



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 THE NATIONAL ASSEMBLY PAPERS LAID 13 NOV 2018	
TABLED BY:	MAJORITY LEADER
CLERK-AT	
THE-TABLE:	

**REPORT**

**OF**  
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
GICHUGU CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2017**





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**CONSTITUENCY DEVELOPMENT FUND- GICHUGU 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)



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## 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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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-CDFA) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

### (b) Key Management

The Gichugu Constituency's day-to-day management is under the following key organs:

- i. National 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Margaret Rugiri
3.	Accountant	Washington Magiri

### (d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Gichugu 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) GICHUGU NGCDF Headquarters

NG-CDF Office Building.  
P.O Bo 234-10301  
Kianyaga





**(f) GICHUGU NG-CDF Contacts**

Telephone: (254) 705 011 807  
E-mail: gichugucdf@NGCDF.go.ke  
Website: www.gichugucdf.go.ke

**(g) GICHUGU NGCDF Bankers**

Equity Bank of Kenya  
P.O BOX 1056  
Kerugoya

**(h) Independent Auditors**

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



## II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)

NG-CDF Funds in Gichugu Constituency have a great social and economic impact in uplifting the lives of the Constituents. A large percentage of these funds go to education sector, security and Bursary for needy students in both Secondary schools and Colleges. During the Financial Year 2016-2017, Gichugu NG-CDF managed to fund three major projects which formed an integral part of the core achievements towards community empowerment. St. Marks Thumaita Girls High School was funded with Kshs 3,000,000 which went towards purchasing a school bus. At the same time Kshs 2,200,000 was disbursed towards Gatunguru Secondary School for construction of two storied classrooms. Ngariama Secondary School was also not left behind as they received Kshs 2,000,000 towards completion of a mega multipurpose hall that is meant to improve the welfare of the Students. An amount of Kshs 24.5M was also disbursed towards bursary for needy students in Gichugu Constituency in the financial year 2016-2017.

Despite the successes, the Financial Year has not been without challenges given that 2017 has been an election year. Operations of the NG-CDF were highly affected by political interferences which had a great impact on the running of the main activities. Results of the political party nominations partly shook the operations of the NG-CDF as there were varied results which caused the continuity of NG\_CDF committee members to be in jeopardy. However, operations have been normalised and Gichugu NG-CDF is doing its best to ensure there is positive flow of operations as stipulated in the NG\_CDF Act of 2015.

Sign...  .....

**CHAIRMAN GICHUGU NG-CDFC**





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

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

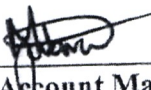
The Accounting Officer in charge of the Gichugu NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility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

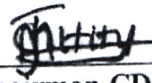
The Accounting Officer in charge of the Gichugu NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer in-charge of the Gichugu 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 Gichugu 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 NG-CDF's financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2017.

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

  
\_\_\_\_\_  
Chairman CDFC





# 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 - GICHUGU CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Gichugu Constituency set out on pages 5 to 28, 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: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Gichugu Constituency as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

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

#### Basis for Qualified Opinion

##### 1. Unsupported Bursary Awards and Disbursements

Note 7 to the financial statements for the year ended 30 June 2017 reflects other grants and transfers balance of Kshs.62,785,223 which includes expenditure of Kshs.14,174,103 and Kshs.27,225,258 bursary to secondary schools and tertiary institutions respectively totaling Kshs.41,399,361 awarded to various beneficiaries in those learning institutions as bursaries to needy students. However, no acknowledgement

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



letters/receipts from institutions who received the bursary awards to confirm the bursaries was received and accounted for.

Consequently, it has not been possible to ascertain whether the bursary of Kshs.41,399,361 during the year ended 30 June 2017 reached the intended beneficiaries and was properly accounted for.

