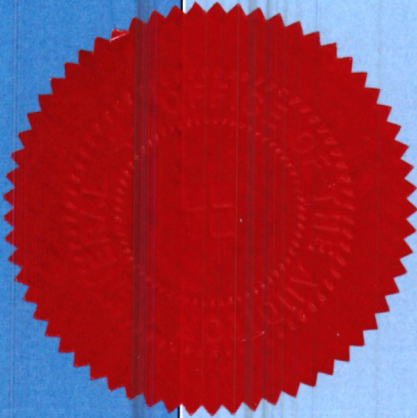


REPUBLIC OF KENYA



Paper laid
By the hon. the
Hon. Aden Duale,
MP on Tuesday
23rd Oct 2018.
Amey

OFFICE OF THE AUDITOR-GENERAL



PARLIAMENT
OF KENYA
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REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



**NATIONAL CONSTITUENCY DEVELOPMENT FUND- KABUCHAI
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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





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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Joyce Wanjala
3.	Accountant	Alexandra Wasilwa

(d) Fiduciary Oversight Arrangements

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

a) KABUCHAI CDF Headquarters

P.O. Box 120 CHWELE-50202
Along Kanduyi Chwele Road
CHWELE, KENYA



b) KABUCHAI CDF Contacts

Telephone: (254) 722245551
E-mail: cdfkabuchai.go.ke
Website: www.kabuchaicdf.go.ke

c) KABUCHAI CDF Bankers

The cooperative bank of kenya
Bungoma Branch
A/C No.01141536140900
P.O Box 1964
Bungoma, Kenya

d) Independent Auditors

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

e) 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 (CDFC)

Budget performance against actual amounts for current year based

Amount brought forward from previous financial year, 2015/2016, kshs. 62,961,236 (sixty-two million, nine hundred and sixty-one thousand, two hundred and thirty-six shillings only). The constituency received kshs.80, 296,551.69 (Eighty million, two hundred and ninety-six thousand, five hundred and fifty-one, sixty-nine cents only) in the year 2016/2017 against the total budget of kshs. 81,896,552.00 (Eighty-one million, eight hundred and ninety-six thousand, five hundred and fifty-two only), totalling to kshs. 144,857,788(one hundred and forty-four million eight hundred and fifty-seven thousand and seven hundred and eighty-eight only) to be spent in the financial year 2016/2017.

However, the constituency utilized kshs. 141,112,652 (one hundred and forty-one million, one hundred and twelve thousand, six hundred and fifty-two only), leaving a balance of kshs. 2,145,135.84 (two million, one hundred and forty-five thousand, one hundred and thirty-five, cents eighty-four only).

Regards,

Sign. 



CHAIRMAN NGCDFC- KABUCHAI



III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the KABUCHAI Constituency Development Fund is responsible for the preparation and presentation of the KABUCHAI CDF financial statements, which give a true and fair view of the state of affairs of the KABUCHAI CDF 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 CDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The CDF's financial statements were approved and signed by the Accounting Officer on 27/09/ 2017.



Fund Account Manager



Chairman CDFC



REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Kabuchai Constituency set out on pages 5 to 18, which comprise the statement of financial 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of 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.

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

Basis for Qualified Opinion

Unsupported Land Acquisitions

Included under transfer to other government entities figure of Kshs.71,940,000 is Kshs.5,300,000 for parcels of land acquired for several projects as highlighted below. However, no title deeds registered in the names of the beneficiary institutions were availed for audit verification and were noted to be still under previous owners.

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

Project Name	Activity	Amount Kshs.
Chekulo Sub location Office	Purchase of 1 acre of land	500,000
Ngalasia AP Camp	Purchase of 1/2 acre of land.	300,000
Assistant Chief's office – Mukhweya	Purchase of 1/2 acre of land.	400,000
Assistant Chief's office - West Nalondo	Purchase of 1/2 acre land	400,000
Sirare Secondary School	Purchase of 1/2 acre of land.	500,000
Pongola Secondary school	Purchase of 1 acre of land	600,000
Chebunyinyi Mixed Secondary school	Purchase of 1 acre of land	500,000
St.Kizito Girls secondary school	Purchase of 1/2 acre Land	600,000
Lwanda PEFA Primary school	Purchase of 1 acre of land.	600,000
Namosi Primary school	Purchase of 1 acre of land.	500,000
Lubembe Primary school	Purchase of 1/2 acre of land	400,000
Total		5,300,000

In the circumstances, it was not possible to ascertain the beneficial ownership of the acquired parcels of land.

