

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
KINANGO CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**

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



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

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NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO 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The *National Government-Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2015. The *National Government-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 *National Government-Constituencies Development Fund*.

(b) Key Management

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

- i. National Government-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	Josef Kumbatha
3.	District Accountant	Franklin Munene

(d) Fiduciary Oversight Arrangements

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

Kinango NG-CDF Committee Members as Gazetted

No.	Name	Designation	Position
1.	Josef Kumbatha	Fund Account Manager	Ex-officio
2.	Lung'anzi C. Mangale	Men Representative	Chairman
3.	Rehema Yusuf	Female Youth Representative	Secretary
4.	Moses Mutunga Ivuto	Deputy County Commissioner	Member
5.	Gabriel Zani Tayari	NG-CDF Board Representative	Member
6.	Hamisi Chimera Chidzidzingo	Persons with Disabilities Representative	Member
7.	Bishop David Kajembe Munyaka	Constituency Office Nominee	Member
8.	Imam Salim Ramoyo	Male Youth Representative	Member
9.	Mbodze Mwanza Ruwa	Women Representative	Member
10.	Kavumbi Mwarandu Katembo	Constituency Office Nominee	Member

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

(a) Entity Headquarters

Kinango NG-CDF Offices
Kinango NG-CDF Building
Kinango Sub-County Head Quarters
Kwale County
P.O.Box 41 - 80405
KINANGO

(b) Entity Contacts

Telephone: +254 (25) 281 889
E-mail: cdfkinango@cdf.go.ke
Website: www.go.ke

(c) Entity Bankers

Kinango Constituency Development Fund
Account no.1108631142
Kenya Commercial Bank
Kwale Branch
P.O.Box 43 - 80403
KWALE

(d) Independent Auditors

The Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
NAIROBI

(e) Principal Legal Adviser

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

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

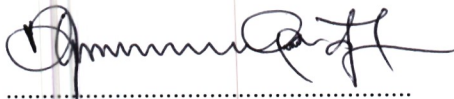
I am pleased to forward the Financial Statements and Reports for Kinango Constituency Development Fund for the period ended 30th June, 2017 as the expended Budget for the Financial Year 2016/2017. The actual receipts from the CDF Board of the referred period was kshs.81,896,551.70 against an Annual Budget of kshs.81,896,551.72 for the FY 2016/2017. The actual expenditure for the referred period was kshs.165,005,454 backed up by cashbook opening balances of kshs.84,233,740.89 rising from late receipts received in the financial year 2015/2016 as elaborated in the Annual Receipts & Expenditure Ledgers.

The absorption rate is almost 100% with a commanding utilisation rate of over 99 per cent overall as indicated by the Appropriation analysis summary.

Major achievements have been realised in the disbursement of funds in all the sectors. The coordination role of bringing all stakeholders on board in the identification, prioritization, implementation, monitoring and usage of output has boosted the overall performance of the fund.

Despite a few challenges here and there, CDF continues to be the most preferred devolved fund at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were leaving in despair and ravaging poverty.

We hope that the NG-CDF Board shall improve in the disbursement speed so as to enable the NG-CDFCs utilize funds in time and also call upon all the other stakeholders with interest in the management of NG-CDF to develop a positive thinking approach towards NG-CDF issues rather than treating the fund as a political tool that lacks professionalism in its administration, a very misleading fallacy.



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**CHAIRMAN,
KINANGO NG-CDF COMMITTEE**

**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

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

III. STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government CDF shall prepare financial statements in respect of that NG-CDF. 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 Kinango National Government - Constituency Development Fund is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the 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 this continues 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 Kinango National Government - Constituency Development Fund 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 in-charge of the Kinango National Government - Constituency Development Fund 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 Kinango National Government - Constituency Development Fund 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 20th, July 2017.



Chairman – Kinango NG-CDF



FAM – Kinango Constituency

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KINANGO 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-Kinango Constituency set out on pages 6 to 22, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Kinango 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, based on the procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter Sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Unremitted Tax

The statement of receipts and payments reflects transfers to other government entities of Kshs.90,264,126, other grants and transfers of Kshs.59,974,846 and acquisition of assets figure of Kshs.1,193,525. Included in these transfers are a total of Kshs.96,137,478 being disbursements to undertake various construction projects. However, there was no evidence of withholding taxes having been deducted from contractors and remitted to Kenya Revenue Authority. This is contrary to Section 42A (4-C) of the Tax Procedures

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

Act, 2015. As a result, the management did not comply with the income tax requirements and possible fines and penalties accruing due to non-compliance were not provided for in these financial statements

Consequently, the management is in breach of the law.