## **2. Unaccounted for Fuel**

The statements of receipts and payments for the ended 30 June 2017 reflects use of goods services balance of Kshs.7,390,058. Included in the balance is routine maintenance-vehicles and other transport equipment amounting to Kshs.895,588. The amount was in respect of fuel for the Fund's motor vehicle procured from various suppliers. However, fuel register to record the fuel purchased, consumption and running balances at any given time was not maintained. Under the circumstance, the regularity of routine maintenance-vehicles and other transport equipment expenditure of Kshs.895,588 for the year ended 30 June 2017 could not be confirmed

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund – Gichugu Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to communicate in my report.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management intends to cease operations of the Fund, 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 continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities 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**

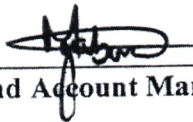
**15 October 2018**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	81,496,552	124,403,417
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>81,496,552</b>	<b>124,403,417</b>
<b>PAYMENTS</b>			
Compensation of employees	4	4,363,565	2,903,859
Use of goods and services	5	7,390,058	13,523,659
Transfers to Other Government Units	6	57,879,905	34,897,195
Other grants and transfers	7	62,785,223	45,356,962
Acquisition of Assets	8		-
Other Payments	9		-
<b>TOTAL PAYMENTS</b>		<b>132,418,751</b>	<b>96,681,675</b>
<b>SURPLUS/DEFICIT</b>		<b>(50,922,199)</b>	<b>27,721,742</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GICHUGU NG-CDF financial statements were approved on \_\_\_\_\_ 2017 and signed by:

  
Chairman - CDFC

  
Fund Account Manager




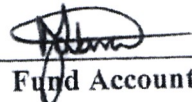


## I. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	1,841,376	52,763,575
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<u>1,841,376</u>	<u>52,763,575</u>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	52,763,575	25,041,833
Surplus/Defict for the year		(50,922,199)	27,721,742
Prior year adjustments	14	<u>-</u>	<u>-</u>
<b>NET LIABILITIES</b>		<u>1,841,376</u>	<u>52,763,575</u>

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

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

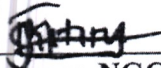
  
 \_\_\_\_\_  
 Fund Account Manager



**I. STATEMENT OF CASHFLOW**

		2016-2017	2015-2016
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	81,496,552	124,403,417
Other Receipts	3	-	-
		<b>81,496,552</b>	<b>124,403,417</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	4,363,565	2,903,859
Use of goods and services	5	7,390,058	13,523,659
Transfers to Other Government Units	6	57,879,905	34,897,195
Other grants and transfers	7	62,785,223	45,356,962
Other Payments	9	-	-
		132,418,751	96,681,675
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>50,922,199</b>	<b>27,721,742</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
<b>Net cash flows from Investing Activities</b>		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		50,922,199	27,721,742
Cash and cash equivalent at BEGINNING of the year	13	52,763,575	25,041,833
Cash and cash equivalent at END of the year		<b>1,841,376</b>	<b>52,763,575</b>

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

  
 \_\_\_\_\_  
 Chairman NGCDF

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





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

II. 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 CDF Board	81,896,552	52,763,575	134,660,127	134,660,127	-	100.00%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTALS</b>	<b>81,896,552</b>	<b>52,763,575</b>	<b>134,660,127</b>	<b>134,660,127</b>	<b>-</b>	<b>100.00%</b>
<b>PAYMENTS</b>						
Compensation of Employees	4,363,565	95,725	4,459,290	4,363,565	95,725	97.9%
Use of goods and services	7,390,058	98,563	7,488,621	7,390,058	98,563	98.7%
Transfers to Other Government Units	31,470,000	27,810,256	59,280,256	58,279,905	1,000,351	98.3%
Other grants and transfers	38,672,929	24,759,031	63,431,960	62,785,223	646,737	99.0%
Acquisition of Assets						
Other Payments						
<b>TOTALS</b>	<b>81,896,552</b>	<b>52,763,575</b>	<b>134,660,127</b>	<b>132,818,751</b>	<b>1,841,376</b>	<b>98.6%</b>

The GICHUGU NG-CDF financial statements were approved on \_\_\_\_\_ 2017 and signed by:

  
Chairman CDF

  
Fund Account Manager



### **III. 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 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 NG-CDF. 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.



**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.

## IX. NOTES TO THE FINANCIAL STATEMENTS

## 1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016-2017	2015-2016
		Kshs	Kshs
CDF Board			
AIE NO	A829555	4,094,828	23,955,867
AIE NO	A855012	36,853,449	20,000,000
AIE NO	A855733	40,548,275	20,000,000
			10,000,000
			50,447,550
<b>TOTAL</b>		<b>81,496,552</b>	<b>124,403,417</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>		



**For the year ended June 30, 2017***NOTES TO THE FINANCIAL STATEMENTS (Continued)***3. OTHER RECEIPTS**

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

**4. COMPENSATION OF EMPLOYEES**

Description	2016-2017 Kshs	2015-2016 Kshs
Basic wages of contractual employees	4,363,565	2,903,859
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF gratuity	-	-
<b>Total</b>	<u><b>4,363,565</b></u>	<u><b>2,903,859</b></u>

