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*Paper Laid on the
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by the Leader of
the Majority Party
on Tuesday
6th November 2018.*

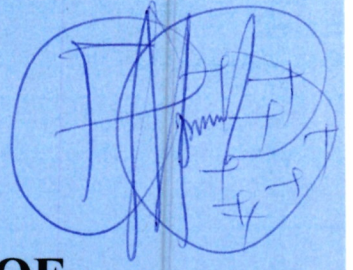


REPORT

OF

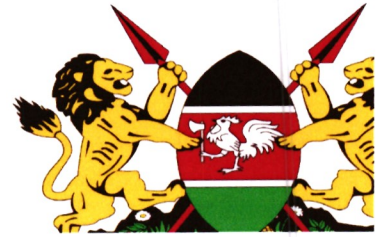
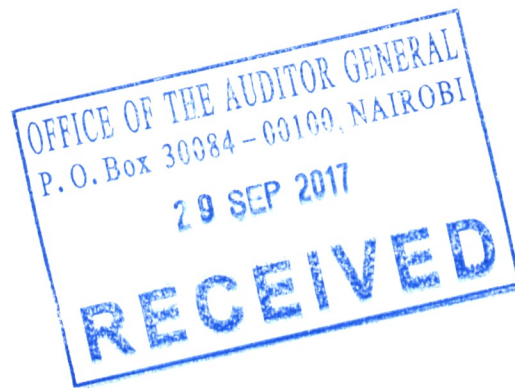
THE AUDITOR-GENERAL

ON



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

**FOR THE YEAR ENDED
30 JUNE 2017**



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-

KIGUMO 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 – KIGUMO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KIGUMO
CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003, Amended in 2007 and repealed by the CDF Act, 2013. In 2015, the CDF Act 2013 was declared unconstitutional and a new Act was enacted in 2015 being the National Government Constituencies Development Fund 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 National Government development Agenda at the Constituency level.

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (N.G.-C.D.F.B.)
- ii. National Government Constituency Development Fund Committee (N.G.-C.D.F.C.)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Wesley Kibet Ng'eno
3.	Accountant	Dennis Nd'ungu
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG CDF Board provide overall fiduciary oversight on the activities of KIGUMO 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.

(e) KIGUMO CDF Headquarters

NG CDF Office Building
P.O. Box 10 - 10203
Behind Kigumo Police Station
Kigumo, KENYA

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

(f) KIGUMO CDF Contacts

Telephone: (254) 717 279 019 & (254) 734 279 679

[E-mail:cdfigumo@cdf.go.ke](mailto:cdfigumo@cdf.go.ke)