2. Use of Goods and Services

Note 4 to the financial statements reflects other committee expenses of Kshs.3,413,059 and committee allowances of Kshs.3,100,000. However, the management did not avail for audit details on the number of committee sittings, and register of attendance of members to the meeting. Further, there was no supporting schedule for the committee allowances and other committee expenses.

Consequently, the accuracy and completeness of committee allowances of Kshs.3,413,059 and other committee expenses Kshs.3,100,000 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 - Kinango Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

During the year under review, National Government Constituencies Development Fund-Kinango Constituency actual expenditure for the year ended 30 June 2017 amounted to Kshs.165,005,454.20 against a budget of Kshs.166,530,292.61 resulting to overall under expenditure of Kshs.1,524,838.41 or 1% as follows:

Item	Budget	Expenditure	Budget Utilization Difference	% of Utilization
Compensation of Employees	3,581,684.00	3,556,286.00	25,398.00	99
Use of Goods and	8,696,392.00	8,615,088.00	81,304.00	99

Services				
Transfer to Other Government Units	91,293,913.00	90,264,126.50	1,029,786.50	99
Other Grants and Transfers	59,977,688.89	59,974,846.00	2,842.89	100
Acquisition of Assets	1,579,031.63	1,193,525.20	385,506.43	76
Other Payments	1,401,582.50	1,401,582.50	0	100
Totals	166,530,292.61	165,005,454.20	1,524,838.41	99

2.0 Project Implementation Status

The project status report availed for audit review reflected 18 projects with an amount of Kshs.16,648,985 which were not complete as at 30 June 2017 as summarized below:

NO	Project Name	Project Activity	Amount Disbursed	Status
1.	Chidzipwa Primary	Construction of a dormitory	1,000,000	On going
2.	Dzimanya Primary	Construction of a dormitory	1,000,000	On going
3.	Chidzaya Primary	Construction of a dormitory	1,000,000	On going
4.	Kanyaka Primary	Construction of a dormitory	1,000,000	On going
5.	Wamasa Primary	Construction of a dormitory	1,000,000	On going
6.	Gandini South Primary	Construction of a dormitory	1,000,000	On going
7.	Ziaradundo Primary	Construction of a dormitory	1,000,000	On going
8.	Nyango Primary	Construction of a dormitory	1,000,000	On going
9.	Malungoni Primary	Construction of a dormitory	1,000,000	On going
10.	Dumbule Primary	Construction of a dormitory	1,000,000	On going
11.	Kasageni primary	Construction of a dormitory	1,000,000	On going
12.	Kilibasi primary school	Construction of a dormitory	1,000,000	On going
13.	Mbita primary school	Construction of a dormitory	1,000,000	On going
14.	Mbilini Primary school	Construction of a dormitory	1,000,000	On going
15.	Nyari primary school	Construction of a dormitory	1,000,000	On going
16.	Miyani primary school	Construction of a dormitory	1,000,000	On going
17.	Makamini Secondary school	Completion of	504,985	On going
18.	Makamini secondary school	Completion of	144,000	On going
	TOTAL		16,648,985	

The management has not explained why the projects could not be completed as planned and how they intend to complete them in order to benefit the residents of Kinango 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 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 National Government Constituencies Development Fund-Kinango Constituency's ability to continue sustaining its 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 National Government Constituencies Development Fund-Kinango Constituency or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

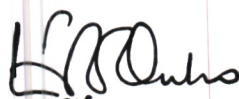
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 National Government Constituencies Development Fund-Kinango Constituency'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 National Government Constituencies Development Fund-Kinango Constituency'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 National Government Constituencies Development Fund-Kinango Constituency's 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 National Government Constituencies Development Fund-Kinango Constituency 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

