

REPUBLIC OF KENYA



*Paper laid  
By the LOM the  
Hon. Aden Duale,  
EGH, MP on  
Wed 7th Nov.  
2018. ~~Maya~~*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2017**





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

**Reports and Financial Statements**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – EMBAKASI WEST  
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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

**(b) Key Management**

The *EMBAKASI WEST Constituency's* day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Eleanor Githogori
3.	Accountant	Alois M. Kimuyu

**(d) Fiduciary Oversight Arrangements**

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

**(e) Embakasi West NGCDF Headquarters**

P.O. Box 38639-00100, GPO  
Along Mtindwa Road, Umoja  
Nairobi, Kenya.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – EMBAKASI WEST  
CONSTITUENCY**

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

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**(f) Embakasi West NGCDF Contacts**

Telephone: (254) 722265306  
E-mail: [cdfembakasiwest@ngcdf.go.ke](mailto:cdfembakasiwest@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) Embakasi West NGCDF Bankers**

Equity Bank  
Account number - 0950261868298  
Buruburu Branch  
P.O Box 75104-00200  
Nairobi, Kenya

**(h) Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO, 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 WEST  
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**For the year ended June 30, 2017**

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

Guided by the vision of Embakasi West Constituency, which is to utilize available resources in a transparent and accountable way to attain a vibrant economy throughout the entire constituency has led to the following key achievements through the NGCDF funds:

1. The Embakasi West NGCDF Five Year Strategic Plan (2014-2018) has continued to be implemented in a well-organized and coordinated manner, which follows clearly set performance indicators and time frame, under each of the eight strategic priorities namely: education, environment, health, water, security, vulnerable groups, equity and poverty elimination, and ICT.
2. Access to quality and equal opportunity in education by giving bursaries to the less fortunate children both in secondary and university level.
3. School drop outs are given the opportunity to undertake short courses such as driving, hairdressing, cookery, computer studies and sign language training.
4. Empowering vulnerable groups such as people living with disability (PWDs) skill training through short courses as well as creation of secure places for their business.
5. To improve security for the well-being of community members, the NGCDF has built police posts and an Administration Police camps with all the necessary amenities.

*Sign*

  
CHAIRMAN NGCDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – EMBAKASI WEST  
CONSTITUENCY**

**Reports and Financial Statements**

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

**III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government 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.

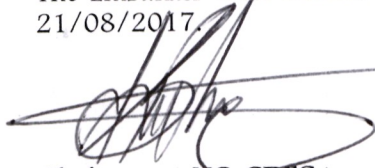
The Accounting Officer in charge of the Embakasi West Constituency Development Fund is responsible for the preparation and presentation of the Embakasi West NGCDF financial statements, which give a true and fair view of the state of affairs of the Embakasi West NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *NGCDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Embakasi West NGCDF accepts responsibility for the *NGCDF's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *NGCDF's* financial statements give a true and fair view of the state of *NGCDF's* transactions during the financial year ended June 30, 2017, and of the *NGCDF's* financial position as at that date. The Accounting Officer charge of the Embakasi West NGCDF further confirms the completeness of the accounting records maintained for the *NGCDF*, which have been relied upon in the preparation of the *NGCDF's* financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Embakasi West *NGCDF's* financial statements were approved and signed by the Accounting Officer on 21/08/2017.



Chairman – NG-CDFC

Fund Accounts Manager



# REPUBLIC OF KENYA

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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 WEST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi West Constituency set out on pages 5 to 27, which comprise the statement of 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, 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 West 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. Differences Between Financial Statement Balances and Ledger Balances

The following differences were noted between balances in the statement of receipts and payments/notes to the financial statements and balances in the ledger:



Account Details	Balance Reflected in the statement of Receipts and Payments/Notes (Kshs)	Balance Reflected in the Ledger (Kshs)	Variance (Kshs)
<b>Other grants and other payments</b>			
Bursary (secondary, tertiary and special schools)	15,243,000	16,502,000	(1,259,000)
• Water Projects	664,000	-	664,000
• Sports	2,247,495	-	2,247,495
• Other capital grants and transfer	1,927,938	-	1,927,938
• Emergency projects	8,992,320	-	8,992,320
<b>Acquisition of assets</b>	300,000	-	300,000
<b>Use of goods and services</b>	5,291,710	262,800	5,028,910
	<b><u>34,666,463</u></b>	<b><u>16,764,800</u></b>	<b><u>17,901,663</u></b>

## 2. Difference Between Summary of Fixed Assets Register (Annex 4) and Assets Register

Annex 4 to the financial statements-summary of fixed assets register reflects a balance of Kshs.980,164. However, the asset register provided for audit verification had a balance of Kshs.1,423,829 resulting in un-reconciled variance of Kshs.443,665. Further the asset register maintained by the Fund include items such as utensils which ordinarily do not qualify to be capitalized.

## 3. Pending Payables

Note 15.2 to the financial statements reflects pending staff payables balance of Kshs.775,000 as at 30 June 2017. However, the analysis at annex 2 reflects the same balance outstanding but for the financial year ended 30 June 2016.No satisfactory explanation has been provided for failure to clear these long outstanding payables. Further, Note 15.3 to the financial statements reflects other pending payables balance of Kshs.59,146,551 but the analysis at annex 3 reflects a balance of Kshs.14,137,957 resulting in an un-explained difference of Kshs.45,008,594.

## 4. Cash and Cash Equivalents

The statement of assets reflects a bank balance of Kshs. 860,402 as at 30 June, 2017. A review of bank reconciliation statement for June 2017 revealed that un-presented cheques amounted to Kshs.1,375,831 as at the close of the year. Included in the list of un-presented cheques are three stale cheques totalling to Kshs.120,365 that were issued between June 2016 and September 2016 as tabulated below:



Date	Payee	Cheque No.	Amount Kshs.
27/06/2016	Commissioner of Domestic Taxes	4200	10,365
30/07/2016	Unity College	4236	10,000
30/09/2016	Zingira Cleans Project	4299	100,000
<b>Total</b>			<b>120,365</b>

It is not clear why the stale cheques were not reversed in the cash book. In the circumstances, the accuracy of the bank balance of Kshs.860,402 as at 30 June 2017 cannot be confirmed.

## 5. Net Financial Position

The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.860,402 being the difference between the brought forward fund balance of Kshs.1,943,723 and the deficit for the year of Kshs.1,083,321. No explanation has been provided for this anomaly.

## 6. In-eligible Expenditure

The statements of receipts and payments reflects expenditure of Kshs.6,030,813 in respect of other grants and transfers which includes Kshs.664,000 for water projects. Water is a devolved function under the Constitution. The expenditure was, therefore, incurred contrary to Section 24 of the National Government Constituency Development Fund Act, 2015 which limit projects to be funded by National Government Constituency Development Fund to those falling under the National Government function. Consequently, the National Government Constituencies Development Fund Board and the Embakasi West Constituency Development Fund Committee are in breach of the law and the expenditure is in-eligible.

## 7. Transfers to Other Government Units

The statement of receipts and payments reflects transfer to other government units' expenditure of Kshs.24,333,784 and as disclosed at Note 6 to the financial statements. However, out of the transfers, an amount of Kshs.24,258,820 was transferred to the Project Management Committees for projects which had not commenced as at the close of the financial year as analyzed below:

Date	Payee	Details	PV No.	Amount Kshs.	Financial Year
04.05.17	Tumaini Primary School	Construction of perimeter wall	74	5,000,000	2016-17
26.05.17	School Furniture for primary schools	School furniture for public primary schools	77	4,491,173	2016-17
17.02.17	Umoja I primary school	Construction of swimming pool	51	5,767,647	2015-16
21.02.17	Buruburu I primary school	Construction of Autism Block	54	4,000,000	2015-16



06.04.17	Buruburu I primary school	Construction of Autism Block	64	5,000,000	2016-17
<b>Total</b>				<b>24,258,820</b>	

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Embakasi West 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. Non-compliance with Procurement Procedures

