

REPUBLIC OF KENYA



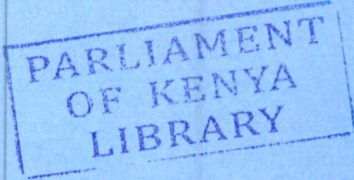
*Paper Laid by  
the Hon. the  
Hon. Aden Duale  
EGH, MP on  
Wed, 7th Nov.  
2018.*



OFFICE OF THE AUDITOR GENERAL



REPORT



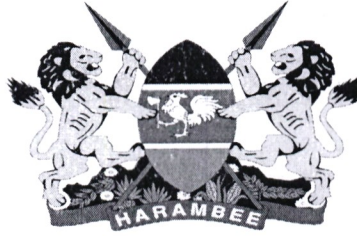
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
EMBAKASI EAST CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2017**



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
EMBAKASI EAST CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

**Reports and Financial Statements**

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

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (NG-CDF) Act, 2003, amended in 2007 and repealed by the NG-CDF Act of 2013. In 2015, the NG-CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDFA) 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 *EMBAKASI EAST Constituency's* day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2017 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>Susan Nthiiri</b>
3.	Accountant	<b>Alois Kimuyu</b>
4.		

**(d) Fiduciary Oversight Arrangements**

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

**EMBAKASI EAST NG-CDF Headquarters**

P.O. Box 2360-00515  
Greenspan mall  
Along old Donholm Road  
Nairobi, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**(e) EMBAKASI EAST NG-CDF Contacts**

Telephone: (254)  
E-mail: [Snthiiri@NG-CDF.go.ke](mailto:Snthiiri@NG-CDF.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(f) EMBAKASI EAST NG-CDF Bankers**

Equity Bank...  
Donholm  
P.o Box 5328-20100  
Nairobi Kenya

**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

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

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

The people of Embakasi east constituency are determined to participate effectively in domesticating objectives of vision 2030 in our development planning. The constituents now have power to implement the formulation and implementation of development programmes in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness, transparency, openness and accountability.

**Financial year budget**

In the financial year 2016/17 the NG-CDF Embakasi east was allocated Ksh. 81,896,550.58.00 in which the office has since only got the first disbursement of Ksh. 40,948,827.60. The utilization has went well in which 90% of the funds allocated to projects has been utilized effectively as bellow.

***Table 1.0 summary of budget performance***

<b>PROJECT</b>	<b>STATUS IN%</b>
Utawala Secondary	90%
Donholm Primary Library	100%
Edelvale Primary Classrooms	70%
Mihango Primary Multipurpose Hall	100%
Embakasi Garrison Primary School Classrooms	90%
Embakasi Garrison Secondary-completion of Administration block	100%
Embakasi primary toilet block	100%
Bursary for the needy	90%

**Key achievements**

We have therefore completed our allocations in time, and achieved the results as stipulated in the summary table above.

**Challenges and emerging issues**

There is a great challenge which is the in availability of land which forces the constituency to re-allocate most of its projects which requires land.

There is also a challenge in the education sector this is because there are many needy students who are in need of support through the bursary fund which is never enough; this is due to lower middle income economy status within the constituency.

We therefore recommend that if the community and the National Government could join hand and avail land for NG-CDF to realize the said projects which require land efficiently.

Sign.....*Anji*.....

**CHAIRPERSON NG-CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

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

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

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

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

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

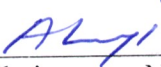
The Accounting Officer in charge of the EMBAKASI EAST NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible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

**Approval of the financial statements**

The *NG-CDF's* financial statements were approved and signed by the Accounting Officer on

FUND ACCOUNT MANAGER  
EMBAKASI EAST  
NG - Constituency Development  
Date.....

Fund Account Manager

  
Chairperson NG-CDFC

# REPUBLIC OF KENYA

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Fax: +254-20-311482  
E-mail: oag@oagkenya.go.ke  
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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

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

In my opinion, except for the effect 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 - Embakasi East Constituency as at 30 June 2017, and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

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

#### Basis for Qualified Opinion

##### 1. Acquisition of Assets

The statement of receipts and payments reflects expenditure on acquisition of assets of Kshs.1,999,100 during the year under review but the summary of fixed assets register at Annex 4 to the financial statements reflects a movement of Kshs.2,272,100 resulting in unexplained difference of Kshs. 273,000.