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

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

During the year under review, the Fund spent Kshs.141,112,652 against a budgeted amount of Kshs.144,857,788 resulting to an under-absorption of Kshs.3,745,136 or 3% as highlighted below.

Receipt/Expense Item	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Budget Utilization Difference Kshs.	% of Utilization
Receipts				
Transfers from CDF Board	144,857,788	143,257,788	1,600,000	99%
Total	144,857,788	143,257,788	1,600,000	99%
Payments				
Compensation of Employees	4,216,925	3,139,786	1,077,139	74%
Use of goods and services	8,525,894	7,894,969	630,925	93%
Transfers to Other Government Units	72,540,000	71,940,000	600,000	99%
Other grants and transfers	56,414,969	54,977,897	1,437,072	97%
Acquisition of Assets	3,160,000	3,160,000	-	100%
Total	144,857,788	141,112,652	3,745,136	97%

2. Project Implementation Status

The CDF was to implement a total of 92 projects/programmes through different Project Management Committees during the financial year under review. Further analysis indicated that 3 or 3% of projects had not started, 39 or 42% of these were ongoing and 50 or 54% had been completed as at the time of audit as indicated below;

Kabuchai NG-CDF Project Implementation Status for the Year ended 30th June 2017							
	Not Started	Not Started Percentage	Ongoing	Ongoing Percentage	Complete	Complete Percentage	Total
Education Primary	-	0%	15	36%	27	64%	42
Education Secondary	1	3%	16	53%	13	43%	30
Education Tertiary	-	0%	-	0%	1	100%	1
Security	2	15%	3	23%	8	62%	13
Sports	-	0%	1	100%	0	0%	1
Environment	-	0%	1	100%	0	0%	1
CDF Office	-	0%	-	0%	1	100%	1
Bursary Secondary	-	0%	1	100%	0	0%	1
Bursary Tertiary	-	0%	1	100%	0	0%	1
Emergency	-	0%	1	100%	0	0%	1
Total	3	3%	39	42%	50	54%	92

Consequently, as at 30 June 2017, the CDF had not achieved its projects completion targets and could therefore not provide the residents with all the services planned and budgeted for the year ended.

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 as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the 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:

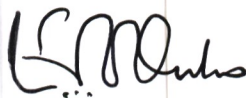
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

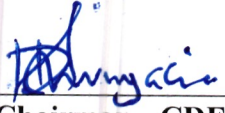
12 July 2018

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015 - 2016
		kshs	Kshs
RECEIPTS			
Transfers from CDF board	1	80,296,552	150,173,015
TOTAL RECEIPTS		80,296,552	150,173,015
PAYMENTS			
Compensation of employees	2	3,139,786	1,814,258
Use of goods and services	3	7,894,969	5,786,034
Transfers to Other Government Units	4	71,940,000	41,029,057
Other grants and transfers	5	54,977,897	38,234,730
Acquisition of Assets	6	3,160,000	347,700
TOTAL PAYMENTS		141,112,652	87,211,779
DEFICIT / SURPLUS		(60,816,100)	62,961,236

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KABUCHAI CDF financial statements were approved on 27/09/ 2017 and signed by:


 Chairman - CDFC




 Fund Account Manager



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

V. STATEMENT OF FINANCIAL ASSETS

	Note	2016-2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	2,145,136	62,961,236
TOTAL FINANCIAL ASSETS		2,145,136	62,961,236
REPRESENTED BY			
Fund balance b/fwd	8	62,961,236	29,421,848
Deficit/Surplus for the year		(60,816,100)	33,539,388
NET LIABILITIES		2,145,136	62,961,236