Three contracts worth Kshs.12,582,165 were awarded without advertising in a dedicated Government tenders' portals or in the Fund's own website, or a notice in at least two daily newspapers of nationwide circulation as required by law as detailed below:

Contractor	Details	PV No	Amount (Kshs.)
ID Electricals Services	Construction of Administration Police Post at Kariobangi Chiefs Camp	66	4,205,401
Invent Contractors	Construction of Police Post at Buruburu Riverside Estate	67	4,198,740
Genajo Designers & building Contractors	Construction of Police Post at Tena Estate Chiefs Camp	68	4,178,024
	<b>Total</b>		<b>12,582,165</b>

In the circumstances, the fund was in breach of the law.

### 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

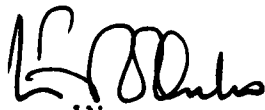


financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.

- 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 business 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 WEST  
CONSTITUENCY**

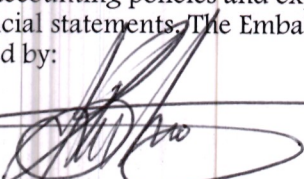
**Reports and Financial Statements**

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

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board-AIEs' Received	1	87,501,636	88,279,759
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>87,501,636</b>	<b>88,279,759</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,628,650	1,339,802
Use of goods and services	5	5,291,710	5,526,958
Transfers to Other Government Units	6	24,333,784	38,390,500
Other grants and transfers	7	56,030,813	54,858,062
Acquisition of Assets	8	300,000	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>88,584,957</b>	<b>100,115,321</b>
<b>SURPLUS/DEFICIT</b>		<b>(1,083,321)</b>	<b>(11,835,562)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Embakasi West NGCDF financial statements were approved on 21/08/2017 and signed by:

  
Chairman - NGCDFC

  
Fund Accounts Manager



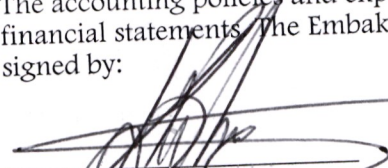
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – EMBAKASI WEST  
CONSTITUENCY**

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

**V. STATEMENT OF ASSETS**

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	860,402	1,943,723
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>860,402</b>	<b>1,943,723</b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	1,943,723	13,779,285
Surplus/Deficit for the year		(1,083,321)	(11,835,562)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>860,402</b>	<b>1,943,723</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Embakasi West NGCDF financial statements were approved on 21/08/2017 and signed by:

  
Chairman - NGCDFC

  
Fund Accounts Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – EMBAKASI WEST  
CONSTITUENCY**

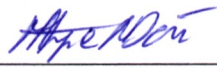
**Reports and Financial Statements**

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

VI. STATEMENT OF CASHFLOW			
		2016-2017	2015-2016
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	87,501,636	88,279,759
Other Receipts	3	-	-
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,628,650	1,339,802
Use of goods and services	5	5,291,710	5,526,958
Transfers to Other Government Units	6	24,333,784	38,390,500
Other grants and transfers	7	56,030,813	54,858,062
Other Payments	9		
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>(783,321)</b>	<b>(11,835,562)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	300,000	-
<b>Net cash flows from Investing Activities</b>		<b>(300,000)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(1,083,321)</b>	<b>(11,835,562)</b>
Cash and cash equivalent at BEGINNING of the year	13	1,943,723	13,779,285
Cash and cash equivalent at END of the year		860,402	1,943,723

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Embakasi West NGCDF financial statements were approved on 21/08/2017 and signed by:

\_\_\_\_\_  
Chairman NGCDFC

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

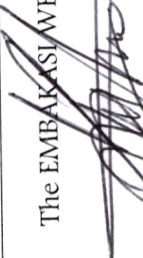


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – EMBAKASI WEST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017**

