

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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Tues 25/10/2018*



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
WESTLANDS CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**



**NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS
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)**

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NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS 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Fund (NGCDF) was established under the Constituencies Development Fund (NGCDF) Act, 2003, amended in 2007 and repealed by the NGCDF Act of 2013. In 2015, the NGCDF 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 *Westlands Constituency's* day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituencies Development Fund Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Peter Ngugi
3.	Accountant	Alois Kimuyu
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Westlands Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government National Government Constituencies 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.

NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

(e) Westlands NGCDF Headquarters

P.O. Box 14903-00800
Kenya Freedom from Hunger Council
Prefab house,
Off Raphta Road, Westlands
Nairobi, KENYA

(f) Westlands NGCDF Contacts

Telephone: (254) 722889684
E-mail: NGCDFwestlands@NGCDF.go.ke
Website: www.NGCDF.go.ke

(g) Westlands NGCDF Bankers

Equity Bank, Kangemi Branch
P.O. Box75104,
Nairobi, Kenya.

(h) Independent Auditors

Audit 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

NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS CONSTITUENCY
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II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)

Westlands NGCDF had an allocation of Kshs. 81,896,552.00 in the financial year 2016/2017. We have been able to implement most of the projects. The constituency has so far received Kshs. 40,948,277.00 from the NGCDF Board and disbursed the same to the beneficiaries.

During the financial year, 2016/2017, a considerable number of projects have been completed. These includes, Visa Oshwal Primary school (Fence), Karura Forest Primary School –construction of a kitchen, Lower Kabete Primary School rehabilitation of 17 classes. Westlands Primary School – Construction of a Dormitory.

NGCDF being the backbone of development in the Constituency is an integral part in any development agenda. The Constitutional crisis arising on NGCDF should be taken as a critical decision for the survival of NGCDF.

NGCDF as a development wheel is faced with numerous challenges. The society is yet to embrace it as a non-political fund. Separation here becomes an uphill task. A negative attitude towards the fund is also another big challenge to the implementers.

A lot of sensitization is necessary to change the community's mind set.

Sign



CHAIRMAN NGCDFC

NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS CONSTITUENCY
Reports and Financial Statements
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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.

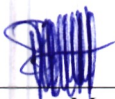
The Accounting Officer in charge of the *Westlands NGCDF* is responsible for the preparation and presentation of the *NGCDF's* financial statements, which give a true and fair view of the state of affairs of the *NGCDF* for and as at the end of the financial year (period) ended on June 30, 2016. This 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 *Westlands NGCDF* accepts responsibility for the *NGCDF's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *NGCDF's* financial statements give a true and fair view of the state of *NGCDF's* transactions during the financial year ended June 30, 2016, and of the *NGCDF's* financial position as at that date. The Accounting Officer charge of the *Westlands 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 *Westlands 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
27/4 2018



Fund Account Manager



Chairman NGCDFC

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - WESTLANDS 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 - Westlands 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 flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 - Westlands 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 National Government Constituencies Development Fund Act, 2015.

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

Basis for Qualified Opinion

Bank Balance

The statement of financial position reflects a bank balance of Kshs.8,861,689 as at 30 June 2017. However, the cashbook reflects a balance of Kshs.5,633,685 resulting in a difference of Kshs.3,228,004. A review of the bank reconciliation statement for June 2017 indicate that the balance of Kshs.8,861,689 reflected in the financial statements is the bank statement balance, an indication that the accounting principles of double entry was not adhered to. Consequently, the accuracy of bank balance of Kshs.8,861,689 as at 30 June 2017 cannot be confirmed.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Westlands 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 Basis for Qualified 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

1. Non-implementation of Projects

During the year under review, the Constituency Fund management did not implement the following projects despite being budgeted for:

Transfer to Other Government Entities	
Project Name	Budgeted Amount (Kshs.)
Westlands Primary School	5,000,000
Farasi Lane Primary School	5,000,000
Lower Kabete Primary School	3,118,349
Kabete Rehab. Primary School	1,500,000
Cheleta Primary School	504,092
Kihumbuini Primary School	508,006
Bohra Primary School	550,737
Hospital Hill Primary School	800,714
Kangemi Primary school	846,061
Kangemi Secondary School	2,500,000
Githogoro Water Project	1,500,000
Total	21,827,959
Other Grants and Transfers	
Bursary Secondary Schools	1,179,637
Strategic Plan	47,000
Construction of 5 AP houses	4,000,000
Mwimuto bridge	42,304
Constituency Sports Tournament	43,270
Environmental activities	891,049
Emergency	4,168,725

Audit fee	1,000,000
Total	11,371,985
Grant total	33,199,944

No satisfactory explanation has been provided by the Constituency Fund management for non-implementation of these projects.

2. Budgetary and Budgetary Control

A review of the budget and expenditure records for the year 2016/2017 showed that the Fund incurred total expenditure of Kshs.83,592,211 against an approved final budget of Kshs.133,752,175 resulting in a gross under expenditure of Kshs.50,159,964 and net under expenditure of Kshs.49,809,965 as detailed below;

Under Expenditure

Project Name	Final Budget (Kshs.)	Actual Expenditure (Kshs)	Under Expenditure (Kshs.)
Westlands Primary	10,000,000	5,000,000	5,000,000
Farasi Lane Primary School	5,000,000	-	5,000,000
Lower Kabete Primary School	10,000,000	6,881,651	3,118,349
Kabete Rehab.Pri. School	1,500,000	-	1,500,000
Kangemi Secondary School	2,500,000	-	2,500,000
Cheleta Primary School	504,092	384,404	119,688
Kihumbuini Primary School	476,846	248,275	228,571
Bohra Primary School	5,550,737	5,411,158	139,579
Visa Oshwal Primary School	2,582,282	1,757,893	824,389
Hospital Hill Primary School	800,714	-	800,714
Kangemi Primary school	846,061	-	846,061
Mji wa Huruma Health Centre	2,000,000	-	2,000,000
Audit fee	500,000	-	500,000
Mwimuto bridge	1,000,000	957,696	42,304
Strategic Plan	1,647,000	1,600,000	47,000
Runda Police Station	1,100,000	-	1,100,000
Githogoro Water Project	1,500,000	-	1,500,000
Emergency	8,462,775	2,981,450	5,481,325
Constituency Sports Tourn.	1,843,270	1,800,000	43,270
Bursary Secondary Schools	25,586,637	23,605,000	1,981,637
Environmental Activities	1,843,270	925,550	917,720
CDF Office	14,956,898	-	14,956,898
Compensation of Employees	1,930,175	1,882,908	47,267
Use of Goods and Services	9,735,420	8,129,563	1,605,857
Sub-Total	111,866,176	61,565,548	50,300,628

Over Expenditure

Project Name	Final Budget (Kshs)	Actual Expenditure (Kshs)	Over Expenditure (Kshs)
Kangemi youth polytechnic	-	249,392	249,392
Spring Valley Police Station	8,000,000	8,241,271	241,271
Sub-Total	8,000,000	8,490,663	490,663
NET UNDER-EXPENDITURE			49,809,965

The under-expenditure and over- expenditure are indications that the Constituency Fund management did not fully implement the budget as approved by the board and are also signs of weak budgetary control.

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 Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of service 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 Fund's financial reporting process.

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

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

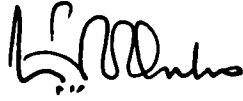
reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease 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 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

09 July 2018

NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS 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
RECEIPTS			
Transfers from NGCDF board-AIEs' Received	1	42,448,277.00	107,431,187.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		42,448,277.00	107,431,187.00
PAYMENTS			
Compensation of employees	4	1,882,908.00	1,152,051.00
Use of goods and services	5	8,129,563.00	5,831,735.00
Transfers to Other Government Units	6	33,432,773.00	54,463,942.00
Other grants and transfers	7	40,110,967.00	16,337,200.00
Acquisition of Assets	8	36,000.00	-
Other Payments	9	-	353,000.00
TOTAL PAYMENTS		83,592,211.00	78,137,928.00
SURPLUS/DEFICIT		(41,143,934.00)	29,293,258.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The WESTLANDS NGCDF financial statements were approved on 22/14 2017 and signed by:


 Chairman – NG-CDFC



 Fund Account Manager

NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	8,861,689.00	49,855,623.00
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	150,000.00
TOTAL FINANCIAL ASSETS		8,861,689.00	50,005,623.00
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July...	13	50,005,623.00	20,712,365.00
Surplus/Deficit for the year		(41,143,934.00)	29,293,258.00
Prior year adjustments	14	0	-
NET LIABILITIES		8,861,689.00	50,005,623.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The WESTLANDS NGCDF financial statements were approved on 27/4 2018 and signed by:

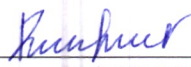

 Chairman - NGCDFC


 Fund Account Manager

NG-CONSTITUENCY DEVELOPMENT FUND- WESTLANDS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW	NOTE	2016-2017 Kshs.	2015-2016 Kshs.
Receipts for operating income			
Transfers from NGCDF Board	1	42,448,277.00	107,431,187.00
Other Receipts	3	-	-
		42,448,277.00	107,431,187.00
Payments for operating expenses			
Compensation of Employees	4	1,882,908.00	1,152,051.00
Use of goods and services	5	8,129,563.00	5,831,735.00
Transfers to Other Government Units	6	33,432,773.00	54,463,942.76
Other grants and transfers	7	40,110,967.00	16,337,200.00
Other Payments	9	-	353,000.00
Total Operating Expenses		83,556,211.00	78,137,928.00
Adjusted for:			
Adjustments during the year	14	0	-
Net cash flow from operating activities		(41,107,934.00)	29,293,258.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(36,000.00)	-
Net cash flows from Investing Activities		(36,000.00)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(41,143,934.00)	29,293,258.00
Cash and cash equivalent at BEGINNING of the year	13	50,005,623.00	20,712,365.00
Cash and cash equivalent at END of the year		8,861,689.00	50,005,623.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The WESTLANDS NGCDF financial statements were approved on 27/4 2018 and signed by:


 Chairman NGCDF


 Fund Account Manager

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS 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 Utilisat
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	81,896,552.00	51,505,623.00	133,402,175.00	92,453,900.00	40,948,274.00	69%
Proceeds from Sale of Assets				-	-	
Other Receipts	-	-	-	-	-	
	81,896,552.00	51,505,623.00	133,402,175.00	92,453,900.00	40,948,274.00	69.0%
PAYMENTS						
Compensation of Employees	1,280,000.00	650,175.00	1,930,175.00	1,882,908.00	47,267.00	97.6%
Use of goods and services	6,090,690.00	3,644,730.00	9,735,420.00	8,129,563.00	1,605,857.00	83.5%
Transfers to Other Government Units	41,000,000.00	14,260,732.00	55,260,732.00	33,432,773.00	21,827,958.00	60.5%
Other grants and transfers	24,568,965.00	26,913,987.00	51,482,952.00	40,110,967.00	11,371,985.00	77.9%
Acquisition of Assets	8,956,897.00	6,036,000.00	14,992,897.00	36,000.00	14,956,897.00	0.2%
Other Payments		-		-		
TOTALS	81,896,552.00	51,505,623.00	133,752,175.00	83,592,211.00	49,809,965.00	62.5%

(a) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. Transfers to Other Government Units ----- 45.9%-- This is because, the constituency is yet to receive the 2nd half for the year.
- ii. Other payments..... 0.0%---- This construction of a CDF office whereby the funds are included in the 2nd half which is yet to be released.
- iii. The **Sh. 36,000.00** on purchase of office equipment spent was borrowed from **Use of Goods and Service** but not **Acquisition of Assets**

The WESTLANDS NGCDF financial statements were approved on 29/5 2018 and signed by:

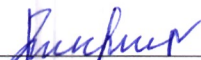

Chairman NGCDF


Fund Account Manager

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

TRIAL BALANCE AS AT 30TH JUNE 2016			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	8,861,689.00	
	Cash Balances	-	
	Outstanding Imprest	00.00	
Payments			
	Compensation of Employees	1,882,908.00	
	Use of goods and services	8,165,563.00	
	Transfers to Other Government Units	33,432,773.00	
	Other grants and transfers	40,110,967.00	
	Acquisition of Assets	36,000.00	
	Other Payments	-	
Receipts			
	Transfers from the Board		42,448,277.00
	Proceeds from sale of assets		-
	Others receipts		-
Prior Year Adjustment			-
Fund Balance b/f			50,005,623.00
TOTAL		92,453,900.00	92,453,900.00

The WESTLANDS NGCDF financial statements were approved on 27/4 2018 and signed by:



Chairman NGCDF



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 *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.

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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, 2017.

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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For the year ended June 30, 2017

5. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
NGCDF Board		10,000,000.00
AIE NO.07/2016/2017/289	4,094,827.60	10,000,000.00
AIE NO.07/2016/2017/354	36,853,449.00	10,000,000.00
AIE NO.07/2010/2011/1054	1,500,000.00	10,000,000.00
(other constituency e.g, parent constituency)		18,000,000.00
		49,431,187.00
TOTAL	<u>42,448,276.60</u>	<u>107,431,187.00</u>

1.2 PROCEEDS FROM SALE OF ASSETS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Receipts from sale of Buildings	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment	0.00	0.00
Receipts from sale of office and general equipment	0.00	0.00
Receipts from the Sale Plant Machinery and Equipment	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2016- 2017	2015 - 2016
	Kshs	Kshs
Interest Received	0.00	0.00
Rents	0.00	0.00
Receipts from Sale of tender documents	0.00	0.00
Other Receipts Not Classified Elsewhere	0.00	0.00
	0.00	0.00
Total	0.00	0.00

4. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,258,948.00	1,152,051.00
Basic wages of casual labour		-
Personal allowances paid as part of salary		
House allowance		-
Transport allowance		-
Leave allowance		-
Gratuity	623,960.00	
Other personnel payments		
	1,882,908.00	1,152,051.00
Total		

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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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	1,200,000.00	1,978,238.00
Office Rent	715,583.00	650,527.00
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	802,000.00	-
Rentals of produced assets	-	-
Training expenses	2,293,380.00	1,224,750.00
Hospitality supplies and services	-	-
Insurance costs	-	-
Committee Allowances	3,118,600.00	1,978,220.00
Office and general supplies and services	-	-
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	-	-
Office assets	-	-
Total	8,129,563.00	5,831,735.00

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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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 National Government entities		
Transfers to primary schools (see attached list)	31,683,381.00	46,060,099.00
Transfers to secondary schools (see attached list)	1,500,000.00	2,437,222.00
Transfers to tertiary institutions (see attached list)	249,392.00	5,966,621.00
Transfers to health institutions (see attached list)	-	-
TOTAL	33,432,773.00	54,463,942.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015- 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	16,523,500.00	8,937,500.00
Bursary – tertiary institutions (see attached list)	7,081,500.00	6,000,000.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	1,600,000.00	-
Agriculture projects (see attached list)		-
Electricity projects (see attached list)		-
Security projects (see attached list)	8,241,271.00	-
Roads projects (see attached list)	957,696.00	
Sports projects (see attached list)	1,800,000.00	
Environment projects (see attached list)	925,550.00	-
Emergency projects (see attached list)	2,981,450.00	1,399,700.00
Total	40,110,967.00	16,337,200.00

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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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 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

36,000.00

Purchase of ICT Equipment, Software and Other ICT Assets

Purchase of Specialized Plant, Equipment and Machinery

Rehabilitation and Renovation of Plant, Machinery and Equip.

