school was funded with Kshs.300,000 and Kshs.200,000 all totaling to Kshs.500,000 for construction of a class room and construction of two latrines respectively. However, the minutes for PMC formation,

procurement records in respect to services from M/S Thima limited and contract agreement were not made available for audit review.

Further, physical verifications done on 17 January 2018 revealed that a new class room was not constructed but instead side walls were erected between already existing class walls.

The workmanship was poorly done in that the floor was completely chipped, wrecked and dusty and the walls had deep cracks. It was verbally explained that the head teacher and parents had complained about the contractor but no action had been taken.

Further, the classrooms had not been branded and the bank statements, progress reports, certificates of work done and reports by public works officer were not made available for audit review.

In view of the foregoing, the propriety of the Kshs.500,000 expenditure as at 30 June 2017 could not be confirmed.

## **8.2 Completion of Dormitory in Siakago Primary School**

During the year under review, Siakago primary school was funded with Kshs.500,000 in respect of completion of a dormitory including plastering, flooring and painting. The project had also received a funding of Kshs.500,000 in each of the previous two years ending 30 June 2016 raising the total funding to Kshs.1,500,000 as at 30 June 2017. The project commenced on 21 May 2014 and a physical verification done on 24 January 2017 revealed that the dormitory was still incomplete as the roofing with iron sheets had only been done to one third, the walls were deteriorating, the window frames, plastering, flooring and painting of the project had not been done.

Further, the dormitory had long grown grass inside with animals razing there and the contractor was not on site.

In view of the foregoing, the propriety of Kshs.1,500,000 expenditure as at 30 June 2017 could not be confirmed.

## **8.3 Construction of Administration Block in Kathigagacheru Primary School**

During the year under review, Kathigagacheru Primary School was funded with Kshs.1,000,000 in respect of construction of an administration block. However, physical verification done on 17 January 2018 revealed that no administration block was constructed but instead the amount was allegedly used for repairs of existing classrooms without approval of the Board contrary to Section 6 (2) of NG-CDF Act 2015. Further, the Bills of Quantities or estimates of repairs for the existing classrooms were not made available for audit verification.

In the circumstances, the propriety and value for money of the Kshs.1,000,000 expenditure as at 30 June 2017 could not be ascertained.



## 9.0 Irregularities in Security Projects

### 9.1 Fencing of Sub- County Office and Siakago Police Station Projects

During the year under review, the CDFC disbursed Kshs.2,000,000 and Kshs.1,500,000 in respect of fencing of the compound of sub- county office and Siakago Police Station respectively. However, no records were made available in respect to the PMC formation, PMC account signatories, minutes authorizing cash withdrawals and involvement of relevant government officials. Further, the procurement records and supervision reports from project management committee, invoices, delivery notes and inspection and acceptance reports were not made available for audit verification.

In addition, 120 concrete poles were purchased from Danfrisa Agencies Ltd. However, a physical verification done on 17 January, 2018 revealed that although 120 concrete poles were allegedly procured only 80 concrete poles were erected on one side of the fenced compound of the sub – county office and only 67 metal poles, chain link, barbed wire and a gate were erected in Siakago Police Station.

In the circumstances, the propriety of Kshs.2,000,000 and Kshs.1,500,000 expenditure all totaling to Kshs.3,500,000 as at 30 June 2017 could not be confirmed.

### 9.2 Ishiara Social Hall

During the year under review, the CDFC disbursed Kshs.1,000,000 in respect of completion of the Ishiara Social Hall. However, no records were made available in respect to request for funding, the PMC formation, PMC account signatories and letter of introduction to the bank. Further, it was not explained how Ms Irene M Njagi (Accounts Assistant) introduced the signatories instead of the fund accounts manager. In addition, the procurement records of Danfrisa Agencies as the contractor and supervision reports from project management committee, involvement of relevant government departments, invoices, delivery notes and inspection and acceptance reports were not made available for audit verification.

In the circumstances, the propriety of the Kshs.1,000,000 expenditures as at 30 June 2017 could not be confirmed.

