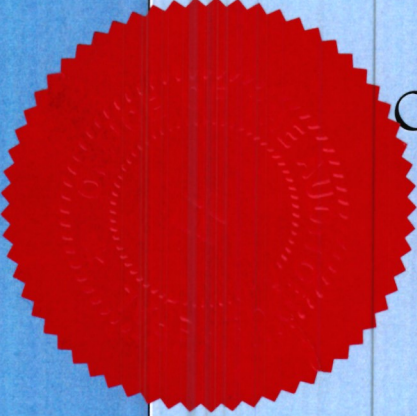


REPUBLIC OF KENYA



*Paper Laid by the  
Hon. Ader Juale  
in sig  
Tuesday 20.6.2018.*

OFFICE OF THE AUDITOR-GENERAL



PARLIAMENT  
OF KENYA  
LIBRARY

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**





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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
LIKUYANI CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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## **I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Constituencies Development Fund (CDF) was initially set up under the CDF Act, 2003 now repealed by the CDF Act, 2013 also repealed by the the NG-CDF Act-2015. The NG-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 NG-Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

### **(b) Key Management**

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

- i. Naional 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:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Xystus Sifuna Musuya</b>
3.	Accountant	<b>Kennedy Odongo</b>

### **(d) Fiduciary Oversight Arrangements**

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

### **(e) LIKUYANI NGCDF Headquarters**

NGCDF Office Building,  
P.O BOX 12-30205,  
Eldoret-Kitale Road,Kongoni HQ,  
Matunda, KENYA



**(f) LIKUYANI NG-CDF Contacts**

Telephone: (254) 0715 560 144  
E-mail:likuyani@NGCDF.go.ke  
Website: www.likuyani.go.ke

**(g) LIKUYANI NG-CDF Bankers**

1. Equity Bank  
Kakamega Branch  
A/C no. 0500261734009  
P.O Box 2512-50100  
Kakamega,  
Tel:056-30239/40

**(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

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

The NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Likuyani.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NG-CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations by the NG-CDF Board.

The NG-CDFC wish that the issues of having the project on going for more than 2years be stopped completely to avoid escalation cost.

Sign.....  
**CHAIRMAN NGCDFC**



### III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

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

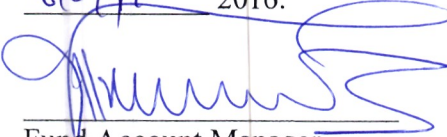
The Accounting Officer in charge of the Likuyani NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility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

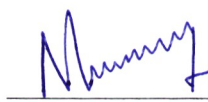
The Accounting Officer in charge of the Likuyani NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Likuyani NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

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

#### Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 6/09/16 2016.

  
Fund Account Manager

  
Chairman



# REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke  
Website: www.oagkenya.go.ke

P.O. Box 30084-00100  
NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund–Likuyani Constituency set out on pages 5 to 21, which comprise the statement of assets and liabilities as at 30 June 2016, and the statement receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

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

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

#### **Auditor-General's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund  
– Likuyani Constituency for the year ended 30 June 2016*



financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

#### **Use of Goods and Services**

Included in the use of goods and services figure of Kshs.6,440,067 is expenditure of Kshs.305,440 on supply of office stationery and fuel. However, no documentary evidence was availed for audit verification to ascertain whether the supplied goods were entered in the stock control records.

In the circumstances, it was not possible to ascertain propriety of the expenditure totalling Kshs.305,440 incurred on use of goods and services.