10 July 2018

**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

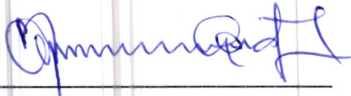
Reports and Financial Statements

For the year ended June 30, 2017


IV. STATEMENT OF RECEIPTS AND PAYMENTS

Items	Notes	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF Board-AIEs' Received	2	81,896,552.00	210,987,902.00
Other Receipts	2	78,000.00	0.00
TOTAL RECEIPTS		81,974,552.00	210,987,902.00
PAYMENTS			
Compensation of employees	3	3,556,286.00	1,735,895.00
Use of goods and services	4	8,615,088.00	13,108,933.00
Transfers to Other Government Units	5	90,264,127.00	99,177,958.00
Other grants and transfers	6	59,974,846.00	20,969,381.00
Acquisition of Assets	7	1,193,525.00	330,956.00
Other Payments	8	1,401,583.00	3,580,018.00
Adjustment during the year.(Imprest B/F)		-	2,800,000.00
TOTAL PAYMENTS		165,005,454.00	(141,703,141.00)
SURPLUS/ (DEFICIT)		(83,030,903.00)	69,284,761.00

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



Chairman – KINANGO NG-CDF Committee



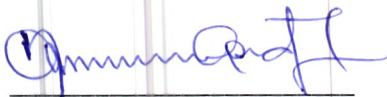
Fund Account Manager

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

Items	Notes	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	1,602,838.00	84,233,741.00
Outstanding Imprests		-	400,000.00
TOTAL FINANCIAL ASSETS		1,602,838.00	84,633,741.00
REPRESENTED BY			
Fund balance b/fwd 1st July...	10	84,633,741.00	15,348,979.00
Surplus/Deficit for the year		(83,030,903.00)	69,284,762.00
NET LIABILITIES		1,602,839.00	84,633,741.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KINANGO CDF financial statements were approved on 20th, July 2017 and signed by:



Chairman - CDFC



Fund Account Manager

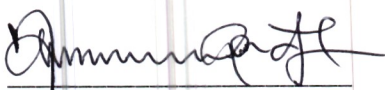
**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
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For the year ended June 30, 2017**

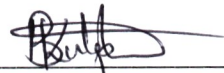
VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 – 2017	2015 - 2016
Transfers from CDF Board	2	81,896,552.00	210,987,902.00
Other Receipts	2	78,000.00	-
Total Receipts for operating income		81,974,552.00	210,987,902.00
Payments for operating expenses			
Compensation of Employees	3	3,556,286.00	1,735,895.00
Use of goods and services	4	8,615,088.00	13,108,933.00
Transfers to Other Government Units	5	90,264,127.00	99,177,958.00
Other grants and transfers	6	59,974,846.00	20,969,381.00
Other Payments	8	1,401,583.00	3,580,018.00
Adjusted for:			
Adjustments during the year		0	2800000
Total Payments for operating expenses		(163,811,929.00)	(141,372,185.00)
Net cash flow from operating activities		-81,837,377.00	69,615,717.00
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	1,193,525.00	330,956.00
Net cash flows from Investing Activities		(1,193,525.00)	(330,956.00)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENT		-83,030,903.00	69,284,761.00
Cash and cash equivalent at beginning of the year	11	84,633,740.00	15,348,979.00
Cash and cash equivalent at end of the year	12	1,602,838.00	84,633,740.00

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



Chairman NG-CDFC



Fund Account Manager

NATIONAL GOVERNMENT - CONSTITUENTS DEVELOPMENT FUND – KINANGO 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 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	81,896,552.00	84,633,741.00	166,530,293.00	166,530,292.00	1.00	100
Proceeds from Sale of Assets				-		
Other Receipts				78,000.00	(78,000.00)	
Total	81,896,552.00	84,633,741.00	166,530,293.00	166,608,292.00	-77,999.00	100.00
PAYMENTS						
Compensation of Employees	2,543,418.00	1,038,266.00	3,581,684.00	3,556,286.00	25,398.00	99
Use of goods and services	4,827,271.00	3,869,122.00	8,696,393.00	8,615,088.00	81,305.00	99
Transfers to Other Government Units	47,085,631.00	44,208,282	91,293,913.00	90,264,127.00	1,029,787.00	99
Other grants and transfers	26,372,789.00	33,604,900.00	59,977,689.00	59,974,846.00	2,843.00	100
Acquisition of Assets	1,067,443.00	511,589.00	1579032.00	1,193,525.00	385,506.00	76
Other Payments	0.00	1,401,583.00	1,401,583.00	1,401,583.00	-	100
TOTALS	81,896,552.00	84,633,741.00	166,530,293.00	165,005,454.00	1,524,838.00	99.08434773

➤ Of the over-utilization, i.e under the use of goods and services, this could be attributed to the savings realised in the employees' compensations that covered emerging expenses for the committee in the management of the fund.

