

REPUBLIC OF KENYA



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

OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KAMUKUNJI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 *Constituency's* day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NG-CDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NG-CDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Farah GabaneKeinan
3.	District Accountant	Alois Kimuyu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kamukunji Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government National Government Constituencies 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.

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

(e) Kamukunji NGCDF Headquarters

Kamukunji Subcounty HQ offices
Pumwani, Digo Road
P.O. Box 6403-00300
Nairobi, KENYA

(f) Kamukunji NGCDF Contacts

Telephone: (020) 2616403
E-mail: NG-CDFkamukunjil@NG-CDF.go.ke/fkeinan@NG-CDF.go.ke
Website: www.kamukunjiNG-CDF.go.ke

(g) Kamukunji NGCDF Bankers

Equity Bank, Gikomba Branch
Account number **0430262662557**
P.O. Box 52222-00100, Nairobi.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

Kamukunji NGCDF had an allocation of Kshs. 81,896,552.00 in the financial year 2016/2017. We have been able to implement most of the projects. The constituency has so far received Kshs. 81,988,552.00 from the NGCDF Board and disbursed the same to the beneficiaries.

During the financial year, 2016/2017, a considerable number of projects have been completed. These includes; construction of a new secondary school(Zawadi Secondary School) completion of Ourlady of Mercy Girls School computer lab, renovations of Kamukunji Secondary school and Heshima Primary School and among others
NGCDF being the backbone of development in the Constituency is an integral part in any development agenda. The Constitutional crisis arising on NGCDF should be taken as a critical decision for the survival of NGCDF.

NGCDF as a development wheel is faced with numerous challenges. The society is yet to embrace it as a non-political fund. Separation here becomes an uphill task. A negative attitude towards the fund is also another big challenge to the implementers.

A lot of sensitization is necessary to change the community's' mind set.



Chairman - NG-CDFC



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND –
KAMUKUNJI CONSTITUENCY
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III. STATEMENT OF CONSTITUENCY 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 entity shall prepare financial statements in respect of that entity. 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.

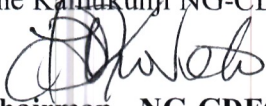
The Accounting officer in charge of the Kamukunji *NG-CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2017. This responsibility 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

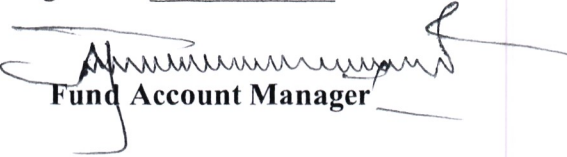
The Accounting officer in charge of the Kamukunji *NG-CDF* accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards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

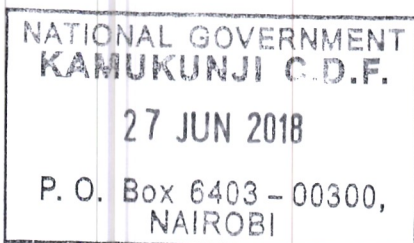
The Accounting officer in charge of the Kamukunji *NG-CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were Accounting officers confirms that the Constituency's financial statements have been 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 Kamukunji *NG-CDF* financial statements were approved and signed on _____ 2017.


Chairman - NG-CDFC


Fund Account Manager



REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KAMUKUNJI 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 - Kamukunji Constituency set out on pages 6 to 24, which comprise the statement of assets as at 30 June 2017 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the 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 National Government Constituencies Development Fund - Kamukunji 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 National Government Constituencies Development Fund Act, 2015.

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

Basis for Qualified Opinion

1. Net Financial Position

The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.116,311.53, being the difference between the brought forward fund balance of Kshs.34,281,480.26 and the deficit for the year of Kshs.34,165,168.73. No explanation has been provided for this anomaly.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Kamukunji Constituency in accordance with ISSAI 30 on Code of

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

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 section, I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Construction of Sheds at Maziwa Chicken and Vegetable Market

As reported in the previous year, an amount of Kshs.14,990,664 was irregularly used in construction of sheds at Maziwa chicken and vegetable market in the year 2009/2010. The sheds were subsequently demolished by the then City Council of Nairobi as there were no approvals for the construction. No action has been taken by the management to hold accountable the individuals culpable for the irregular loss of the public.