### 9.3 Chiefs and Sub – Chiefs Offices

During the year under review, Kshs.3,000,000 was disbursed for the construction of three (3) chiefs' offices and four (4) sub - chiefs' offices as follows;

No	Project	Amount (Kshs)	Details
1	Thura Sub - Chief Office	400,000	Construction of Sub - Chief's Office
2	Karerema Chief Office	400,000	Construction of Chief's Office
3	Kiangombe Sub - Chief Office	400,000	Construction of Sub - Chief's Office

4	Muminji Chief Office	400,000	Construction of Chief's Office
5	Iria Itune Chief Office	500,000	Purchase of land and Construction of Chief's Office
6	Ciangeri Sub - Chief Office	500,000	Purchase of an acre of land and Construction of Sub - Chief's Office
7	Riandu Sub - Chief Office	400,000	Construction of Sub - Chief's Office
	<b>Gross Total</b>	<b>3,000,000</b>	

However, no records were made available in respect to the PMCs formation, minutes approving the cash withdrawals and involvement of relevant government officials.

Further, the procurement records and supervision reports from project management committee, invoices, delivery notes and inspection and acceptance reports were not made available for audit verification.

In addition, it was not explained how Nathan Kariuki Mwari (former CDFC staff) introduced the signatories of PMCs to the bank and authorized withdrawals on behalf of the Fund Account Manager. Further, ownership documents of the land where the seven (7) projects were put up were not made available for audit verification.

In the circumstances, the propriety of the Kshs.3,000,000 expenditures as at 30 June 2017 could not be confirmed.

#### 10.0 Irregularities in Management of Emergency Projects

During the year under review, the CDFC spent Kshs.3,444,827 in alleged emergency projects as follows;

Project	Description	Amount Kshs
Marangu Primary school	Construction of administration block	500,000
Kune sub-chiefs office	Release of emergency funds to put a roof	100,000
Kianjogu Primary school	Repair the roofs of three classrooms blown away by wind during rains	200,000
Kanyueri Secondary school	Construction of school kitchen	1,500,000
Riandu primary school	Construction of teachers ablution block	94,827
Kathitu primary school	Construction of classroom to completion	100,000
Kune sub chiefs office	Completion of the office including plastering and painting	150,000



Kyeniri secondary school		200,000
Kanyueri secondary school	Construction of classroom	600,000
<b>Total</b>		<b>3,444,827</b>

However, no proof was made available that the projects were actually emergency in accordance to Section 8 of the Ng-CDF Act, 2015 and no request for assistance from the respective institutions were made available for audit review. Further, no records were made available in respect to the request for funding, bill of quantities, project management committee minutes, PMCs account signatories, Fund Accounts Manager letters of introduction of the signatories to the bank and the procurement records. In addition, records in relation to supervision reports from the project management committee, CDFC reports on the status of the projects emanating from monitoring and evaluation and involvement of public work officer were not made available for audit verification.

In the circumstance, the propriety of the emergency expenditure of Kshs.3,444,827 as at 30 June 2017 could not be confirmed.

#### **11.0 Human Resources**

The financial statements reflected compensation of employees balance of Kshs.2,105,880 as at 30 June 2017. However, during the year under review, Ms Mary Muthoni Njagi was recruited as a records manager. However, the Board's authority to recruit, minutes, advertisement, shortlisted applicants, and method of selection/interview scores were not made available for audit verification.

Further, the Fund paid a Kshs.161,991 gratuity to Nathan Kariuki Mwari of ID No. 22894161 for having engaged him from 01 November, 2013 to 31 October, 2016 as a records manager. In addition, minute no. 007/NG-CDFC/MBEEREN/2015/2016 of 21 September 2016 promoted the officer to the position of account assistant. However, no documents in respect to job advertisement for the account assistant and no job application letter from Mr. Nathan K. Mwari were availed for verification.

In addition, Irene Murugi Njagi ID No. 24897083 was paid Kshs.180,257 as gratuity. The contract agreement indicated she was engaged for the period commencing 1 January, 2014 to 31 December, 2017. However, a letter of resignation stating reasons for resignation and a letter of discharge were not availed. Further, the gratuity calculations included Kshs.13,208.48 for the months of November and December 2013 which was outside the contract period of 1 January 2014 to 31 December 2017.

The Fund did not also effect monthly deductions from the contracted staff salary for gratuity payments upon expiry of their contracts. Further, no personal file was maintained for Peter Ngari Njue, an employee of the Fund.

In view of the foregoing, the propriety and legality of Kshs.2,105,880 compensation of employees balance as at 30 June 2017 could not be ascertained.

## **12.0 Training Expenses**

During the year under review, Mbeere North NG – CDF released a Kshs.400,000 imprest to FAM to be used in a staff training involving three staff members and two facilitators for five days. However, the payment voucher, work plan /schedule, programme of the training and back to the office report were not availed for audit review.