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

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	81,896,551	48,497,082	130,393,633	89,445,359	40,948,274	69
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
<b>PAYMENTS</b>						
Compensation of Employees	1,978,000	1,188,800	3,166,800	2,628,650	538,150	83
Use of goods and services	5,092,689	3,526,827	8,619,516	5,291,710	3,327,806	61
Transfers to Other Government Units	38,491,173	9,842,611	48,333,784	24,333,784	24,000,000	50
Other grants and transfers	36,034,689	33,938,844	69,973,533	56,030,813	13,942,720	80
Acquisition of Assets	300,000	-	300,000	300,000	-	100
Other Payments	-	-	-	-	-	-
<b>TOTALS</b>	<b>81,896,551</b>	<b>48,497,082</b>	<b>130,393,633</b>	<b>88,584,957</b>	<b>41,808,676</b>	<b>68</b>

The EMBAKASI WEST NGCDF financial statements were approved on 21/08/2017 and signed by:

  
 Chairman - NGCDFC

  
 Fund Accounts Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –EMBAKASI  
WEST CONSTITUENCY**

**Reports and Financial Statements**

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**TRIAL BALANCE AS AT 30TH JUNE 2017**

		DR	CR
<b>Cash and Cash equivalents</b>			
	Bank Balances	860,402	
	Cash Balances	-	
	Outstanding Imprest	-	
<b>Payments</b>			
	Compensation of Employees	2,628,650	
	Use of goods and services	5,291,710	
	Transfers to Other Government Units	24,333,784	
	Other grants and transfers	56,030,813	
	Acquisition of Assets	300,000	
	Other Payments	-	
<b>Receipts</b>			
	Transfers from the Board		87,501,636
	Proceeds from sale of assets		-
	Others receipts		-
	Prior Year Adjustment		-
	<b>Fund Balance b/f</b>		1,943,723
	<b>TOTAL</b>	<b>89,445,359</b>	<b>89,445,359</b>

The EMBAKASI WEST NGCDF financial statements were approved on 21/08/2017 and signed by:

Chairman - NGCDFC

  
Fund Accounts Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –EMBAKASI  
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**VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

**2. Recognition of revenue and expenses**

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

**3. In-kind contributions**

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

**4. Cash and cash equivalents**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –EMBAKASI  
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*SIGNIFICANT ACCOUNTING POLICIES (Continued)*

**5. Pending bills**

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

**6. Budget**

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

**7. Comparative figures**

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

**8. Subsequent events**

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –EMBAKASI  
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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
<b>Normal allocation</b>			
	AIE NO... A825845		26,824,759.00
	AIE NO... A829539		16,455,000.00
	AIE NO... A855524		20,000,000.00
	AIE NO... A855688		10,000,000.00
	AIE NO...A855681		15,000,000.00
	AIE NO... A825845	42,533,359.00	
	AIE NO... A829539	4,094,827.60	
	AIE NO... A855524	4,000,000.00	
	AIE NO... A855688	36,853,449.00	
	AIE NO...A855681	20,000.00	
<b>TOTAL</b>		<b>87,501,635.60</b>	<b>88,279,759.00</b>

**2. PROCEEDS FROM SALE OF ASSETS**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –EMBAKASI  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. OTHER RECEIPTS**

	2016 - Kshs	2015 - Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

	2016 - Kshs	2015 - 2016 Kshs
Basic wages of contractual employees	1,918,000	1,320,202
Basic wages of casual labor	24,000	19,600
Employer Contribution NSSF		
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Gratuity	686,650	-
Other personnel payments		
<b>Total</b>	<b>2,628,650</b>	<b>1,339,802</b>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5. USE OF GOODS AND SERVICES**

