

REPUBLIC OF KENYA



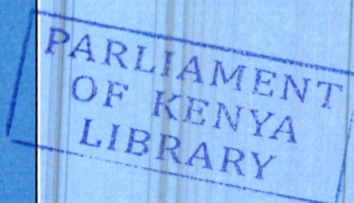
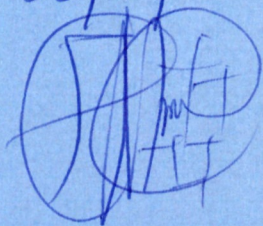
OFFICE OF THE AUDITOR-GENERAL



***REPORT**

Paper Laid on the Table of the House by the Deputy Majority Leader on Tuesday 28/08/2018

OF



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KANGUNDO CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2017



**NG-CONSTITUENCY DEVELOPMENT FUND- KANGUNDO
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)

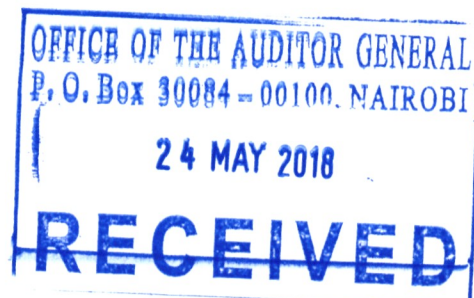


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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government *Constituencies Development Fund (NGCDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. The *NG-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 *NG-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 *NG-Kangundo Constituency's* day-to-day management is under the following key organs:

- i. NG-Constituencies Development Fund Board (NG-CDFB)
- ii. NG-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.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Raphael M.Makau
3.	Accountant	Cyrus Njau
4.		

(d) Fiduciary Oversight Arrangements

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

(e) KANGUNDO NG-CDF Headquarters

P.O. Box 1035-90105
NGCDF Building Kangundo

Kangundo, KENYA

(f) KANGUNDO NG-CDF Contacts

Telephone: (254) XXXXXXXX
E-mail: ngcdfkathaini@cdf.go.ke
Website: www.ngcdf.go.ke

(g) KANGUNDO NG-CDF Bankers

Equity Bank
P.O. Box 343-90131
Tala, Kenya

(h) Independent Auditors

Office of 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 NG-CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)

The budget performance was proportionate to the actual expenditure and disbursements. At 95% funding the Constituency had utilized 91% of the funds meaning the amount received within that period were disbursed plus the balance brought forward from the previous years.

NG-CDF is a fund which can be classified as community friendly. Apart from funding what is required by the community members, its implementation is done by the same community thus achieving several objectives. First, it is wealth creation as a vast number of items and resources used are from the community. It also encourages ownership of the projects by the community hence their sustainability.

There is also transfer of skills (capacity building) to the community as managing projects creates experience. Finally, the biggest achievements are on the projects themselves. In Kangundo so many primary and secondary schools have benefited thus improving their infrastructure. There are water, health, roads and security projects that have been implemented. These have gone a long way in improving the lives of the beneficiaries.

However, there is an emerging challenge with the management of the fund. The 5% provision that goes to PMCs is increasingly failing in its original intent. Whereas it was meant to facilitate the operations of the PMCs, it is becoming the real attraction rather thus PMCs may lose focus to the successful implementation of the project itself.

Sign



CHAIRMAN NG-CDFC

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

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

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

Approval of the financial statements

The NG-CDF's financial statements were approved and signed by the Accounting Officer on 30/9 2017.



Fund Account Manager



Chairman NG-CDFC

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-KANGUNDO 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 Constituency Development Fund-Kangundo Constituency set out on pages 5 to 25, 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 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-Kangundo 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, 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

1. Presentation and Disclosures in the Financial Statements

Pages 10 to 23 of the financial statements are missing. In addition, both the summary of fixed assets and details of bank balances are appearing as Annex 4. The statement of compliance and basis of preparation indicate that all figures have been rounded off to the nearest shilling. However, the figures and balances reflected in the financial statements have not been rounded off. Consequently, the financial statements have not been

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund-Kangundo Constituency for the Year Ended 30 June 2017

presented in accordance with the presentation guidelines issued by the Public Sector Accounting Standards Board.

2. Comparative Cash Balance

The statement of assets reflects a comparative cash balance of Kshs. 640,919 under 2015/2016 financial year. However, the corresponding Note 10B reflects a nil balance. No satisfactory explanation has been provided for this anomaly.

