

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

*Paper laid by the Hon
M.P.
Thursday 25/10/2018*



OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KIBRA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KIBRA CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KIBRA
CONSTITUENCY**

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *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 *Constituencies Development Fund*. The objective of the fund to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

- i. Constituencies Development Fund Board (CDFB)
- ii. Constituency Development Fund Committee (CDFC)

(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 | Jimnah Macharia |
| 3. | Accountant | Alois K. Kimuyu |
| 4. | | |

(d) Fiduciary Oversight Arrangements

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

(e) KIBRA CDF Headquarters

P.O. Box 22033-00523
Kibra DC's Compound
Kibera Road
Nairobi, KENYA

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(f) KIBRA CDF Contacts

Telephone: (254) XXXXXXXX

E-mail: kibracdf@ng-cdf.go.ke

Website: www.kibracdf.go.ke

(g) KIBRA CDF Bankers

1. Equity Bank,
Kibra Branch,
Account No.1170261223145,
P.O. Box 75104,
City Square 00200
Nairobi, Kenya

(h) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

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**II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND
COMMITTEE (CDFC)**

ABOUT NG-CDF

The National Government Constituencies Development Fund (NG-CDF) was created by the NG-CDF Act, 2003 with the primary objective of addressing poverty at grassroots level by dedicating a minimum of 2.5% of the ordinary government revenue to grassroots development and the reduction of poverty. The Act was amended in 2007 whereby the NG-CDF Board was created to replace the then National Management Committee (NMC) as the top management organ of the Fund at the national level.

The Constituencies Development Fund (CDF) was established under the constituencies Development Fund (CDF) Act of 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 constituency level.

ABOUT KIBRA

There are approx 2.5 million slum dwellers in about 200 settlements in Nairobi representing 60% of the Nairobi population. Kibra is a home to approximately 350,000-500,000 people. Kibra is the biggest slum in Africa and one of the biggest in the world. The Government owns all the land. 10% of people are shack owners and many of these people own many other shacks and sub-let them. All the rest are tenants with no rights. The average size of a shack in this area is 12ft x 12ft built with mud walls, screened with concrete, a corrugated tin roof, dirt or concrete floor. The cost is about Ksh 700 per Month (£6). These shacks often house up to 8 or more, many sleeping on the floor.

The slum is characterised by a number of social economic and political changes namely, poor housing, high rate of youth unemployment, illegal gangs, drugs and substance abuse among the youth, teenage pregnancy, poor access roads, illicit businesses, high rate of insecurity, poor hygiene and sanitation among others.

However, all is not lost, the government and other non-state actors are addressing some of the above challenges through various programmes namely, The national Youth Service: they are currently providing employment opportunity to a number of youths through community service initiatives, Kenya Power And Lightening Company lighting up low income households, non-governmental organisation promoting youth employability skills through vocational skills training and the area member of parliament improving livelihoods of vulnerable households through sustainable initiatives focusing on education programme, water and sanitation programme, infrastructural development, talent cultivation and a management and women and youth empowerment.

These initiatives are not implemented in oblivion but compliment National Development Strategy Papers

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such as the Kenya Vision 2030, Poverty Reduction Strategy Papers, 2010 National Youth Employment Creation Policy, 2010 Kenya Constitution and the Millennium Development goals focusing on extreme poverty reduction.

KIBRA CONSTITUENCY PROJECT IMPLEMENTATION CHALLENGES

Kibra Constituency during project implementation has encountered a number of challenges. This has led to delay in project implementation and failure to realize projects set objectives. For instance, there is delay in disbursement of funds, delay in project approval by the board occasioned by limited staff in the line ministries, constant absenteeism of the project management committee from their work station, limited resource allocated to capacity building and monitoring and evaluation which are key to effective and efficient in project implementation. The budget for the two components should be increased from the current 3% to 5%.

