

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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REPORT

OF


THE AUDITOR-GENERAL

ON

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

FOR THE YEAR ENDED

30 JUNE 2017

 THE NATIONAL ASSEMBLY PENDING AID	
DATE: 17 DEC 2018	
DAY: Tuesday	
TABLED BY:	Hon. Aden Duale, M.P. Leader of Majority Party
CLERK-AT THE-TABLE:	Rachel Kaino - Principal Clerk Assistant 2



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KASIPUL 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 CONSTITUENCY DEVELOPMENT FUND –
KASIPUL CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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CONSTITUENCY DEVELOPMENT FUND- KASIPUL CONSTITUENCY

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For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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

(b) Key Management

The Kasipul 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.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Eunice Irene Awuor
3.	Accountant	Kenneth O. Okumu

(d) Fiduciary Oversight Arrangements

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

(e) KASIPUL NG-CDF Headquarters

P.O. Box 264-40222 Oyugis
CDF Office Building
Kisii Ahero Road
Oyugis, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KASIPUL
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Reports and Financial Statements

For the year ended June 30, 2017

(f) KASIPUL NGCDF Contacts

Telephone: (254) 0721-411569

E-mail: cdfkasipul@cdf.go.ke

Website: www.cdf.go.ke

(g) KASIPUL NGCDF Bankers

Bank Name: Kenya Commercial Bank

Branch: Oyugis

Account Name: Kasipul NG-CDF

Account Number: 1146215614

Address: 170-40222, Oyugis

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KASIPUL
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For the year ended June 30, 2017

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

It is my pleasure to present to you Kasipul NG-CDF's annual report and financial statements for the financial year 2016/2017. In the year under review, we are pleased with our overall performance which aligns very well with our vision and also our proven track record of consistent delivery and value for money.

The actual amounts utilised by the constituency in its various expense items were more than 50% of its budget performance, however the target should be 100% if funds are availed in time during the financial year.

Key achievements for the Kasipul NG-CDF

- By providing funds directly to each constituency for fighting poverty, CDF assists in ironing out regional imbalances due to patronage.
- In the education sector, CDF funding of infrastructure in schools has assisted in increasing student enrolment and provided conducive learning environments, and the CDF bursary has helped retain students from low income families in schools.

Emerging issues related to the NG-CDF

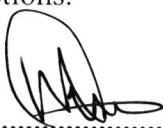
Entrenching CDF in the new constitutional dispensation, since it is facing a lot of legal challenges, hence Members of Parliament should enact legislations which do not contravene the constitution in order to protect the NGCDF.

Implementation challenges and recommended way forward

- Late disbursement of funds, lead to rise in project costs due to factors like inflation due to time value of money and also the public do not get the value of the funds in time, a good case is in late bursary awards, to remedy this, funds should be released by CDF Board in time.
- Frequent development forums and awareness forums should be held to intuit the public with information concerning the development initiatives, from various funding agencies and stakeholders and CDF, County Government and other development stakeholders plan together to avoid duplication of projects
- Lack of a simple but standardized practical curriculum for training PMC's in order to enhance their capacity to implement the projects, hence a PMC training manual should be operationalised.
- The NG-CDF Act and the constitution limits the operations of CDF to Education and National security functions, leaving out all the devolved functions.

Walter O. Aoko
Name

NG-CDFC Chairman
Designation


.....
Sign.

11/9/2017
.....
Date

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KASIPUL
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

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

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

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

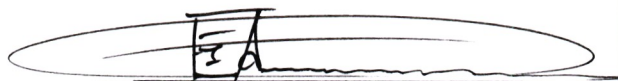
The Accounting Officer in charge of the Kasipul NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes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

Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 11th September, 2017.