2. Projects Implementation Status

Eighteen projects budgeted at Kshs.71,945,104 were physically inspected at various dates and observations made as detailed below:

Project Location	Project Description	Commencement Date	Expected Completion Date	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	% of completion (latest progress report)	Auditor's brief comments
Moi Airbase Primary	Rehabilitaion of classrooms and purchase of desks	11/28/2016	1/11/2017	2,060,000	2,060,000	100%	Project Complete and in use
Muthurwa Primary	Construction of Boundary wall	12/7/2016	1/17/2017	1,100,000	1,100,000	100%	Project Complete and in use
Eastleigh Airport Primary	Rehabilitations of 10 classrooms	6/15/2017	8/2/2017	1,000,000	1,000,000	100%	Project Complete and in use

Heshima Primary	Rehabilitations of Main Administration Block, Rehabilitations of 6 classrooms, renovations of toilets and Purchase of 10 Computers	11/18/2016	1/23/2017	9,231,475	9,231,475	100%	Project Complete and in use
Kamukunji Secondary	Renovations of 9 classrooms, Renovations of school and construction of Kitchen	12/16/2016	2/10/2017	8,241,475	8,241,475	100%	Project Complete and in use
Eastleigh High	Construction of School Game Store	10/23/2016	12/8/2016	500,000	500,000	100%	Project Complete and in use
Zawadi Secondary	Construction of 4 classrooms and purchase of desks and office furnitures	12/15/2016	6/20/2017	7,000,000	7,000,000	100%	Project Complete and in use
Ourlady of mercy	Purchase of computers	10/5/2016	11/23/2016	3,200,000	3,200,000	100%	Project Complete and in use
Zawadi Secondary	Construction of toilets			2,050,000	2,050,000	100%	Project Complete and in use
California resource centre	Construction of parking, Construction of boundary wall and machines	8/12/2016	1/17/2017	8,600,000	8,314,450	100%	Project Complete and in use
Pumwani Do offices	Renovation of offices	11/18/2016	1/12/2017	800,000	794,301	100%	Project Complete and in use
	Tiling of offices, partitioning and boundary wall	12/11/2016	2/2/2017	7,100,000	6,674,966	100%	Project Complete and in use
Projects Identified for Funding in 2015/2016 but Funded in 2016/2017							
Project Location	Project Description	Commencement Date	Expected Completion Date	Budgeted Amount (Kshs)	Actual Amount Spent (Kshs)	% of completion (latest progress report)	Auditor's brief comments
Moi Airbase	Renovations of classrooms	11/28/2016	1/11/2017	1,200,000	1,200,000	100%	Project in use
Eastleigh High School	Renovation of school borehole and purchase of electric pump	8/15/2016	9/22/2016	800,000	799,240	100%	Project in use
Zawadi Pry School	Construction of 2 classrooms and renovations of 6 classrooms	6/15/2017	9/30/2016	1,811,873	1,811,873	100%	Project in use
Kamukunji TTI	Construction of KTTI part funding Ministry of education	6/20/2016	03/08/2018	10,000,000	10,000,000	100%	Project in use

Pumwani Ap Camp	Construction of staff houses	2/17/2016	7/18/2017	3,000,000	2,808,798	100%	Project in use
Heshima Primary	Renovations of classrooms, Purchase of desks and upgrading of the school football pitch	2/10/2017	6/2/2017	4,250,280	4,250,280	100%	Project in use

3. Budget and Budgetary Control

During the year under review, the fund's actual total receipts amounted Kshs.84,056,348 against a budget of Kshs.118,337,828 resulting in unrealized allocations of Kshs.34,281,480 or 29%. Further, the fund actual total expenditure amounted to Kshs.118,221,517 against approved total budget of Kshs.118,337,828 resulting in an under expenditure of Kshs.116,311. The shortfall in funding of Kshs.34,281,480 impacted negatively on delivery of services to residents of Kamukunji Constituency.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

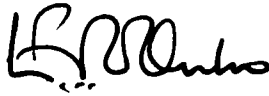
be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and 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

24 September 2018

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

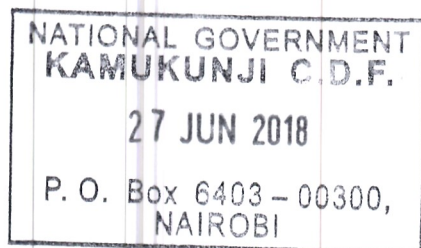
	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from NG-CDF board-AIEs' Received	1	84,003,348.70	92,924,564.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	53,000.00	117,000.00
TOTAL RECEIPTS		84,056,348.70	93,041,564.00
PAYMENTS			
Compensation of employees	4	1,946,521.78	1,100,298.00
Use of goods and services	5	8,457,894.40	7,864,353.26
Transfers to Other Government Units	6	60,758,793.90	36,736,455.16
Other grants and transfers	7	47,058,307.35	33,799,580.70
Acquisition of Assets	8	-	-
Other Payments	9	-	1,990,429.00
TOTAL PAYMENTS		118,221,517.43	81,491,116.12
SURPLUS/DEFICIT		(34,165,168.73)	11,550,447.88

