

PARLIAMENT
OF KENYA
LIBRARY

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT NATIONAL ASSEMBLY
PAPERS LAID

13 NOV 2018

OF

TABLED BY: MAJORITY LEADER

CLERK-AT
THE-TABLE:

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**

P

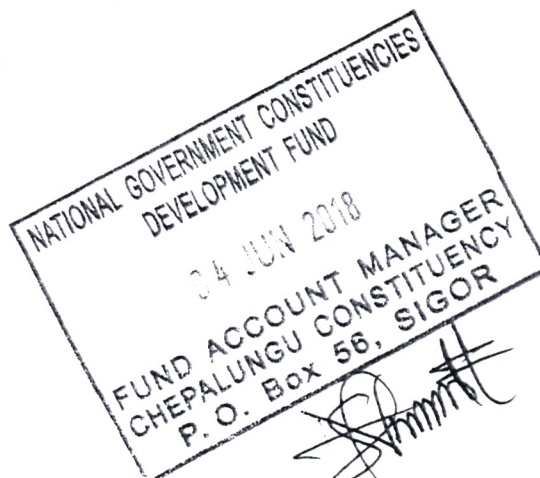


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-
CHEPALUNGU CONSTITUENCY**

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)



*Amended Copy
Prepared by
F.A.M*

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
CHEPALUNGU CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CABINET SECRETARY.....	3
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	5
V. STATEMENT OF ASSETS.....	6
VI. STATEMENT OF CASHFLOW.....	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	8
VIII. SIGNIFICANT ACCOUNTING POLICIES	24
IX. NOTES TO THE FINANCIAL STATEMENTS.....	26

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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

(b) Key Management

The Chepalungu 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	Felix Ntutu
3.	Accountant	Paul Rono
4.		

(d) Fiduciary Oversight Arrangements

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

(e) CHEPALUNGU NGCDF Headquarters

NG-CDF Office Building.
P.O Box 56
Sigor
Sigor Road
Kenya

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHEPALUNGU
CONSTITUENCY**

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

(f) CHEPALUNGU NGCDF Contacts

Telephone: (254) 0722 774506
E-mail: chepalungu@ngcdf.go.ke
Website: www.chepalungu.go.ke

(g) CHEPALUNGU NGCDF Bankers

Equity Bank
Account number: 1220260909562
Bomet Branch

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

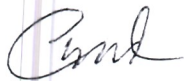
**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NG-CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NG-CDF have improved the Education and Security infrastructures of CHEPALUNGU.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations

The NGCDFCs wish that the issues of having the project on going for more than 2years be stopped and the NG-CDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

SIGN



CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHEPALUNGU
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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.

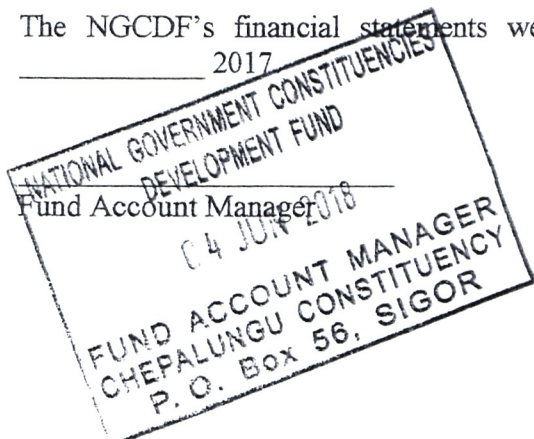
The Accounting Officer in charge of the CHEPALUNGU NG-CDF is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility 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.

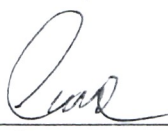
The Accounting Officer in charge of the CHEPALUNGU NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). 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, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer In-charge of the CHEPALUNGU 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 CHEPALUNGU 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 _____ 2017





Chairman

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 - CHEPALUNGU 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 - Chepalungu Constituency set out on pages 5 to 20, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 matters described in the Basis for the Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Chepalungu 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).

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that, 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

1.0 Stale Cheques

Examination of the bank reconciliation statement as at 30 June 2017 disclosed unrepresented cheques of Kshs.2,830,057.60. Out of this amount, cheques totaling Kshs.1,243,770 were dated as far back as the year 2014 and were therefore stale. It was not clear why the stale cheques had not been reversed to the cash book as at 30 June 2017.