Website: www.ngcdfb.go.ke

(g) KIGUMO NG CDF Bankers

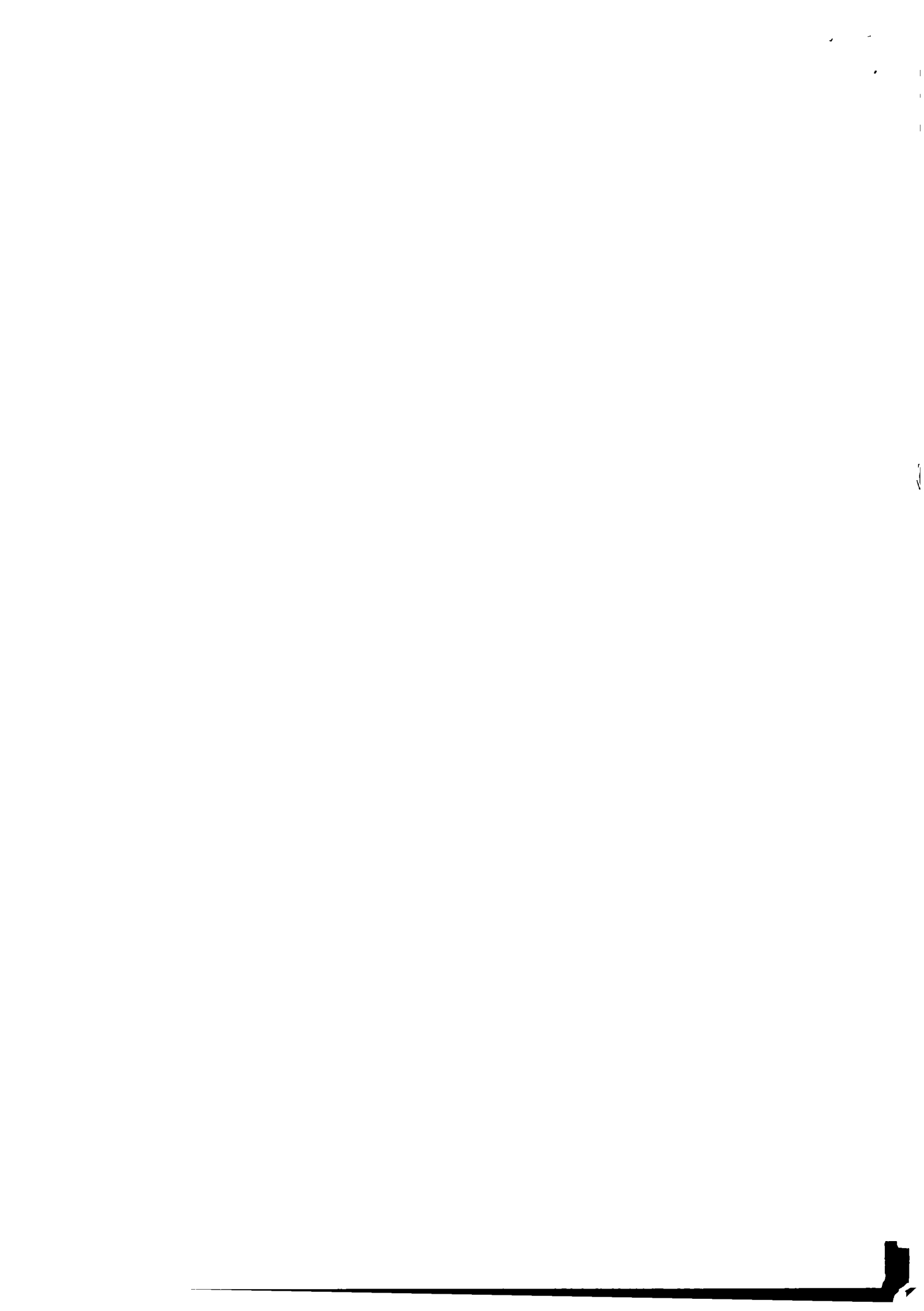
1. Equity Bank of Kenya Ltd
Kangari Branch
P.O. Box 8 -10203
Kangari, Kenya
Tel: (254) 60 44217/44029

(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



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

Achievements of Kigumo NG CDF

On behalf of the committee and management, I am glad to inform you that despite the uncertainty in the flow of funds this financial year, Kigumo NG CDF, managed to disburse a record of Kes. 28 million bursaries up from Kes. 17 million the previous year, This being the highest ever in one disbursement. Almost double beneficiaries benefitted. We look forward to increase the number of beneficiaries this year.

Kigumo NG CDF takes education as a priority and has been consistently for the past years in investing a lot in infrastructure. As the Chairman, am glad to inform you that this financial year we bought 3 new school buses in partnership with parents bringing the total number of buses to Seven (7).

Further, in our quest to bring our dilapidated primary school infrastructure to place, we embarked on a serious refurbishment of the school and are glad today to report that 12 old and dilapidated schools were fully refurbished and it's now looking very new.

In Security sector, the committee commissioned 4NO: Solar Powered Flood lights in Githembe, Gakuyu, Mathare-ini and Makomboki markets, this has greatly improved security within those localities and the constituents are happy with the development.

Environment, Committee is committed to ensuring that our constituency is environmentally clean. Kigumo NG CDFC planted 8,000 tree seedlings in 15 primary schools in all the 5 wards of Kigumo. Further, 2 school received additional funding to address the soil erosion that had threatened its classrooms foundation.