#### **Qualified Opinion**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material reflects, the financial position of National Government Constituencies Development Fund - Likuyani Constituency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

#### **Other Matter**

##### **1. Budget Performance**

During the year under review, the CDF was allocated Kshs.145,304,179 and spent Kshs.124,822,752 resulting to an under expenditure of Kshs.20,981,427 as analyzed in the table below:

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>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
Transfers from CDF Board	118,815,444	26,761,935	145,577,379	145,077,179	500,000	99.7%
Proceeds from Sale of Assets	0	0	0	0	0	0.0%
Other Receipts	0	226,800	226,800	226,800	0	100%



<b>Total</b>	<b>118,815,444</b>	<b>26,988,735</b>	<b>145,804,179</b>	<b>145,304,179</b>	<b>500,000</b>	<b>99.7%</b>
<b>Payments</b>						
Compensation of Employees	1,803,984	0	1,803,984	1,659,577	144,407	92.0%
Use of goods and services	8,726,405	307,548	9,033,953	6,440,067	2,593,886	71.3%
Transfers to Other Government Units	65,158,757	10,601,247	75,760,005	75,675,005	85,000	99.9%
Other grants and transfers	40,263,297	14,300,883	54,564,180	37,114,606	17,449,574	68.0%
Acquisition of Assets	2,863,000	1,512,257	4,375,257	3,933,497	441,760	89.9%
Other Payments	0	266,800	266,800	0	266,800	0.0%
<b>Total</b>	<b>118,815,444</b>	<b>26,988,735</b>	<b>145,804,179</b>	<b>124,822,752</b>	<b>20,981,427</b>	<b>85.6%</b>

The Fund did not implement the aspirations of the approved budget limits and this may have affected service delivery to the constituents.

## 2. Project Implementation Status

The Fund implemented a total of 485 projects/programmes in different sectors as at 30 June 2016. However, it was noted that 133 which represents 26.5% of the projects valued at Kshs.65,032,778 were ongoing and 352 projects which represents 73.4% costing Kshs.214,865,882 had been completed. The implementation status is as detailed below:-

Sector/Status	Ongoing		Completed	
	No	Value (Kshs.)	No	Value (Kshs.)
Administration	10	9,626,087	12	13,333,961
Agriculture	25	2,535,227	13	2,738,376
Education	76	42,715,156	224	164,407,317
Emergency	0	0	20	3,564,466
Environment	1	200,000	0	0
Health	7	3,000,000	14	7,335,093



Market	1	200,000	0	0
Road	7	4,750,000	43	17,772,668
Security	5	630,000	9	3,175,000
Sports	1	1,376,309	17	2,539,002
<b>Total</b>	<b>133</b>	<b>65,032,779</b>	<b>352</b>	<b>214,865,883</b>



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

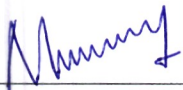
**Nairobi**


**04 May 2018**

#### IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	118,315,444	112,085,060
Other Receipts	2	226,800	40,000
<b>TOTAL RECEIPTS</b>		<b>118,542,244</b>	<b>112,125,060</b>
<b>PAYMENTS</b>			
Compensation of employees	3	1,659,577	1,519,765
Use of goods and services	4	6,440,067	10,510,794
Transfers to Other Government Units	5	75,675,005	54,734,248
Other grants and transfers	6	37,114,606	50,012,897
Acquisition of Assets	7	3,933,497	<b>5,091,044</b>
<b>TOTAL PAYMENTS</b>		<b>124,822,752</b>	<b>121,868,747</b>
<b>SURPLUS/DEFICIT</b>		<b>(6,280,508)</b>	<b>(9,743,687)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Likuyani NGCDF financial statements were approved on 6/8/16 2016 and signed by:

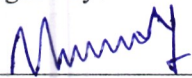
  
\_\_\_\_\_  
**Chairman - NGCDFC**

  
\_\_\_\_\_  
**Fund Account Manager**

**V. STATEMENT OF ASSETS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8A	20,803,220	26,326,644
Cash Balances (cash at hand)	8B	278,209	435,293
<b>TOTAL FINANCIAL ASSETS</b>		<u>21,081,429</u>	<u>26,761,937</u>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	9	26,761,937	36,505,623
Surplus/Deficit for the year		(6,280,508)	(9,743,686)
Prior year adjustments	10	600,000	-
<b>NET LIABILITIES</b>		<u>21,081,429</u>	<u>26,761,937</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Likuyani NGCDF financial statements were approved on 6/09 2016 and signed by:



