

REPUBLIC OF KENYA



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

Phinyo

OFFICE OF THE AUDITOR-GENERAL



PARLIAMENT
OF KENYA
LIBRARY

PAPER LAID
SIGNATURE
07 NOV 2018
S/NO. 100
TABLE OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



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

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	3
II. FORWARD BY THE CHAIRPERSON CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)	5
III. STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES	6
IV. STATEMENT OF RECEIPTS AND PAYMENTS	7
V. STATEMENT OF ASSETS	8
VI. STATEMENT OF CASHFLOW.....	9
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	10
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	11
IX. NOTES TO THE FINANCIAL STATEMENTS.....	13

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (NG-CDF)* was set up under the NG-CDF Act, 2003 now repealed by the NG-CDF Act, 2013.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

(b) Key Management

The *EMBAKASI SOUTH 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Elvirah Kebaya
3.	Accountant	Aloice Kimuyu
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 SOUTH Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the 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.

(e) EMBAKASI SOUTH NG-CDF Headquarters

P.O. Box 1353-00521
Taj Mall – Outering Road
Nairobi, KENYA

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

(f) EMBAKASI SOUTH NG-CDF Contacts

Telephone: (254)
E-mail: NG-CDF embakasisouth.go.ke
Website: www.NG-CDF.go.ke

(g) EMBAKASI SOUTH NG-CDF Bankers

1. Equity Bank
Embakasi Branch
P. O. Box 75104
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')

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

Guided by the vision of Embakasi South Constituency, which is to be a leading Constituency in the effective and efficient management of the devolved funds.

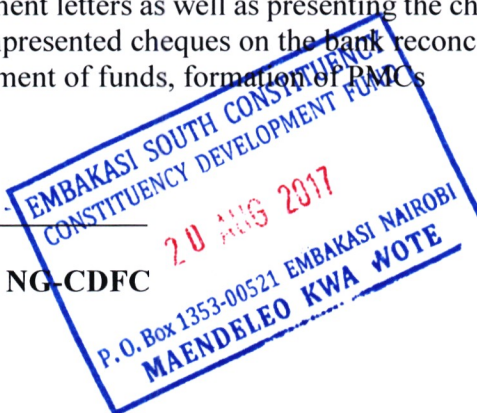
- The Embakasi South NG-CDF has continued to be implemented in a well-organized and coordinated manner the various projects which follows clearly set performance indicators and time frame, under each of the national functions priorities namely: education infrastructure and bursary, security, environment through equity and sustainable development in poverty eradication at community level.
- The budget Performance against actual amounts was good except for a few issues, there were no unexpected occurrences in the constituency to warrant the use of emergency, other grants and transfers had an amount of prefabricated staff houses from financial year 2013-14 and other balances for previous financial years which had not been utilized.
- The Key achievements have been access to quality and equal opportunity in education by giving bursaries to the less fortunate students both in secondary and tertiary level, the NG-CDFC was able to award bursaries to over 5,000 students both in secondary and tertiary level and issuing of driving licenses. We have also supported the youth by taking part in the sports activities within the constituency through paying for their tournaments.
- Infrastructure in the public primary and secondary schools dormitory and classrooms, administration block, is underway, hence creating a conducive working environment for both students and teachers which boosts morale and general education standards of the schools, three police stations have also been constructed, renovated and this has given our security team a conducive working environment and also improved security.

Emerging issues, implementation challenges and recommendations

- Some of the emerging issues related to implementation of projects is failure by institutions to present bursary acknowledgement letters as well as presenting the cheques at the bank for clearance leading to huge balances of un-presented cheques on the bank reconciliation statements and eventually stale cheques, late disbursement of funds, formation of PMCs

Sign: _____

CHAIRPERSON NG-CDFC



NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI SOUTH CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

II. 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 SOUTH National Government Constituency Development Fund is responsible for the preparation and presentation of the EMBAKASI SOUTH NG-CDF financial statements, which give a true and fair view of the state of affairs of the EMBAKASI SOUTH 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 SOUTH 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, 2016, and of the NG-CDF's financial position as at that date. The Accounting Officer charge of the EMBAKASI SOUTH 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.