	2016 -	2015 – 2016
Utilities, supplies and services	455,123	400,000.00
Office rent	262,800	240,000.00
Communication, supplies and services		400,000.00
Domestic travel and subsistence		339,811.50
Printing, advertising and information supplies & services	169,360	400,000.00
Rentals of produced assets	-	0
Training expenses	1,518,657	0
Committee Allowance	2,003,336	1,981,353.50
Other Allowance Expense	882,434	1,500,000.00
Hospitality supplies and services	-	0
Insurance costs	-	0
Specialised materials and services	-	250,000.00
Office and general supplies and services		0
Fuel ,oil & lubricants	-	15,792.60
Other operating expenses	-	0
Routine maintenance – vehicles and other transport equipment	-	0
<b>TOTAL</b>	<b>5,291,710</b>	<b>5,526,958</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –EMBAKASI  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2016 - Kshs	2015 -
Transfers to primary schools (see attached list)	24,333,784	
Transfers to secondary schools (see attached list)	-	-
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	224,156
<b>-TOTAL</b>	<b>24,333,784</b>	<b>38,390,500</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	2016-2017 Kshs	2015-2016 Kshs
Bursary -Secondary	12,166,000.00	39,560,900.00
Bursary -Tertiary	2,185,000.00	-
Bursary-Special schools	892,000	-
Mocks & CAT	-	-
water	664,000	-
Agriculture (food security)	-	24,934.20
Electricity projects	-	-
Security	-	-
Roads	25,083,106	3,687,526.90
Sports	2,247,495	5,047,934.60
Environment	1,872,954.00	1,136,190.00
Other capital grants and transfer	1,927,938.00	1,044,696.00
Emergency Projects (specify)	8,992,320	3,050,419
<b>Total</b>	<b>56,030,813</b>	<b>54,858,062</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –EMBAKASI  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**8. ACQUISITION OF ASSETS**

<u>Non-Financial Assets</u>	2016 - 2017	2015 - 2016
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	180,000	
Purchase of ICT Equipment, Software and Other ICT Assets	20,000	
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.	30,000	
Acquisition of Land	-	
Acquisition of Intangible Assets	70,000	
<b>Total</b>	<b>300,000</b>	-





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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**10B: CASH IN HAND**

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

[Provide cash count certificates for each]

**11: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
		-	-	-

**12: RETENTION**

	2016 - 2017 Kshs	2015 - 2016 Kshs
Unpaid Retentions	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**13. BALANCES BROUGHT FORWARD**

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	1,943,722.95	13,779,285.40
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>1,943,722.95</b>	<b>13,779,285.40</b>

**14. PRIOR YEAR ADJUSTMENTS**

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	2016- 2017 Kshs	2015 - 2016 Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-



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**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	<b>Kshs</b>	<b>Kshs</b>
Senior management	-	-
Middle management		-
Union sable employees	-	-
Others (NGCDFC STAFF ON CONTRACTUAL BASIS)	775,000	-
	<b>775,000</b>	<b>-</b>

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

	<b>Kshs</b>	<b>Kshs</b>
Amounts due to other Government entities (see attached list)	20,500,000	-
Amounts due to other grants and other transfers (see attached list)	28,000,000	-
Others (specify)	10,646,551	-
	<b>59,146,551</b>	<b>-</b>

**15.4: PMC account balances (See Annex 5)**

	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	38,119,190	23,303,708.9
	<b>38,119,190</b>	<b>23,303,708.9</b>

**15.5: Amount due from the NG-CDF Board**

	<b>Kshs</b>	<b>Kshs</b>
Amount due from the NG-CDF Board	40,948,275	46,553,359.00
	<b>40,948,275</b>	<b>46,553,359.00</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI WEST CONSTITUENCY**  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	B	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						



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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
<b>Senior Management</b>		A	B	C	d=a-c		
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10. JOSEPH ANDAR ATIENO	Not Applicable	468,100	1/12/2013	393,700	74,400	308,450	
11. FRED MUKOMA ARESI	Not Applicable	348,750	1/12/2013	292,950	55,800	226,300	
12. PAUL NJUGUNA NJURU	Not Applicable	237,150	1/8/2014	0	237,150	142,600	
13. SALOME WARINGA GITUMA	Not Applicable	306,900	1/8/2014	0	306,900	178,250	
14. STEPHEN MWANGI IRUNGU	Not Applicable	100,750	1/6/2016	0	100,750	7,750	
<b>Sub-Total</b>							

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI WEST CONSTITUENCY**  
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Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		1,461,650		686,650	775,000	863,350	
<b>Grand Total</b>					775,000		



