

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Paper Laid on the
Table of the House
by the Deputy

REPORT

Majority Leader
on Tuesday
28th August 2018

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
MATUGA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017





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

Reports and Financial Statements

For the year ended June 30, 2017

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
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The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2015. The 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 Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The Matuga NG- Constituency Development Fund's day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NGCDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Peter .M. Mwaighonda
3.	District Accountant	Justus .M. Kamalu

(d) Fiduciary Oversight Arrangements

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

(e) MATUGA NGCDF Headquarters

NGCDF Office Building.
P.O. Box 65-80403
Kwale,
Kenya.

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

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

(f) MATUGA NGCDF Contacts

Telephone: (254) 0724169951
E-mail: cdfmatuga@cdf.go.ke
Website: www@cdf.go.ke

(g) MATUGA NGCDF Bankers

Equity Bank (K) Ltd, Ukunda branch; A/C No.0440262171080
P.O Box 1476-80400
UKUNDA

(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 (NGCDFC)**

The NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Matuga Constituency.

However, there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approvals of proposals and reallocations.

The NGCDFCs wish that the issues of having the projects on going for more than 2years be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Sign.....

CHAIRMAN NGCDFC

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

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

**III. STATEMENT OF NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – MATUGA CONSTITUENCY.**

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

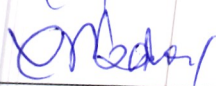
The Accounting Officer in charge of the Matuga NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility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

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

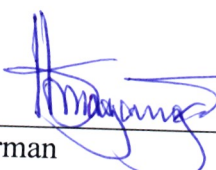
The Accounting Officer in charge of the Matuga NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes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

Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on _____ 2017.



Fund Account Manager



Chairman

REPUBLIC OF KENYA

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Fax: +254-20-311482
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MATUGA 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 - Matuga Constituency set out on pages 5 to 28, 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, 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 - Matuga Constituency 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 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

1.0 Transfer to Other Government Entities

1.1 Variance in amount transferred to primary schools

The statement of receipts and payments reflects an amount of Kshs.73,021,858 in respect of transfer to other government units out of which Kshs.43,357,446 was

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

transfers to primary schools as detailed in note 6 to the financial statements. However, schedules and payment vouchers availed for audit indicated that the actual expenditure incurred on transfers to primary schools was Kshs.46,957,446 resulting to unexplained nor reconciled variance of Kshs.3,600,000.

Consequently, the accuracy and completeness of transfers to primary school balance of Kshs.43,357,446 for the year ended 30 June 2017 could not be confirmed.

1.2 Matuga Girls' Secondary School

The statement of receipts and payments for the year ended 30 June 2017 reflects an amount of Kshs.73,021,858 in respect of transfers to other government units out of which Kshs.29,664,412 was transfers to secondary schools. Out of this amount Kshs.10,400,809.55 was indicated to have been transferred to Matuga Girls project management committee account for the completion of a modern administration block. The project bank statements availed for audit review, however, revealed that only Kshs.6,626,633.60 was received, as per the approved budget, to the project account leaving the balance of Kshs.3,774,175.95 paid vide voucher number 290258 and cheque no. 2028 dated 6 April 2017 not accounted for.

Further, in the year 2015/2016, Kshs.18,626,633 had been disbursed towards the project bringing the total funding to date to Kshs.29,027,442.50 whereas the revised contract sum was indicated to be Kshs.18,626,634 again resulting to disbursement excess of Kshs.10,400,808.50 above the contract sum.

In addition, project site inspection on 7 June 2018 revealed that the contractor was not on site and no works were ongoing despite the project exceeding the budget. The completion stage was observed not to have changed since the last audit site visit on the month of April 2017 of which it was observed that plastering and electrical works were on going an indication that works had since stalled.

Consequently, the propriety of Kshs.10,400,809.55 transferred to Matuga Girls Secondary School for the year 30 June 2017, could not be confirmed.

1.3 Tiwi Boys Secondary School

The statement of receipts and payments reflects an amount of Kshs 73,021,858 in respect of transfers to other government units out of which Kshs.29,664,412 was transfers to secondary schools. Out of this amount Kshs.1,449,000 was indicated to have been transferred to Tiwi Boys Secondary School project management committee account for the construction of two classrooms.

A site inspection on 6 June 2018 revealed that the project even though completed, had not been put to use and the site remains abandoned. In addition, the building

had been vandalized as some of the metal burglar proofing had been cut and doors removed.

Consequently, the value for money of the expenditure amounting to Kshs.1,449,000 for the year ended 30 June 2017 towards the construction of Tiwi Boys Secondary school could not be confirmed.