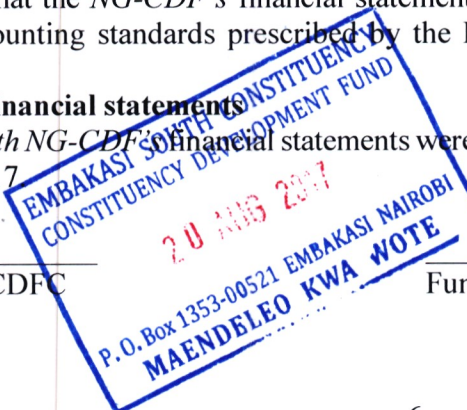
The Accounting Officer in charge of the EMBAKASI SOUTH NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible 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 Embakasi South NG-CDF financial statements were approved and signed by the Accounting Officer on 20th August 2017.

Chairperson NG-CDFC

Fund Account Manager



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- EMBAKASI SOUTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi South Constituency set out on pages 7 to 23, 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 provision 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Embakasi South 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 do not 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, public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Unsupported Prior Year Adjustment

The statement of assets as at 30 June 2017 and the statement of cash flows for the year then ended reflects unsupported prior year adjustment of Kshs.3,452,061 whose nature and purpose has not been explained. Consequently, the validity of the adjustment cannot be confirmed.

2. Acquisition of Assets

The statement of receipts and payments for the year ended 30 June 2017 reflects an expenditure of Kshs.70,998 against acquisition of assets which differs with the total amount

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

of Kshs.919,797 disclosed under Note 8 to the financial statements. The resulting difference of Kshs.848,799 has not been explained.

3. Construction of a Dormitory at Embakasi Girls Secondary School

The Fund contracted Fanstac Agencies to construct a dormitory at Embakasi Girls Secondary School at a cost of Kshs.36,107,593. The first phase of the project comprising of foundation, ground floor up to slab was to cost Kshs.13,091,655. The second phase comprised of 1st floor, second floor up to roofing and finishing and was to cost Kshs.23,015,938. Physical inspection and verification of the project on 13 April 2018 revealed that the project comprising ground floor, 1st floor, second floor, roofing and finishing was almost complete.

However, the management did not present for audit review all payment certificates issued since the beginning of the project. In addition, only two payment vouchers amounting to Kshs.8,771,618 were presented for audit review. The remaining expenditure of Kshs.27,335,975 in respect of the project was not supported by payment certificates and vouchers. In the circumstances, it is not possible to confirm the validity of the expenditure of Kshs.27,335,975 or whether the funds were utilized for the project purposes as intended.

4. Substandard Works at Villa Police Station

Monamax Limited was paid Kshs.5,500,000 for the construction of offices at Villa Police Station. However, procurement documents and records detailing how the firm was identified, evaluated and awarded the contract were not produced for audit review. Consequently, the validity of the contract amounting to Kshs.5,500,000 cannot be confirmed.

A physical verification of the project revealed that the works were not done according to the standards expected of a security installation for instance, the holding cell was constructed with wooden ceiling instead of concrete slab. In addition, the ventilation height at the holding area was just above head height which may compromise safety. In the circumstances, the project was not effectively implemented and the public did get value for money from the works.

5. Substandard Works at Reuben Police Post

Epstar Construction Limited was paid Kshs.5,008,089 for the proposed extension of two offices and construction of toilets at Reuben Police Post. However, procurement documents and records detailing how the firm was identified, evaluated and awarded the contract were not produced for audit review. Consequently, the validity of the contract amounting to Kshs.5,008,089 cannot be confirmed.

Project verification revealed that the office block measuring approximately seven metres square was already developing cracks. Generally, the works were substandard and not commensurate with the amount spent. In the circumstances, the project was not effectively implemented and the public did not get value for money from the works.

6. Missing Payment Vouchers and Unsupported Expenditure

The Fund incurred expenditure amounting to Kshs.33,061,606.90 through several payment vouchers as listed in the cash book and annual expenditure returns. However, the payment

vouchers were not presented for audit to establish whether the expenditure was a proper charge to public funds. In the circumstance, the validity and propriety of expenditure amounting to Kshs.33,061,606.90 as reflected in the cashbook cannot be confirmed.