3. Bank Balance

The statement of assets reflects a bank balance of Kshs. 9,054,483.90 as at 30 June 2017. However, the following anomalies were noted following an audit review of bank reconciliation statements:

- i. The bank reconciliation statement for June 2017 reflected unrepresented cheques totalling Kshs.1,707,785 out of which cheques amounting to Kshs.528,351.80 were stale but had not been written back to the cash book.
- ii. Receipts amounting to Kshs. 86,386 were reflected in the bank statements and not recorded in the cash book as at 30 June 2017.
- iii. Unexplained payments in the bank statements not recorded in the cash book amounting to Kshs. 266,743 as at 30 June 2017.

Consequently, completeness and accuracy of bank balance of Kshs. 9,054,483.90 as at 30 June 2017 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund-Kangundo 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 matter described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budgetary Control

During the year under review, the Fund incurred expenditure totalling Kshs.133,440,250 against an approved budget of Kshs. 145,990,121 or approximately 91 % of the budget resulting in under expenditure of Kshs. 12,549,871 as shown below:

Item/Component	Approved Budget Kshs	Actual Kshs	Budget Under-utilization Kshs	% of Realization /Utilization
Receipts	145,990,121	142,290,733	12,549,871	97
Compensation of Employees	4,216,728	2,046,600	2,170,128	49
Use of Goods and Services	8,371,984	7,414,808	957,178	89
Transfer to other Government units	76,665,324	73,782,194	2,883,130	96
Other grants and transfers	53,370,020	46,857,390	6,512,630	88
Acquisition of assets	3,366,064	3,339,258	26,806	99
Total	145,990,121	133,440,250	12,549,871	91

Although the absorption rate was good, the budget did not, however, fully meet the expectations of the constituents of Kangundo as a result of the under-utilization of some funds.

2. Project Implementation Status

During the year under review, the Fund undertook several projects on primary and secondary schools, tertiary and security whose status as at 15 November 2017 was as detailed below:

Project Name	Project Activity	Allocated Amount-Kshs.	Disbursed Amount-Kshs.	Implementation Status	Remarks
AIC Matungulu primary school	Renovations of 3 No. classrooms(Roofing flooring, plastering, painting)	1,015,000	1,015,000	Complete	Ready for handing over
Kakutha primary school	Construction of an administration Block to completion	1,522,500	1,522,500	Complete	Ready for handing over
Kakuyuni Primary School	Construction of Dormitory (Roofing, flooring, plastering, painting)	334,950	334,950	complete	handed over

Kambai Primary School	Construction of 2No Classrooms completion	1,624,000	1,624,000	Complete	Ready for handing over
Kanzalu Primary school	Construction of 2No Classrooms completion	1,624,000	1,624,000	Complete	Ready for handing over
Kaseveni ABC katatha maweu Primary School	Purchase of Land 2 Acres (Balance payment)	304,500	304,500	payment done	transfer and titled deed under process
Kawethei SA Primary school	Construction of an administration Block to completion	1,522,500	1,522,500	Ongoing	at finishes
Kikalu Primary school	Completion of construction of Administration block (plastering & painting) Kshs.169,701.00& completion of construction of dormitory (roofing flooring, plastering painting ksh372,110.00	549,938	549,938	Complete	handed over more funds needed for variations
Kilindiloni Primary School	Construction of 2No Classrooms completion	1,624,000	1,624,000	Complete	Ready for handing over
Kinyungu Primary School	Construction of Administration block (Walling, flooring, plastering, painting)	1,015,000	1,015,000	Ongoing	at finishes
Kithini Primary School	Construction of 1 No Classrooms(Roofing flooring, plastering, painting)	812,000	812,000	Complete	Ready for handing over
Kitwii Girls Primary School	Construction of a Toilet-Balance (Flooring, plastering, painting)	301,579	301,579	Complete	handed over
Kivi Primary School	Construction of 2No Classrooms completion	1,624,000	1,624,000	Complete	Ready for handing over
Kwa mwenze Primary School	Construction of 2No Classrooms completion	1,624,000	1,624,000	Ongoing	At roofing