2.0 Use of Goods and Services

Note 5 to the financial statements reflects use of goods and services amounting to Kshs.8,282,710. However, the supporting schedule availed reflected an expenditure of Kshs.7,980,095.24 under administrative costs and Kshs.3,421,300 under Monitoring and Evaluation giving a cumulative total of Kshs 11,401,395.24 resulting to unreconciled variance of Kshs.3,118,685.24.

Consequently, the propriety, accuracy and completeness of use of goods and services balance of Kshs.8,282,710 for the year ended 30 June 2017 could not be confirmed.

3.0 Cash and Cash Equivalent

The statement of assets reflect a bank balance of Kshs.954,999. The bank reconciliation statement presented for audit revealed that there were payments in the cash book not in bank statement of Kshs.3,473,782 out of which cheques amounting to Kshs.213,501 were stale as at the time of audit. Further, the bank reconciliation reflected an amount of Kshs.29,599.55 being payments in the bank statement not recorded in the cash book. It is not clear why the management had not recorded this amount in the cash book.

Consequently, the accuracy and completeness of bank balance of Kshs.954,999 as at 30 June 2017 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Matuga 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 section 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 - Matuga Constituency had a final budget of Kshs.147,559,795 and spent Kshs.147,039,796 or 99% resulting to under absorption of Kshs.519,999 as summarized below;

Expenditure	Budget	Expenditure	Utilisation Difference	% of Utilisation
Compensation of Employees	2,581,164.00	2,581,164.00	0.00	100.0%
Use of goods and services	8,737,709.00	8,282,710.00	454,999.00	95.0%
Transfers to Other Government Units	73,086,858.00	73,021,858.00	65,000.00	100.0%
Other grants and transfers	62,663,544.00	62,663,544	0.00	100.0%
Acquisition of Assets	490,520.00	490,520.00	0.00	100.0%
TOTAL	147,559,795.00	147,039,796.00	519,999.00	99.6%

The National Government Constituency Development Fund – Matuga constituency had an absorption rate of 99.6% of the funds disbursed during the year.

2.0 Project Implementation Status

The projects status report availed for audit review indicated that a total of Kshs.73,582,561.63 was approved for thirty-two (32) projects by the National Government Constituencies Development Fund Board for projects implementation out of which Kshs 72,831,561.63 was disbursed.

A review of the project status report indicated that:

- i. Twenty-six (26) projects with an allocation of Kshs.53,404,928 were initiated and completed during the year under review.
- ii. Six (6) projects with a total allocation of Kshs.19,426,633.60 were on going.

Slow implementation of projects may affect delivery of goods and services to the residence of Matuga Constituency.

3.0 Projects Verification

During the audit, twelve (12) projects with a total disbursement of Kshs 38,634,525.60 were inspected in the month of June 2018 and five (5) of them had various issues as indicated below:

S/Nº	Project Name	Activity	Project Cost (Kshs)	Disbursement (Kshs)	Status	Remarks
1	Kombani Primary School	Purchase of 3/4 acre land	600,000	600,000.00	Complete	Land purchased and registered under the school name. Reallocated funds from 2015/16 Emergency
2	Tumaini Secondary School	Construction of Administration block	3,000,000 1,163,482	4,163,482.00	Complete	Used local wood materials for all wood works but was paid for solid hardwood, cedar and solid core flush doors Used 30G iron sheet but paid for 28G – Kshs 136,500 Did not fit gutters – Kshs 13,000 Did not fit mahogany skirting – Kshs 13,200 No internal or external drainage works had been done
3	Matuga Girls' Secondary School	Completion of a Modern Administration block; Windows, fittings & fixtures, plastering, painting, flooring, ceilings(2,901,633.60), Ramp from ground to 1st floor(2,873,560.00) & Floor tiling(851,440.00)	6,626,633.60	10,400,809.60	Not complete	Project fully paid for but contractor not on site and works have stalled.