7. Other Grants and Transfers

Other grants and transfers expenditure of Kshs.70,202,945 reflected in the statement of receipts and payments includes an amount of Kshs.33,466,652 on bursaries to secondary and tertiary institutions. However, by the end of the financial year cheques amounting to Kshs.3,452,000 had not been presented for payment by the recipients.

It was also noted that during the month of September 2016, the fund prepared bursary cheques totalling Kshs.5,858,000 as per cheque counterfoil details. However, the cheques were not given to the beneficiaries until January 2017. In addition, cheque counterfoils No. 4501 and 6501 among others with bursary details were not produced for audit review. In the circumstances, the validity of expenditure incurred on bursaries to secondary and tertiary institutions cannot be confirmed.

8. Net Financial Position

The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.3,840,501, being the difference between the brought forward negative fund balance of Kshs.6,225,070 and the surplus for the year of Kshs.6,613,510 and prior year adjustment of Kshs.3,452,061. 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 South 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 adverse opinion.

Key Audit Matters

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

Other Matter

1. Budget and Budgetary Controls

During the year under review, the fund budgeted to spend Kshs.142,657,339. However, overall actual expenditure for the year was Kshs.92,668,563.42 resulting in an under expenditure of Kshs.49,988,775.58 which is equivalent to about 35% of the total budget. The under expenditure was mainly on transfers to other Government units at Kshs.11,342,827 and other grants and transfers at Kshs.38,483,583. The under expenditure is an indication that approved programs were not fully implemented.

Further analysis of the budget against actual expenditure indicate that administration expenses for the year amounted to Kshs.10,685,385 against a budget of Kshs.10,847,752 resulting in an under expenditure of Kshs.162,367. Out of the development budget of Kshs.131,809,587 an amount of Kshs.81,983,178 was spent resulting in under expenditure of Kshs.49,826,409 or 38%. This implies that some budgetary provisions and plans were not met and which impacted negatively on service delivery by the Fund to the constituents

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 services and using the applicable basis of accounting unless the management either intends to liquidate the fund or 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:

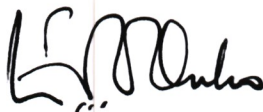
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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


19 September 2018

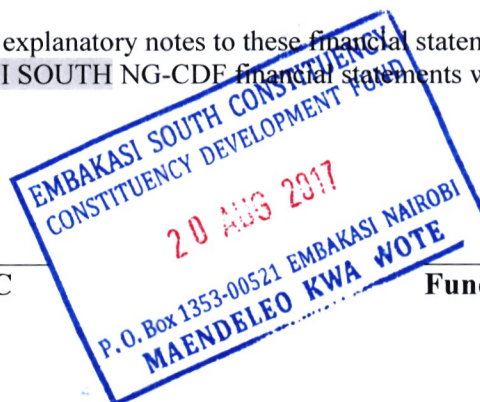
NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Not e	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from NG-CDF board-AIEs' Received	1	99,282,073	82,519,675
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		99,282,073	82,519,675
PAYMENTS			
Compensation of employees	4	3,120,865	1,644,377
Use of goods and services	5	7,564,520	6,554,864
Transfers to Other Government Units	6	11,709,234	23,511,144
Other grants and transfers	7	70,202,945	88,345,061
Acquisition of Assets	8	70,998	848,199
Other Payments	9	-	-
TOTAL PAYMENTS		92,668,562	120,904,245
SURPLUS/DEFICIT		6,613,510	(38,384,570)

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


 Chairperson - NG-CDFC




 Fund Account Manager

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')

IV. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	3,840,502	(6,225,070)
Cash Balances (cash at hand)	10B		
Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		3,840,502	(6,225,070)
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July 2016	13	(6,225,070)	32,159,500
Surplus/Deficit for the year		6,613,510	(38,384,570)
Prior year adjustments	14	3,452,061	
NET LIABILITIES		3,840,502	(6,225,070)