Finally, the CDFC and its staff had an opportunity to attend to a 5 day capacity building in Embu where lots of cross cutting issues were delved with in details and thus members are now capable of delivering on their mandate. Further, in Feb 2017, members joined Maragua NG CDFC to a 5 days bench marking mission to three constituencies in Mombasa and Kilifi counties. Members were able to compare and learn new skills or trade that help to improve on service delivery.

Implementation challenges and recommended way forward.

Project Management Committees procurement process still poses a greater challenge to the

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

committee. We shall continuously endeavour to train and build PMCs capacity in order to appreciate the laws and regulations governing procurements.

Labour cost project implementation still pose a challenge in Kigumo. This has lead to poor workmanship and delayed project completion. Going forward the committee will limit the labour cost related projects and opt for full contract.

Appreciation

The great progressive success achieved has been because of invaluable support from Kigumo Constituents, and in this regard and on behalf of the NG CDFC, i wish to take this opportunity to thank you all and request you to continue with the same spirit for many years to come.

Allow me to also recognise and thank CDFB, KNAO, MP Hon. Jamleck Kamau, FAM, MCA and District heads in Kigumo who have given us support and all other stakeholders who stood with us all along. Finally, i would like to appreciate the contribution and individual dedication of Kigumo NG CDF staff towards our success.

Sign.....

CHAIRMAN CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KIGUMO
CONSTITUENCY**

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

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 KIGUMO National Government Constituency Development Fund is responsible for the preparation and presentation of the KIGUMO NG-CDF financial statements, which give a true and fair view of the state of affairs of the KIGUMO 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 KIGUMO 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, 2016, and of the NG CDF's financial position as at that date. The Accounting Officer charge of the KIGUMO NG CDF further confirms the completeness of the accounting records maintained for the 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 KIGUMO 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 _____ 2017.

Fund Account Manager



Chairman CDFC

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund–Kigumo Constituency set out on pages 6 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: 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund-Kigumo Constituency as at 30 June, 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, 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 Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development fund - Kigumo 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 opinion.

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

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. I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Other Grants and Transfers

The statement of receipts and payments reflects other grants and transfers balance of Kshs.39,971,044 for the year ended 30 June 2017 and as disclosed in note 5 to the financial statements is roads projects amount of Kshs.955,550 disbursement to Kenya Rural Roads Authority (KERRA) for murraming of Karega Suta road. However, the project file, expenditure returns and other relevant supporting documentation were not provided for audit review. In the circumstances, the regularity of the expenditure of Kshs.955,550 for the year ended 30 June 2017 could not be confirmed.

2. Unsupported Expenditure on Renovation of Kigumo Administration Police(AP) Line

Included in the other grants and other payments figure of Kshs.39,971,044 under note 5 to the financial statements is security projects of Kshs.1,000,000 disbursed to Kigumo AP Line Projects in respect of renovation of 20 Units of AP line houses. The works involved wall repairs, ceiling boards, roof replacements, painting, compound fencing, water tank installation and water plumbing. It was noted that the project was split into labour contract and supply of materials. Records indicates that a total of Kshs.806,863 had been spent by the project management committee as at 30 June 2017. However, the payments includes an amount Kshs.400,000 paid to M/s Gazello Enterprises for supply of materials which was not supported by any documentation. Physical verification of the project on 20 July 2018 revealed that demolition of the old huts was done in preparation of the renovations but later abandoned and no other works were done. Apart from some materials including ballast, building stones and sand that were still on site at the time of this audit, renovation works were not carried out.

The management has not explained how the CDF funds earmarked for the project was utilized and accounted for.

Consequently, the validity and regularity of the payments of Kshs.1,000,000 incurred during the year ended 30 June 2017 could not be confirmed.