4	Kichakasimba Girls' Secondary School	Construction of Administration block to completion	3,000,000	3,000,000.00	Not complete	Project fully paid but not complete. Contractor not on site and works have stalled. Retention fee not deducted
5	Tsimba Chief's Office	Construction of chief's office	2,850,000	2,850,000.00	Complete	The project is not branded to indicate the year it was funded No title deed availed for project land The roof was done with 30 Gauge iron sheet instead of gauge 28 as provided by the bills of quantities.
	Total			21,014,291.60		

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 National Government Constituencies Development Fund - Matuga Constituency's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations or have no realistic alternative but to do so.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the

provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Supreme Audit Institutions (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 as a going concern or 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's 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's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

11 July 2018

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

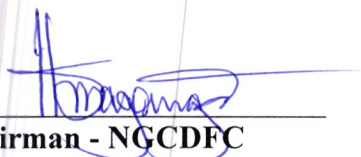
Reports and Financial Statements

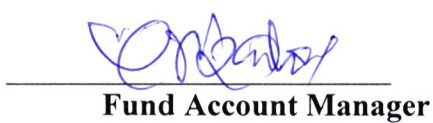
For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	81,896,552.00	159,794,224.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		81,896,552.00	159,794,224.00
PAYMENTS			
Compensation of employees	4	2,581,164.00	1,609,277.00
Use of goods and services	5	8,282,710.00	8,769,889.00
Transfers to Other Government Entities	6	73,021,858.00	88,735,478.00
Other grants and other payments	7	62,663,544.00	26,306,561.00
Acquisition of Assets	8	490,520.00	236,000.00
Other Payments	9		
TOTAL PAYMENTS		147,039,796.00	125,657,205.00
SURPLUS/DEFICIT		(65,143,244.00)	34,137,019.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MatugaNGCDF financial statements were approved on 11/24 2017 and signed by:


Chairman - NGCDFC


Fund Account Manager

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

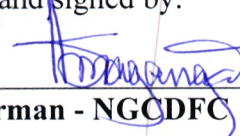
Reports and Financial Statements

For the year ended June 30, 2017

V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	954,999.00	66,098,243.00
Cash Balances (cash at hand)	10B		
Outstanding Imprests	11		-
TOTAL FINANCIAL ASSETS		954,999.00	66,098,243.00
REPRESENTED BY			
Retention	12		
Fund balance b/fwd 1st July...	13	66,098,243.00	31,961,224.00
Surplus/Deficit for the year		(65,143,244.00)	34,137,019.00
Prior year adjustments	14	0.00	0.00
NET LIABILITIES		954,999.00	66,098,243.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MatugaNGCDF financial statements were approved on 11/9/2017 and signed by:


Chairman - NGCDFC


Fund Account Manager

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

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

VI. STATEMENT OF CASHFLOW

Receipts for operating income

		2016 - 2017	2015 - 2016
Transfers from CDF Board	1	81,896,552.00	
Other Receipts	3	-	159,794,224.00
		81,896,552.00	159,794,224.00

Payments for operating expenses

Compensation of Employees	4	2,581,164.00	1,609,277.00
Use of goods and services	5	8,282,710.00	8,769,889.00
Transfers to Other Government Units	6	73,021,858.00	88,735,478.00
Other grants and transfers	7	62,663,544.00	26,306,561.00
Other Payments	9	-	-
Adjusted for:		146,549,276.00	125,421,205.00

Adjustments during the year

14	0.00	0.00
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Net cash flow from operating activities

64,652,724.00	34,373,019.00
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CASHFLOW FROM INVESTING ACTIVITIES

Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	490,520.00	236,000.00
Net cash flows from Investing Activities		490,520.00	236,000.00

NET INCREASE IN CASH AND CASH EQUIVALENT

(65,143,244.00)	34,137,019.00
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Cash and cash equivalent at BEGINNING of the year

13	66,098,243.00	31,961,224.00
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Cash and cash equivalent at END of the year

954,999.00	66,098,243.00
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Matuga NGCDF financial statements were approved on 11/9/17 2017 and signed by:


Chairman NGCDF


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552.00	66,598,243.00	148,494,795.00	147,994,795.00	500,000.00	100.0%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
TOTAL	81,896,552.00	66,598,243.00	148,494,795.00	147,994,795.00	500,000.00	100.0%
PAYMENTS						
Compensation of Employees	2,228,000.00	353,164.00	2,581,164.00	2,581,164.00	0.00	100.0%
Use of goods and services	5,142,690.00	3,595,019.00	8,737,709.00	8,282,710.00	454,999.00	95.0%
Transfers to Other Government Units	46,331,035.00	26,755,823.00	73,086,858.00	73,021,858.00	65,000.00	100.0%
Other grants and transfers	28,194,827.00	34,468,717.00	62,663,544.00	62,663,544	0.00	100.0%
Acquisition of Assets	-	490,520.00	490,520.00	490,520.00	0.00	100.0%
Other Payments	-	-	-	-	-	-
TOTAL	81,896,552.00	65,663,243.00	147,559,795.00	147,039,796.00	519,999.00	99.6%

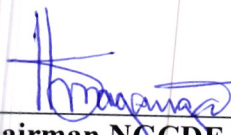
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
CONSTITUENCY**

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.
 - ii.
 - iii.
 - iv.
 - v.