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



## **2. Other Grants and Transfers**

As disclosed at Note 7 to the financial statements, the Fund spent Kshs. 37,353,500 on bursaries to secondary and tertiary institutions during the year under review. However, by the end of the financial year, cheques totalling Kshs. 19,365,250 had not been presented for payment by the recipients. Further, unpresented bursary cheques totalling Kshs. 1,570,750 had gone stale as of 30 June, 2017.

The management did not explain why the cheques had not been presented even though they were issued to needy and deserving students. The management did not also explain why the stale cheques had not been reversed in the cashbook and re-issued. The un-presented bursary and stale cheques may be an indicator that the evaluation process and final disbursements were not done appropriately and fairly.

In the circumstances, the validity of the expenditure incurred on other grants and transfers cannot be confirmed.

## **3. Bank Balances**

The statement of financial assets reflects a bank balance of Kshs.9,757,012.69 as at 30 June 2017 and as disclosed at Note 10A to the financial statements. A review of bank reconciliation for June 2017 revealed un-presented cheques totalling Kshs.21,033,746 out of which cheques of Kshs.66,155 had gone stale as at 30 June 2017. In addition, the reconciliation statement reflects bursary cheques totalling Kshs.786,002 which appeared as payments in the bank statement but not recorded in the cashbook. It was not clear how the bank account was debited without corresponding entries in the cashbook.

Consequently, the accuracy of the bank balance of Kshs.9,757,012.69 cannot be confirmed.

## **4. Net Financial Position**

The statement of financial assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.9,757,012.28, being the difference between the brought forward fund balance of Kshs.14,102,938.28 and the deficit for the year of Kshs.4,345,926. No explanation has been provided for this anomaly.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Embakasi East Constituency management 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 judgement, were of most significance to the audit of the financial statements for the current year. Except for matters described in the Other Matter section, I have determined that there are no key audit matters to communicate in my report.

## **Other Matter**

### **1. Non-implementation of Projects**

A review of the project implementation status for the year under review indicates that projects worth Kshs.21,000,000 had not been implemented as at 30 June, 2017. The projects entailed purchase of school buses for Utawala Secondary School, Mihango Secondary School and Embakasi Garrison Secondary School. The management did not explain why the projects were not implemented as budgeted. Failure to implement projects in the stipulated time frame impacted negatively on delivery of services to the constituents of Embakasi East.

### **2. Budget and Budgetary Controls**

During the year under review, the Fund's budgeted expenditure amounted to Kshs.137,850,205.86. However, overall actual expenditure for the year amounted to Kshs.93,012,052 resulting in an under expenditure of Kshs.44,838,153.86 which is equivalent to or about 33% of the total budget. The under expenditure was mainly on transfers to other government units - Kshs.23,630,222 and other grants and transfers - Kshs.20,449,073.

Further, analysis of the budget against actual expenditure indicates that out of the development budget of Kshs.129,393,772, an amount of Kshs.85,314,259 was spent resulting in an under expenditure of Kshs.44,079,513, or a 34% shortfall. This implies low investment in development projects which impacted negatively on service delivery to the constituents.

In addition, the Fund budgeted to receive Kshs.143,850,206 in the year under review. However, actual receipts from the Board amounted to Kshs.102,769,065 resulting in a deficit of Kshs.41,081,141. The under-funding is an indication that approved programs could not be fully implemented.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable 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.

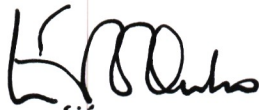
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

**Nairobi**

**8 October 2018**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

**Reports and Financial Statements**

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

**I. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NG-CDF board-AIEs' Received	1	88,666,127.00	90,293,067.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>88,666,127.00</b>	<b>90,293,067.00</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,175,081.00	1,274,388.00
Use of goods and services	5	5,522,494.00	3,196,171.56
Transfers to Other Government Units	6	32,961,361.00	80,534,727.10
Other grants and transfers	7	50,354,017.00	22,897,282.55
Acquisition of Assets	8	1,999,100.00	-
Other Payments	9		4,895.00
<b>TOTAL PAYMENTS</b>		<b>93,012,053.00</b>	<b>107,907,464.21</b>
<b>SURPLUS/DEFICIT</b>		<b>(4,345,926.00)</b>	<b>(17,614,397.21)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI EAST NG-CDF financial statements were approved on 30/6/2017

And signed by:

Alji  
Chairperson – NG-CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

**Reports and Financial Statements**

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

**II. STATEMENT OF FINANCIAL ASSETS**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	9,757,012.00	14,102,938.00
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,757,012.00</b>	<b>14,102,938.00</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd 1st July...2016</b>	12	14,102,938.00	31,717,335.00
<b>Surplus/Deficit for the year</b>		(4,345,926.00)	(17,614,397.00)
<b>Prior year adjustments</b>	13	-	
<b>NET LIABILITIES</b>		<b>9,757,012.00</b>	<b>14,102,938.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI EAST NG-CDF financial statements were approved on 20/09/2017 and signed by:

*Anji*  
Chairperson – NG-CDFC

FUND ACCOUNT MANAGER  
EMBAKASI EAST  
NG - Constituency Development Fund  
Date: *20/09/17*

Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI EAST  
CONSTITUENCY**

**Reports and Financial Statements**

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

**IV. STATEMENT OF CASHFLOW**

		2016 - 2017	2015 - 2016
<b>Receipts for operating income</b>			
Transfers from NG-CDF Board	1	88,666,127.00	90,293,067.00
Other Receipts	3	-	-
		88,666,127.00	90,293,067.00
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,175,081.00	1,274,388.00
Use of goods and services	5	5,522,494.00	3,196,171.56
Transfers to Other Government Units	6	32,961,361.00	80,534,727.10
Other grants and transfers	7	50,354,017.00	22,897,282.55
Other Payments	9	-	4,895.00
<b>Adjusted for:</b>			
Adjustments during the year		-	-
		91,012,953.00	107,907,464.21
<b>Net cash flow from operating activities</b>		<b>(2,346,826.00)</b>	<b>(17,614,397.21)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	1,999,100.00	-
<b>Net cash flows from Investing Activities</b>		<b>(4,345,926.00)</b>	<b>(17,614,397.21)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	12		28,658,671.10
			3,058,664.11
Cash and cash equivalent at END of the year	10A	9,757,012.00	14,102,938.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI EAST CDF financial statements were approved on 30/8/2017 and signed by:

*ALJI*

**Chairperson NG- NG-CDFC**

FUND ACCOUNT MANAGER  
EMBAKASI EAST  
NG - Constituency Development  
Date.....

**Fund Account Manager**

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

**V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Revenue/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 NG-CDF Board	81,896,551.00	61,953,655.00	143,850,206.00	102,769,065.00	41,081,141.00	71%
Proceeds from Sale of Assets						
Other Receipts						
	81,896,551.00	61,953,655.00	143,850,206.00	102,769,065.00	41,081,141.00	71%
<b>PAYMENTS</b>						
Compensation of Employees	2,509,793.00	1,121,842.00	3,631,635.00	2,175,081.00	1,456,623.00	84.0%
Use of goods and services	4,860,896.00	5,963,902.90	10,824,798.90	5,522,494.00	5,302,304.90	46.0%
Transfers to Other Government Units	46,681,034.00	9,910,549.38	56,591,583.38	32,961,360.00	23,630,223.38	81.0%
Other grants and transfers	27,844,827.58	36,957,361.00	64,802,188.58	50,354,017.00	14,448,171.58	77.0%
Acquisition of Assets		2,000,000.00	2,000,000.00	1,999,100.00	900.00	99.0%
Other Payments	-		-		-	
<b>TOTALS</b>	<b>81,896,550.58</b>	<b>55,953,655.28</b>	<b>137,850,205.86</b>	<b>93,012,052.00</b>	<b>44,838,222.86</b>	<b>63.0%</b>

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

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

The EMBAKASI EAST NG-CDF financial statements were approved on 30/8/2017 and signed by:

Aluji  
Chairperson NG-CDF



Fund Account Manager



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**VI. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

**2. Recognition of revenue and expenses**

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

**3. In-kind contributions**

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

**4. Cash and cash equivalents**

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

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

**6. Budget**

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

**7. Comparative figures**

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

**8. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

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**VII. NOTES TO THE FINANCIAL STATEMENTS**

<b>GFS CODES</b>					
<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>					
<b>Description</b>			<b>2016-2017</b>	<b>2015-2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
1330407	Normal Allocation	AIE NO.825976	47,717,850.00	44,293,067.00	
		AIE NO.829536	4,094,828.00	23,000,000.00	
		AIE NO.855717	36,853,449.00	23,000,000.00	
1330408	Conditional grants	AIE NO...		-	
		AIE NO...		-	
1330409	Receipt from other Constituency			-	
	<b>TOTAL</b>		<b>88,666,127.00</b>	<b>90,293,067.00</b>	
<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>					
<b>Description</b>			<b>2016-2017</b>	<b>2015-2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
3510202	Receipts from the Sale of Buildings				
3510601	Receipts from the Sale of Vehicles and Transport Equipment				
3510801	Receipts from the Sale Plant Machinery and Equipment				
3510803	Receipts from the Sale of office and general equipment				
	<b>Total</b>		<b>-</b>		