Land is also a contentious issue in Kibra; this is problem is not only unique to Kibra but also other slum settings in Nairobi. Due to lack of land title deeds, some of the community projects have been changed. This is occasioned by the limitation of the NG-CDF Act. For instance, construction projects require land title deeds and government approvals. This has led to disapproval of some projects by the Nairobi County Government.

FACTORS LEADING TO THE SUCCESSES OF PROJECTS IMPLEMENTATION IN KIBRA

Community Participation: Kibra Constituency understands that community participation in project identification, design, implementation, monitoring and evaluation is essential to project success. In order to enhance project sustainability and scalability, the NG-CDFC involves the community in all stages of project development.

The promulgation of the 2010 constitution: This gave birth to devolution which in return led to economic propensity at the grass-root and the marginalized areas. For instance availability of Youth Enterprise Fund, Women Enterprise Fund, Uwezo Fund, LASDAP among others have led to reduction of extreme poverty levels and equitable development leading to reduced competition for government resources.

Elaborate management structure: Existence of strong management structure with competent human resource has also led to the success of project implementation. Kibra Constituency has able NG-CDFC who are up to the task. This has led to efficient and effective implementation of projects.

Transparency and accountability: Kibra Constituency is the most transparent Constituency in Kenya. This has led to increased community good and smooth implementation of the projects. The community has faith in the office and is in full support in what the office is implementing. This confidence is evidenced in the bursary disbursement and the project tendering process.

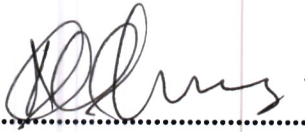
Provision of quality education: the office through the support of NG-CDF has been awarding scholarship opportunities to needy and brilliant students in Kibra. This has led to healthy academic competition among Kibra schools leading to improved academic performance. In order to monitor and evaluate academic performance in Kibra, the NG-CDFC formed Kibra educator's forum comprising of 60 pilot schools. These schools are given joint exams dubbed class 7 and class 8 mock exams. This in return has led to improved academic performance in the whole constituency. Through the support of NG-CDF, many classrooms within the public schools have been rehabilitated. This has led to improved learning

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environment leading to improved academic performance and self esteem of the beneficiary students. Efficiency and effectiveness in service delivery: Kibra Constituency understands that the customer is the king. To ensure their satisfaction, the office ensures that bursary applicants get their cheques within a period of one month from the time of application. This has led to improved community good will and faith in the bursary application process.

Sign.....

CHAIRMAN NG-CDFC

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III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the KIBRA Constituency Development Fund is responsible for the preparation and presentation of the KIBRA CDF financial statements, which give a true and fair view of the state of affairs of the KIBRA 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 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 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 KIBRA CDF accepts responsibility for the 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 CDF's financial statements give a true and fair view of the state of CDF's transactions during the financial year ended June 30, 2016, and of the CDF's financial position as at that date. The Accounting Officer charge of the KIBRA CDF further confirms the completeness of the accounting records maintained for the CDF, which have been relied upon in the preparation of the CDF's financial statements as well as the adequacy of the systems of internal financial control.

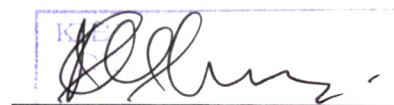
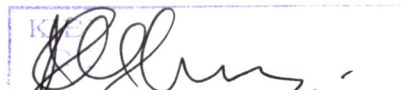

The Accounting Officer in charge of the KIBRA CDF confirms that the CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the 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 CDF's financial statements were approved and signed by the Accounting Officer on 15/08 2017.


Fund Account Manager




Chairman 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- KIBRA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Kibra Constituency set out on pages 7 to 24, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flow and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Kibra Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

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

Basis for Qualified Opinion

1. Ineligible Expenditure

The statements of receipts and payments for the year ended 30 June 2017 reflects expenditure totalling Kshs. 43,914,545 in respect of other grants and transfers which includes Kshs. 2,175,000 for water projects as disclosed in Note 7 to the financial statements. Water is a devolved function under the Constitution and Section 24 (a) of the National Government Constituency Development Fund Act, 2015 limits projects to

Report of the Auditor-General on National Government Constituencies Development Fund-Kibra Constituency for the year ended 30 June 2017

be funded by National Government Constituency Development Fund to those falling under the National Government function. Therefore, the expenditure of Kshs. 2,175,000 is ineligible.