Chairman NG-CDFC



Fund Account Manager

REPUBLIC OF KENYA

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



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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KASIPUL 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 – Kasipul Constituency set out on pages 6 to 24, 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 National Government Constituencies Development Fund – Kasipul Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Other Matter section of my report, based on the procedures performed, I confirm that, 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

Motor Cycles Ownership

Included in the financial statements under Note 8 is acquisition of assets of Kshs.9,000,000 which includes Kshs.203,800, being tender awarded to a local contractor for supply of two motor cycles; Honda Ace CB 125 KS cubic capacity through payment voucher No.702 of 31 October 2016 and local purchase Order No.6663025, invoice No.372 dated 28 October 2016 under registration marks GK 822Q and GK 821Q respectively. The motor cycles were delivered to the locational area chief's office under administration of the Deputy County Commissioner. However, verification revealed that the motor cycles were registered in the

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

name of the dealer M/s Honda Motor Cycles Kenya Limited instead of the buying entity, Kasipul National Government Constituency Development Fund. It was therefore not possible to confirm ownership of the motor cycles, contrary to Section 25 subsection 7 of National Government Constituencies Development Fund Act, 2015 which states that projects may include vehicles, machinery, and other equipment for the constituency.

Consequently, the validity and ownership of the expenditure totaling Kshs.203,800 could not 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 – Kasipul 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 section of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Budget Analysis

During the year under review, the constituency had a final budget figure of Kshs.146,798,760 while the actual expenditure was Kshs.110,116,115 representing an under-absorption of Kshs.36,682,645 an equivalent of 25% of the budget.

The under absorption mainly reflected on transfers to other government units where the budget was Kshs.81,350,000 as opposed to the actual amount of Kshs.58,143,400 representing an under absorption of 29% (Kshs.23,206,600) and other grants and transfers with a budget of Kshs.43,948,577 and actual expenditure of Kshs.32,682,442 representing an under absorption of 26% (Kshs.11,266,135). However, contrary to Section 31(1) of Public Finance Management Regulations, 2015 states that the Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and the Regulations. Sub section 31:2(b) states that the estimates should be complete and accurate as possible.

Consequently, the constituents were denied the benefits that could accrue from the implementation of the budgeted for projects.

2. Motor Grader Reg. No: GKA 001X

Included in the financial statements under annex 4 is summary of fixed assets of Kshs.42,035,466 which includes other machinery and equipment of Kshs.20,880,000 However, examination of the assets register indicated that a motor grader Reg. No: GKA 001X was acquired in the year 2009 at a cost of Kshs.20,880,000 and the condition of the grader is

stated in the assets register as good. However, physical verification revealed that the motor grader is broken down at the Fund's compound. In the absence of work ticket, it was not possible to ascertain how long the grader has stopped operation. In addition, the management explained that it has not been working for the last five years.

Consequently, public resources were underutilized, open to deterioration and vandalism of the asset instead of being handed over to Government agencies allowed by the law to improve and construct roads.

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 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 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 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 judgment and maintain professional skepticism throughout the audit. I also:

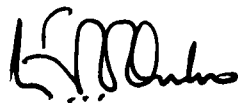
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

11 October 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KASIPUL
CONSTITUENCY**

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For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from other Government Entities	1	52,448,277	166,581,102
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	67,000	-
TOTAL RECEIPTS		52,515,277	166,581,102
PAYMENTS			
Compensation of employees	4	2,254,260	1,920,291
Use of goods and services	5	8,036,013	7,378,990
Transfers to Other Government Units	6	58,143,400	32,626,290
Other grants and transfers	7	32,682,442	69,568,788
Acquisition of Assets	8	9,000,000	367,990
Other Payments	9	-	-
TOTAL PAYMENTS		110,116,115	111,862,349
SURPLUS/DEFICIT		(57,600,838)	54,718,753

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kasipul NGCDF financial statements were approved on 11th September 2017 and signed by:



Chairman NG-CDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KASIPUL
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Reports and Financial Statements
For the year ended June 30, 2017