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<b>3 OTHER RECEIPTS</b>					
1400000					
<b>Description</b>		<b>2016-2017</b>	<b>2015-2016</b>		
		<b>Kshs</b>	<b>Kshs</b>		
1410107	Interest Received	-			
1410405	Rents	-			
1420601	Sale of tender documents	-			
1450207	Other Receipts Not Classified Elsewhere (specify)	-			
<b>Total</b>		<b>-</b>			
<b>4 COMPENSATION OF EMPLOYEES</b>					
2110000					
<b>Description</b>		<b>2016-2017</b>	<b>2015-2016</b>		
		<b>Kshs</b>	<b>Kshs</b>		
2110201	Basic wages of contractual employees	2,155,881.00	1,255,188.00		
2110202	Basic wages of casual labour	-			
<b>Personal allowances paid as part of salary</b>					
2110301	House allowance	-			
2110314	Transport allowance	-			
2110320	Leave allowance				
2110326	Other personnel payments	-			
	employer contribution to NSSF	19,200.00	19,200.00		
2710120	gratuity				
<b>Total</b>		<b>2,175,081.00</b>	<b>1,274,388.00</b>		
<b>5 USE OF GOODS AND SERVICES</b>					
2200000					
<b>Description</b>		<b>2016-2017</b>	<b>2015-2016</b>		
		<b>Kshs</b>	<b>Kshs</b>		
2210100	Utilities, supplies and services	394,090.00	250,000.00		
2210104	Office rent	466,675.00			

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2210200	Communication, supplies and services		300,000.00	210,000.00	
2210300	Domestic travel and subsistence				
2210500	Printing, advertising and information supplies & services		100,000.00	190,000.00	
2210600	Rentals of produced assets				
2210700	Training expenses		2,339,870.00	580,000.00	
2210802	Other committee expenses				
2210809	Committee allowance		1,328,000.00	0	
2210800	Hospitality supplies and services				
2210900	Insurance costs				
2211000	Specialised materials and services				
2211100	Office and general supplies and services		528,859.00	602,066.56	
2211200	Fuel ,oil & lubricants				
2211300	Other operating expenses KENAO			500,000.00	
2220100	Routine maintenance – vehicles and other transport equipment				
2220200	Bank charges		65,000.00	-	
	<b>Total</b>		<b>5,522,494.00</b>	<b>2,332,066.56</b>	
	Committee allowance			869,000.00	
	Other committee expenses				
	<b>Total</b>		<b>5,522,494.00</b>	<b>3,196,171.56</b>	
2630200	<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>				
	<b>Description</b>		<b>2016-2017</b>	<b>2015-2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
2630204	Transfers to primary schools		17,362,351.00	46,372,093.31	

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2630205	Transfers to secondary schools		15,599,010.00	28,563,969.40	
2630206	Transfers to Tertiary institutions			-	
2630207	Transfers to Health institutions			5,598,664.39	
	<b>TOTAL</b>		<b>32,961,361.00</b>	<b>80,534,727.10</b>	
2640000	<b>7 OTHER GRANTS AND OTHER PAYMENTS</b>				
	<b>Description</b>		<b>2016-2017</b>	<b>2015-2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
2640101	Bursary -Secondary		33,690,500.00	623,000.00	
2640102	Bursary -Tertiary		3,060,000.00	2,082,500.00	
2640104	Bursary-Special schools		603,000.00	619,000.00	
2640105	Mocks & CAT			-	
2640504	water/Sewers			1,063,853.75	
2640505	Agriculture (Markets)			-	
2640506	Electricity projects			-	
2640507	Security		2,969,415.00	10,425,000.00	
2640508	Roads			1,370,928.80	
2640509	Sports		2,499,875.00	782,000.00	
2640510	Environment		1,871,229.00	931,000.00	
2640200	Emergency Projects (specify)		5,659,998.00	5,000,000.00	
2640511	Development - factories/stadiums		-	-	
	<b>Total</b>		<b>50,354,017.00</b>	<b>22,897,282.55</b>	
3100000	<b>8 ACQUISITION OF ASSETS</b>				
	<b>Non-Financial Assets</b>		<b>2016-2017</b>	<b>2015-2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
3110102	Purchase of Buildings		-	-	
3110202	Construction of Buildings			-	
3110302	Refurbishment of Buildings		-	-	
3110701	Purchase of Vehicles		-	-	
3110704	Purchase of Bicycles & Motorcycles		-	-	