The KINANGO NG-CDF financial statements were approved on 20th, July 2017 and signed by:



Chairman Kinango NG-CDF



Fund Account Manager

**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
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Reports and Financial Statements

For the year ended June 30, 2017

VIII. NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 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.

1.2 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.

1.3 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.

1.4 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.

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For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.5 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 are 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.

1.6 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.

1.7 Comparative figures

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

1.8 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. TRANSFERS FROM NG-CDF BOARD (AIES RECEIVED)

Description		2016 - 2017 Kshs	2015 - 2016 Kshs
1330407	Normal Allocation	4,094,827.00	40,189,258.00*
	AIE NO. A 829610/ A 796109		
	AIE NO. A 855039/ A 796281	36,853,449.00	10,000,000.00
	AIE NO. A 855653/ A 724248	40,948,275.00	10,000,000.00
	AIE NO. A 796476		20,000,000.00
	AIE NO. A 820581		20,000,000.00
	AIE NO. A 820889		25,000,000.00
	AIE NO. A 825793		85,798,644.00
TOTAL		81,896,552.00	210,987,902.00
Other Receipts		78,000.00	-

3. COMPENSATION OF EMPLOYEES

Description		2016 - 2017 Kshs	2015 - 2016 Kshs
2110201	Basic wages of contractual employees	1,710,574.00	1,735,895.00
2110326	Other personnel payments	745,000.00	-
2120101	Employer contribution to NSSF	30,240.00	-
	NHIF	54,000.00	-
2710120	Gratuity	1,016,472.00	-
Total		3,556,286.00	1,735,895.00

4. USE OF GOODS AND SERVICES

Description		2016 - 2017 Kshs	2015 - 2016 Kshs
2210802	Other committee expenses	3,413,059.00	
2210809	Committee allowance	3,100,000.00	
2211100	Office and general supplies and services	2,102,029.00	10,913,658.00
2220200	Routine maintenance – other assets (CDF Office Renovations	-	2,195,275.00
Total		8,615,088.00	13,108,933.00

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description		2016 - 2017 Kshs	2015 - 2016 Kshs
2630204	Transfers to primary schools	45,371,692.00	49,259,455.00
2630205	Transfers to secondary schools	44,127,721.00	32,104,910.00
2630206	Transfers to Tertiary institutions	-	10,000,000.00
2630207	Transfers to Health institutions	764,714.00	7,813,593.00
TOTAL		90,264,127.00	99,177,958.00

* Error in prior year figure corrected

**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER GRANTS AND OTHER TRANSFERS

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
2640101 Bursary -Secondary	24,687,500.00	2,450,000.00
2640102 Bursary -Tertiary	17,630,000.00	3,022,000.00
2640105 Mocks & CAT	1,999,558.00	1,000,000.00
2640504 Water	-	775,000.00
2640507 Security	10,977,961.00	8,150,000.00
2640200 Emergency Projects (specify)	4,679,827.00	5,572,381.00
Total	59,974,846.00	20,969,381.00

7. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2016- 2017 Kshs	2015 - 2016 Kshs
3110302 Refurbishment of Buildings	518,725.00	-
3110504 Other Infrastructure and Civil works	392,800.00	-
3110505 Others	282,000.00	
3111001 Purchase of Office furniture and fittings	-	330,956.00
Total	1,193,525.00	330,956.00

8. OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
2211310 Constituency Strategic Plan	-	500,000.00
3110901 Desks	901,583.00	1,945,018.00
2211310 Audit Management Fees	500,000.00	
2640508 Social Halls	-	1,135,000.00
TOTAL	1,401,583.00	3,580,018.00

9. 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)
KCB - Kwale Branch	1108631142	1,602,838.00	84,233,741.00
Total		1,602,838.00	84,233,741.00

10. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs (1/7/2016)	2015 - 2016 Kshs (1/7/2015)
Bank accounts	84,233,741.00	12,548,979.00
Imprest	400,000.00	2,800,000.00
Total	84,633,741.00	15,348,979.00

**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

	2016 - 2017	2015 - 2016
	Kshs (1-7-2016)	Kshs (1-7-2015)
Bank accounts	84,233,741.00	12,548,979.00
Imprest	400,000.00	2,800,000.00
Total	84,633,741.00	15,348,979.00

12. CASH AND CASH EQUIVALENTS AT THE END OF THE YER

	2016 - 2017	2015 - 2016
	Kshs (30/06/2017)	Kshs (30/06/2016)
Bank accounts	1,602,838.00	84,233,741.00
Imprest	-	400,000.00
Total	1,602,838.00	84,633,741.00

13. OTHER IMPORTANT DISCLOSURES

ANNEX 1 - PENDING DISBURSEMENTS (As described below)

	Kshs	Kshs
	2017	2016
Compensation of Employees	25,398.00	1,038,266.00
Goods & Services	159,304.00	3,869,121.00
Transfers to Government Units	501,478.00	44,208,282.00
Other Grants & Transfers	531,152.00	33,604,900.00
Acquisition of Assets	385,507.00	511,589.00
Othe payments		1,401,582.00
Total	1,602,838.00	84,633,740.00

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY
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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due for Employee Compensation							
1.	Salaries	2,454,858.00	30/06/2017	3,476,046.00	21,078.00	1,038,266.00	
2.	NSSF	34,560.00		30,240.00	4,320.00	0.00	
3.	NHIF	54,000.00		54,000.00	0.00	0.00	
	Sub-Totals	2,543,418.00		3,556,286.00	25,398.00	1,038,266.00	
Amount due for Use of Goods & Services							
4.	Committee Expenses	1,500,000.00	30/06/2017	3,100,000.00	40,000.00	1,640,000.00	
5.	Goods & Services	870,375.00		2,102,029.00	74,404.00	1,228,056.00	
6.	Monitoring & Evaluation	2,000,000.00		2,763,059.00	1,941.00	765,000.00	
7.	Capacity Building	456,896.00		650,000.00	42,960.00	236,064.00	
	Sub-Total	4,827,271.00		8,615,088.00	159,305.00	3,869,121.00	
Amounts due to other Government entities							
8.	Transfers to Primary Schools	31,500,000.00	30/06/2016	40,100,000.00	500,476.00	9,100,476.00	

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY
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9.	Transfers to Secondary Schools	15,585,631.00	30/06/2016	44,627,721.00	0.00	28,542,090.00
10.	Transfers to Health Institutions	0.00		765,716.00	1,002.00	765,716.00
	Sub-Total	47,085,631.00		85,493,437.00	501,478.00	38,408,282.00
	Amounts due to other grants and other transfers					
11.	Security	1,277,961.00	30/06/2016	10,977,961.00	0.00	9,700,000.00
12.	Emergency	4,094,828.00		4,679,827.00	1.00	585,000.00
13.	Bursary & Mocks	21,000,000.00		44,317,058.00	2,400.00	23,319,900.00
	Sub-Total	26,372,789.00		59,974,846.00	2,401.00	33,604,900.00
	Others (specify)					
14.	CDF Office Renovation	1,067,443.00	30/06/2016	1,193,525.20	385,507.00	511,589.00
15.	Desks	0.00		6,173,274.00	528,309.00	6,701,583.00
16.	Audit Fees	0.00		0.00	0.00	500,000.00
	Sub-Total	1,067,443.00		7,366,799.00	913,815.00	7,713,171.00
	Grand Total	81,896,552.00		164,927,454.00	1,602,838.00	84,633,741.00

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY
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ANNEX 2 - SUMMARY OF FIXED ASSETS REGISTER

Asset class	Historical Cost	
	(Kshs) 2016/2017	(Kshs) 2015/2016
Land	0	0
Buildings and structures	10,647,936.00	9,736,411.00
Office Furniture and Fittings	470,026.00	470,026.00
ICT Equipment, Software and Other ICT Assets	1,082,623.00	1,082,623.00
Plant & Machinery	27,700,394.00	27,700,394.00
Heritage and cultural assets		
Intangible assets		
Total	39,900,979.00	38,989,454.00