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

Chairperson - NG-CDFC

Fund Account Manager



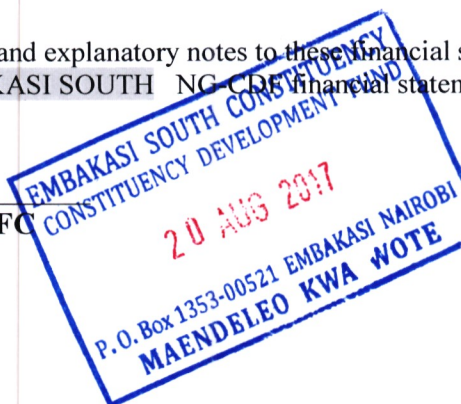
**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

V. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from NG-CDF Board	1	99,282,073	82,519,675
Other Receipts	3	-	-
		99,282,073	82,519,675
Payments for operating expenses			
Compensation of Employees	4	3,120,865	1,644,377
Use of goods and services	5	7,564,520	6,554,864
Transfers to Other Government Units	6	11,709,234	23,511,144
Other grants and transfers	7	70,202,945	88,345,061
Other Payments	9	-	-
		92,597,564	120,055,446
Adjusted for:			
Adjustments during the year	14	3,452,061	0
Net cash flow from operating activities		10,136,570	(37,535,771.29)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	70,998	848,799
Net cash flows from Investing Activities		(70,998)	(848,799)
NET INCREASE IN CASH AND CASH EQUIVALENT		10,065,572	(38,384,570)
Cash and cash equivalent at BEGINNING of the year	13	(6,225,070)	32,159,500
Cash and cash equivalent at END of the year		3,840,502	(6,225,070)

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

Chairperson NG-CDFC



Fund Account Manager

NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	81,896,552	57,308,726	139,205,278	93,057,003	46,148,275	67%
Proceeds from Sale of Assets						
Other Receipts						
	81,896,552	57,508,726	139,205,278	93,057,003	46,148,275	67%
PAYMENTS						
Compensation of Employees	3,283,232		3,283,232	3,120,865	162,367	95%
Use of goods and services	4,087,458	3,477,062	7,564,520	7,564,520	0	100%
Transfers to Other Government Units	19,600,000	3,452,061	23,052,061	11,709,234	11,342,827	51%
Other grants and transfers	54,925,862	53,760,666	108,686,528	70,202,945	38,483,583	65%
Acquisition of Assets		70,998	70,998	70,998		100%
Other Payments						
TOTALS	81,896,552	60,760,787	142,657,339	92,668,562.48	49,988,777	65%

- i. *The adjustment is inclusive of Opening balance Kshs. 6,225,069.78 plus accrued receipts from NG-CDFB as at 1st July 2016 Kshs. 63,533,796 and prior year adjustments of Kshs. 3,452,061.48.*

The EMBAKASI SOUTH NG-CDF financial statements were approved on 20th August 2017 and signed by:

Chairperson NG-CDF



Fund Account Manager

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

VII. 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.

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

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.

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
NG-CDF Board		
AIE NO A825844	41,995,865	33,519,675
AIE NO A825922	6,337,931	20,000,000
AIE NO A829538	4,094,828	29,000,000
AIE NO A855011	36,853,449	
AIE NO 839669	10,000,000	
(other constituency e.g, parent constituency)	-	
TOTAL	99,282,073	82,519,675

2. PROCEEDS FROM SALE OF ASSETS

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

3. OTHER RECEIPTS

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

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	3,120,865	1,644,377
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	3,120,865	1,644,377

5. USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Committee Expenses	4,578,516	2,336,000
Office Rent	693,987	1,285,683
Utilities, supplies and services	292,420	200,000
Communication, supplies and services	72,030	100,000
Domestic travel and subsistence	132,000	215,709
Printing, advertising and information supplies & services	167,579	80,000
Rentals of produced assets	-	-
Training expenses	-	1,960,000
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	1,481,555	300,000
Other operating expenses Bank Charges	76,433	77,471
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	70,000	-
Total	7,564,520	6,554,864

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	-	8,800,507
Transfers to secondary schools (see attached list)	11,709,234	13,480,070
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	1,230,567
TOTAL	11,709,234	23,511,144