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3110801	Overhaul of Vehicles		-	-	
3111001	Purchase of Office furniture and fittings		-	-	
3111002	Purchase of computers ,printers and other IT equipments				
3111005	Purchase of photocopier		-	-	
3111009	Purchase of other office equipments		-	-	
3111112	strategic plan		1,999,100.00	-	
3130101	Acquisition of Land		-	-	
			-	-	
	<b>Total</b>		<b>1,999,100.00</b>	<b>-</b>	
<b>9 OTHER PAYMENTS</b>					
			<b>2016-2017</b>	<b>2015-2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
	specify BANK CHARGES			<b>4,895.00</b>	
	specify		-	-	
	<b>TOTAL</b>		<b>-</b>	<b>4,895.00</b>	
<b>10A: Bank Balances (cash book bank balance)</b>					
	<b>Name of Bank</b>	<b>Account Number</b>	<b>2016 - 2017</b>	<b>2015 - 2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
			<b>(30/6/2017)</b>	<b>(30/6/2016)</b>	
	Equity bankA/c 1320261125247				
	Equity bankA/c 0820264117294		9,757,012.00	14,102,938.28	
	<b>Total</b>		<b>9,757,012.00</b>	<b>14,102,938.28</b>	
<b>10B: CASH IN HAND</b>					
			<b>2016 - 2017</b>	<b>2015 - 2016</b>	

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			<b>Kshs (30/6/2017)</b>	<b>Kshs (30/6/2016)</b>	
	Location 1		-		
	Location 2		-		
	Location 3		-		
	Other receipts (specify)		-		
	<b>Total</b>		-		
			<i>[Provide cash count certificates for each]</i>		
<b>11: OUTSTANDING IMPRESTS</b>					
	<b>Name of Officer</b>	<b>Date imprest taken</b>	<b>Amount Taken Kshs</b>	<b>Amount Taken Kshs</b>	<b>Balance (30/6/2017) Kshs</b>
	<i>Name of Officer</i>	<i>dd/mm/yy</i>	-		-
	<i>Name of Officer</i>	<i>dd/mm/yy</i>	-		-
	<i>Name of Officer</i>	<i>dd/mm/yy</i>	-		-
	<i>Name of Officer</i>	<i>dd/mm/yy</i>	-		-
	<i>Name of Officer</i>	<i>dd/mm/yy</i>	-		-
	<i>Name of Officer</i>	<i>dd/mm/yy</i>	-		-
	<b>Total</b>				-
<b>12 BALANCES BROUGHT FORWARD</b>					
			<b>2016 - 2017 Kshs (1/1/2016)</b>	<b>2015 - 2016 Kshs (1/1/2015)</b>	
	<b>Equity bankA/c 1320261125247</b>				
	<b>Equity bankA/c 0820264117294</b>		9,757,012.69	14,102,938.28	
	Cash in hand				
	Imprest				
	<b>Total</b>		9,757,012.69	14,102,938.28	
			<i>[Provide short appropriate explanations as necessary]</i>		
<b>13 PRIOR YEAR ADJUSTMENTS</b>					
			<b>2016 - 2017 Kshs</b>	<b>2015 - 2016 Kshs</b>	
	Bank accounts				
	Cash in hand		-		
	Imprest		-		