2.0 Non-existent projects

Project verification carried out on 23/5/2018 revealed that though the following projects were funded but, they did not exist:

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

Date	Chq. No	Detail	Amount (Kshs)
7/14/2016	3568	Chepalungu Sec. school	587,000.00
2/4/2017	4591	Cheboyo pri. School	300,000.00
29/9/2016	3828	Cheboyo Pri. School	350,000.00
		Kaboson Day Secondary	500,000.00
		Total	1,737,000.00

Although funds were transferred to the projects no work was carried and the money was not in the bank. In the circumstances, public fund may have been lost.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters 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

Unauthorized Reallocation of Funds

The Fund advanced Kshs.900,000 to Kamusanga Primary school for construction of two classrooms. However, Kshs.250,000 was reallocated and used for partial purchase of unvalued land/private land which was estimated at Kshs1,000,000. The balance of Kshs.650,000 was used for construction of two classrooms which were incomplete and stalled by the time of audit verification. Therefore, as result of the un-authorized reallocation, public funds were not used for the intended purpose.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Funds ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the

management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provision 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, individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

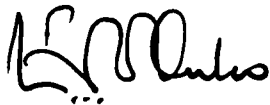
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatements 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, misinterpretations, 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 Fund's ability to continue 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 business activities 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

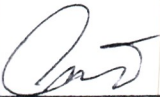
23 August 2018

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

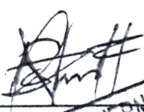
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from Other Government Entities	1	81,896,551	134,025,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		81,896,551	134,025,000
PAYMENTS			
Compensation of Employees	4	3,047,440	1,824,000
Use of goods and services	5	6,717,219	7,547,000
Transfers to Other Government Units	6	74,883,320	41,100,000
Other grants and transfers	7	59,316,552	36,627,000
Acquisition of Assets	8	6,876,435	21,800,000
Other Payments	9	-	-
TOTAL PAYMENTS		150,840,966	108,898,100
SURPLUS/DEFICIT		(68,944,415)	70,482,900

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



Chairman - NGCDFC



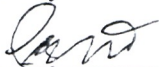
FUND ACCOUNT MANAGER
NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND
04 JUN 2018
CHEPALUNGU CONSTITUENCY
P. O. Box 56, SIGOR

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

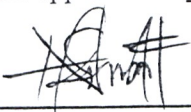
V. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	10A	414,485	58,599,000
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	1,124,000	11,883,900
TOTAL FINANCIAL ASSETS		1,538,485	70,482,900
REPRESENTED BY			
Retention	12		
Fund balance b/fwd	13	70,482,900	45,356,000
Surplus/Deficit for the year		(68,944,415)	25,126,900
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		1,538,485	70,482,900

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



Chairman - NGCDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND
04 JUN 2018
FUND ACCOUNT MANAGER
CHEPALUNGU CONSTITUENCY
P. O. Box 56, SIGOR

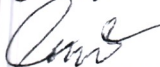
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHEPALUNGU
CONSTITUENCY**

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

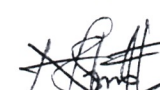
VI. STATEMENT OF CASHFLOW

		2016 – 2017	2015 - 2016
Receipts for operating income			
Transfers from NGCDF Board	1	81,896,551	134,025,000
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	3,047,440	1,824,000
Use of goods and services	5	6,717,219	7,547,000
Transfers to Other Government Units	6	74,883,320	41,100,000
Other grants and transfers	7	59,316,552	36,627,100
Other Payments	8	0	0
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		(62,067,980)	46,926,900
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	6,876,435	21,800,000
Net cash flows from Investing Activities		(68,944,415)	25,126,900
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year	15	70,482,900	45,356,000
Cash and cash equivalent at END of the year	16	1,538,485	70,482,900

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



Chairman NGCDFC



Fund Account Manager
NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND
04 JUN 2018
FUND ACCOUNT MANAGER
CHEPALUNGU CONSTITUENCY
P. O. Box 58, SIGOR