Manyatta Primary School	Construction of dining Hall (Foundation, walling & Roofing)	1,522,500	1,522,500	Ongoing	At roofing
Mikoikoni Primary School	Construction of 2No Classrooms completion	1,624,000	1,624,000	Ongoing	At ring beam
Mukunike AIC primary school	Construction of 2No Classrooms completion Kshs.1,624,000 & completion of Renovations of 6 No. classrooms (Flooring, plastering, painting)	1,607,615	1,607,615	Complete	Ready for handing over
Ngulini Primary school	Construction of 2No Classrooms completion	1,624,000	1,624,000	Complete	Ready for handing over
Syanthi Primary school	Renovations of 3 No. classrooms(Roofing flooring, plastering, painting)	1,015,000	1,015,000	Complete	Ready for handing over
Kathaana Sec School	Completion of Administration block (Roofing flooring, plastering, painting)	143,115	143,115	Complete	Handed over
Katheini Sec School	Construction of Administration block (Roofing flooring, plastering, painting)	3,230,000	3,230,000	Complete	Handed over
Kawethei Sec School	Construction of an Administration Block (roofing, flooring, plastering, painting)Ksh2,030,000 & completion of dining Hall (plastering, painting) Kshs.130,000.00	2,160,000	2,160,000	Ongoing	At finishing
Kyevaluki Sec School	Completion of dining hall (Plastering, painting)	259,000	259,000	Complete	Ready for handing over

Matetani Sec School	Completion of Laboratory:(mechanical gas installations & working benches)	507,500	507,500	Complete	Ready for handing over
Matungulu boys Secondary School	Completion of Dormitory (roofing plastering, painting)	204,351	204,351	Complete	In use
Mulingana Sec School	Completion of Laboratory: Plastering, , painting)	355,250	355,250	Complete	complete awaiting bench works and gas installations
Unyuani Sec School	Construction of Administration block (Kshs.3,230,000 & Land purchase balance 3 acres Kshs.300,000)	3,530,000	3,530,000	Complete	Ready for handing over
Kamanzi secondary School	Land purchase balance 3/4 acre	1,246,931	1,246,931		
Masewani polytechnic	Completion of 1No. Classrooms - Roofing ,plastering ,painting	456,750	456,750	ongoing	at finishes more funds for Variations; - 257,410.00 needed
Kenya Medical Training Coll-Kangundo	Multipurpose hall - Floor and paint works /	2,102,330	2,102,330	complete	Handed over
	Construction and completion of two Laboratories and Library=339,000.00			ongoing	at finishes
	completion of Construction of storey Administration Block - Ksh.1,763,330.00			complete	Handed over
Kangundo Technical Training Inst.	Completion ICT class Roofing ,plastering ,painting	497,350	497,350	Complete	handed over

Kakuyuni Health centre	Completion of construction maternity wing at the health centre (plastering, painting)	308,964	308,964	Complete	handed over
Kakuyuni Police station	Completion of an Administration block(Roofing flooring, plastering, painting)	1,885,921	1,885,921	complete	ready for handing over
Ndunduni Chief's Office	Completion of construction AP Camp & chiefs office (Roofing flooring, plastering, painting)	1,876,999	1,876,999	Complete	handed over more funds for variation Kshs. 441,640 needed.
Maiuni Chief's Office	Construction of Asst Chief's office (Foundation, walling, Roofing)	1,522,500	1,522,500	Ongoing	At finishes
Mulingana Chief's Office	Construction of Asst Chief's office (Foundation, walling, Roofing)	1,522,500	1,522,500	complete	ready for handing over
Kyevaluki Chief's Office	Construction of Asst Chief's office (Foundation, walling, Roofing)	1,522,500	1,522,500	complete	ready for handing over
Mbusyani Chief's Office	Construction of Asst Chief's office (Foundation, walling, Roofing)	1,522,500	1,522,500	Ongoing	At roofing
Kathaana Chief's Office	Construction of Asst Chief's office (Foundation, walling, Roofing)	1,522,500	1,522,500	complete	ready for handing over
CDF Office	Completion of NG-CDF Office (Roofing, looring, plastering ,painting)	3,000,000	3,000,000	Complete	Handed over But more funds needed for variations
		52,268,043	52,268,043		

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

17 July 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	132,714,576.50	65,000,000.00
Proceeds from Sale of Assets	2	-	
Other Receipts	3	102,000.00	164,000.00
TOTAL RECEIPTS		132,816,576.50	65,164,000.00
PAYMENTS			
Compensation of employees	4	2,046,600.00	1,711,600.00
Use of goods and services	5	7,414,808.00	6,564,213.00
Transfers to Other Government Units	6	73,782,194.15	53,766,567.60
Other grants and transfers	7	46,857,389.65	33,469,627.00
Acquisition of Assets	8	3,339,258.20	6,137,275.00
Other Payments	9		3,149,835.00
TOTAL PAYMENTS		133,440,250.00	104,799,117.60
SURPLUS/DEFICIT		(623,673.50)	-39,529,456

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KANGUNDO NG-CDF financial statements were approved on 25th 2017 and signed by:



Chairman – NG-CDFC




Fund Account Manager

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	9,054,483.90	9,678,157.40	
		-	-	
Cash Balances (cash at hand)	10B		640,919.00	
Outstanding Imprests	11			
TOTAL FINANCIAL ASSETS		9,054,483.90	10,319,076.40	
REPRESENTED BY				
Retention				
Fund balance b/fwd 1st July...	12	10,319,076.40	49,848,533.00	
Surplus/Deficit for the year	13	(623,673.50)	-39,529,456.60	
Prior year adjustments	14	(640,919.00)		
NET LIABILITIES		9,054,483.90	10,319,076.40	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KANGUNDO NG-CDF financial statements were approved on 20/8 2017 and signed by:


Chairman - NG-CDFC


Fund Account Manager

NG-CONSTITUENCY DEVELOPMENT FUND- KANGUNDO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	132,714,576.50	65,000.00
Other Receipts	3	102,000.00	164,000.00
		132,816,576.50	65,164,000.00
Payments for operating expenses			
Compensation of Employees	4	2,046,600.00	1,711,600
Use of goods and services	5	7,414,808.00	6,557,494.00
Transfers to Other Government Units	6	73,782,194.15	53,766,567.00
Other grants and transfers	7	46,857,389.65	39,661,536.00
Other Payments	9		3,149,835.00
		130,100,991.80	104,847,032.00
Adjusted for:			
Adjustments during the year	14		
Net cash flow from operating activities		(2,715,584.70)	-39,529,456
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets	8	(3,339,258.20)	
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		-623,674	-39,529,456
Cash and cash equivalent at BEGINNING of the year	13	9,678,157.40	49,207,613
Cash and cash equivalent at END of the year		9,054,483.90	9,678,157

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KANGUNDO NG-CDF financial statements were approved on 20/9 2017 and signed by:

Chairman CDFC

Fund Account Manager

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


VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,551.72	64,093,569.40	145,990,121.12	142,290,733.00	3,699,388.12	97.53
Proceeds from Sale of Assets						
Other Receipts				102,000.00		
				142,397,733.00	3,699,388.12	97.53
PAYMENTS						
Compensation of Employees	2,555,464.00	1,661,264.00	4,216,728.00	2,046,600.00	2,170,128.00	49
Use of goods and services	4,380,829.00	3,991,156.55	8,371,985.55	7,414,808.00	957,177.55	89
Transfers to Other Government Units	40,490,011.49	36,175,312.43	76,665,323.92	73,782,194.15	2,883,129.77	96
Other grants and transfers	31,470,247.23	21,899,772.42	53,370,019.65	46,857,389.65	6,512,630.00	88
Acquisition of Assets	3,000,000.00	366,064.00	3,366,064.00	3,339,258.20	26,805.80	99
Other Payments						
TOTALS	81,896,551.72	64,093,569.40	145,990,121.12	133,440,250.00	12,549,871.12	91

- i. Compensation of employees: -The salary aspect included provision for gratuity which had not been paid hence underutilization.
- ii. Actual comparable basis receipts have been reinstated to Kes 142,397,733.00 which comprises Kes 132,816,576.50 received during the year and opening bank balance Kes 9,678,157.00

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

The KANGUNDO NG-CDF financial statements were approved on 2019 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 *NG-CDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY
Reports and 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 #825,858	54,415,412.00	10,000.000
AIE NO # 829,584	4,094,827.60	55,000,000
AIE NO # 839,672	36,853,449.00	
AIE NO # 855,028	37,350,887.50	
(other constituency e.g, parent constituency)		
TOTAL	132,714,576.50	65,000,000.00

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	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2016- 2017	2015 - 2016
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	102,000.00	164,000
Other Receipts Not Classified Elsewhere		
Total	102,000.00	164,000.00

4. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,826,629.00	1,622,800.00
Basic wages of casual labour	204,371.00	60,000.00
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Employer NSSF Contribution	15,600.00	28,800
	2,046,600.00	1,711,600.00

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2017***NOTES TO THE FINANCIAL STATEMENTS (Continued)***5. USE OF GOODS AND SERVICES**

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Committee Expenses	5,102,562.00	
Utilities, supplies and services	-	38,455
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	87,603
Rentals of produced assets	-	-
Training expenses	452,500.00	5,637,712
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	1,859,746.00	240,420
Other operating expenses	-	123,919
Routine maintenance – vehicles and other transport equipment	-	429,304
Routine maintenance – other assets	-	-
Total	<u>7,414,808.00</u>	<u>6,564,213.00</u>
TOTAL		