<b>5. USE OF GOODS AND SERVICES</b>		
<b>Description</b>	<b>2016-2017 Kshs</b>	<b>2015-2016 Kshs</b>
Utilities, supplies and services	3,058,090	3,907,485
Office rent	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	1,389,784	3,569,784
Hospitality supplies and services	-	-
Other committee expenses	-	-
Committee allowance	1,475,331	3,789,521
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	253,895	652,153
Fuel ,oil & lubricants	-	-
Other operating expenses	317,370	815,192
Routine maintenance – vehicles and other transport equipment	895,588	789,524
Routine maintenance – other assets	-	-
<b>Total</b>	<b><u>7,390,058</u></b>	<b><u>13,523,659</u></b>



**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	18,070,000	7,200,000
Transfers to secondary schools (see attached list)	25,959,905	24,600,000
Transfers to tertiary institutions (see attached list)	13,700,000	2,097,195
Transfers to health institutions (see attached list)	150,000	1,000,000
<b>-TOTAL</b>	<b>57,879,905</b>	<b>34,897,195</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	2016-2017	2015-2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	14,174,103	1,704,000
Bursary – tertiary institutions (see attached list)	27,225,258	3,273,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	1,600,000	3,998,985
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	8,510,000
Security projects (see attached list)	8,460,000	4,456,070
Roads projects (see attached list)	4,800,000	17,617,895
Sports projects (see attached list)	1,637,931	1,981,600
Environment projects (see attached list)	-	-
Other Capital grants and transfers (see attached list)	4,887,931	3,815,412
Emergency Projects (specify)	-	-
<b>Total</b>	<b>62,785,223</b>	<b>45,356,962</b>

**8. ACQUISITION OF ASSETS****Non-Financial Assets**

	<b>2016-2017</b>	<b>2015-2016</b>
	<b>Kshs</b>	<b>Kshs</b>
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	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-

**Total**

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9. OTHER PAYMENTS

Specify	2016-2017 Kshs	2015-2016 Kshs
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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016-2017	2015-2016
	Kshs	Kshs
EQUITY BANK – KERUGOYA A/C 100293447917	1,841,376	52,763,575
	-	-
	-	-
	-	-
	1,841,376	52,763,575

10B: CASH IN HAND

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

0

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



For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. RETENTION

Supplier/Contractor	PV no	2016-2017 Kshs
<b>TOTAL</b>		

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2016-2017 Kshs	2015-2016 Kshs
Bank accounts	52,763,575	25,041,833
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>52,763,575</b>	<b>25,041,833</b>

[Provide short appropriate explanations as necessary]

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	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	xxx	xxx
Supply of services	xxx	xxx
	<u>xxx</u>	<u>xxx</u>

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

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

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

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	1,000,351	xxx
Amounts due to other grants and other transfers (see attached list)	646,737	xxx
Others ( <i>compensation to employees &amp; use of goods &amp; services</i> )	194,288	xxx
	<u>1,841,376</u>	<u>xxx</u>

**15.4: PMC account balances (See Annex 4)**

	Kshs	Kshs
PMC account Balances (see attached list)	5,521,807.09	4,883,354.29
	<u>5,521,807.09</u>	<u>4,883,354.29</u>

**15.5: Amount due from the board (30.06.2017)**

Kshs	400,000
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**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
<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>						

**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
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.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							



**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
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**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Amounts due to other grants and other transfers</b>							
4.							
5.							
6.							
7.							
<b>Sub-Total</b>							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
8. Compensation to employees		789,456			789,456		
9. Use of goods & services		1,051,920			1,051,920		
<b>Sub-Total</b>							
<b>Grand Total</b>		1,841,376			1,841,376		

**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
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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	N/A	N/A
Buildings and structures	-	-
Transport equipment	4,994,637.99	4,994,637.99
Office equipment, furniture and fittings	918,000	918,000
ICT Equipment, Software and Other ICT Assets	182,000	182,000
Other Machinery and Equipment	56,300	56,300
Heritage and cultural assets	N/A	N/A
Intangible assets	N/A	N/A
<b>Total</b>	<b>5,550,937.99</b>	<b>5,550,937.99</b>