7. OTHER GRANTS AND OTHER PAYMENTS

	2016 – 2017 Kshs	2015- 2016 Kshs
Bursary – secondary schools (see attached list)	20,956,652	9,457, 000
Bursary – tertiary institutions (see attached list)	12,510,000	9,457,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	-	1,766,032
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	4,274,988	-
Security projects (see attached list)	30,871,897	1,461,260
Roads projects (see attached list)	-	42,816,452
Sports projects (see attached list)	1,083,000	3,191,690
Environment projects (see attached list)	506,407	3,009,660
Emergency projects (see attached list)	-	6,668,178
Development-Factories/Stadiums	-	10,517,789
Total	70,202,945	88,345,061

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

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	36,999	848,799
Purchase of ICT Equipment, Software and Other ICT Assets	33,999	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	70,998	848,799

9. OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
specify	xxx	xxx

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs. 30.06.2017	Kshs. 30.06.2016
<i>Equity Bank, Embakasi Branch, Account No.1320261985991.</i>	3,840,502	(6,225,070)
Total	3,840,502	(6,225,070)

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

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

[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>
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
<i>Name of Officer or Institution</i>	dd/mm/yy	xxx	xxx	xxx
Total				xxx

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

12. RETENTION

	2016 - 2017 Kshs	2015 - 2016 Kshs
Fanstanc Agencies	438,581	-
Lizaways Limited	177,173	-
Epstar Construction Company	723,232	-
Monamax Limited	268,000	
Total	1,606,986	-

[Provide short appropriate explanations as necessary]

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	(6,225,070)	32,159,500
Cash in hand	-	-
Imprest	-	-
Total	(6,225,070)	32,159,500

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2016- 2017 Kshs	2015 - 2016 Kshs
Bank accounts	3,452,061	-
Cash in hand	-	-
Imprest	-	-
Total	3,452,061	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017 Kshs	2015 - 2016 Kshs
Construction of buildings	9,275,217	-
Construction of civil works	3,503,000	-
Supply of goods	0	-
Supply of services	720,000	-
	13,498,217	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	-
Middle management	1,437,837	-
Unionisable employees	0	-
Others (<i>specify</i>)	0	-
	1,437,837	-

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	14,828,348	-
Amounts due to other grants and other transfers (see attached list)	29,396,773	-
Others (<i>specify</i>)	0	-
	44,225,121	-

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	-	-
	-	-

15.5: Amount Due from NG-CDF Board

	Kshs	Kshs
	F/Y 2016/17	F/Y 2015/16
F/Y 2014/15	7,000,000	7,000,000
F/Y 2015/16	8,200,000	56,533,796
F/Y 2016/17	30,948,275	
	46,148,275	63,533,796

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

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 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1. Keysha General Suppliers (Bodaboda Sheds)	1,500,000	02/02/2016		1,500,000		
2. Tigo Green Investment Limited (Market Sheds)	2,500,000	09/02/2016		2,500,000		
3. MK Holdings – Taqwa Primary	2,041,362	27/08/2015	1,766,032	274,967		
4. Rawila Kenya Limited – Mukuru H/C	5,000,250	27/08/2015		5,000,250		
Sub-Total				9,275,217		
Construction of civil works						
5. Privilege Capital Limited (Stadium)	3,503,000	19/11/2015	-	3,503,000		
6.						
7.						
Sub-Total				3,503,000		
Supply of goods						
8.						
9.						
10.						
Sub-Total						
Supply of services						
11. Keysha General Suppliers(tree planting)	720,000	30/06/2016	-	720,000		
12.						
13.						
Sub-Total				720,000		
Grand Total				13,498,217		

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 2017
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
Sub-Total						
Middle Management						
4. DALMAS NDETO			November 2014			225,060
5. DUNCAN MUTHEE			April 2014			128,960
6. ANTHONY KARANJA			April 2015			117,800
7. PERIS VUGUTSA			April 2014			195,300
8. GEORGE OKOTH			November 2014			160,529

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2017
9. ANNCLAIRE TERO			November 2014			160,529
10. MESHACK KIOKO			November 2014			160,529
11. CHARLES OWINO			April 2014			191,839
12. KENNEDY OCHIENG			December 2015			97,290
Sub-Total						1,437,837
Unionisable Employees						
4.						
5.						
6.						
Sub-Total						
Others (specify)						
7.						
8.						
9.						
Sub-Total						
Grand Total						1,437,837