3. Gatimu Primary School project-Construction of Classrooms

Note 4 to the financial statements on transfer to other government entities reflects transfers to primary schools figure of Kshs.39,705,568 which includes Kshs.1,000,000 disbursed to Gatimu Primary school for construction of 2 No.

classrooms. Expenditure returns indicate that a total of Kshs.926,560 had been spent as at 30 June 2017 for supply of materials and labour contracts. However, no evidence was provided indicating that the supply of building materials and labour was competitively procured through open tender process as stipulated in section 91 of the Public Procurement and Asset Disposal Act, 2015. Further, the bills of quantities and structural plan drawings for the construction were not presented for audit review.

Consequently, the regularity of the amount of Kshs.1,000,000 incurred in respect this project during the year ended 30 June 2017 could not be confirmed.

4.0. Budgetary Performance

4.1. Overall budget Performance

During the year under review, Kigumo NG-CDF received a total of Kshs.110,575,029 from the National Government Constituencies Development Fund Board against a budget of Kshs.141,523,304 resulting to shortfall in disbursements by Kshs.30,948,275. Further, the actual expenditure for the year total Kshs.108,941,132 representing an absorption rate of 77% of budget. The underutilization of the budget was attributed to delay in disbursement of funds by the NG-CDF Board.

4.2. Project Implementation

During the period under review, the Kigumo CDF spent a total of Kshs.84,369,490 against budget figure of Kshs.99,469,500 allocated for projects as shown below:

Project Category	No. Budgeted	No. Completed	No. On going	No. not started	Budget Kshs.	Actual-Kshs.	Variance Kshs.
Primary Schools	55	35	0	20	52,616,988	38,905,568	-13,711,420
Secondary Schools	13	11	0	2	12,540,000	11,840,000	-700,000
Security	2	0	0	2	1,500,000	1,000,000	-500,000
Emergency	14	14	0	0	4,094,828	4,400,000	305,172
Social Security	1	0	0	1	600,000	-	600,000
Environment					1,437,308	49,773	-1,387,535
Bursary					25,400,000	28,124,376	2,724,376
Sports					49,773	49,773	0
Mock/Cats					1,230,603	-	1,230,603
Total	85	60	0	25	99,469,500	84,369,490	(11,438,804)

The above analysis shows that, out of eighty five (85) approved projects earmarked for implementation in the year, only sixty (60) or 71% of the projects were implemented leaving twenty five (25) projects unimplemented. Although the management attributes the low absorption of funds mainly to delay by the National

Government Constituencies Development Fund Board in releasing funds to the Constituency, the CDF committee should take appropriate measures to ensure that approved projects are implemented within the set timelines.

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 liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

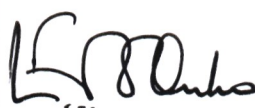
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to continue to cease 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

15 October 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIGUMO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	105,581,342	99,807,489
Proceeds from Sale of Assets		-	
Other Receipts		-	
TOTAL RECEIPTS		105,581,342	99,807,489
PAYMENTS			
Compensation of employees	2	1,141,747	899,871.00
Use of goods and services	3	10,582,773	6,019,214.00
Transfers to Other Government Units	4	57,245,568	46,073,931.00
Other grants and transfers	5	39,971,044	44,559,869.00
Acquisition of Assets	6	0	228,000.00
Other Payments		-	
TOTAL PAYMENTS		108,941,132	97,780,885.00
SURPLUS/DEFICIT		(3,359,790)	2,026,604.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kigumo NG CDF financial statements were approved on 02/02/17 2017 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIGUMO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

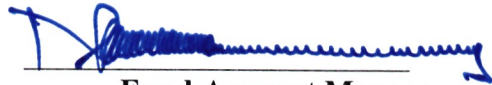
V. STATEMENT OF FINANCIAL ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	1,633,897	4,993,687.00
Cash Balances (cash at hand)		-	-
Outstanding Imprests		-	-
TOTAL FINANCIAL ASSETS		1,633,897	4,993,687.00
REPRESENTED BY			
Retention			
Fund balance b/fwd 1st July...	8	4,993,687	2,877,083
Surplus/Deficit for the year		(3,359,790)	2,026,604
Prior year adjustments	9		90,000.00
NET LIABILITIES		1,633,897	4,993,687.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kigumo NG CDF financial statements were approved on 02/08 2017 and signed by:

ajoki

Chairman – NG CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIGUMO
CONSTITUENCY**