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



Chairman - NG-CDFC

Fund Account Manager



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND –
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V. STATEMENT OF ASSETS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	116,311.53	34,281,480.26
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	10C	-	-
TOTAL FINANCIAL ASSETS		116,311.53	34,281,480.26
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	34,281,480.26	22,731,032.38
Surplus/Deficit for the year		(34,165,168.73)	11,550,447.88
Prior year adjustments	12	-	-
NET LIABILITIES		116,311.53	34,281,480.26

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



Chairman - NG-CDFC



Fund Account Manager



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND –
KAMUKUNJI CONSTITUENCY
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For the year ended June 30, 2017.**

VI. STATEMENT OF CASHFLOW

CASHFLOW STATEMENT	Note	2016-2017	2015-2016
Receipts for operating income		Kshs	Kshs
Transfers from NG-CDF Board	1	84,003,348.70	92,924,564.00
Other Receipts	3	53,000.00	117,000.00
		84,056,348.70	93,041,564.00
Payments for operating expenses			
Compensation of Employees	4	1,946,521.78	1,100,298.00
Use of goods and services	5	8,457,894.40	7,864,353.26
Transfers to Other Government Units	6	60,758,793.90	36,736,455.16
Other grants and transfers	7	47,058,307.35	33,799,580.70
Other Payments	8	-	1,990,429.00
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities		(34,165,168.73)	11,550,447.88
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(34,165,168.73)	11,550,447.88
Cash and cash equivalent at BEGINNING of the year	15	34,281,480.26	22,731,032.38
Cash and cash equivalent at END of the year	16	116,311.53	34,281,480.26

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



Chairman - NG-CDFC



Fund Account Manager



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND –
KAMUKUNJI CONSTITUENCY
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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 Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,551.70	36,441,277.26	118,337,828.96	84,003,348.70	34,334,480.26	71%
Proceeds from Sale of Assets						
Other Receipts	0	0	0	53,000.00	-53,000.00	-100%
Total	81,896,551.70	36,441,277.26	118,337,828.96	84,056,348.70	34,281,480.26	41%
PAYMENTS						
Compensation of Employees	1,839,000.00	120,000.00	1,959,000.00	1,946,521.78	12,478.22	99%
Use of goods and services	5,511,000.00	3,000,000.00	8,511,000.00	8,457,894.40	53,105.60	99%
Transfers to Other Government Units	40,460,000.00	20,300,000.00	60,760,000.00	60,758,793.90	1,206.10	100%
Other grants and transfers	34,086,551.70	13,021,277.26	47,107,828.96	47,058,307.35	49,521.61	100%
Acquisition of Assets	0	0	0	0	0.00	0%
Other Payments	0	0	0	0	0.00	0%
TOTALS	81,896,551.70	36,441,277.26	118,337,828.96	118,221,517.43	116,311.53	100%

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



Chairman - NG-CDFC



Fund Account Manager



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND –
KAMUKUNJI CONSTITUENCY
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For the year ended June 30, 2017.**

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

a) 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 and relevant legal framework of the Government of Kenya. 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 Constituency and all values are rounded to the nearest thousand (Kshs'000). 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 Constituency.

b) Recognition of revenue and expenses

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

c) In-kind contributions

In-kind contributions are donations that are made to the Constituency 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 Constituency 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.

d) 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.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bank account balances include amounts held 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.

e) Receivables and payables

Receivables are funds due to the Constituency at the end of the financial year from the NG-CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

f) 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 Constituency’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 Constituency’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) Comparative figures

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

h) Subsequent events

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

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IX. NOTES TO THE FINANCIAL STATEMENTS				
GFS CODES				
	1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
		A825961	2,106,797.00	10,000,000.00
1330407	Normal Allocation	A829580	4,094,827.60	10,000,000.00
		A839597	36,853,449.00	10,000,000.00
		A855136	40,948,275.10	17,000,000.00
				24,000,000.00
				21,924,564.00
1330408	Conditional grants		-	-
			-	-
1330409	Receipt from other Constituency		-	-
	TOTAL		84,003,348.70	92,924,564.00
3510000	2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
3510202	Receipts from the Sale of Buildings		-	-
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-
3510801	Receipts from the Sale Plant Machinery and Equipment		-	-