2. Bank Balance

The statement of assets reflects a bank balance of Kshs. 18,481,016.35 as at 30 June 2017. However, the June 2017 bank reconciliation statement reflects unrepresented cheques amounting to Kshs. 6,874,986 which includes stale cheques totalling Kshs. 5,795,353 that were reversed in the cashbook in July 2017. In the circumstances, the accuracy of bank balance of Kshs. 18,481,016.35 as at 30 June 2017 cannot be confirmed.

3. Net Financial Position

The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs. 18,481,016.35, being the difference between the brought forward fund balance of Kshs. 46,774,476.35 and the deficit for the year of Kshs. 28,293,460. No explanation has been provided for this anomaly.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- Kibra Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance to the audit of the financial statements for the current year. Except for matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no key audit matters to communicate in my report.

Other Matter

Budget and Budgetary Controls

During the year under review, the fund budgeted expenditure amounted to Kshs. 128,671,028.07. However, overall actual expenditures for the year was Kshs. 110,190,011.70 resulting in an under expenditure of Kshs. 18,481,016.37, which is equivalent to about 14% of the total budget.

Further analysis of the budget against actual expenditure indicate that out of the development budget of Kshs. 118,714,704, an amount of Kshs. 101,224,518 was spent resulting in an under expenditure of Kshs. 17,490,186 or 15% of the development budget. This implies that some budgetary provisions and plans were not met which impacted negatively on service delivery to the constituents. The under expenditure was mainly on transfers to other government units - Kshs. 1,690,027 and other grants and

transfers Kshs.15,800,159. The under expenditure is an indication that approved programs were not fully implemented.

Responsibility 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends 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 NG-CDF's financial reporting process.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

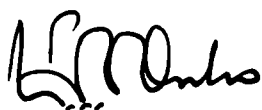
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

17 August 2018

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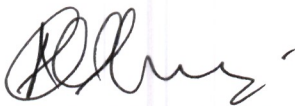
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IV. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2016 - 2017 | 2015 - 2016 |
|---|------|------------------------|-----------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from CDF board-AIEs' Received | 1 | 81,896,551.70 | 150,510,310.00 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | - | - |
| TOTAL RECEIPTS | | 81,896,551.70 | 150,510,310.00 |
| PAYMENTS | | | |
| Compensation of Employees | 4 | 2,600,944.00 | 2,557,127.00 |
| Use of goods and services | 5 | 6,364,550.00 | 5,993,500.00 |
| Transfers to Other Government Units | 6 | 57,309,972.70 | 77,206,547.56 |
| Other grants and transfers | 7 | 43,914,545.00 | 44,887,453.95 |
| Acquisition of Assets | 8 | - | - |
| Other Payments | 9 | - | - |
| TOTAL PAYMENTS | | 110,190,011.70 | 130,644,628.51 |
| SURPLUS/DEFICIT | | (28,293,460.00) | 19,865,681.49 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KIBRA CDF financial statements were approved on 15/08/ 2017 and signed by:



Chairman - CDFC



Fund Account Manager
15 AUG 2017
FUND ACCOUNT MANAGER

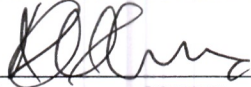
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V. STATEMENT OF ASSETS

| | Note | 2016 - 2017 Kshs | 2015 - 2016 Kshs |
|---------------------------------------|------|----------------------|----------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 10 | 18,481,016.35 | 46,774,476.35 |
| Cash Balances (cash at hand) | 11 | - | - |
| Outstanding Imprest | 12 | - | - |
| TOTAL FINANCIAL ASSETS | | 18,481,016.35 | 46,774,476.35 |
| REPRESENTED BY | | | |
| Retention | 13 | 0 | 0 |
| Fund balance b/fwd 1st July 2015 | 14 | 46,774,476.35 | 26,908,794.86 |
| Surplus/Deficit for the year | | (28,293,460.00) | 19,865,681.49 |
| Prior year adjustments | 15 | - | 0 |
| NET LIABILITIES | | 18,481,016.35 | 46,774,476.35 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KIBRA CDF financial statements were approved on 15/08/2017 and signed by:


Chairman - CDFC


Fund Account Manager
15/08/2017
FUND ACCOUNT MANAGER
KIBRA CDF

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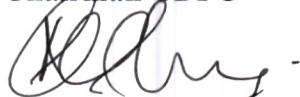
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VI. STATEMENT OF CASHFLOW

| | | 2016-2017 | 2015-2016 |
|--|----|------------------------|----------------------|
| Receipts for operating Activities | | | |
| Transfers from CDF Board | 1 | 81,896,551.70 | 150,510,310.00 |
| Other Receipts | 3 | - | - |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | (2,600,944.00) | (2,557,127.00) |
| Use of goods and services | 5 | (6,364,550.00) | (5,993,500.00) |
| Transfers to Other Government Units | 6 | (57,309,972.70) | (77,206,547.56) |
| Other grants and transfers | 7 | (43,914,545.00) | (44,887,453.95) |
| Other Payments | 9 | - | - |
| Adjusted for: Adjustments during the year | | | - |
| Net cash flow from operating activities | | (28,293,460.00) | 19,865,681.49 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 8 | - | - |
| Net cash flows from Investing Activities | | | - |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Net cash flow from financing activities | | | - |
| NET INCREASE/ IN CASH AND CASH EQUIVALENT | | (28,293,460.00) | 19,865,681.49 |
| Cash and cash equivalent at BEGINNING of the year | 14 | 46,774,476.35 | 26,908,794.86 |
| Cash and cash equivalent at END of the year | | 18,481,016.35 | 46,774,476.35 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KIBRA CDF financial statements were approved on 15/08 2017 and signed by:

Chairman CDFC



Fund Account Manager



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VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

| Revenue/Expense Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilisation Difference e=c-d | % of Utilisation Difference to Final Budget f=d/c % |
|-------------------------------------|----------------------|----------------------|-----------------------|------------------------------------|---|--|
| RECEIPTS | | | | | | |
| Transfer from Board | 81,896,551.72 | 46,774,476.35 | 128,671,028.07 | 128,671,028.05 | 0.02 | 100.00% |
| Proceeds from sales of Assets | | | | | | |
| Other Receipts | | | | | | |
| | 81,896,551.72 | 46,774,476.35 | 128,671,028.07 | | | |
| PAYMENTS | | | | | | |
| Compensation of Employees | 1,504,521.14 | 1,774,476.35 | 3,278,997.49 | 2,600,944.00 | 678,053.49 | 79.32% |
| Use of goods and services | 4,677,326.30 | 2,000,000.00 | 6,677,326.30 | 6,364,550.00 | 312,776.30 | 95.32% |
| Transfers to Other Government Units | 36,000,000.00 | 23,000,000.00 | 59,000,000.00 | 57,309,972.70 | 1,690,027.30 | 97.14% |
| Other grants and transfers | 39,714,704.28 | 20,000,000.00 | 59,714,704.28 | 43,914,545.00 | 15,800,159.28 | 73.54% |
| Acquisition of Assets | - | | | | | 0.00% |
| Other Payments | - | | | | | 0.00% |
| TOTALS | 81,896,551.72 | 46,774,476.35 | 128,671,028.07 | 110,190,011.70 | 18,481,016.37 | 85.64% |