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

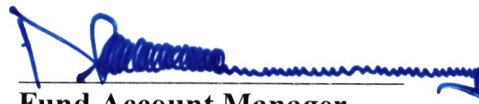
VI. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	105,581,342	99,807,489
Other Receipts		-	-
		105,581,342	99,807,489
Payments for operating expenses			
Compensation of Employees	2	1,141,747	899,871
Use of goods and services	3	10,582,773	6,019,214
Transfers to Other Government Units	4	57,245,568	46,073,931
Other grants and transfers	5	39,971,044	44,559,869
Other Payments		-	-
		108,941,132	97,552,885
Adjusted for:			
Adjustments during the year	9		90,000
Net cash flow from operating activities		(3,359,790)	2,344,604
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets	6	0	(228,000)
Net cash flows from Investing Activities		0	(228,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		(3,359,790)	2,116,604
Cash and cash equivalent at BEGINNING of the year	8	4,993,687	2,877,083
Cash and cash equivalent at END of the year		1,633,897	4,993,687

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kigumo NG CDF financial statements were approved on 02/08 2017 and signed by:



Chairman NGCDFC



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	81,896,552.00	59,626,752.00	141,523,304.00	110,575,029.00	30,948,275.00	78.1 %
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	81,896,552.00	59,626,752.00	141,523,304.00	110,575,029.00	30,948,275.00	78.1 %
PAYMENTS						
Compensation of Employees	1,254,600.00	1,289,400.00	2,544,000.00	1,141,747.00	1,402,253.00	44.9 %
Use of goods and services	1,493,245.00	8,872,171.00	10,365,421.00	10,582,773.00	(217,352.00)	102.1 %
Transfers to Other Govt Units	42,700,431.00	34,756,557.00	77,456,988.00	57,245,568.00	20,211,420.00	73.9 %
Other grants and transfers	36,448,276.00	14,708,619.00	51,156,895.00	39,971,044.00	11,185,851.00	78.1 %
Acquisition of Assets	0	0	0	0	0	
Other Payments	0	0	0	0	0	
TOTALS	81,896,552.00	59,626,752.00	141,523,304.00	108,941,132.00	32,582,172.00	77.00 %

Agustin

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

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

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

- i. In Financial year under review there is significant improvement in utilization from 62.1% in FY 2015/16 to 77% this year. We attribute the consistent funds disbursement from the NG CDFB and faster onwards disbursement by the NG CDFC to the PMC for implementation.
- ii. All other payments as shown above were commensurate with the disbursement (Receipts) and thus we did not witness any much under or over variation in utilization, except in Compensation of employees where 45% utilization is achieved. The reason being over budgeting of the said line.

The KIGUMO NG CDF financial statements were approved on _____ 2017 and signed by:

Reeki

Chairman CDF

Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO CONSTITUENCY
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TRIAL BALANCE AS AT 30TH JUNE 2017		DR	CR
Cash and Cash equivalents			
	Bank Balances	1,633,897	
	Cash Balances	-	
	Outstanding Imprest	-	
Payments			
	Compensation of Employees	1,122,547	
	Use of goods and services	4,900,000	
	Committee Expenses	5,682,773	
	Transfers to Other Government Units	57,245,568	
	Other grants and transfers	39,971,044	
	Social Security Benefits	19,200	
	Acquisition of Assets	-	
	Other Payments	-	
Receipts			
	Transfers from the Board		105,581,342
	Proceeds from sale of assets		-
	Others receipts		-
	Prior Year Adjustment		-
	Fund Balance b/f		4,993,687
	TOTAL	110,575,029	110,575,029

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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.