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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)	40,791,082.15	8,790,000.00
Transfers to secondary schools (see attached list)	26,736,148.00	21,217,931.00
Transfers to tertiary institutions (see attached list)	3,200,000.00	4,500,000.00
Transfers to health institutions (see attached list)	3,054,964.00	19,258,636.00
TOTAL	73,782,194.15	53,766,567.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015- 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,578,200.00	9,112,727.00
Bursary – tertiary institutions (see attached list)	7,934,430.00	2,573,000.00
Bursary – special schools (see attached list)	-	200,000.00
Mock & CAT (see attached list)		
Water projects (see attached list)		7,550,000.00
Agriculture projects (see attached list)	-	
Electricity projects (see attached list)	-	-
Security projects (see attached list)	16,625,419.65	9,500,000.00
Roads projects (see attached list)	-	
Sports projects (see attached list)	2,159,340.00	393,400.00
Environment projects (see attached list)	-	2,059,000.00
Emergency projects (see attached list)	7,560,000.00	4,140,500.00
Total	46,857,389.65	33,469,627.00

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	2,939,258.20	6,137,275.00
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	400,000.00	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	3,339,258.20	6,137,275.00

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2016-2017 Kshs	2015 - 2016 Kshs
Strategic Plan	-	3,149,835.00
	-	3,149,835.00

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017 Kshs	2015 - 2016 Kshs
<i>Equitye Bank, Tala Branch A/C no.0900297884246</i>	9,054,483.90	9,678,157
Total	9,054,483.90	9,678,157

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

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

[Provide cash count certificates for each]

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
Total				-

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

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. RETENTION

	2016 - 2017 Kshs	2015 - 2016 Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	10,319,076.00	9,678,157
Cash in hand	-	-
Imprest	-	-
Total	10,319,076.00	9,678,157

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2016- 2017 Kshs	2015 - 2016 Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest		640,919.00
Total		640,919.00

NG-CONSTITUENCIES DEVELOPMENT FUND – KANGUNDO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	xxx	xxx
Amounts due to other grants and other transfers (see attached list)	xxx	xxx
Others (<i>specify</i>)	xxx	xxx
	xxx	xxx

15.4: PMC account balances (See Annex 5)

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

15.5: Amount due from NG-CDF Board

	Kshs	Kshs
	3,495,387.22	54,415,412.40

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2017

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		
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						

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2017

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		
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						

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

Reports and Financial Statements

For the year ended June 30, 2017

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	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						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
 Reports and Financial Statements
 For the year ended June 30, 2017

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land		
Buildings and structures	9,076,533.20	6,137,275.00
Transport equipment	3,213,500.00	3,213,500.00
Office equipment, furniture and fittings	213,852.00	213,852.00
ICT Equipment, Software and Other ICT Assets	435,558	35,558
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	12,939,443.20	9,600,185.00

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Manyatta Primary School	Equity	0900269806773	1,522,565.00	-
Mikokoini Primary School	Equity	0900272853615	1,623,525.00	-
Syanthi SA Primary School	Equity	0900272853889	1,015,000.00	-
AIC Matetani Mixed Sec School	Equity	0900262545645	14,858.75	-
Mulingana Mixed Day School	Equity	0900262730572	66,796.00	-
Kawethein Sec school	Equity	0900264167171	2,028,646.45	-
St. Michael Unyuani Sec school	Equity	0900263451533	177,712.25	-
Maiuni Chiefs Office	Equity	0900269932079	1,522,830.00	-
Mulingana Chiefs Office	Equity	0900265508581	874,505.00	-
Kathaana Chiefs office	Equity	0900272816570	1,522,500.00	-
Kakutha Primary School	Equity	0900272807364	1,153,142.00	-
Kanzalu Hill Primary School	Equity	0900272853550	1,136,225.00	-
Kawethei SA Primary School	Equity	0900295300875	1,525,222.50	-
Kilindiloni Primary School	Equity	0900272807246	1,028,805	-
Kithini D.E.B Primary School	Equity	0900262741677	273,919.50	-
Kinyungu Primary School	Equity	0900297182276	1,016,261.15	-
Kwamwenze Primary School	Equity	0900272806414	1,623,525.45	-
Ngulini A.I.C Primary School	Equity	0900262211462	98,923.00	-
Total				

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

Reports and Financial Statements

For the year ended June 30, 2017

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	Bank reconciliation and cash equivalent not agreeing	The differences to be reconciled	District treasury	Not resolved	60 days

NATIONAL GOVERNMENT ENTITY - *(indicate actual name of the entity)*
Reports and Financial Statements
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