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3510803	Receipts from the Sale of office and general equipment	-	-
	Total	-	-
1400000	3 OTHER RECEIPTS		
	Description	2016 - 2017	2015 - 2016
		Kshs	Kshs
1410107	Interest Received	-	-
1410405	Rents	-	-
1420601	Sale of tender documents	53,000.00	117,000.00
1450207	Other Receipts Not Classified Elsewhere (specify)	-	-
	Total	53,000.00	117,000.00
2110000	4 COMPENSATION OF EMPLOYEES		
	Description	2016 - 2017	2015 - 2016
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,088,640.00	1,085,898.00
2110202	Basic wages of casual labour		-
	Personal allowances paid as part of salary		-
2110301	House allowance		-
2110314	Transport allowance		-
2110320	Leave allowance		-
2110320	Employer contribution to NSSF	13,200.00	14,400.00
2110326	Other personnel payments		-
2710120	gratuity	844,681.78	-
	Total	1,946,521.78	1,100,298.00

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2200000	5 USE OF GOODS AND SERVICES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2210100	Utilities, supplies and services			1,914,000.00
2210104	Office rent			65,586.00
2210200	Communication, supplies and services			300,000.00
2210300	Domestic travel and subsistence			500,000.00
2210500	Printing, advertising and information supplies & services		2,030,500.00	800,000.00
2210600	Rentals of produced assets			
2210700	Training expenses		850,000.00	500,000.00
2210802	Other committee expenses		1,742,000.00	1,000,000.00
2210809	Committee allowance		1,725,000.00	1,744,000.00
2210800	Hospitality supplies and services			
2210900	Insurance costs			
2211000	Specialised materials and services			
2211100	Office and general supplies and services		2,099,999.40	1,031,062.50
2211200	Fuel ,oil & lubricants			
2211300	Other operating expenses		10,395.00	9,704.76
2220100	Routine maintenance – vehicles and other transport equipment			
2220200	Routine maintenance – other assets			
	Total		8,457,894.40	7,864,353.26

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6 TRANSFER TO OTHER GOVERNMENT ENTITIES				
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2630200	Transfers to primary schools		20,653,628.62	18,367,843.00
2630204	Transfers to secondary schools		21,790,715.00	6,246,040.75
2630205	Transfers to Tertiary institutions		18,314,450.28	11,903,951.21
2630206	Transfers to Health institutions			218,620.20
2630207	TOTAL		60,758,793.90	36,736,455.16
7 OTHER GRANTS AND OTHER PAYMENTS				
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2640101	Bursary -Secondary		15,000,000.00	10,686,000.00
2640102	Bursary -Tertiary		15,962,500.00	-
2640104	Bursary-Special schools		-	-
2640105	Mocks & CAT		-	-
2640504	water		-	84,686.80
2640504	Sanitation		-	392,545.30
2640505	Agriculture (food security)		-	-
2640506	Electricity projects		-	-
2640507	Security		10,094,680.35	14,754,976.60
2640508	Roads		-	-
2640509	Sports		1,713,927.00	1,464,932.00
2640510	Environment		-	883,000.00

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2640510	Other capital grants and transfer		-	
2640200	Emergency Projects (specify)		4,287,200.00	5,533,440.00
	Total		47,058,307.35	33,799,580.70
8 ACQUISITION OF ASSETS				
3100000	Non Financial Assets		2016 - 2017	2015 - 2016
			Kshs	
3110102	Purchase of Buildings		-	-
3110202	Construction of Buildings		-	-
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of Office furniture and fittings		-	-
3111002	Purchase of computers ,printers and other IT equipments		-	-
3111005	Purchase of photocopier		-	-
3111009	Purchase of other office equipments		-	-
3111112	Purchase of soft ware		-	-
3130101	Acquisition of Land		-	-
	OTHERS- STRATEGIC PLAN		-	-
	Total		-	-
9				
	specify	Other Payments	-	1,990,429.00
	specify		-	-
	TOTAL		-	1,990,429.00

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10A: Bank Balances (cash book bank balance)				
Name of Bank, Account No. & currency		Account Number	2016 - 2017 Kshs (30/6/2017)	2015 - 2016 Kshs (30/6/2016)
EQUITY BANK			116,311.53	34,281,480.26
				-
				-
				-
Total			116,311.53	34,281,480.26
10B: CASH IN HAND)				
			2016 - 2017 Kshs (30/6/2016)	2015 - 2016 Kshs (30/6/2015)
Location 1			-	
Location 2			-	-
Location 3			-	-
Other receipts (specify)			-	-
				-
Total			-	-
			<i>[Provide cash count certificates for each]</i>	
10C: OUTSTANDING IMPRESTS				
Name of Officer		Amount Taken	Amount Surrendered	Balance (30/6/2015)
	Date imprest taken	Kshs		Kshs