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

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO
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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	A 825861	54,633,065.00	25,403,744.50
AIE NO	A 829601	4,094,827.60	1,403,744.50
AIE NO	A 855034	36,853,449.00	20,000,000.00
AIE NO	A 839674	10,000,000.00	20,000,000.00
			13,000,000.00
TOTAL		105,581,342.00	99,807,489.00

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

2. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	978,547	760,671
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	144,000	120,000
Leave allowance	0	0
Gratuity	0	0
Employer Contribution to NSSF	19,200	19,200
Total	1,141,747	899,871

3. USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Committee Expenses	518,184	370,769
Utilities, supplies and services	0	0
Communication, supplies and services	487,868	288,870
Domestic travel and subsistence	512,021	68,963
Printing, advertising and information supplies & services	383,355	201,679
Rentals of produced assets	0	0
Training expenses	1,690,000	0
Hospitality supplies and services	421,419	401,965
Other Committee Expenses	343,000	488,700
Committee Allowances	4,900,000	3,812,200
Insurance costs	0	0
Office and general supplies and services	368,430	116,650.20
Other operating expenses	578,147	165,303
Routine maintenance – vehicles and other transport equipment	0	0
Routine maintenance – other assets	380,349	104,115
Total	10,582,773.00	6,019,214.20

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO
CONSTITUENCY**

**Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to Primary schools (see attached list)	39,705,568	26,883,931
Transfers to Secondary schools (see attached list)	17,540,000	17,890,000
Transfers to Tertiary institutions (see attached list)	0	0
Transfers to Health institutions (see attached list)	0	1,300,000
TOTAL	57,245,568	46,073,931

5. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015- 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	20,622,362	17,785,139
Bursary – tertiary institutions (see attached list)	7,502,014	6,647,347
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	1,316,500	466,355
Water projects (see attached list)	0	3,000,000
Security projects (see attached list)	1,000,000	4,800,000
Roads projects (see attached list)	955,550	1,325,000
Sports projects (see attached list)	1,037,309	1,987,536
Environment projects (see attached list)	3,137,309	600,000
Emergency projects (see attached list)	4,400,000	3,750,000
Other projects (see attached list)	0	4,198,492
Total	39,971,044	44,559,868

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

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	0	83,000
Purchase of ICT Equipment, Software and Other ICT Assets	0	145,000
Total	0	228,000

7. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
<i>Equity Kangari Branch & Kenya Shillings(Khs.) Account No. 0070296246702</i>	1,633,897.00	4,993,687.10
Total	1,633,897.00	4,993,687.10

8. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	4,993,687	2,877,083.00
Cash in hand	0	-
Imprest	0	-
Total	4,993,687.00	2,877,083.00

[Provide short appropriate explanations as necessary]

9. PRIOR YEAR ADJUSTMENTS

	2015- 2016	2015 - 2016
	Kshs	Kshs
Bank accounts	0	-
Cash in hand	0	90,000
Imprest	0	-
Total	0	90,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO
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**Reports and Financial Statements
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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: OTHER PENDING PAYABLES (See Annex 2)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	27,911,420.00	5,167,888
Amounts due to other grants and other transfers (see attached list)	1,100,000.00	49,465,177
Others (specify)	1,697,844.13	Xxx
	30,948,275.13	54,633,065

15.3: RECEIVABLES FROM BOARD

	Kshs	Kshs
Amounts due From NG CDFB in FY 2015/2016	4,000,000.00	
Amounts due From NG CDFB in FY 2016/2017	30,709,264.10	
	34,709,264.10	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO
CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

OTHER IMPORTANT DISCLOSURES

10. OTHER PENDING PAYABLES (See Annex 2)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	27,911,420	5,167,888
Amounts due to other grants and other transfers (see attached list)	1,100,000	49,465,177
Others (<i>specify</i>)	1,697,844.13	0
	30,948,275.13	54,633,065

11. PMC account balances (See Annex 4)

	Kshs	Kshs
PMC account Balances (see attached list)	290,377.95	983,033.95
	290,377.95	983,033.95