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

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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
		a	B	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1. Mowllem Chiefs Camp	Construction of 3 rooms and 4	5,000,000	Not available	-	5,000,000	-	
2. Kariobangi South Chiefs Camp	Construction of 5 rooms and 4	6,000,000	Not available	-	6,000,000	-	
3. Mowllem Police Post	Construction of 3 rooms and 4	5,000,000	Not available	-	5,000,000	-	
4. Tena Estate Chiefs camp (2015/2016)	Construction of Administration police	4,500,000	6/4/2017	3,972,548	527,452	4,500,000	
<b>Sub-Total</b>		<b>20,500,000</b>		<b>3,972,548</b>	<b>16,527,452</b>	<b>4,500,000</b>	
<b>Amounts due to other grants and other transfers</b>							
5. Bursary for Secondary School	Payment of bursary to needy students	14,000,000	Not available	12,627,000	1,373,000	-	
6. Bursary for Tertiary schools, colleges and Universities	Payment of bursary to needy students	14,000,000	Not available	2,925,000	11,075,000	1,268,000	
<b>Sub-Total</b>		<b>28,000,000</b>		<b>15,552,000</b>	<b>12,448,000</b>	<b>1,268,000</b>	
<b>Others (specify)</b>							

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

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2017	Comments
7. Sports	Sponsoring sports tournaments and procuring games kits and uniforms.	1,637,931	Not available	-	1,637,931	1,872,954	
8. Environment	Financing environmental activities	1,637,931	Not available	-	1,637,931	1,872,954	
9. Administration/recurrent/monitoring & evaluation	Administration/recurrent/monitoring & evaluation	7,370,689	Not available	3,561,494	3,809,195	4,624,049	
<b>Sub-Total</b>		<b>10,646,551</b>		<b>3,561,494</b>	<b>7,085,057</b>	<b>8,369,957</b>	
<b>Grand Total</b>		<b>59,146,551</b>					

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

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2016/17</b>	<b>Historical Cost (Kshs) 2015/16</b>
Land	-	-
Buildings and structures	-	-
Transport equipment	-	-
Office equipment, furniture and fittings	837,395	627,395
ICT Equipment, Software and Other ICT Assets	20,000	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	122,769	52,769
<b>Total</b>	<b>980,164</b>	<b>680,164</b>



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

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2016/17</b>	<b>Bank Balance 2015/16</b>
UMOJA 11 CHIEF'S CAMP QUARTERS NGCDF PROJECT	EQUITY	950272961209	7,999,525.00	-
TUMAINI PRIMARY SCHOOL-PERIMETER WALL NGCDF PROJECT	EQUITY	950272466637	4,999,525.00	-
UMOJA 1 PRIMARY SCHOOL SWIMMING POOLCDF PROJECT	EQUITY	950265637139	10,649,101.37	20,000,000.00
BURUBURU 1 PRIMARY SCHOOL AUTISM BLOCK NGCDF PROJECT	EQUITY	950271616644	8,999,835.00	-
SCHOOL FURNITURE FOR PUBLIC PRIMARY SCHOOLS NGCDF PROJECT	EQUITY	950272949182	4,491,173.00	-
MOWLEM SUPALOAF PRIMARY SCHOOL CLASSROOMS CDF PROJECT	EQUITY	950268108316	807,388.10	-
BUSARA PRIMARY SCHOOL HALL CDF PROJECT	EQUITY	950266504084	171,455.00	3,000,000.00
UNITY PRIMARY SCHOOL REPAINTING CDF PROJECT	EQUITY	950266554300	1,187.40	303,708.90
<b>TOTAL</b>			<b>38,119,190</b>	<b>23,303,708.90</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI WEST 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: (Resolved / Not Resolved)	Timeframe e: (Put a date when you expect the issue to be resolved)
1.1 Failure to Maintain Expenditure Ledger	Reported in the statements of receipts and payments is expenditure under use of goods and services totalling Kshs. 5,526,958. The fund did not however maintain an expenditure ledger to support the account balances for the nine items.	During the financial year ending 30th June 2016, all the financial statements for EMBAKASI WEST constituency were prepared in accordance with the Kenyan government regulations and the International Public Sector Accounting Standards (IPSAS).	Eleanor Muthoni, Fund Accounts Manager	Resolved	7/4/2017
1.2 Variation between balances in Supporting Schedule and Ledger - Transfer to other government t.	Note 6 of the financial statements have a total expenditure under transfer to other government entities (Transfers to primary schools) of Kshs. 38,166,344. However balances extracted from the ledgers provided amounted to Kshs. 38,676,965 resulting to unreconciled difference of Kshs. 510,621. Consequently, transfers to other government entities figure may be misstated. From the foregoing the accuracy and completeness of the financial statements could not be confirmed.	Total expenditure under this vote was Kshs. 38,390,499.55 and not Kshs. 38,166,344 as stated above, which was paid under:- 1. Primary school projects = Kshs. 38,166,344.05 2. Transfer to health projects = Kshs. 244,155.50 Total = Kshs. 38,390,499.55	Eleanor Muthoni, Fund Accounts Manager	Resolved	7/4/2017
1.3 Variations between	Under the statement of receipts and payments total expenditure under other grants and transfers was Kshs. 54,858,063.	Total expenditure under other grants and transfers was Kshs. 54,858,062.50 as summarized hereunder.	Eleanor Muthoni, Fund Accounts Manager	Resolved	