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	5,734,369	63,335,208
Cash Balances (cash at hand)	10B		-
Outstanding Imprests	11		-
TOTAL FINANCIAL ASSETS		5,734,369	63,335,208
REPRESENTED BY			
Retention			
Fund balance b/fwd 1st July...	13	63,335,208	8,616,455
Surplus/Deficit for the year		(57,600,838)	54,718,753
Prior year adjustments	14		-
NET LIABILITIES		5,734,369	63,335,208

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kasipul NGCDF financial statements were approved on 11th September, 2017 and signed by:



Chairman NG-CDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KASIPUL
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Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

	Note	2016-2017	2015-2016
		Kshs	Kshs
Receipts for operating income			
Transfers from other Government Entities	1	52,448,277	166,581,102
Other Receipts	3	67,000	-
		52,515,277	166,581,102
Payments for operating expenses			
Compensation of Employees	4	2,254,260	1,920,291
Use of goods and services	5	8,036,013	7,378,990
Transfers to Other Government Units	6	58,143,400	32,626,290
Other grants and transfers	7	32,682,442	69,568,788
Other Payments	9		-
		101,116,115	111,494,359
Adjusted for:			
Adjustments during the year	14		-
Net cash flow from operating activities		(48,600,838)	55,086,743
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	8	9,000,000	(367,990)
Net cash flows from Investing Activities		(9,000,000)	(367,990)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(57,600,838)	54,718,753
Cash and cash equivalent at BEGINNING of the year	13	63,335,208	8,616,455
Cash and cash equivalent at END of the year		5,734,369	63,335,208

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kasipul NGCDF financial statements were approved on 11th September, 2017 and signed by:



Chairman NG-CDFC



Fund Account Manager

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	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	81,896,552	64,835,208	146,731,760	115,783,484	30,948,275	78.9%
Proceeds from Sale of Assets						
Other Receipts		67,000	67,000	67,000	-	100%
TOTAL RECEIPTS	81,896,552	64,902,208	146,798,760	115,850,484	30,948,275	78.9%
PAYMENTS						
Compensation of Employees	1,560,000	2,014,442	3,574,442	2,254,260	1,320,182	63.1%
Use of goods and services	5,010,688	3,914,557	8,925,245	8,036,013	889,232	90%
Transfers to Other Government Units	43,700,000	37,650,000	81,350,000	58,143,400	23,206,600	71.5%
Other grants and transfers	30,625,864	13,322,713	43,948,577	32,682,442	11,266,135	74.4%
Acquisition of Assets	1,000,000	8,000,496	9,000,496	9,000,000	496	100%
Other Payments	0	-	-	-	-	
TOTAL	81,896,552	64,902,208	146,798,760	110,116,115	36,682,645	75%

(a) (Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization)

The Kasipul NGCDF financial statements were approved on 11th September, 2017 and signed by:


Chairman NG-CDFC


Fund Account Manager

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. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

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

b) **Recognition of revenue and expenses**

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

c) **In-kind contributions**

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

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. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KASIPUL
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Reports and Financial Statements

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Pending bills

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

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 NGCDF’s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) Comparative figures

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

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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KASIPUL
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation from NG-CDF Board	AIE NO. 2015/2016/1013	500,000	
	AIE NO. 2016/2017/092	4,094,828	
	AIE NO. 2014/2015/541	1,000,000	
	AIE NO. 2016/2017/354	36,853,449	
	AIE NO. 2016/2017/491	10,000,000	
	AIE NO. 2014/2015/1039		26,940,791
	AIE NO. 2014/2015/1218		25,940,791
	AIE NO. 2015/2016/085		10,000,000
	AIE NO. 2015/2016/476		20,000,000
	AIE NO. 2015/2016/625		27,000,000
	AIE NO. 2015/2016/908		56,699,520
Total		52,448,227	166,581,102

2. PROCEEDS FROM SALE OF ASSETS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Receipts from Sale of Buildings	0	0
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