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY
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ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Certificate Balance	Bank Balance 2015/2016
Mazeras Primary School	Co-op – Nkrumah Road	01139043763603	8,393.00	
Chengoni Chiefs Office	KCB - Mariakani	1156881722	1,890.00	38,560.50
Dumbule - Gandini Pipeline WP	Co-op – Nkrumah Road	01100091381900	11,485.00	0.00
Magodzoni Primary School	KCB - Kwale	1153451182	997.00	
Vigurungani Primary School	KCB - Kwale	1205174230	160.00	0.00
Guro Primary School	KCB - Mariakani	1207183156		0.00
Mafundani Primary School	KCB - Kwale	1207293490	1,435.00	0.00
Ng'onzini Primary School	Co-op – Nkrumah	01139446740600	1,275.00	0.00
Kaphingo Primary School	KCB - Mariakani	1206236817	1,760.00	0.00
Taru Primary School	Co-op - Mariakani	01117764081100	1,450.00	0.00
Dokata Primary School	Co-op - Mariakani	01117764075700	1,000.00	0.00
Bonje Primary School	Co-op – Nkrumah Road	01139078542901	1,353.00	0.00
Magale Primary School	Co-op - Mariakani	01139254727200	13,553.00	0.00
Chikomani Primary School	Co-op - Mariakani	01100251277900	0.00	0.00
Kituoni Primary School	KCB - Mariakani	1183965044	1,630.00	0.00
Kilibasi Unit for Mentally	KCB - Kwale	1178409996	2,387,856.00	0.00
Malungoni Primary School	KCB - Kwale	1205111565	244,975.00	0.00
Chidzaya Primary School	KCB - Kwale	1205178872	245,430.00	0.00
Muungano Primary School	KCB – Mwembe Tayari	1205179216	42,665.00	0.00
Mkanyeni Primary School	Co-op – Nkrumah Road	01117043999001	612,693.00	0.00
Mtulu Primary School	KCB - Mariakani	1157473830	13,460.00	0.00
Mbita Primary School	KCB - Ukunda	1156786436		0.00
Ziaradundo Primary School	KCB - Kwale	1204342588	238,100.00	0.00
Karyaka Primary School	KCB - Kwale	1164763722	92,280.00	0.00
Mbandi Primary School	KCB - Kwale	1151739189	6,570.00	0.00
Maendeleo Primary School	Co-op - Mariakani	01100251031000	36,470.00	0.00
Dzimarya Primary School	KCB - Kwale	1178415619	191,705.00	0.00
Gwadu Primary School	KCB - Kwale	1203953668	1,425.00	0.00
Mabamani Primary School	Equity - Kwale	1580271523260	43,010.00	0.00
Chidzipwa Primary School	KCB - Mariakani	01141764040100		0.00
Kaluweni Primary School	Co-op - Mariakani	01141764031000	1,115.00	0.00