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 2017	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1. Embakasi Girls Secondary School	Construction of Dormitory	10,000,000	09/02/2016	8,771,652.00	1,228,348		
2. Embakasi Girls Secondary School	Construction of Administration	4,000,000			4,000,000		
3. Kwa Njenga Primary School	Completion of 6 classes	9,600,000			9,600,000		
Sub-Total					14,828,348		
Amounts due to other grants and other transfers							
4. Villa Police Post F/Y 2016/2017	Construction of offices	5,500,000	07/01/2016	5,492,999.00	7,001		
5. Njenga Police Post F/Y 2016/2017	Construction of hall, ablution block	13,500,000	04/02/2016	12,999,710.80	500,289		
6. Reuben Police Post F/Y 2016/2017	Construction of hall, ablution block and completion of offices	5,100,000	04/02/2016	5,008,089.00	91,011		
7. Bursary F/Y 2014/2015	Bursary				6,000,000		Resubmitted and approved (at Board)
8. Balance F/Y 2014/2015	Balance				1,000,000		To be resubmitted
9. Bodaboda Sheds F/Y 2015/16	3 Bodaboda sheds				2,150,000		
10. Market Sheds F/Y 2015/16	1 market shed				1,050,000		
11. Construction of Stadium	Construction of stadium				5,000,000		
12. Sports 2016/2017	Sports				1,025,931		

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2017	Comments
13. Emergency 2016/17	Emergency	4,094,821			4,094,821		
14. Environment 2016/2017	Environment	637,931			637,931		
15. Bursary 2016/2017	Bursary	22,455,172		16,768,000	5,687,172		
16. Administration F/Y 2016/2017	Administration	4,913,793		4,818,163	95,630		
17. M&E F/Y 2016/2017	M&E	2,456,897		2,399,901	56,987		
18. Health	Incinerator house	2,000,000			2,000,000		
	Sub-Total				29,396,773		
	Sub-Total						
Others (specify)							
19.							
20.							
21.							
	Sub-Total						
	Grand Total				44,225,121		

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')

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	36,999	848,799
ICT Equipment, Software and Other ICT Assets	33,999	
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	70,998	848,799

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

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Total				

NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI SOUTH CONSTITUENCY

Reports and Financial Statements

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
Embakasi South/CDF/FS/2014/2015/(13)					
2	Implementation of projects	i)Transfer to Government agencies-no explanation given for the variance, consequently, the Accuracy and completeness of figures not confirmed ii)Other grants & transfers-No reason was given for the failure to implement the projects to the extent of funding iii) Non delivery of school bus by the time of audit because full payment had not been done	Fund Account Manager	Resolved	
			Fund Account Manager	Resolved	
			Fund Account Manager	Resolved	
3	Revenue	Statement of Receipts& Revenue had a shortfall but no explanation was given	Fund Account Manager	Resolved	
4	Accuracy of Financial statements	Discrepancies between amount as per financial statements and records in the budget returns. Completeness and accuracy could not be ascertained	Fund Account Manager	Resolved	
5	Unsupported expenditure	Completeness, accuracy and validity of the expenditure could not be ascertained	Fund Account Manager	Resolved	
6	Presentation and disclosure and failure to include expenditure items	Propriety of expenditure could not be ascertained	Fund Account Manager	Resolved	
7	Procurement of assets without following public procurement & disposal regulation	It was not possible to ascertain value for money spent in the acquisition of goods, works and services	Fund Account Manager	Resolved	
8	Supply of sub standard goods	It could not be established whether there was value for money	Fund Account Manager	Resolved	

**NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND – EMBAKASI
SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs')**

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)
9	Missing Payment vouchers	The propriety of expenditure could not be ascertained	Fund Account Manager	Resolved	
10	Unremitted statutory deductions	No reason given for failure to remit the statutory deductions	Fund Account Manager	Resolved	
11	Cash & Cash equivalents	The balances disclosed are misstated	Fund Account Manager	Resolved	