(a) All receipts are from the NG-CDF Board

(b) All percentages in utilisation difference to final budget are above 50%

The KIBRA CDF financial statements were approved on 15/08/2017 and signed by:


Chairman CDF


Fund Account Manager

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 *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 *CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *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 *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 CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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 *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 *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 *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 CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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**Reports and Financial Statements
For the year ended June 30, 2017**

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM CDF BOARD

| Description | 2016 - 2017 | 2015-2016 |
|------------------------------|----------------------|-----------------------|
| | Kshs | Kshs |
| CDF Board | | |
| AIE NO..DEP 07/2016/2017/100 | 4,094,827.60 | 48,437,954.00 |
| AIE NO..DEP 07/2016/2017/412 | 36,853,449.00 | 20,000,000.00 |
| AIE NO..DEP 07/2016/2017/491 | 40,948,275.10 | 31,000,000.00 |
| | | 51,072,356.00 |
| | | - |
| | | - |
| TOTAL | 81,896,551.70 | 150,510,310.00 |

2. PROCEEDS FROM SALE OF ASSETS

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

| | 2016 - 2017 Kshs | 2015 - 2016 Kshs |
|---|-----------------------------------|-----------------------------------|
| Interest Received | - | - |
| Rents | - | - |
| Sale of tender documents | - | - |
| Other Receipts Not Classified Elsewhere | - | - |
| Total | - | - |

4. COMPENSATION OF EMPLOYEES

| | 2016 - 2017 Kshs | 2015 - 2016 Kshs |
|---|-----------------------------------|-----------------------------------|
| Basic wages of contractual employees | 2,588,944.00 | 2,545,127.00 |
| Basic wages of casual labour | | - |
| Employer contribution to NSSF | 12,000.00 | 12,000.00 |
| Personal allowances paid as part of salary | | - |
| House allowance | - | - |
| Transport allowance | - | - |
| Leave allowance | - | - |
| Other personnel payments | - | - |
| Total | 2,600,944.00 | 2,557,127.00 |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

| | 2016 - 2017 | 2015 - 2016 |
|---|---------------------|---------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 1,500,000.00 | 1,700,000.00 |
| Office rent | | |
| Communication, supplies and services | | |
| Domestic travel and subsistence | | |
| Other committee expenses | 1,624,550.00 | 1,429,500.00 |
| Committee allowance | 2,990,000.00 | 2,320,000.00 |
| Printing, advertising and information supplies & services | | |
| Rentals of produced assets | | |
| Training expenses | | |
| Hospitality supplies and services | | |
| Insurance costs | | |
| Specialised materials and services/Strategic plan | | 144,000.00 |
| Office and general supplies and services | | |
| Fuel ,oil & lubricants | 250,000.00 | 400,000.00 |
| Other operating expenses | | |
| Routine maintenance – vehicles and other transport equipment | | |
| Routine maintenance – other assets | | |
| Total | 6,364,550.00 | 5,993,500.00 |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2016 - 2017 | 2015 - 2016 |
|------------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Transfers to Primary schools | 14,030,000.00 | 32,176,834.56 |
| Transfers to Secondary schools | 43,279,972.70 | 40,029,713.00 |
| Transfers to Tertiary institutions | | |
| Transfers to Health institutions | | 5,000,000.00 |
| | | - |
| | | - |
| TOTAL | 57,309,972.70 | 77,206,547.56 |