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		-	-	-
		-	-	-
			-	-
11 BALANCES BROUGHT FORWARD				
			2015 - 2016	2014- 2015
			Kshs (1//7/2017)	Kshs (1//7/2016)
	Bank accounts		34,281,480.26	22,731,032.38
	Cash in hand		-	-
	Imprest		-	-
	Total		34,281,480.26	22,731,032.38
	<i>[Provide short appropriate explanations as necessary]</i>			
12 PRIOR YEAR ADJUSTMENTS				
			2016 - 2017	2015 - 2016
	Bank accounts		Kshs	Kshs
	Cash in hand		-	-
	Imprest		-	-
			-	-
	Total		-	-
	13			
OTHER IMPORTANT DISCLOSURES				
13.1: PENDING ACCOUNTS PAYABLE (See Annex 1)				
			2016 - 2017	2015 - 2016
			Kshs	Kshs
	Construction of buildings		-	-
	Construction of civil works		-	-

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	Supply of goods		-	-
	Supply of services		-	-
	TOTAL		-	-
13.2: PENDING STAFF PAYABLES (See Annex 2)				
			2016 - 2017	2015 - 2016
	Senior management		Kshs	Kshs
	Middle management		-	-
	Unionisable employees		-	-
	Others (specify)		-	-
			-	-
13.3: OTHER PENDING PAYABLES (See Annex 3)				
			2016 - 2017	2015 - 2016
	Amounts due to other Government entities (see attached list)		Kshs	Kshs
	Amounts due to other grants and other transfers (see attached list)		-	
	Others (specify)		-	

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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
				2,014
	a	b		d=a-c
Construction of buildings				
1.				
2.				
3.				
Sub-Total				
Construction of civil works				
4.				
5.				
6.				
Sub-Total				
Supply of goods				
7.				
8.				
9.				
Sub-Total				
Supply of services				
10.				
11.				
12.				
Sub-Total				
Grand Total				

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff		Original Amount	Date Payable Contracted	Outstanding Balance
	Job Group	a		2,015
				c
Senior Management				
1.				
2.				
3.				
Sub-Total				
Middle Management				
4.				
5.				
6.				
Sub-Total				
Unionisable Employees				
7.				
8.				
9.				
Sub-Total				
Others (specify)				
10.				
11.				
12.				
Sub-Total				
Grand Total				

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES				
Name		Original Amount	Date Payable Contracted	Outstanding Balance
	Brief Transaction Description	a	b	2,015
				d=a-c
Amounts due to other Government entities				
1.				
2.				
3.				
	Sub-Total			
Amounts due to other grants and other transfers				
4.				
5.				
6.				
	Sub-Total			
Others (specify)				
7.				
8.				
9.				
	Sub-Total			
	Grand Total			

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost	
	(Kshs)	(Kshs)	
	2016 - 2017	2015 - 2016	
Land			-
Buildings and structures			-
Transport equipment			-
Office equipment, furniture and fittings	1,140,841	1,140,841	
ICT Equipment, Software and Other ICT Assets	1,723,700	1,723,700	
Other Machinery and Equipment			-
Heritage and cultural assets			-
Intangible assets	-	-	-
Total	2,864,541.00	2,864,541.00	-

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance	Bank Balance
			2016/17	2015/16
Zawadi Secondary school	Equity Bank	0430271555683	1,078.00	0
Muthurwa Primary School	Equity Bank	0430271260491	5,456.00	0
Eastleigh High School	Equity Bank	0430268120301	141,614	532,487.00
Kamukunji Secondary School	Equity Bank	0430266419870	19,731.00	0
Heshima Primary School	Equity Bank	0430266420793	3048.00	
Total			170,987.00	532,487.00

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 (<i>Name and designation</i>)	Status:	Timeframe:
				(<i>Resolved / Not Resolved</i>)	(<i>Put a date when you expect the issue to be resolved</i>)
1.	Underutilization of funds	The funds were received from NG-CDF Board towards the end of the financial year	Fund Account Manager	Resolved	
2.	Non implementations of Projects	The projects were implemented during the current financial year	Fund Account Manager	Resolved	