In the circumstances, the propriety of the Kshs.400,000 expenditures 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 NGCDF – Mbeere North 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 adverse 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 discussed in the Basis for Adverse Opinion and Other Matter sections of my report, I have determined that there are no other Key Audit matters to Communicate in my report.

### **Other Matter**

#### **Budgetary Control and Performance**

The Fund had budgeted to receive Kshs.92,950,459 during the year under review made up Kshs.81,896,552 for the year 2016/2017 and an opening cash balance of Kshs.11,053,907. However, available Authority to Incur Expenditure (AIEs) showed that only Kshs.80,896,552 was received from the Board during the year and an additional Kshs.11,053,907 opening cash balance hence the total funds available to the Fund during the year was Kshs.91,950,459. The Fund did not therefore receive an amount of Kshs.1,000,000 being the difference between the Kshs.81,896,552 budgeted receipts for the year and Kshs.80,896,552 receipts during the year. The Constituents did not receive promised and expected services equivalent to the undisbursed funds totaling to Kshs.1,000,000.

Further, out of the Kshs.91,950,459 available to spend during the year, only Kshs.90,300,564 was spent while Kshs.1,649,895 remained unspent as at 30 June 2017. As a result the residents of Mbeere North Constituency did not receive planned and expected services equivalent to the unspent funds totaling to Kshs.1,649,895.

#### **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 continue as a going concern/ 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's or to cease operations, or have no realistic alternative but to do so.

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

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

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

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:

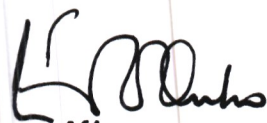
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 Company's ability to continue as a going concern or 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 to cease to continue as a going concern or 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 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**

**22 August 2018**



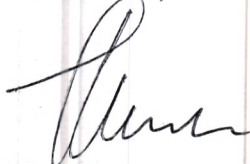
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
MBEERE NORTH CONSTITUENCY**  
Reports and Financial Statements  
For the year ended June 30, 2017

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

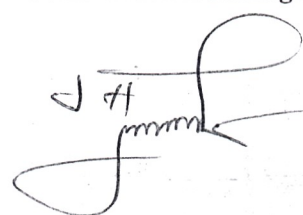
	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	80,896,552	107,361,748.00
Proceeds from Sale of Assets	2		-
Other Receipts	3		152,000.00
<b>TOTAL RECEIPTS</b>		<b>80,896,552</b>	<b>107,361,748.00</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,105,880	1,547,723.00
Use of goods and services	5	5,034,810	5,845,590.00
Transfers to Other Government Units	6	34,750,000	48,897,569.00
Other grants and transfers	7	47,154,702	37,482,936.35
Acquisition of Assets	8	1,255,172	5,512,508.60
Other Payments	9		1,500,000.00
<b>TOTAL PAYMENTS</b>		<b>90,300,564</b>	<b>100,786,326.95</b>
<b>SURPLUS/DEFICIT</b>		<b>(9,404,012)</b>	<b>6,575,421.05</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere North NG-CDF financial statements were approved on 23<sup>rd</sup> September, 2016 and signed by:

Richard Thiriku  
Chairman; NG-CDFC



Moses Sabila  
Fund Account Manager



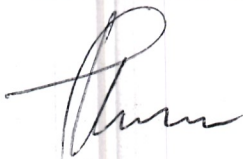
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
 MBEERE NORTH CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2017**

**V. STATEMENT OF ASSETS**

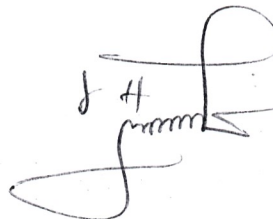
	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	1,649,894	11,053,906.65
Cash Balances (cash at hand)	10B		-
Outstanding Imprests	11		-
<b>TOTAL FINANCIAL ASSETS</b>		<b>1,649,894</b>	<b>11,053,906.65</b>
<b>REPRESENTED BY</b>			
Retention	12		789,281.80 -
Fund balance b/fwd 1st July...	13	11,053,906	3,689,203.80
Surplus/Deficit for the year		(9,404,012)	6,575,421.05
Prior year adjustments	14		-
<b>NET LIABILITIES</b>		<b>1,649,894</b>	<b>11,053,906.65</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere North NG-CDF financial statements were approved on 23<sup>rd</sup> September, 2016 and signed by:

Richard Thiriku  
 Chairman; NG-CDFC



Moses Sabila  
 Fund Account Manager





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
MBEERE NORTH CONSTITUENCY**

**Reports and Financial Statements**

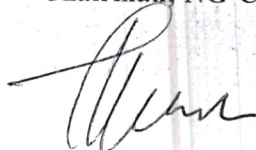
**For the year ended June 30, 2017**

**VI. STATEMENT OF CASHFLOW**

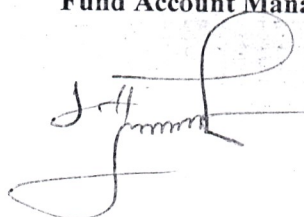
<b>Receipts for operating income</b>	<b>NOTE</b>	<b>2016-2017</b>	<b>2015-2016</b>
Transfers from CDF Board	1	80,896,552	107,361,748.00
Other Receipts	3	-	-
		<b>80,896,552</b>	<b>107,361,748.00</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,105,880	1,547,723.00
Use of goods and services	5	5,034,810	5,845,590.00
Transfers to Other Government Units	6	34,750,000	48,897,569.00
Other grants and transfers	7	47,154,702	37,482,936.35
Other Payments	9	1,255,172	1,500,000.00
		<b>90,300,564</b>	<b>95,273,818.35</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>(9,404,012)</b>	<b>12,087,929.65</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	5,512,508.60
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(5,512,508.60)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(9,404,012)</b>	<b>6,575,421.05</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	11,053,906	4,478,485.60
<b>Cash and cash equivalent at END of the year</b>		<b>1,649,894</b>	<b>11,053,906.65</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mbeere North NG-CDF financial statements were approved on 23<sup>rd</sup> September, 2016 and signed by:

Richard Thiriku  
Chairman; NG-CDFC



Moses Sabila  
Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MBEERE NORTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	81,896,552	11,053,907	92,950,459	91,950,459	1,000,000	98.9%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
<b>TOTAL</b>	<b>81,896,552</b>	<b>11,053,907</b>	<b>92,950,459</b>	<b>91,950,459</b>	<b>1,000,000</b>	<b>98.9%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,105,880		2,105,880	2,105,880	-	100.0%
Use of goods and services	5,034,810		5,034,810	5,034,810	-	100.0%
Transfers to Other Government Units	35,480,000	1,919,895	37,399,895	34,750,000	2,649,895	92.9%
Other grants and transfers	38,020,690	9,134,012	47,154,702	47,154,702	-	100.0%
Acquisition of Assets	1,255,172		1,255,172	1,255,172	-	100.0%
Other Payments	-		-	-	-	0.0%
<b>TOTAL</b>	<b>81,896,552</b>	<b>11,053,907</b>	<b>92,950,459</b>	<b>90,300,564</b>	<b>2,649,895</b>	<b>97.1%</b>



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

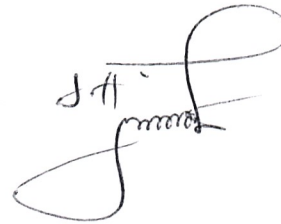
---

- (a) The kitty received 50% of the expected allocated funds mostly occasioned by the coming to effect of the NG-CDF Act 2015, which required about three calendar months for new CDFCs' to be put in place. The kitty had 66% funds available of the total expected funds for utilization.
- (b) The Kitty managed to utilise 60% of the expected allocation funds during the current year. This was occasioned by the fact that only 50% of the funds were actually disbursed by the Board and loss of time during the coming to effect of the NG-CDF Act 2015.

The Mbeere North NG-CDF financial statements were approved on 23<sup>rd</sup> September, 2016 and signed by;

Richard Thiriku  
**Chairman; NG-CDFC**

Moses Sabila  
**Fund Account Manager**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
MBEERE NORTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 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 NG-CDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

**2. Recognition of revenue and expenses**

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

**3. In-kind contributions**

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

**4. Cash and cash equivalents**

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
MBEERE NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 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 NG-CDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**6. Budget**

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

**7. Comparative figures**

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

**8. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2016-2017	2015-2016
		Kshs	Kshs
Normal allocation	AIE NO...		
	A-829928	4,094,827.60	26,180,873.00
	A-855242	36,853,449.00	26,180,875.00
	A-8855725	39,948,275.10	20,000,000.00
			20,000,000.00
			15,000,000.00
<b>TOTAL</b>		<b>80,896,551.70</b>	<b>107,361,748.00</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2016-2017	2015-2016
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
 MBEERE NORTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. OTHER RECEIPTS**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