7. OTHER GRANTS AND OTHER PAYMENTS

| | 2016 - 2017 | 2015 - 2016 |
|-----------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Bursary –Secondary | 19,148,240.00 | 21,143,016.30 |
| Bursary –Tertiary | 9,045,000.00 | 6,585,000.00 |
| Bursary-Special schools | 500,000.00 | 500,000.00 |
| Mocks & CAT | 2,419,100.00 | 5,867,016.00 |
| Water | 2,175,000.00 | |
| food security | | |
| Electricity | | |
| Security | | |
| Roads | | |
| Sports | 2,057,600.00 | 2,592,898.00 |
| Environment | 20,000.00 | |
| Emergency Projects | 7,184,605.00 | 5,845,605.00 |
| Capacity Building | 1,365,000.00 | 1,275,000.00 |
| Commisioner of domestic tax | | 498,918.65 |
| Auditors Fee | | 580,000.00 |
| Total | 43,914,545.00 | 44,887,453.95 |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

| Non Financial Assets | 2016 - 2017 | 2015 - 2016 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Purchase of Buildings | - | - |
| Construction of Buildings | - | - |
| Refurbishment of Buildings | - | - |
| Purchase of Vehicles | - | - |
| Purchase of Bicycles & Motorcycles | - | - |
| Overhaul of Vehicles | - | - |
| Purchase of Office furniture and fittings | - | - |
| Purchase of computers ,printers and other IT equipments | - | - |
| Purchase of photocopier | - | - |
| Purchase of other office equipments | - | - |
| Purchase of soft ware | - | - |
| Acquisition of Land | - | - |
| Total | - | - |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

| | 2016 - 2017 | 2015 - 2016 |
|--|--------------------|--------------------|
| | - | - |
| | - | - |

10. Bank Accounts (cash book bank balance)

| Name of Bank, Account No. & currency | 2016 - 2017 | 2015 - 2016 |
|---|----------------------|----------------------|
| | Kshs | Kshs |
| <i>EQUITY BANK KIBERA BRANCH</i> | 18,481,016.35 | 46,774,476.35 |
| | - | - |
| | | |
| | | |
| Total | 18,481,016.35 | 46,774,476.35 |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CASH IN HAND

| | 2016 - 2017 | 2015 - 2016 |
|--------------------------|-------------|-------------|
| | Kshs | Kshs |
| Sale of tender | - | - |
| Hire of graders | | |
| Hire of hall | | |
| Other receipts (specify) | | |
| Total | - | - |

There is no any cash count certificate.

12. OUTSTANDING IMPRESTS

| <i>Name of Officer or Institution</i> | <i>Amount Taken</i> | <i>Amount Surrendered</i> | <i>Balance</i> |
|---------------------------------------|---------------------|---------------------------|----------------|
| | Kshs | Kshs | Kshs |
| | xxx | xxx | xxx |
| | xxx | xxx | xxx |
| | xxx | xxx | xxx |
| | xxx | xxx | xxx |
| | xxx | xxx | xxx |
| | xxx | xxx | xxx |
| Total | | | 0 |

No any outstanding imprest.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. RETENTION

| Suppliers/Contractors | | | 2016-2017 | 2015-2016 |
|------------------------------|--|--|------------------|------------------|
| | | | | |
| | | | | |
| | | | - | - |

14. BALANCES BROUGHT FORWARD

| | 2016 - 2017 | 2015 - 2016 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Bank accounts | 46,774,476.35 | 26,908,794.86 |
| Cash in hand | - | - |
| Cash equivalents (short-term deposits) | - | - |
| Imprest | - | - |
| Receivables | - | - |
| Payables | - | - |
| Total | 46,774,476.35 | 26,908,794.86 |

15. PRIOR YEAR ADJUSTMENTS

| | 2016 - 2017 | 2015 - 2016 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Bank accounts | - | - |
| Cash in hand | - | - |
| Cash equivalents (short-term deposits) | - | - |
| Imprest | - | - |
| Receivables | - | - |
| Payables | - | - |
| Total | - | - |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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For the year ended June 30, 2017

16. OTHER IMPORTANT DISCLOSURES

16.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

| | 2015- 2016 Kshs | 2014 - 2015 Kshs |
|-----------------------------|----------------------------|-----------------------------|
| Construction of buildings | xxx | xxx |
| Construction of civil works | xxx | xxx |
| Supply of goods | xxx | xxx |
| Supply of services | xxx | xxx |
| | xxx | xxx |