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

ANNEX 2 - 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
Amounts due to other Government entities							
1.		a	b	c	d=a-c		
					30,948,275	54,633,065	
	Sub-Total				30,948,275	54,633,065	
Amounts due to other grants and other transfers							
2.	Compensation to Employees			654,600	1,102,400		
3.	Use of Goods and Services			239,011	1,151,525		
4.	Committee Expenses			1,043,244	1,108,000		
5.	Committee Expenses-M&E			0	905,963		
6.	Committee Expenses-CDFC/PMC Capacity			0	900,000		
	Sub-Total				1,936,855	5,167,888	
Others (specify)							
7.	Transfer to Primary School				25,211,420	25,416,557	
8.	Transfer to Secondary School				0	9,340,000	
9.	Other Govt Transfer-Bursary Secondary School				0	3,715,000	
10.	Other Govt Transfer-Bursary Tertiary School				2,700,000	685,000	
11.	Other Govt Transfer-Burs CATs/Other Education Act				600,000	466,355	
12.	Environment				0	2,037,309	
13.	Sports				0	1,037,309	
14.	Security				500,000	1,000,000	
15.	Emergency				0	5,767,647	
	Sub-Total				29,011,420	49,465,177	
	Grand Total				30,948,275	54,633,065	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	N/A	N/A
Buildings and structures	2,883,710	2,883,710
Transport equipment	N/A	N/A
Office equipment, furniture and fittings	770,850	770,850
ICT Equipment, Software and Other ICT Assets	860,848	860,848
Other Machinery and Equipment	N/A	N/A
Heritage and cultural assets	N/A	N/A
Intangible assets	N/A	N/A
Total	4,515,408	4,515,408

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)
	OPINION				
	Financial statements present fairly, in all material respects, the financial position of Constituencies Development Fund-Kigumo Constituency as at 30 June 2015, at 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 Public Finance Management Act, 2012 and CDF Act, 2013	N/A	N/A	N/A	N/A
	OTHER MATTER				
1.0	CDF had proposed to spend Kshs 79, 315,736 to implement 84 projects. Out of these projects, 42 were completed, 35 were on-going, and 7 had not started. The CDF achieved 75% level of implementation based on disbursed funds. However, as at the close of the financial year, the CDF Board had not released funds amounting to Kshs. 76,072,450.75 to CDFC bank Account. No reason was provided for the delay in	The delay was caused by delays through government funding delays.	N/A	N/A	N/A

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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)
	release of the funds which hampers implementation of approved projects.				
2.0	Note 6 to the financial statements indicate that during the period under review, the Constituency Development Fund Committee (CDFC) members received sitting allowances amounting to Kshs. 1,048,000.00. However, tax due amounting to Kshs.314,400.00 (i.e. 30% of 1,048,000.00) was not charged on the allowances and remitted to Kenya Revenue Authority.	There is no clear tax policy or memo from the CDFB guiding on how to tax the committee allowances. Further, CDFC is not a tax agent as per KRA regulations	CDFB	Not resolved	N/A

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Kigumo Constituency Sports Fund	Equity	0070193506224	290,377.95	983,033.95
Takeu Pri School	Equity	0890294672682	1,000,000.00	
Githima Pri School	Equity	0070197014855	1,500,000.00	
Kiahiti Pri School	Equity	0070294241629	1,000,000.00	
Gakoe-ini Pri School	Equity	0070290170030	739,011.00	
Makomboki Pri School	Equity	0070162311379	2,000,000.00	
Kamunganga Pri School	Equity	0070197210725	2,000,000.00	
Muiria Pri School	Equity	0070162311373	2,000,000.00	
Mwarano Sec School	Equity	0070290170031	2,000,000.00	
Total			12,529,388.95	983,033.95

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIGUMO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017 (Kshs'000)

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Kigumo Constituency Sports Fund	Equity	0070193506224	290,377.95	983,033.95
Total			290,377.95	983,033.95

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

For the year ended June 30, 2017 (Kshs'000)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)

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