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- EMBAKASI WEST CONSTITUENCY**  
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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)
supporting schedules and ledger balances – Other grants and transfers.	However, balances extracted from the ledgers provided however amounted to Kshs. 54,819,539 resulting to unreconciled difference of Kshs.38, 524. From the foregoing, other grants and transfers figure may be misstated. Consequently, the accuracy of the financial statements could not be confirmed.				
1.4 Variations between supporting schedules and ledger balances – Compensation of Employees	In the statement of receipts and payments total expenditure under compensation of employees was Kshs. 1,339,801. However, balances extracted from the ledgers provided amounted to Kshs. 1,329,800 resulting to unexplained difference of Kshs.10, 001. From the foregoing, compensation of employees figures may be misstated. Consequently, the accuracy of the financial statements could not be confirmed.	Total expenditure under compensation of employees was Kshs. 1,339,801.80 as summarized hereunder.	Eleanor Muthoni, Fund Accounts Manager	Resolved	7/4/2017
1.5 Variations between Assets Schedule and Assets Register	The summary of fixed assets at Annex 4 to the financial statements has a balance of Kshs. 680,164. The assets register maintained by the Fund provided for audit verification however contained assets acquired from 2014 to 30th June 2016 at a total cost of Kshs. 1,278,579 resulting to unreconciled variance of Kshs. 598,415.	IPSAS 1, Presentation of Financial Statements, sets out the overall considerations for the presentation of financial statements, guidance for the structure of those statements and minimum requirements for their content under the accrual basis of accounting. Meanwhile, IPSAS 2, Cash Flow	Eleanor Muthoni, Fund Accounts Manager	Resolved	



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

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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)
1.6 Inaccuracies of Cash and Cash Equivalents	Included in the assets register were small items such as utensils with values as low as Kshs. 50 and hence do not qualify to be capitalized as per IPSAS 17 on Property, plant and Equipment. Consequently, the correctness of the non-current assets balance could not be confirmed. Classification of low value items such as utensils as non-current assets overstated the non-current assets.	Statements, requires the provision of information about the changes in cash and cash equivalents during the period from operating, investing and financing activities. In this case, the financial statements presented were for financial year 2015-2016, and in the year under audit, there was no assets incurred. Assets acquired in the financial year 2014/2015 amounted to Kshs. 680,164 as reflected above and summarized as below.	Eleanor Muthoni, Fund Accounts Manager	Resolved	7/4/2017
2. Budget and Budgetary control	The Financial statements reflected under cash and cash equivalents an amount of Kshs.1, 943,722.95. Examination of payment vouchers posted to the cash book revealed that figures in the cashbook were not matching to those in the payment vouchers.	The above four cheques have been reversed in the cash book in the month of February 2017 and reflects a true and fair view of cash and cash equivalents.	Eleanor Muthoni, Fund Accounts Manager	Resolved	7/4/2017
2.1 Non preparatory of trial balance	The Constituency did not prepare a trial balance as at 30.06.2016 to support the figures in the financial statement. Further the summary statement of Appropriation	During the financial year ending 30th June 2016, all the financial statements for EMBAKASI WEST constituency were prepared in accordance with the Kenyan	Eleanor Muthoni, Fund Accounts Manager	Resolved	7/4/2017