16.2: PENDING STAFF PAYABLES (See Annex 2)

| | Kshs | Kshs |
|---------------------------|-------------|-------------|
| Senior management | xxx | xxx |
| Middle management | xxx | xxx |
| Unionisable employees | xxx | xxx |
| Others (<i>specify</i>) | xxx | xxx |
| | xxx | xxx |

16.3: OTHER PENDING PAYABLES (See Annex 3)

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

16.4: PMC account balances (See Annex 5)

| | Kshs | Kshs |
|--|----------------------|-------------|
| PMC account Balances (see attached list) | 10,322,133.70 | - |
| | 10,322,133.70 | - |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017

TRIAL BALANCE

| TRIAL BALANCE AS AT 30TH JUNE 2017 | | | |
|---|---|-----------------------|-----------------------|
| | | DR | CR |
| CASH & CASH EQUIVALENTS | | Kshs | Kshs |
| | Bank Balances | 18,481,016.35 | |
| | Cash Balances | - | |
| | Outstanding Imprest | - | |
| | | | |
| | | | |
| | | | |
| | | | |
| PAYMENTS | | | |
| | Compensation of Employees | 2,600,944.00 | |
| | Use of goods and services | 6,364,550.00 | |
| | Transfers to Other Government Units | 57,309,972.70 | |
| | Other grants and transfers | 43,914,545.00 | |
| | Acquisition of Assets | - | |
| | Other Payments | - | |
| | | | |
| | | | |
| RECEIPTS | | | |
| | Transfers from CDF board- AIEs' Received | | 81,896,551.70 |
| | Proceeds from Sale of Assets | | - |
| | Other Receipts | | - |
| | | | |
| FUND BALANCE B/F | | | 46,774,476.35 |
| | | | |
| | | | |
| TOTAL | | 128,671,028.05 | 128,671,028.05 |

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KIBRA CONSTITUENCY
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For the year ended June 30, 2017 (Kshs)

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost (Kshs) 2016/17 | Historical Cost (Kshs) 2015/16 |
|--|---|---|
| Land | - | - |
| Buildings and structures | 11,279,170.00 | 11,279,170.00 |
| Transport equipment | 4,500,000.00 | 4,500,000.00 |
| Office equipment, furniture and fittings | 1,550,495.84 | 1,550,495.84 |
| ICT Equipment, Software and Other ICT Assets | 518,418.40 | 518,418.40 |
| Other Machinery and Equipment | - | - |
| Heritage and cultural assets | - | - |
| Intangible assets | - | - |
| Total | 17,848,084.24 | 17,848,084.24 |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017 (Kshs)

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

| PMC | Bank | Account number | Bank Balance 2016/17 | Bank Balance 2015/16 |
|---------------------------------|-------------|-----------------------|---------------------------------|-------------------------------------|
| Mbagathi Secondary School | Equity Bank | 11702648839000 | 322,748.70 | 0 |
| Kibera Secondary School | Equity Bank | 1170270942529 | 9,999,385.00 | 0 |
| | | | | |
| Total | | | 10,322,133.70 | 0 |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –KIBRA
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Reports and Financial Statements

For the year ended June 30, 2017 (Kshs)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

| Referen ce No. on the externa l audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue. | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|--|---|--|--|---|
| AUDIT REPOR T | On implementation of the projects the auditor raised an issue that Kibra constituency had budgeted to spend Kshs100,000,000/= on transfer to other Government entities but spent Kshs 77,206,548/= resulting to under expenditure of Kshs 22,793,452/= | Kibra NG-CDFC agrees with the auditor's observation. At the time of audit, Kibra NG-CDFC had just received the funds from the NG-CDF Board. There procurements procedures were ongoing waiting the transfer of funds. | Kibra NG-CDF have the full responsibility to transfer the funds to the PMC immediately | Resolved. All funds were transferred to the PMC | The funds are to be transferred to other government within two weeks |
| | | | | | |
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