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KABUCHAI CDF financial statements were approved on 27/09/2017 and signed by:


 Chairman - CDFC



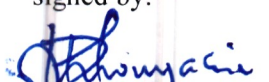

 Fund Account Manager

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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016-2017	2015 - 2016
Transfers from CDF Board	1	80,296,552	150,173,015
		80,296,552	150,173,015
Payments for operating expenses			
Compensation of Employees	2	3,139,786	1,814,258
Use of goods and services	3	7,894,969	5,786,034
Transfers to Other Government Units	4	71,940,000	41,029,057
Other grants and transfers	5	54,977,897	38,234,730
		137,952,652	86,864,079
Net cash flow from operating activities		(60,816,100)	62,961,236
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(3,160,000)	(347,700)
Net cash flows from Investing Activities		(3,160,000)	(347,700)
NET INCREASE IN CASH AND CASH EQUIVALENT		(60,816,100)	29,421,848
Cash and cash equivalent at BEGINNING of the year	8	62,961,236	33,539,388
Cash and cash equivalent at END of the year	7	2,145,136	62,961,236

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KABUCHAI CDF financial statements were approved on 27/09/2017 and signed by:


 Chairman CDFC




 Fund Account Manager

NATIONAL CONSTITUENCY DEVELOPMENT FUND – KABUCHAI CONSTITUENCY

Report of the Constituency Development Fund for the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	62,961,236	144,857,787	143,257,788	1,600,000	98.9%
TOTAL	81,896,552	62,961,236	144,857,787	143,257,788	1,600,000	98.9%
PAYMENTS						
Compensation of Employees	2,580,210	1,636,715	4,216,925	3,139,786	1,077,139	74.5%
Use of goods and services	4,630,480	3,895,414	8,525,894	7,894,969	630,925	92.5%
Transfers to Other Government Units	40,640,000	31,900,000	72,540,000	71,940,000	600,000	99.2%
Other grants and transfers	32,885,862	23,529,107	56,414,969	54,977,897	1,437,072	97.5%
Acquisition of Assets	1,160,000	2,000,000	3,160,000	3,160,000	-	100.0%
TOTAL	81,896,552	62,961,236	144,857,788	141,112,652	3,745,136	97.4%

The KABUCHAI CDF financial statements were approved on 27/09/2017 and signed by:


Chairman CDF


Fund Account Manager



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 *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 *CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various

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

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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



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

IX. NOTES TO THE FINANCIAL STATEMENTS

1.0 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
Description			2016 - 2017	2015 - 2016
			Kshs	Kshs
Normal Allocation	A829571		4,094,826	10,000,000
	A855023		36,853,449	10,000,000
			39,348,275	10,000,000
				29,421,848
				20,000,000
				10,000,000
				60,751,167
TOTAL			80,296,552	150,173,015

2.0 COMPENSATION OF EMPLOYEES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Basic wages of contractual employees		1,304,864	1,380,614
Basic wages of casual labour		-	18,000
Personal allowances paid as part of salary			
House allowance		336,000	264,000
Transport allowance		336,000	-
Leave allowance		-	24,000
Other personnel payments (NHIF)		48,550	77,200
Employer contribution to NSSF		77,350	50,444
gratuity		1,037,022	-
Total		3,139,786	1,814,258

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

NOTES TO THE FINANCIAL STATEMENTS....Cont

Description	2016 -2017	2015 - 2016
	ksh	Kshs
Utilities, supplies and services	41,960	33,161
Communication, supplies and services	150,000	58,900
Domestic travel and subsistence	597,340	397,100
Printing, advertising and information supplies & services	400,000	12,160
Training expenses	2,144,658	1,924,000
Hospitality supplies and services	392,100	376,574
Other committee expenses	79,066	153,480
Committee allowance	2,863,100	1,700,000
Specialised materials and services	69,026	179,000
Office and general supplies and services	647,694	246,298
Fuel ,oil & lubricants	400,000	453,500
Other operating expenses	40,582	-
Routine maintenance – vehicles and other transport equipment	69,443	164,461
Total	7,894,969	5,786,034