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND CHEPALUNGU 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 a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	81,896,551	70,482,900	152,379,451	152,379,451	0	100%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTALS	81,896,551	70,482,900	152,379,451	152,379,451	0	100%
PAYMENTS						
Compensation of Employees	2,042,000	500,200	2,542,200	3,047,440	-505,240	
Use of goods and services	5,328,689.13	12,361,256	17,689,945	6,717,219	10,972,726	
Transfers to Other Government Units	26,450,000	15,510,109	41,960,109	74,883,320	-32,923,211	
Other grants and transfers	43,981,035	13,822,271	57,803,306	59,316,552	-1,513,246	
Acquisition of Assets	-	613,887	613,887	6,876,435	-6,262,548	
Other Payments	-	-	-	-	-	
TOTALS	77,801,724.13	42,807,723	120,609,447	150,840,966	-28,718,273	

The BURETTI NGCDF financial statements were approved on _____ 2017 and signed by: _____


 Chairman NGCDF


 Fund Account Manager
 NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
 04 JUN 2018
 FUND ACCOUNT MANAGER
 CHEPALUNGU CONSTITUENCY
 O. B. 56, SIGOR

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

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
CHEPALUNGU 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 NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal allocation			
	AIE NO. A		20,000,000.00
	AIE NO. A		10,000,000.00
	AIE NO. A		27,000,000.00
	AIE NO. A		10,000,000.00
	AIE NO. A		67,025,000.00
	AIE NO. A	4,094,827.00	
	AIE NO. A	36,853,449.00	
	AIE NO. A	40,948,275.00	
TOTAL		81,896,551.00	134,025,000.00

1.1.1.1.1.1.1.2 PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.1.3 OTHER RECEIPTS

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

1.1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2016 - 2017 Kshs	2015 - 2016 Kshs
Basic wages of contractual employees	3,047,440	1,824,000
Basic wages of casual labor		
Employer Contribution NSSF		
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Gratuity		
Other personnel payments		
Total	3,047,440	1,824,000

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.5 USE OF GOODS AND SERVICES

	2016 - 2017	2015 – 2016
	Kshs	Kshs
Utilities, supplies and services		915,000
Office rent		
Communication, supplies and services		624,000
Domestic travel and subsistence		230,000
Printing, advertising and information supplies & services		256,000
Rentals of produced assets		
Training expenses		510,000
Committee Allowance		3,211,000
Other Allowance Expence	4,557,400	
Hospitality supplies and services		277,000
Insurance costs		
Specialised materials and services		
Office and general supplies and services	516,550	1,032,000
Fuel ,oil & lubricants	1,430,872	
Other operating expenses		
Routine maintenance – vehicles and other transport equipment		
	<u>212,397</u>	<u>492,000</u>
TOTAL	<u>6,717,219</u>	<u>7,547,000</u>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
 CHEPALUNGU CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.6 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Transfers to primary schools (see attached list)	48,296,320.00	14,000,000
Transfers to secondary schools (see attached list)	22,407,000.00	17,500,000
Transfers to tertiary institutions (see attached list)	4,180,000.00	
Transfers to health institutions (see attached list)		9,600,000
-TOTAL	74,883,320	41,100,000

1.1.1.1.1.1.7 OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bursary -Secondary	23,700,000	7,000,000
Bursary -Tertiary	26,036,607	9,000,000
Bursary-Special schools		600,000
Mocks & CAT water		
Agriculture (food security) Electricity projects		3,000,000
Security	5,343,765	
Roads		11,995,000
Sports	1,636,180	1,264,000
Other capital grants and transfer Emergency Projects (specify)		
	2,600,000	3,768,000
Total	59,316,552	36,627,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
 CHEPALUNGU CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.8 ACQUISITION OF ASSETS

Non-Financial Assets

	2016 - 2017 Kshs	2015 - 2016 Kshs
Purchase of Buildings	-	-
Construction of Buildings	6,428,435	15,600,000
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	6,200,000
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	448,000	-
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	-6,876,435	21,800,000

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.9 OTHER PAYMENTS

Specify	2016 – 2017 Kshs	2015 - 2016 Kshs
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017 Kshs	2015 - 2016 Kshs
Equity Bank A/c 1220260909562	414,484.70	58,599,000
	-	-
	-	-
	-	-
	414,484.70	58,599,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
CHEPALUNGU CONSTITUENCY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