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

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

ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
	EQUITY BANK	0100293767152	502,030.00	174,711.75
ST MARKS GIRLS HIGH SCHOOL		0100293614502	37.00	1,001,082.00
GATUNGURU SECONDARY SCHOOL		0100294619222	670,814.20	670,814.20
MWANIANJAU SECONDARY SCHOOL		0190293948598	1,358,625.50	2,718,460.50
KIAUMBUI SECONDARY SCHOOL		0190296322445	4,797.00	4,797.00
GACIONGO SECONDARY SCHOOL		0100295456144	2,744.25	2,744.25
KAVOTE SECONDARY SCHOOL		0100295110138	8,975.00	9,305.00
RWAMBITI SECONDARY SCHOOL		0100293992370	855,060.00	101,295.00
GACATHA SECONDARY SCHOOL		0100293933628	16.25	1,076.25
KIBARO PRIMARY SCHOOL		0100294145842	402,291.00	2,291.00
NYAGITHUCI PRIMARY SCHOOL		0100296749661	3,652.00	2,083.00
KIANDAI PRIMARY SCHOOL		0100297364286	1,675.50	1,675.50
MUCAGARA PRIMARY SCHOOL		0100294094500	7,940.75	7,680.75
KARIRU PRIMARY SCHOOL		0190201389432	98.30	575.75
KATHUNGURI PRIMARY SCHOOL		0190193415299	100,902.50	1,012.50
GICONJOINI PRIMARY SCHOOL		0100193610995	1,652.20	6,202.20
KIAMICIRI PRIMARY SCHOOL		0100296603610	62,285.14	496.14
KIAMBATHA PRIMARY SCHOOL		0100192689477	504,715.45	4,935.45
RUKENYA PRIMARY SCHOOL				

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

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

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
KARUMANDI SECONDARY SCHOOL		0100293932439	567,719.05	152,785.05
YOUTH EMPOWERMENT CENTER		0100266842771	158,105.00	12,205.00
KABARE PRIMARY SCHOOL		0100290287887	302,455.00	3,335.00
KARIRU CHIEFS CAMP		0100272546282	4,395.00	-
GACIONGO PRIMARY SCHOOL		0100291126606	420.00	1,685.00
NYANJA PRIMARY SCHOOL		0100296346016	401.00	2,106.00
<b>TOTALS</b>			<b>5,521,807.09</b>	<b>4,883,354.29</b>



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

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

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)
CEN/HUB/KRGA.C/ GICHUGU CDF/35/8 - 2.3	Transfers to other Government Units - St Ann Gituba Girls overstated by kshs 1M	The Kshs 1M was allocated in the FY 14-15. However the actual disbursement was effected in financial year 15-16	Fund Manager	Resolved	N/A
CEN/HUB/KRGA.C/ GICHUGU CDF/35/8 - 4.0	Over-employment of CDF STAFF	The bulk of works at the NG-CDF office necessitated the need to have an adequate number of staff	Fund Manager	Not resolved	By 30 <sup>th</sup> September 2017
CEN/HUB/KRGA.C/ GICHUGU CDF/35/8 - 6.1	Reconciling items in the Bank Reconciliation	Gichugu NG-CDF has taken note of outstanding reconciling items in the Bank Reconciliations and all the bank charges have been reversed and all the stale cheques have been cancelled.	Accountant	Resolved	N/A
CEN/HUB/KRGA.C/ GICHUGU CDF/35/8 - 8.0	Unsupported bursary awards and disbursements -- Kshs 4,977,000	Gichugu NG-CDF acknowledges that there has not been proper follow up with learning institutions regarding	Chairman NG-CDF	Not resolved	By September 30 <sup>th</sup> all acknowledgments will be availed.

**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
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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)
CEN/HUB/KRGA.C/ GICHUGU CDF/35/8 – 9.0	Payments to Rural Electrification Authority (REA) Kshs 8,510,00	receipts and acknowledgement letters. However, bursary cheques were picked up by the beneficiaries and proper arrangements are in place to get the acknowledgments.			
	Payments to Rural Electrification Authority (REA) Kshs 8,510,000.	Gichugu NG-CDF is in communication with REA to provide all the necessary documents and reports pertaining to all electricity projects funded with the amount of Kshs 8,510,000. Once all these documents are availed, they will be forwarded to your office for verification.	Fund manager	Not resolved	By mid-September 2017 - awaiting correspondence from REA