**Chairman - NGCDFC**



**Fund Account Manager**



**VI. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
Transfers from CDF Board	1	118,315,444	112,085,060
Other Receipts	2	226,800	40,000
		<b>118,542,244</b>	<b>112,125,060</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	3	(1,659,577)	1,519,765
Use of goods and services	4	(6,440,067)	10,510,794
Transfers to Other Government Units	5	(75,675,005)	54,734,247
Other grants and transfers	6	(37,114,606)	50,012,898
		<b>(120,889,255)</b>	<b>116,777,703</b>
<b>Adjusted for:</b>			
Adjustments during the year	10	600,000	
<b>Net cash flow from operating activities</b>		<b>(1,747,011)</b>	<b>(4,652,643)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	3,933,497	5,091,044

Net cash flows from Investing Activities

(3,933,497)

(5,091,044)

NET INCREASE IN CASH AND CASH EQUIVALENT

(5,680,508)

(9,743,687)

Cash and cash equivalent at BEGINNING of the year

9

26,761,935

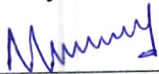
36,505,623

Cash and cash equivalent at END of the year

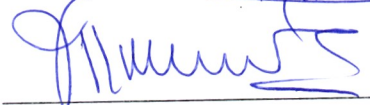
21,081,428

26,761,936

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Likuyani NGCDF financial statements were approved on 6/09/16 2016 and signed by:



**Chairman NGCDFC**



**Fund Account Manager**

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	118,815,444	26,761,935	145,577,379	145,077,379	500,000	99.7%
Proceeds from Sale of Assets						
Other Receipts		226,800	226,800	226,800	-	
<b>TOTAL</b>	<b>118,815,444</b>	<b>26,988,735</b>	<b>145,804,179</b>	<b>145,304,179</b>	<b>500,000</b>	<b>99.7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,803,984	-	1,803,984	1,559,577	144,407	92.0%
Use of goods and services	8,726,405	307,548	9,033,953	6,440,067	2,593,886	71.3%
Transfers to Other Government Units	65,158,757	10,601,247	75,760,005	75,675,005	85,000	99.9%
Other grants and transfers	40,263,297	14,300,883	54,564,180	37,114,606	17,449,574	68.0%
Acquisition of Assets	2,863,000	1,512,257	4,375,257	3,579,307	795,950	81.8%
Other Payments		266,800	266,800			0.0%
<b>TOTAL</b>	<b>118,815,444</b>	<b>26,988,735</b>	<b>145,804,179</b>	<b>124,468,562</b>	<b>21,068,817</b>	<b>85.4%</b>



## **VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

### **2. Recognition of revenue and expenses**

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

### **3. In-kind contributions**

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

### **4. Cash and cash equivalents**

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

## SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **5. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

### **6. Budget**

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

### **7. Comparative figures**

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

### **8. Subsequent events**

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



**IX. NOTES TO THE FINANCIAL STATEMENTS****1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>Normal allocation</b>			
	A750485		28,021,265.25
	A796599		14,812,759.15
	A796807		13,208,506.00
	A797099		28,021,265.00
	A796124		28,021,265.00
	A796314	10,000,000.00	
	A724117	10,000,000.00	
	A820597	10,000,000.00	
	A820833	29,000,000.00	
	A825735	59,315,444.00	
<b>TOTAL</b>		<b>118,315,444.00</b>	<b>112,085,060.00</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**2. OTHER RECEIPTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest Received	0.00	0.00
Rents	0.00	0.00
Receipts from Sale of tender documents	226,800.00	40,000.00
Other Receipts Not Classified Elsewhere	0.00	0.00
	0.00	0.00
<b>Total</b>	<b>226,800.00</b>	<b>40,000.00</b>