<b>Description</b>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,379,780.00	953,403.00
Basic wages of casual labour	70,000.00	40,000.00
Employer contribution to NSSF	160,000.00	58,320.00
<b>Personal allowances paid as part of salary</b>		
House allowance	288,100.00	288,000.00
Transport allowance	192,000.00	192,000.00
Leave allowance	16,000.00	16,000.00
Other personnel payments	-	-
Gratuity	-	-
<b>Total</b>	<b>2,105,880.00</b>	<b>1,547,723.00</b>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5. USE OF GOODS AND SERVICES**

Description	2016-2017	2015-2016
	Kshs	Kshs
Utilities, supplies and services	77,000.00	-
Office rent	-	77,000.00
Communication, supplies and services	28,000.00	28,689.00
Domestic travel and subsistence	100,455.00	149,205.00
Printing, advertising and information supplies & services	100,005.50	102,335.50
Rentals of produced assets	-	-
Training expenses	350,000.00	437,000.00
Hospitality supplies and services	77,578.00	77,578.00
Other committee expenses	400,000.00	695,000.00
Committee allowance	2,224,000.00	2,224,000.00
Insurance costs	237,809.00	403,809.00
Specialised materials and services	-	-
Office and general supplies and services	26,700.00	26,700.00
Fuel ,oil & lubricants	600,000.00	600,000.00
Other operating expenses	400,380.50	559,380.50
Routine maintenance – vehicles and other transport equipment	400,000.00	452,011.00
Routine maintenance – other assets	12,882.00	12,882.00
<b>Total</b>	<b>5,034,810.00</b>	<b>5,845,590.00</b>



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**8. ACQUISITION OF ASSETS**

<u>Non-Financial Assets</u>	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	1,367,388.60
Refurbishment of Buildings	-	1,593,858.00
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	1,255,172.00	2,311,262.00
Purchase of ICT Equipment, Software and Other ICT Assets	-	240,000.00
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>1,255,172.00</b>	<b>5,512,508.60</b>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**9. OTHER PAYMENTS**

	2016-2017 Kshs	2015-2016 Kshs
Construction of Markets	-	-
Contracted Professional Services	-	-
Social Hall	-	1,500,000.00
<b>TOTAL</b>	-	<b>1,500,000.00</b>

**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2016-2017	2015-2016
	Kshs	Kshs
Cooperative Bank of Kenya, Siakago Branch A/C No: 01120051117000	1,649,894	11,053,906.65
	-	-
	-	-
<b>Total</b>	<b>1,649,894</b>	<b>11,053,906.65</b>
<b>10B: CASH IN HAND</b>		
	2016-2017	2016-2017
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (specify)	-	-
	-	-
<b>Total</b>	-	-
[Provide cash count certificates for each]	N/A	N/A



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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**11: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

0

[Include an annex of the list is longer than 1 page.]

<b>12 Retention</b>			
Supplier/Contractor	PV no	2016-2017	2015-2016
		Kshs	Kshs
Bunter Enterprises Ltd		-	789,281.80
<b>TOTAL</b>		-	<b>789,281.80</b>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**13. BALANCES BROUGHT FORWARD**

	2016-2017 Kshs	2015-2016 Kshs
Bank accounts	11,053,906.65	15,657,467.00
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>11,053,906.65</b>	<b>15,657,467.00</b>

[Provide short appropriate explanations as necessary]

**14. PRIOR YEAR ADJUSTMENTS**

	2015-2016 Kshs	2014-2015 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



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

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2016-2017 Kshs	2015-2016 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						



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

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							





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

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost (Kshs) 2016-2017	Historical Cost (Kshs) 2015-2016
Land	-	-
Buildings and structures	18,436,826.60	18,436,826.60
Transport equipment	6,700,653.00	6,700,653.00
Office equipment, furniture and fittings	2,501,260.00	2,501,260.00
ICT Equipment, Software and Other ICT Assets	412,590.00	412,590.00
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
<b>Total</b>	<b>28,051,329.60</b>	<b>28,051,329.60</b>

Prepared by:

**Moses Sabila**  
**Fund Account Manager-Mbeere North**