The Matuga NGCDF financial statements were approved on 1/9/ 2017 and signed by:



Chairman NGCDF



Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

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-MATUGA
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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 are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

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

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-MATUGA
CONSTITUENCY**

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal allocation			
	A 829924	4,094,828.00	30,330,484.00
	A855061	36,853,449.00	1,264,418.00
	A 855551	40,948,275.00	10,000,000.00
			18,603.00
			10,000,000.00
			10,000,000.00
			20,000,000.00
			14,000,000.00
			64,180,719.00
TOTAL		81,896,552.00	159,794,224.00

2. PROCEEDS FROM SALE OF ASSETS

	2016 – 2017	2015 – 2016
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,270,934.00	1,549,877.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	51,840.00	59,400.00
gratuity	1,258,390.00	-
Total	2,581,164.00	1,609,277.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2016 - 2017 Kshs	2015 - 2016 Kshs
Utilities, supplies and services	330,001.00	-
Office rent	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	1,071,800.00	1,320,000.00
Printing, advertising and information supplies & services	128,255.00	220,054.00
Rentals of produced assets	-	-
Training expenses	603,000.00	455,000.00
Hospitality supplies and services	-	-
Committee expenses/Meeting allowances	3,573,000.00	1,130,043.00
Insurance costs	-	-
Specialised materials and services	548,000.00	1,704,720.00
Office and general supplies and services	1,560,728.00	2,950,906.00
Fuel ,oil & lubricants	50,460.00	234,231.00
Other operating expenses	15,466.00	1,135.00
Routine maintenance – vehicles and other transport equipment	402,000.00	753,800.00
Routine maintenance – other assets	-	-
Total	8,282,710.00	8,769,889.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	43,357,446.00	19,757,931.00
Transfers to secondary schools (see attached list)	29,664,412.00	66,751,000.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	2,226,547.00
-TOTAL	73,021,858.00	88,735,478.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	27,209,759.00	6,160,797.00
Bursary – tertiary institutions (see attached list)	21,772,412.00	6,829,629.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	-	1,671,394.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	650,000.00	-
Security projects (see attached list)	2,850,000.00	-
Roads projects (see attached list)	-	-
Sports projects (see attached list)	1,875,000.00	3,217,544.00
Environment projects (see attached list)	4,211,545.00	2,426,938.00
Other Projects (see attached list)	-	600,000.00
Emergency Projects (specify)	4,094,828.00	5,400,259.00
Total	62,663,544.00	26,306,561.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	152,000.00	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	338,520.00	236,000.00
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	490,520.00	236,000.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

Specify	2016 - 2017 Kshs	2015 - 2016 Kshs
---------	---------------------	---------------------

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017 Kshs	2015 - 2016 Kshs
Equity Bank, A/c 0440262171080 &Kshs.	954,999.00	66,098,243.00
	-	-
	-	-
	-	-
	954,999.00	66,098,243.00
10B: CASH IN HAND		
	2016 - 2017	2015- 2016
	Kshs	Kshs
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
Total		
[Provide cash count certificates for each]		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

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

12 Retention			
Supplier/Contractor	PV no	2016 - 2017	2015 - 2016
		Kshs	Kshs
TOTAL			

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
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Reports and Financial Statements

For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	66,098,243.00	31,961,224.00
Cash in hand		
Imprest	-	-
Total	<u>66,098,243.00</u>	<u>31,961,224.00</u>

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	--	
Cash in hand	-	-
Imprest	-	-
Total	<u>-</u>	<u>-</u>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA
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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	-	-
	-	-

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (specify)	-	-
	-	-

15.4: PMC ACCOUNT BALANCES (See Annex 5)

PMC Account Balances (See attached list) **Kshs. 8,441,261.00**

15.5: AMOUNT DUE FROM THE BOARD

Kshs. 500,000.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-M/ GA CONSTITUENCY
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For the year ended June 30, 2017