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			-		
	<b>Total</b>		-		
<b>14 OTHER IMPORTANT DISCLOSURES</b>					
<b>15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)</b>					
			<b>2016 - 2017</b>	<b>2015 - 2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
	Construction of buildings		-		
	Construction of civil works		-		
	Supply of goods		-		
	Supply of services		-		
	<b>TOTAL</b>		-		
<b>15.2: PENDING STAFF PAYABLES (See Annex 2)</b>					
			<b>2016 - 2017</b>	<b>2015 - 2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
	Senior management		-		
	Middle management		-		
	Unionisable employees		-		
	Others ( <i>specify</i> )		-		
<b>15.3: OTHER PENDING PAYABLES (See Annex 3)</b>					
			<b>2016 - 2017</b>	<b>2015 - 2016</b>	
			<b>Kshs</b>	<b>Kshs</b>	
	Amounts due to other Government entities (see attached list)		-		
	Amounts due to other grants and other transfers (see attached list)		-		
	Others ( <i>specify</i> )		-		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI EAST 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 2017	Outstanding Balance 2016	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1. TASSIA CHIEFS OFFICE	3,000,000.00		2,969,151.00	30,849.00	-	Completed to be handed over
<b>Sub-Total</b>	<b>3,000,000.00</b>		<b>2,969,151.00</b>	<b>30,849.00</b>	<b>-</b>	
<b>Construction of civil works</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
4. Office Operations	2,307,903.00		1,854,624.00	453,279.00	-	ongoing
5.						
6.						
<b>Sub-Total</b>	<b>2,307,903.00</b>		<b>1,854,624.00</b>	<b>453,279.00</b>	<b>-</b>	
<b>Supply of services</b>						
7. M/E	2,456,896.00		2,339,870.00	117,026.00	-	ongoing
8.						
9.						
<b>Sub-Total</b>	<b>2,456,896.00</b>		<b>2,339,870.00</b>	<b>117,026.00</b>	<b>-</b>	
<b>Grand Total</b>	<b>7,764,799.00</b>		<b>7,163,645.00</b>	<b>601,154.00</b>	<b>-</b>	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI EAST CONSTITUENCY

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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 2017	Outstanding Balance 2016	Comments
<b>Senior Management</b>		a	b	c	d=a-c		
1.							
2.							
3.							
	Sub-Total						
<b>Middle Management</b>							
4.							
5.							
6.							
7.							
	Sub-Total						
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	Sub-Total						
<b>Others (specify)</b>							
10. SALARIES		2,474,993.00	1/7/17	2,175,012.00	299,981.00		ongoing
11. NSSF		51,840.00	1/7/17		51,840.00		ongoing
12. NHIF		36,000.00	1/7/17		36,000.00		ongoing
	Sub-Total	2,562,833.00			387,821.00		
	Grand Total	2,562,833.00			387,821.00		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI EAST 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 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c	e	
<b>Amounts due to other Government entities</b>							
1.							
2.							
3.							
	<b>Sub-Total</b>						
<b>Amounts due to other grants and other transfers</b>							
4.	SPORTS	1,874,357.00		2,499,875.00	-		
5.	ENVIRONMENT	1,874,357.00		1,871,299.2	3,128.20		
6.	BURSARY	20,474,137.00		20,474,000.00	137.00		
7.	EMERGENCY	5,767,647.00		5,659,998.00	107,650.00	259.00	
	<b>Sub-Total</b>	<b>29,990,498.00</b>		<b>30,505,172.20</b>	<b>110,915.20</b>	<b>259.00</b>	
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
8.							
9.							
10.							
	<b>Sub-Total</b>	<b>29,990,498.00</b>		<b>30,505,172.20</b>	<b>110,915.20</b>	<b>259.00</b>	
	<b>Grand Total</b>	<b>29,990,498.00</b>		<b>30,505,172.20</b>	<b>110,915.20</b>	<b>259.00</b>	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI EAST CONSTITUENCY**  
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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2016/17	2015/16
Land		
Buildings and structures		
Transport equipment		
Office equipment, furniture and fittings		
ICT Equipment, Software and Other ICT Assets	273,000.00	
Other Machinery and Equipment		
Heritage and cultural assets-strategic plan	2,340,479.30	341,379.30
Intangible assets		
<b>Total</b>	<b>2,613,479.30</b>	<b>341,379.30</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI EAST CONSTITUENCY**  
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**ANNEX 5 – PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017**

PMC	Bank	Account number	Bank Balance	Bank Balance
			2016/17	2015/16
EMBAKASI SANITATION PMC			198,595.00	
DONHOLM PHASE II PMC			568,860.00	
UTAWALA PMC			143.00	
EMBAKASI GARRISON SEC PMC			322,198.00	
MIHANGO PRIMARY DINING HALL PMC			1,180.00	
EDELVALE PMC CBO			2,681,607.00	
<b>Total</b>			<b>3,772,583.00</b>	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI EAST CONSTITUENCY**  
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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:	Timeframe:
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1.0	Budgets and budgetary controls		Susan Fam	Resolved	Resolved
1.1	Implication of projects	The projects had not been completed The budget was 93,717,850 and the constituency had not received the total amount	Susan Fam	Resolved	Resolved
1.2	Revenue		Susan Fam	Resolved	Resolved
1.3	Unpresented cheques	The cheques were issued on time but beneficiaries delayed to collect the cheques	Susan Fam	Resolved	Resolved