Description	2016 - 2017	2015 - 2016
	ksh	Kshs
Transfers to primary schools	33,460,000	20,975,095
Transfers to secondary schools	34,680,000	13,353,962
Transfers to Tertiary institutions	3,300,000	1,500,000
Transfers to Health institutions	500,000	5,200,000
TOTAL	71,940,000	41,029,057

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NOTES TO THE FINANCIAL STATEMENTS.... Cont

Description	2016 - 2017	2015 - 2016
	ksh	Kshs
Bursary -Secondary	9,284,000	6,000,000
Bursary -Tertiary	15,883,000	6,272,000
Bursary-Special schools	-	451,000
Mocks & CAT	-	3,000,000
water	-	3,313,000
Security	8,560,000	800,000
Roads	13,000,000	9,898,424
Sports	1,556,897	2,625,023
Other capital grants and transfer(environment)	1,000,000	2,425,024
Emergency Projects (specify) Primary, secondary schools and water	5,694,000	3,450,259
	54,977,897	38,234,730

6.0 ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2016 - 2017	2015 - 2016
	kshs	Kshs
Refurbishment of Buildings	2,000,000	-
Purchase of Office furniture and fittings	1,000,000	-
Purchase of computers ,printers and other IT equipment	160,000	-
Purchase of other office equipment	-	47,700
Purchase of soft ware	-	300,000
Total	3,160,000	347,700

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7.0 BANK BALANCES

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs (30/6/2017)	Kshs (30/6/2016)
<i>Cooperative Bank- Bungoma - 01141536140900</i>		
	2,145,136	62,961,236
Total	2,145,136	62,961,236

8.0 BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs (1//7/2016)	Kshs (1//7/2015)
Bank accounts	62,961,236	29,421,847
Total	62,961,236	29,421,847

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9.0 OTHER IMPORTANT DISCLOSURES

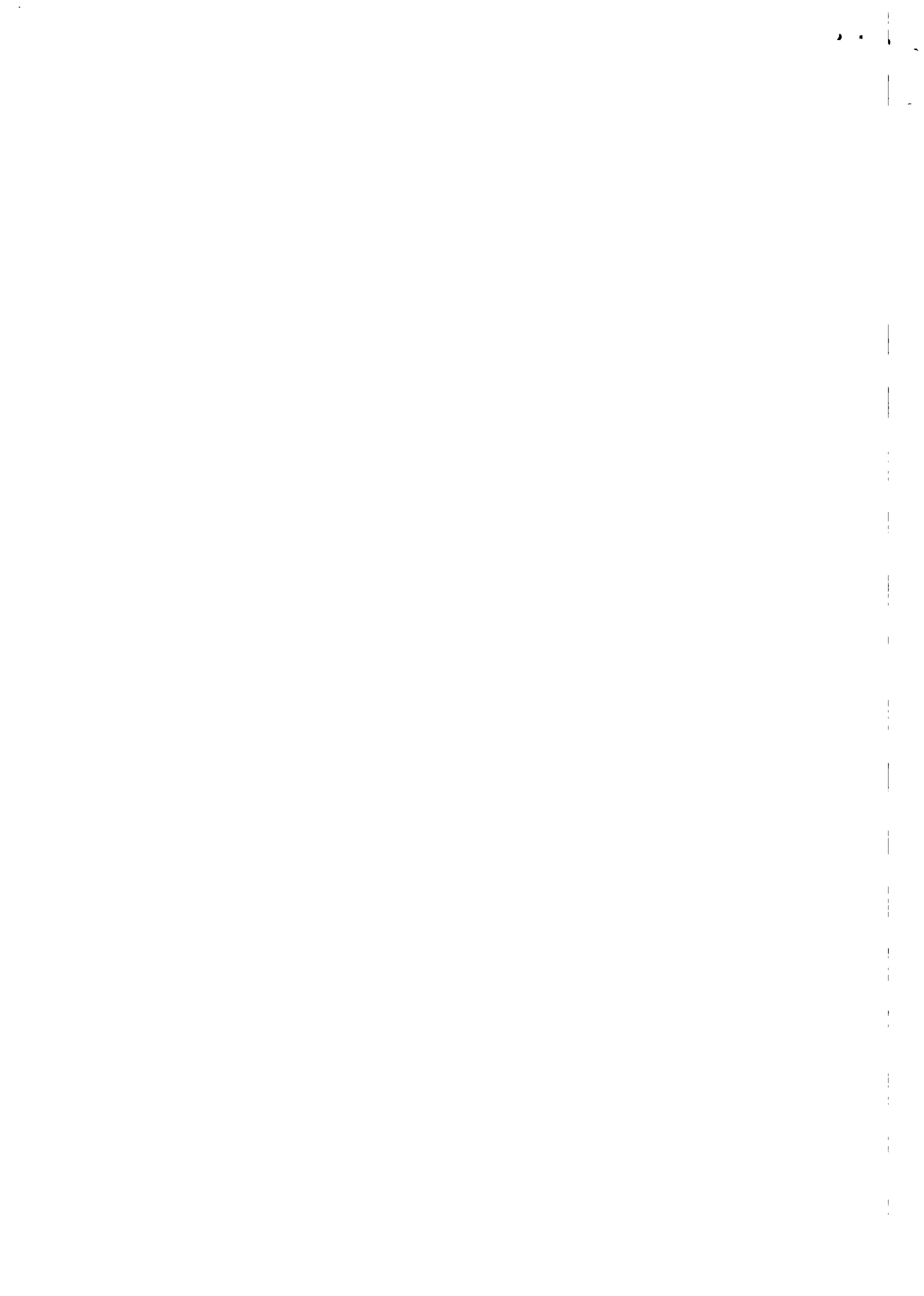
ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2017/17	2015/16
Land	800,000	800,000
Buildings and structures	7,000,000	5,000,000
Transport equipment	6,158,843	6,158,843
Office equipment, furniture and fittings	2,522,000	1,522,000
ICT Equipment, Software and Other ICT Assets	558,200	398,200
Total	17,039,043	13,879,043