3. OTHER RECEIPTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	67,000	0
Total	67,000	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,291,582	1,193,352
Basic wages of casual labour		-
Personal allowances paid as part of salary		
House allowance	188,800	169,600
Transport allowance	236,000	-
Leave allowance		-
Other personnel payments	56,000	147,000
Employer contribution to NSSF	92,225	41,760
Gratuity-contractual employees	389,653	368,579
Total	2,254,260	1,920,291

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5. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	231,023	188,694
Electricity	40,000	52,055
Water & sewerage charges	13,739	
Office rent		
Communication, supplies and services	99,880	131,470
Domestic travel and subsistence	602,400	567,185
Printing, advertising and information supplies & services	25,630	126,900
Rentals of produced assets		
Training expenses	1,158,400	1,194,235
Hospitality supplies and services	726,880	712,830
Other committee expenses	378,700	1,092,300
Committee allowance	3,170,700	1,402,894
Insurance costs		
Specialised materials and services		
Office and general supplies and services	382,520	275,119
Fuel ,oil & lubricants	503,640	400,000
Other operating expenses	18,460	13,960
Bank Service Commission and Charges	101,840	
Security Operations	398,112	361,920
Routine maintenance – vehicles and other transport equipment	147,289	857,968
Routine maintenance – other assets	36,800	1,460
Total	8,036,013	7,378,990

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to Primary Schools	32,050,000	3,826,290
Transfers to Secondary Schools	21,793 400	5,950,000
Transfers to Tertiary Institutions	4,300,000	18,500,000
Transfers to Health Institutions	-	4,350,000
Total	58,143,400	32,626,290

7. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	12,075 000	7,887,000
Bursary -Tertiary	8,907 000	8,990,000
Bursary-Special Schools	370,000	190,000
Mocks & CAT	2,000,000	1,500,000
Water	-	24,000,000
Food Security	-	0
Electricity	-	0
Security	2,281,000	2,509,000
Roads and Bridges	18,296	16,500,000
Sports	700,000	-
Environment	800,000	92,000
Cultural Projects	800,000	1,900,000
Agriculture		0
Emergency Projects	4,731,146	6,000,788
Total	32,682,442	69,568,788

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Buildings		0
Construction of Buildings		0
Refurbishment of Buildings		0
Purchase of Vehicles and other Transport Equipment	9,000,000	0
Overhaul of Vehicles and other Transport Equipment		0
Purchase of Household Furniture and Institutional Equipment		0
Purchase of Office Furniture and General Equipment		95,690
Purchase of ICT Equipment, Software and other ICT Assets		272,300
Purchase of Specialised Plant, Equipment and Machinery		0
Rehabilitation and Renovation of Plant, Machinery and Equip.		0
Acquisition of Land		0
Acquisition of Intangible Assets		0
Total	9,000,000	367,990

9. OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Specify	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & Currency	2016 - 2017	2015 - 2016
	Kshs (30/6/2017)	Kshs (30/6/2016)
Kenya Commercial Bank, Oyugis Branch A/C no.1146215614	5,734,369	63,335,208
Total	5,734,367	63,335,208

10B: CASH IN HAND

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Location 1	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0

[Provide cash count certificates for each]

11. OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
N/A	N/A	0	0	0
Total		0	0	0

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

12. RETENTION

Supplier/Contractor	PV No .	2016 - 2017	2015 - 2016
		Kshs	Kshs
Total			

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

Name of Bank, Account No. & Currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank Accounts	63,335,208	8,616,455
Cash in Hand		0
Imprest		0
Total	63,335,208	8,616,455

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank Accounts	0	0
Cash in Hand	0	0
Imprest	0	0
Total	0	0

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
Total	0	0

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15.2: PENDING STAFF PAYABLES (See Annex 2)

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others (<i>specify</i>)	0	0
Total	0	0

15.3: PMC ACCOUNT BALANCES (See Annex 3)

	2016 - 2017	2015 - 2016
	Kshs	Kshs
PMC Bank Account Balances (see attached list)	7,392,000	18,873,330
Total	7,392,000	18,873,330