**3. COMPENSATION OF EMPLOYEES**

<b>Description</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,185,173.00	1,202,083.30
Basic wages of casual labour	0.00	0.00
<b>Personal allowances paid as part of salary</b>	<b>0.00</b>	<b>0.00</b>
House allowance	228,000.00	16,600.00
NHIF Penalty	6,640.00	0.00
Leave allowance	0.00	0.00
Other personnel payments	0.00	0.00
Employer contribution to NSSF	61,992.00	34,236.00
gratuity	177,771.75	147,799.00
<b>Total</b>	<b>1,659,577.00</b>	<b>1,400,718.00</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

**4. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services		9,126.00
Office rent		
Communication, supplies and services	179,390.00	631,053.00
Domestic travel and subsistence	337,492.00	711,640.00
Printing, advertising and information supplies & services	10,410.00	6,367.00
Rentals of produced assets		-
Training expenses		-
Hospitality supplies and services	10,875.00	27,060.40
Other committee expenses	2,927,170.00	- 6,641,765.00
Committee allowance	1,429,650.00	1,425,000.00
Insurance costs		-
Specialised materials and services	794,500.00	358,318.00
Office and general supplies and services	340,847.00	292,869.00
Fuel ,oil & lubricants	376,133.00	450,000.00
Other operating expenses		62,893.00
Routine maintenance – vehicles and other transport equipment	33,600.00	13,751.00
Routine maintenance – other assets		-
		-
<b>Total</b>	<b>6,440,067</b>	<b>10,629,842</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2015 - 2016 Kshs</b>	<b>2014 - 2015 Kshs</b>
Transfers to National Government entities	0.00	0.00
Transfers to primary schools (see attached list)	36,319,585.0	31,620,992.00
Transfers to secondary schools (see attached list)	26,280,419.15	16,455,496.00
Transfers to tertiary institutions (see attached list)	10,000,000.00	200,000.00
Transfers to health institutions (see attached list)	3,075,000.00	6,457,759.00
<b>-TOTAL</b>	<b>75,675,005.15</b>	<b>54,734,247.00</b>

**6. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2015 - 2016 Kshs</b>	<b>2014 - 2015 Kshs</b>
Bursary – secondary schools (see attached list)	7,392,260.00	11,283,250.00
Bursary – tertiary institutions (see attached list)	7,392,260.00	11,283,250.00
Bursary – special schools (see attached list)	0.00	0.00
Mock & CAT (see attached list)	4,728,800.00	3,660,860.00
Water projects (see attached list)	0.00	300,000.00
Agriculture projects (see attached list)	1,000,000.00	400,000.00
Electricity projects (see attached list)	0.00	0.00
Security projects (see attached list)	2,050,000.00	2,475,000.00
Roads projects (see attached list)	7,739,171.60	12,238,312.00
Sports projects (see attached list)	1,141,700.00	1,397,294.00
Environment projects (see attached list)		1,727,031.00
Other Projects (see attached list)		
Emergency Projects (specify)	5,670,414.20	5,247,900.00
<b>Total</b>	<b>37,114,606.00</b>	<b>50,012,897.00</b>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

**7. ACQUISITION OF ASSETS**

<b><u>Non-Financial Assets</u></b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	0.00	0.00
Construction of Buildings	3,802,497.35	4,511,876.00
Refurbishment of Buildings	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	0.00	0.00
Overhaul of Vehicles and Other Transport Equipment	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	0.00	0.00
Purchase of Office Furniture and General Equipment	0.00	184,285.00
Purchase of ICT Equipment, Software and Other ICT Assets	32,000.00	394,882.50
Purchase of Specialized Plant, Equipment and Machinery	99,000.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	0.00	0.00
Acquisition of Land	0.00	0.00
Acquisition of Intangible Assets	0.00	0.00
<b>Total</b>	<b>3,933,497.00</b>	<b>5,091,044.00</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**8A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Equity A/c 110276	20,803,219.50	26,326,644.35
	-	-
	-	-
	-	-
	<b>20,803,219.50</b>	<b>26,326,644.35</b>
<b>8B: CASH IN HAND</b>		
	2015 – 2016	2014 – 2015
	Kshs	Kshs
Location 1	278,209.00	435,292.00
Location 2		
Location 3		
Other Locations (specify)		
<b>Total</b>	<b>21,081,428.50</b>	<b>26,761,936.35</b>
[Provide cash count certificates for each]		