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and inaccurate Summary of Statement of Appropriation: Recurrent and Development	had an adjustment of Kshs. 57,059,044.40 to the final budget. In the circumstances the Constituency risk posting inaccurate figures from transactions and not be able to test accuracy through trial balance. The Financial statement does not reflect a true and fair view of the financial operations of the Constituency.	government regulations and the International Public Sector Accounting Standards (IPSAS). Attached is a copy of the Trial balance.			
2.2 Overall Budget	The constituency approved expenditure budget for the 2015/2016 financial year of Kshs. 72,053,359. Out of this budget the board disbursed three AIEs totalling Kshs. 45,000,000. The Board also disbursed two AIEs for the 2014/15 allocation totalling Kshs. 43,279,759. The disbursement for 2014/15 did not however have a breakdown of allocation for each project making it difficult to establish the specific projects that were to be funded and how the budget for each budget was utilized.  For utilization of the 2015/16 budget, the constituency incurred over-expenditure of	The following projects under financial year 2015-2016 were not fully implemented due to the following reasons:-these projects were not implemented due to:-  1. Late disbursement of funds from NGCDF Board. 2. Under-provisions in the budget on major items that support operations and maintenance e.g. Transport expenses, telephone, etc. 3. Lengthy tendering procedures 4. Over-expenditure in sports Kshs. 661,576 and bursary Kshs. 15,760,900 –	Eleanor Muthoni, Fund Accounts Manager	Resolved	



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	16,422,476 and under expenditure of Kshs. 14,373,139 as analyzed below: Failure to adhere to the budgetary provisions may negatively impact on the achievement of development objectives. Further disbursement of funds by the Board without a breakdown of specific projects allocations may lead to diversion of funds.	in the financial year 2014/15 the two votes were not fully utilized hence were done in the financial year 2015/2016.			
3. Procurement of Goods and Services					
3.1 Procurement of Works and Services	Review of projects implemented during the year indicated that the Fund did not adhere to the provisions set out in the Public Procurement and Disposal (Amendment) Regulations 2015. Tenders for four projects with contract price totaling Kshs. 41,973,483 were not advertised as per requirements of the Regulations.	The NGCDF committee and the Project Management Committees of the two projects proposed and recommended that for the benefit of the local constituents, the projects including all others to be advertised locally with constituency-wide posting of the advertisements within public areas of the four wards of Umoja 1, Umoja 2, Mowlem and Uhuru/Kariobangi South. The tenderers were invited through restricted tendering as evidenced in the attached annexes.	Eleanor Muthoni, Fund Accounts Manager	Resolved	7/4/2017
4. Non-disclosure	In 2015/2016 financial year, payments amounting to Kshs. 923,907 were made to	The retention moneys were disclosed in the monthly bank reconciliation	Eleanor Muthoni, Fund Accounts	Resolved	7/4/2017



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of Payables	<p>various contractors as retention fees for projects that were completed prior to 1 July 2015. Since these were amounts due to third parties, the balances should have been disclosed as opening balance for payables under notes to the financial statements. Similarly, retention moneys for projects that had been completed before close of the financial year but not yet paid has not been disclosed under payables as at 30 June 2016. It was further noted that creditor's ledger was not maintained to record the amounts payable to suppliers and contractors. Failure to record and disclose payables may lead to inaccurate presentation of the Fund's financial position.</p> <p>Consequently I am not able to confirm the completeness and accuracy of the financial statements.</p>	<p>statements but henceforth, will be disclosed as opening balance for payables under notes to the financial statements to provide an accurate presentation of the Fund's financial position.</p>	<p>Manager</p>		