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ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance	Bank Balance
			2016/17	2015/16
NATIONAL GOVERNMENT KABUCHAI CONSTITUENCY OFFICE	COOPERATIVE	01141669605400	775	163
KABUCHAI CONST. SPORTS COMMITTEE	COOPERATIVE		13,266	498
KABUCHAI CONST. ENV COMMITTEE	COOPERATIVE		498	498
BUNGOMA CENTRAL EDU OFFICE	COOPERATIVE		1,373	-
NAIRUMBI PRIMARY SCHOOL	COOPERATIVE	01141050138300	600,000	-
SIKULU PRIMARY SCHOOL	COOPERATIVE		1,078	-
CHEBUNYINYI PRIMARY SCHOOL	COOPERATIVE	01141669294400	5,303	-
SIKUSI RC PRIMARY SCHOOL	COOPERATIVE	01141049852400	2,028	-
HON. WETANG'ULA SANGO PRIMARY SCHOOL	COOPERATIVE	01139050212300	2,454	3,514
CHEKULO BAPTIST PRIMARY SCHOOL	COOPERATIVE	01141049007000	3,608	1,463
LUFUTU PRIMARY SCHOOL	COOPERATIVE	01141536315500	345	14,345
MAKHONGE SA PRIMARY	COOPERATIVE	01141668244200	9,683	36,683
SANANDIKI SA PRIMARY	COOPERATIVE	01141049710800	1,325	-
LUUCHO PRIMARY SCHOOL	COOPERATIVE	01141536267000	3,772	3,772
TEREMI PRIMARY SCHOOL	COOPERATIVE	01141049006800	2,558	1,088
SIKULU PRIMARY SCHOOL	COOPERATIVE	01141049310500	1,670	709
CHEKWANDA PRIMARY SCHOOL	COOPERATIVE	01141668569300	22,086	46
HON. WETANGULA SANGO PRIMARY	COOPERATIVE	01139050212300	2,454	3,514
ST. WALUMOLI PRIMARY SCHOOL	COOPERATIVE	01141425757300	2,575	102,575
SAWALI RIMARY SCHOOL	COOPERATIVE	01141535778500	24,109	9,009
NANGWE RC PRIMARY SCHOOL	COOPERATIVE	01141049429100	4,045	22,045
SIKATA PRIMARY SCHOOL	COOPERATIVE	01141011518300	108,088	2,038
MUSOKHO PRIMARY SCHOOL	COOPERATIVE	01141049280400	164,042	683
CHEBUKAKA BOYS PRIMARY SCHOOL	COOPERATIVE	01141668677500	4,152	1,376
ST. JOSEPH NALONDO BOYS SECONDARY SCHOOL	COOPERATIVE	01141049934300	2,712	2,712
CHEKULO BAPTIST SECONDARY SCHOOL	COOPERATIVE	01141536393800	50	850
CARDINAL OTUNGA SECONDARY SCHOOL- SICHEI	COOPERATIVE	01141536989600	19,862	1,212
SIKULU SECONDARY SCHOOL	COOPERATIVE	01141050275900	3,922	-
CHEMWA SECONDARY SCHOOL	COOPERATIVE	01141668233300	1,462	1,462
LUKHOME SECONDARY SCHOOL	COOPERATIVE	01141049933900	4,992	5,462
MILEMBE SECONDARY SCHOOL	COOPERATIVE	01139427339300	4,977	4,927
KIMALEWA SECONDARY SCHOOL	COOPERATIVE	01141049933700	98,885	3,885