15.4: PENDING DISBURSEMENTS FROM NG-CDF BOARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Pending Disbursements from NG-CDF Board	30,948,275	1,500,000
Total	30,948,275	1,500,000

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2016 d=a-c	Outstanding Balance 2014	Comments
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	Job Group	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2016 d=a-c	Outstanding Balance 2014	Comments
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 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC Bank Account Balances	Bank	Account Number	Bank Balance 2016/17	Bank Balance 2015/16
Agoro Sare High School	KCB - Oyugis	1151886521	47,465	38,530
Buoye Mixed Secondary School	KCB - Oyugis	1130657655	12,142	2,142
Kalanding Secondary School	KCB - Oyugis	1136546421	10,510	11,148
Kasipul Roads PMC	KCB - Oyugis	1173492488	276,118	0
Kasipul Water PMC	KCB - Oyugis	1171042981	2,533,094	11,000,000
Kasipul Youth Polytechnic	KCB - Oyugis	1164992562	405,138	5,228,825
Katanga Primary School	KCB - Oyugis	1135336504	250,855	58,665
Kwoyo Oyugis Secondary School	KCB - Oyugis	1144879965	9,044	9,160
Midland Awuoro Health Centre	KCB - Oyugis	1136866272	80,791	108,417
North Kamagak Chief's Office	KCB - Oyugis	1150177233	14,690	5,340
Nyabola Girls Secondary School	KCB - Oyugis	1204128634	18,129	0
Nyabola Mixed Secondary School	KCB - Oyugis	1144294754	10,923	9,233
Nyagowa Lutheran Mixed Secondary School	KCB - Oyugis	1118810449	75,559	103,510
Nyakiya Secondary School	KCB - Oyugis	1138917540	507,274	725
Nyalenda Mixed Secondary School	KCB - Oyugis	1120582067	653,544	225
Nyambare Mixed Secondary School	KCB - Oyugis	1130736989	31,495	1,365
Obisa Primary School	KCB - Oyugis	1129625745	30,173	41,015
Obisa-Ojwando Junction Culvert	KCB - Oyugis	1211847241	200,000	0
Ojwando Girls Boarding Primary School	KCB - Oyugis	1202273998	247,515	0
Ombek Health Centre	KCB - Oyugis	1134110715	19,898	1,214
Ombek Lutheran Secondary School	KCB - Oyugis	1130657124	320,599	229,815
Ombek Primary School	KCB - Oyugis	1130702766	137,575	202,515
Rachuonyo District Hospital	KCB - Oyugis	1102137774	143,623	1,800,875

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PMC Bank Account Balances	Bank	Account Number	Bank Balance 2016/17	Bank Balance 2015/16
Rachuonyo KMTC	KCB - Oyugis	1174369752	1,241,323	0
Rawinji Resource Centre	KCB - Oyugis	1105525619	38,635	16,278
Sino SDA Secondary School	KCB - Oyugis	1114305251	50,305	1,460
St. Anne's Secondary School-Ojwando	KCB - Oyugis	1172695873	9,380	0
St. Teresa's Nyalgosi Secondary School	KCB - Oyugis	1120305810	16,203	2,873
Total			7,392,000	18,873,330

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	0	0
Buildings and structures	5,762,239	5,762,239
Transport equipment	13,057,402	4,057,402
Office equipment, furniture and fittings	1,209,171	1,209,171
ICT Equipment, Software and Other ICT Assets	1,126,634	1,126,634
Other Machinery and Equipment	20,880,000	20,880,000
Heritage and cultural assets	0	0
Intangible assets	0	0
Total	42,035,466	33,035,466

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
REF:KSM/KASIPUL-CDF/2014/2015(15)	The office had not spent on 5 expenditure items amounting to Kshs. 5,750,000 since expenditure was made on CDFC priority areas due to limited funds	The NG-CDF Board did not disbursed funds for projects during the financial year	NG-CDF Board	Resolved	