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PMC	Bank	Account number	Bank Certificate Balance	Bank Balance 2015/2016
Miyani Primary School	Co-op - Mariakani	01141446433200	84,312.00	84,312.00
Nyari Primary School	KCB - Mariakani	1205634789	1,000,200.00	0.00
Maji ya Chumvi Primary School	KCB - Mariakani	1205630899	88,062.00	0.00
Kasageni Primary School	Co-op - Nkrumah	0113943999204		0.00
DumbulePrimarySchool	KCB - Kwale	1206849495	28,895.00	0.00
Gandini South Primary School	KCB - Kwale	1206013664	194,445.00	0.00
Wamasa Primary School	KCB - Kwale	1206573643	190,665.00	0.00
Mbilini Primary School	Co-op - Mariakani	01139446740800	40,115.00	0.00
Kituu Primary School	Co-op - Mariakani	01141764036800	190,665.00	0.00
Kinango School for the Deaf	KCB - Kwale	1137131519	118,319.00	0.00
Nyango Primary School	KCB - Kwale	1159081441	127,760.00	0.00
Kilibasi Primary School	KCB - Mariakani	1210455528	1,000,000.00	0.00
Taru Girls Secondary School	Co-op - Mariakani	01128250929300	2,643,168.00	715,442.00
Moyeni Secondary School	KCB - Kwale	1124985220	1,095,825.00	418,828.00
Bofu Secondary School	KCB - Mvita	1128005107	24,240.00	0.00
Mwalukombe Girls Sec School	KCB - Kwale	1135345880	2,421.00	2,421.00
Makamini Secondary School	KCB - Kwale	1132977479	160,264.00	2,168,552.00
Mwarovesa Secondary School	KCB - Kwale	1120495644	190,077.00	787.00
Tsunza Secondary School	KCB - Mwembe Tayari	1154843262		972,597.00
Mwavumbo Secondary School	KCB - Mariakani	1125113677	111,928.00	1,804,398.00
Kinagoni Secondary School	KCB - Mwembe Tayari	3335235931	780.00	1,838.00
Nzovuni Secondary School	KCB - Kwale	1129646009	1076.00	20,699.00
Mtaa Secondary School	KCB - Mvita	1129066215	2,594,565.00	3,501,554.00
Mwabila Secondary School	KCB - Mariakani	1120799996	939,069.00	1,647,663.00
Matumbi Secondary School	KCB - Mariakani	11077898234	428,156.00	750,692.00
Mazeras High School	KCB - Mariakani	1126413976	15,087.00	12,412.00
Mwakijembe Secondary School	KCB - Kwale	1126323403	7,710.00	785,657.00
Bang'a Secondary School	KCB - Kwale	1149843888	2,840.00	0.00
Mnyenzi Secondary School	KCB - Mariakani	1126261327	7,493.00	7,493.00
Mackinnon Road Sec School	KCB - Mariakani	1107818370	433,346.00	896,280.00
Kinango Secondary School	KCB - Kwale	1125632984	367,688.00	-300.00
Salim Mvurya Secondary School	KCB - Mariakani	1150968303	459,562.00	653,802.00
Vigurangani Secondary School	KCB - Mariakani	1112696687	825.00	3,032.00

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PMC	Bank	Account number	Bank Certificate Balance	Bank Balance 2015/2016
Chanzou Dispensary	KCB - Mariakani	1127570226	4,509.00	243,130.00
Kinagoni Dispensary	KCB - Mariakani	1114915890	639.00	30,049.00
Gulanze Dispensary	Co-op - Likoni	01134078901300	2,471.00	0.00
Mkanyeni Dispensary	Co-op – Nkrumah Road	01136390045400		0.00
Dumbule Dispensary	KCB - Kwale	1147133492	3,917.00	0.00
Chikomani Dispensary	KCB - Mariakani	1115946271		0.00
Malomani AP Post	KCB - Mvita	1178518213	53,847.00	0.00
Bofu AP Post	KCB - Mariakani	1178228177		0.00
Mavirivirini Police Station	KCB - Mariakani	11061325643	3,133.00	96,540.00
Kinagoni AP Post	Co-op - Mariakani	01134254629100	318,143.00	1,173,573.00
			17,140,352.00	16,030,010.00

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY
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ANNEX 4 – PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Transfer to Other Government Units	Confirmation of the transfer of kshs.10M to Technical University of Mombasa (the mentor institution) for Kinango Technical Training Institute	Kinango CDF Office to obtain Bills of Quantities, Drawings and design, and payment certificates from Technical University of Mombasa and submit to the Office of the Auditor General	Resolved. Documents obtained and submitted	Cleared
2.0	Other Grants and Transfers	The propriety of kshs.600,000 spent on the completion of Kinagoni AP Post where the auditors noted that the contractor had used soft wood for 4no. doors instead of the recommended hard wood	The sub-county public works office together with the CDF Clerk of works supervise the replacement of the doors before payment of retention or handing over of the project to the community by the contractor	Resolved	Doors replaced with hard wood doors

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.0	Bank Balances	doors Adjustment of Cashbook balances to reflect accuracy and completeness as at June 30 th 2016.	The sub-county National Treasury Office (Kinango Sub-county) to make the necessary adjustments	Resolved	Cashbook balances adjusted accordingly.
4.0	Outstanding Imprest	Outstanding imprest of kshs.400,000 as at June 30 th , 2016 irregularly as the law requires surrender of imprest within 7 working days after completion of activity	Imprest holders ensure imprests are surrendered immediately	Resolved	Imprests surrendered