Acquisition of Land

Acquisition of Intangible Assets

Total

36,000.00

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Strategic plan		353,000.00
		-
		-
		<u><u>353,000.00</u></u>

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
<i>Equity Bank, Kangemi Branch (A/C No. 1370261760659)</i>	8,861,689.00	49,855,623.00
		-
		-
Total	8,861,689.00	49,855,623.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

	2016 - 2017 Kshs	2015 - 2016 Kshs
Location 1		
Location 2		0.00
Location 3		
Other Locations (<i>specify</i>)		
Total		0.00

[Provide cash count certificates for each]

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Name of Officer or Institution	dd/mm/yy	0.00	0.00	0.00
Name of Officer or Institution	dd/mm/yy	0.00	0.00	0.00
Name of Officer or Institution	dd/mm/yy	0.00	0.00	0.00
Name of Officer or Institution	dd/mm/yy	0.00	0.00	0.00
Name of Officer or Institution	dd/mm/yy	0.00	0.00	0.00
Name of Officer or Institution	dd/mm/yy	0.00	0.00	0.00
Total				0.00

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 RETENTION

	2016 - 2017	2015 - 2016	
	Kshs	Kshs	
Supplier 1			-
Supplier 2			-
Supplier 3			-
Total			-
<i>[Provide short appropriate explanations as necessary]</i>			

13. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016	
	Kshs	Kshs	
Bank accounts	50,005,623.00	20,712,365.03	
Cash in hand	-	-	
Imprest	-	-	
Total	<u>50,005,623.00</u>	<u>20,712,365.03</u>	-
<i>[Provide short appropriate explanations as necessary]</i>			

14. PRIOR YEAR ADJUSTMENTS

	2016- 2017	2015 - 2016	
	Kshs	Kshs	
Bank accounts			-
Cash in hand			-
Imprest			-
Total			-

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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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		

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0.00	0.00
Middle management	0.00	0.00
Unionisable employees	0.00	0.00
Others (<i>specify</i>)		
	0.00	0.00

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 (<i>specify</i>)		

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	14,734,404.00	
	14,734,404.00	0.00

15.5 Amount Due From NG-CDF

41,448,275.00

Totals

41,448,275.00 0.00

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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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 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land		
Buildings and structures		
Transport equipment		
Office equipment, furniture and fittings	1,303,519.00	1,267,519.00
ICT Equipment, Software and Other ICT Assets		
Other Machinery and Equipment	15,688.00	15,688.00
Heritage and cultural assets		
Intangible assets		
Total	1,319,207.00	1,283,207.00

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
For the year ended June 30, 2017 (Kshs'000)

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account Number	Bank Balance <u>2016/2017</u>	Bank Balance <u>2015/2016</u>
Parklands Arya Girls High School	Coop Bank- Westlands	01141587170200	3,325.00	-
Loresho Primary School	Coop Bank- Westlands	01141587368900	4,000,325.00	-
Bohra Primary School	Equity Bank- Kangemi	1370878984897	5,001,100.00	-
Karura Forest Primary School	Coop Bank- Westlands	0114106999740	3,069,794.00	-
Westlands Primary School	KCB -Sarit Centre	1205528369	1,136,222.00	
Visa Oshwal Primary School	KCB -Sarit Centre	1197722653	1,523,638.00	
Total			14,734,404.00	-

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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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Variation between Assets Register and Financial Statements Balance	In the financial year 2015/2016, there was no allocation for purchase of any asset. Hence the asset register was not to have a change in the financial year. The figure for the year is Kshs 2,076,200.00.	Peter Ngugi.. FAM	resolved	resolved
	1.2 Unsupported figures under use of Goods and Services	The following payment vouchers of Kshs. 2,076,200 are attached herewith for your verification and attention;	Peter Ngugi.. FAM	resolved	resolved

NG- CONSTITUENCIES DEVELOPMENT FUND – WESTLANDS CONSTITUENCY
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For the year ended June 30, 2017 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		PV NO. AMOUNT 40 793,500 41 150,000 57 629,700 55 353,000 24 150,000 Total 2,076,200			
	1. Procurement of works	The Westlands NG-CDF committee has taken note of the above observation and resolved to follow and always refer to the threshold matrix as far as the mode of advertisement is concerned. However, value for money in the projects is a key consideration to the committee.	Peter Ngugi.. FAM	Resolved	Resolved