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		A	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-M. GA CONSTITUENCY
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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-M. ... GA CONSTITUENCY
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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	7,385,910.00	7,385,910.00
Transport equipment	3,114,125.00	2,962,125.00
Office equipment, furniture and fittings	2,941,380.00	2,602,860.00
ICT Equipment, Software and Other ICT Assets	241,760.00	241,760.00
Other Machinery and Equipment	-	-
Heritage and cultural assets	N/A	N/A
Intangible assets	N/A	N/A
Total	13,683,175.00	13,192,655.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MALOGA CONSTITUENCY
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ANNEXE 5-PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Tiwi Girls' secondary school CDF project	Equity	0440263333120	1.00	
Lukore primary school CDF project	Equity	0440263993052	29,302.00	
Kombani secondary school CDF project	Equity	1580263332433	620,074.00	
Jorori primary school CDF project	Equity	1580270263651	511.00	
Chitsanze primary school CDF project	Equity	1580270254484	662.00	
Mangawani primary school CDF project	Equity	0440559312026	4.00	
Tumaini secondary school CDF project	Kenya Commercial Bank	1176395734	176,803.00	
Mangawani secondary school CDF project	Kenya Commercial Bank	1111183562	0.00	
Kombani primary school CDF project	Equity	0440269476077	53,688.00	
Tiwi Boys' secondary school CDF project	Equity	0440268533731	3,675.00	
Chidzumu primary school CDF project	Equity	0440263332917	1,601.00	
Mbweka primary school CDF project	Equity	0440269629479	6,333.00	
Mwangunga Girls' secondary school CDF project	Equity	1580263450383	1.00	
Waa Boys' high school CDF project	Equity	0440269192971	24,414.00	
Mwaluphamba secondary school CDF project	Equity	1580269868148	145,397.00	
Matuga Girls' high school CDF project	Equity	1580266195898	3,274,259.00	
Kinarini primary school CDF project	Equity	1580269428978	52,844.00	
Kichakasimba Girls' secondary school CDF project	Kenya Commercial Bank	1123446806	636,000.00	
Ziwani primary school CDF project	Equity	1580271288396	640.00	
Tiribe primary school CDF project	Equity	1580271302412	50,000.00	
Chitsanze Girls' secondary school CDF project	Equity	1580271591308	69,140.00	
Noloni primary school CDF project	Equity	1580271301348	91,182.00	
Mbegani secondary school CDF project	Equity	1580268395239	88,352.00	
Matuga primary school CDF project	Equity	1580271785763	3,866.00	
Mkokoni primary school CDF project	Equity	0440271772767	4,921.00	
Bowa primary school CDF project	Equity	0440271775358	39,867.00	
Yeje primary school CDF project	Equity	0440271788856	4,626.00	
Vuga primary school CDF project	Equity	1580272116599	13,762.00	
Mtsarani primary school CDF project	Equity	1580271611938	133,030.00	

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

Tiwi primary school CDF project	Equity	0440299185742	0.00
Mwananyahi primary school CDF project	Equity	1580272192102	1,257,207.00
Mwamtobo primary school CDF project	Kenya Commercial Bank	1137000813	0.00
Tsimba Chief's office CDF project	Equity	1580269982485	122,570.00
Tserezani high school CDF project	Equity	1580263329450	14,336.00
Mtsamviani secondary school CDF project	Kenya Commercial Bank	1137277033	348.00
Lukore secondary school CDF project	Equity	0440266565199	416,751.00
Golini secondary school CDF project	Equity	1580266614680	175,429.00
Maconda primary school CDF project	Equity	1580270334166	2,694.00
Kibarani primary school CDF project	Equity	1580268383966	241,670.00
Mwele primary school CDF project	Equity	1580266277653	237,663.00
Mwaluvanga secondary school CDF project	Equity	0440265620072	356,258.00
Bilashaka primary school CDF project	Kenya Commercial Bank	1146899234	27,540.00
Mwachome primary school CDF project	Equity	1580267741046	63,834.00
Super Matuga F.C CDF project	Co-operative Bank	01141195919500	6.00
Total			8,441,261.00

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal point Person to Resolve the Issue (Name and designation)	Status: (Resolved/Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
ADL/48/15/16/ (6) of 11 th July 2017	-Inaccuracies in the F.S for the Financial Year ended June, 2016	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda-F.A.M	Resolved	N/A
	-Matuga Girls' high school administration block behind schedule	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda-F.A.M	Resolved	N/A
	-Expenditure of Emergency funds of 2014/15 F. Y amounting to Kshs. 5,400,259.00	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda-F.A.M	Resolved	N/A
	-Bank charges amounting to Kshs. 2,594.00 of 2015/16 F. Y	-As contained in the response letter Ref. NO. MTG/NG-CDF/ADMIN/VOL1/263	Peter .M. Mwaighonda-F.A.M	Resolved	N/A

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

Prepared by:



Peter .M. Mwaighonda
Fund Account Manager
Matuga National Government Constituency Development Fund