NOTES TO THE FINANCIAL STATEMENTS (Continued)

**9. BALANCES BROUGHT FORWARD**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	26,326,644.35	
Cash in hand		
Imprest	435,292.00	-
<b>Total</b>	<u>26,761,936.35</u>	<u>36,505,623.25</u>
[Provide short appropriate explanations as necessary]		

**10. PRIOR YEAR ADJUSTMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	-	0
Cash in hand	-	-
Reversal of Kosoki pry. school chq no.1600	600,000.00	-
<b>Total</b>	<u>600,000.00</u>	<u>0.00</u>

## 11. OTHER IMPORTANT DISCLOSURES

### 11.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	<b>2015- 2016</b>	<b>2014 – 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	3,802,497.35	4,511,876.00
Construction of civil works	0.00	0.00
Supply of goods	0.00	0.00
Supply of services	0.00	0.00
	<b>3,802,497.35</b>	<b>4,511,876.00</b>



## **PREVIOUS YEAR AUDITOR'S RECOMMENDATIONS**

### **1. Disclosure, completeness and presentation of financial statements**

The completeness and presentation of financial statements for the year ended 30<sup>th</sup> June 2015 lacked the management action taken on the previous year (2013/14) auditor's recommendations. In the financial statements for the financial year 2014/15 this has been included and it will continue being included for the proceeding financial year statements .

### **2. Budgetary Performance .**

The Fund failed to meet its budgetary targets and save delivery goals for the financial year ended 30<sup>th</sup> June 2015. This is being corrected by the management by following up with the CDF Board to disburse funds to the committee in good time to enable the committee meet its budgetary targets and service deliver goals.

### **3. Construction of Soysambu/ Karimi Bridge**

The project Design and Certificate of work done that were not available during the Audit have now been presented by the project supervisor (Constituency Roads Officer) They have also been presented to the auditors for audit Verification .The management likewise has kept copies of the above copies among other accountable documents for Audit Verification in future.

### **4. Project Implementation**

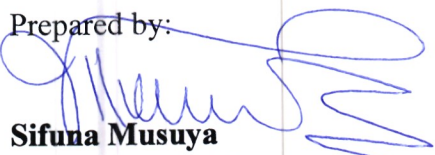
By the time of the audit, out of 275 projects budgeted for implementation, only 58 projects were complete and 176 projects with a total allocation of Ksh. 119,427,871.00 were incomplete and ongoing. This has been due to delays in disbursement of funds by the board and piecemeal allocation of funds to projects. The management has decided to allocate adequate funds to projects to complete the projects within the same financial year to hasten the process of project implementation. Also the NG-CDF Act 2015 requires projects to be completed within two financial years only. This guards against the committee from allocating funds thinly to projects.

## ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

### FIXED ASSET REGISTER

<b>CLASS</b>	<b>HISTORICAL COST 2014/15</b>	<b>HISTORICAL COST 2015/16</b>
OFFICE FURNITURE(Class 4)	184,285.00	184,285.00
OFFICE EQUIPMENT(Class 2)	394,882.00	426,882.00
MOTOR VIHECLE (Class 3)	0.00	99,000.00
BUILDING(Class 1)	4,511,876.00	8,314,373.35
	<b>5,091,043.00</b>	<b>9,024,540.35</b>

Prepared by:

  
**Sifuna Musuya**  
**Fund Account Manager**  
**Likuyani**