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BUSAKALA SECONDARY SCHOOL	COOPERATIVE	01141049329600	14,453	12,863
NANGWE ASS. CHEIF OFFICE	COOPERATIVE	01141668638400	2,887	1,200
WEST NALONDO ASSISTANT CHIEFS OFFICE	COOPERATIVE	01141669447000	1,612	-
MUKHWEYA ASSISTANT CHIEF OFFICE	COOPERATIVE	01141669798100	4,325	-
CHEKULO SUB LOCATION OFFICE	COOPERATIVE	01141669877300	35,325	-
NASAKA HEALTH CETRE	COOPERATIVE	01141290153700	4,214	4,214
KUYWA BRIDGE	COOPERATIVE		27,263	190
SIKUSI SECONDARY SCHOOL	COOPERATIVE	01141049933100	12,487	156,987
CHENJENI SECONDARY SCHOOL	COOPERATIVE	01141426491600	1,210	1,210
LUKHOME PRIMARY SCHOOL	COOPERATIVE	01141011502900	1,512	1,462
ACC RESIDENCE NALONDO	COOPERATIVE	01141669956500	930,710	
Total			2,154,140	402,648



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10.0 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)
1.0	Presentation and completeness of the Financial statements - The International Public Sector Accounting Standards cash basis financial statements presentation format prescribed by the National treasury requires the management to include the action taken on the previous year auditor's recommendations. No report on the progress on follow up of the audit issues raised was included in the financial statements for the year under review. In the circumstance, the presentation of the financial statements was not in conformity with IPSAS cash basis prescribed by the National Treasury.	The management agrees with the Auditor's observation. This was due to an incomplete format provided by the CDFB for reporting. The management notes that the same will not repeat again if future.	Joyce N. Wanjala – Fund Account Manager	Resolved	One week
2.0	The fund had an approved budget of kshs.162, 415,891 but only spent Kshs. 132,994,043.80 resulting in an under expenditure of Kshs. 29,421,847.30. The fund did not therefore meet its budgetary targets as planned.	The management agrees with the auditor's observation. This was due to the delays by the CDFB to release the project fund and the Authority to Incur Expenditure.	NGCDFB	Resolved	The funds received and disbursed to various projects in the subsequent year.
3.0	Project implementation	The CDF implemented a total of 109 projects/programs under various sectors during the financial year. 42 or 39% of the projects had not started, 36 or 33% of the projects were still ongoing while 31% or 28% of the projects had been completed as at the time of audit in February 2016.	NGCDFB	Resolved	Projects implemented in the subsequent year.