	2016 - 2017 Kshs	2015 - 2016 Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (specify)	-	-
Total	-	-

[Provide cash count certificates for each]

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Felix Ntutu		1,124,000	-	-
		1,124,000		-

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

12: RETENTION

	2016 - 2017 Kshs	2015 - 2016 Kshs
Unpaid Retentions	-	-
Total	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	58,599,000	38,719,000
Cash in hand	-	-
Imprest	-	-
Total	<u>58,599,000</u>	<u>38,719,000</u>

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016 Kshs	2013 - 2015 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
Total	<u>-</u>	<u>-</u>

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: OTHER PENDING PAYABLES (See Annex 3)

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- CHEPALUNGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted B	Amount Paid To-Date c	Outstanding Balance 2016 d=a-c	Outstanding Balance 2015	Comments
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						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- CHEPALUNGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

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 2015	Comments
		A	B	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4. Gratuity		177,465					
5.							
6.							
Sub-Total		177,465					
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total		177,465					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- CHEPALUNGU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount A	Date Payable Contracted B	Amount Paid To-Date c	Outstanding Balance 2016 d=a-c	Outstanding Balance 2015	Comments
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							

NATIONAL GOVERNMENT ENTITY - CONSTITUENCIES DEVELOPMENT FUND- CHEPALUNGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/15
Land	-	-
Buildings and structures	16,868,000	15,600,000
Transport equipment	6,200,000	6,200,000
Office equipment, furniture and fittings	448,000	-
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	23,516,000	12,800,000

NATIONAL GOVERNMENT ENTITY - CONSTITUENCIES DEVELOPMENT FUND- CHEPALUNGU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

ANNEX 5 – PMC BANK BALANCES AS AT 30 JUNE 2017

PMC	BANK	ACCOUNT NUMBER	BANK BALANCE 2016/2017	BANK BALANCE 2015/2016
Cheptagum Primary School	Equity	1220267398245	4,615	
Chebirir Primary School	Equity	1220266408893	700,450	
Cheptuiyet Primary School	Equity	1220297406249	2,700	
Kaptich Primary School	Equity	1220268839655	2,340	
Total			710,105	

NATIONAL GOVERNMENT ENTITY - CONSTITUENCIES DEVELOPMENT FUND- CHEPALUNGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATION


The following is the summary of issues raised by the External Auditors and management comments that were provided to the Auditors. 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/ Observation from Auditor	Management comment	Focal Person to resolve the issue (Name and Designation)	Status: <i>(Resolved/ Not resolved)</i>	Time frame: (Put a date when you expect the issue to be resolved)
1	During the financial year ended June 2016, there was a balance of Kshs31, 699,000 which could not be confirmed due to non-availability of AIE from the board	The AIE has been made available for verification	Felix Ntutu - FAM	Resolved	Resolved
2	There was a variance of Kshs687,000 arising from the committee expenses	There was wrong posting of figures in the financial statements	Felix Ntutu - FAM	Resolved	Resolved
3	There was a variance of Kshs309,000 from transfer to other Government Entities	There was wrong posting of figures in the financial statements	Felix Ntutu - FAM	Resolved	Resolved
4	There were no vouchers to support the expenditure of bursaries, emergency and water projects hence the balances can not be ascertained	The vouchers to support bursaries, emergency and water projects have been made available for verification	Felix Ntutu - FAM	Resolved	Resolved
5	The figure in the financial statements cannot be confirmed due to understatement to other grants and transfers	There was wrong posting in the financial statements which has since been rectified.	Felix Ntutu - FAM	Resolved	Resolved

NATIONAL GOVERNMENT ENTITY - CONSTITUENCIES DEVELOPMENT FUND- CHEPALUNGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

6	The financial statement showed unsupported expenditure for acquisition of assets. There was a discrepancy in the cash and cash equivalent and balances in the financial statements	All the relevant documents have been made available for confirmation. There was wrong posting in the financial statements which has since been rectified	Felix Ntutu - FAM	Resolved	Resolved
7	During the time of the audit, there was an outstanding imprest	The voucher as proof that the imprest had been surrendered was made available for verification	Felix Ntutu - FAM	Resolved	Resolved

Prepared by:



FELIX NTUTU
FUND ACCOUNT MANAGER
~~XXXXXXXXXX~~

