

REPUBLIC OF KENYA



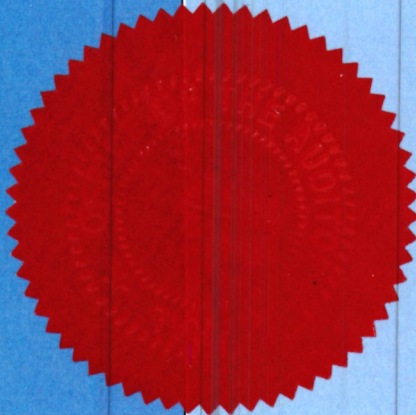
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Hon. Aden Duale,
EGH, MP on Wed
7th Nov 2018

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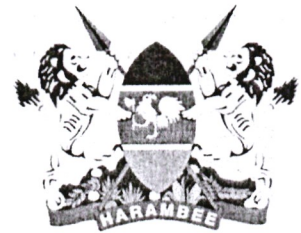
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REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
RUARAKA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



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

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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

(b) Key Management

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

- i. National government Constituencies Development Fund Board (NG-CDFB)
- ii. National government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Joshua Orero
3.	Accountant	C.O.Oyaro

(d) Fiduciary Oversight Arrangements

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

P.O. Box 10482-00100
GPO Nairobi
KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUARAKA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

(f) RUARAKA NG-CDFCONTACTS

Telephone: (254)722739501
E-mail: ruarakaconstituency@gmail.com
Website: www.NG-CDF.go.ke

(g) RUARAKA NG-CDF Bankers

1. Bank Name: Equity bank
Branch: kariobangi branch
Account Name: RUARAKA- NG-CDF
Account Number: 0320261619654
Address: 75104 Nairobi

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUARAKA
CONSTITUENCY**

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

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

Total disbursement by RUARAKA NG -CDF for financial year 2016/2017 was kshs **81,896,,551.72** from kshs **102,147,470.00** disbursed in FY 2015/2016. This marked a decrease in projects activities during the fourth year of the constituencies operations.

Our key focus during FY 2016/17 implementation was on education (schools infrastructural development and issuance of bursaries to needy students) which ranks the constituency's priority number one. However we equally performed well in the following sectors:-

- a) General infrastructural development (modern markets & social halls)
- b) Environmental activities (planting of trees and cleanup in RUARAKA constituency)
- c) Sports for the youth (we run successful sports tournament for our youth) the sporting activities included football for men, women, volleyball for men and women and netball.

Key achievements

1. Education bursary was disbursed to over 1,002 needy students.
2. Construction of water storms in the constituency.
3. General infrastructural development (modern markets & social halls) which helps in emowering the youths and women

Emerging issues:-

1. Arising from the impact so far created at the grass roots and the high expectation from the local community there is need to enhance NG-CDF kitty from the current 2.5% to at least 7.5%.
2. Due heavy responsibility bestowed on the chairman's position, the national NG-CDF board should enhance the chairperson's allowance to be commensurate to the duties and this should cascade to other NG-CDF members.

Implementation challenges.

1. Delay in disbursement of NG-CDF funds. The board should strive to release funds to the NG-CDFC in the first quarter of each financial year. It will also be helpful if the funds are released in at least two trances in a year.
2. The NG-CDF relies fully on ministerial technical departments for support in areas like construction of bridges, building and other technical work. This includes the production of BQs, technical design and drawing for such technical projects, delays normally occur as the personnel involved are not under direct control of NG-CDFC. The national NG-CDF board should have own technical experts within her structures.
3. Some projects may require long span of implementation creating a big variance between initial budget and actual cost during implementation. The national NG-CDF board needs to be flexible on financing of such projects.

We humbly look forward to working very closely with the national NG-CDF board with a view to enhancing accountability and efficiency in project management

Sign:.....

Charles Agar
CHAIRMAN NG-CDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUARAKA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES

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


The Accounting Officer in charge of RUARAKA NG-CDF is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and as at the end of the financial year ended on June 30, 2015. 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 RUARAKA 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, 2015, and of the *NG-CDF's* financial position as at that date. The Accounting Officer in charge of the RUARAKA NG-CDF further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the RUARAKA 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



Chairman - NG-CDFC



Fund Account Manager

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - RUARAKA 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- Ruaraka Constituency set out on pages 5 to 23, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Ruaraka Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Other Grants and Transfers

The statement of receipts and payments reflects expenditure of Kshs.89,017,315 in respect of other grants and transfers which include an amount of Kshs.48,256,887 under the item agriculture (markets). Out of this amount, Kshs.30,266,934 was used for construction of 4A Modern Market within the constituency. However, only Kshs.15,166,934 was supported by documentary evidence. The balance of

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

Kshs.15,100,000 relates to funds transferred to Ruaraka Market PMC and for which documents such as bank statements, payment vouchers and completion certificates were not provided for audit verification. Further, even though the works were done up to the foundation level, the project has been abandoned and some parts of the works are already falling apart. Consequently, the validity of the expenditure of Kshs.15,100.000 in respect of the funds transferred to Ruaraka Market PMC cannot be confirmed.

2. Cash and Cash Equivalents

As disclosed at Note 10A to the financial statements, the fund had an overdrawn cash book balance of Kshs.1,979,865 as at 30 June 2017. It is not clear why the management continued to issue cheques well aware of the limited funds in the bank account. The management therefore contravened Section 28 (4) of the Public Finance Management Act, 2012 which prohibits an accounting officer of a National Government entity from overdrawing the bank beyond the limit authorized by the National Treasury or a board of a national government entity, if any. Consequently, the validity of the overdrawn cashbook balance of Kshs.1,979,865 as at 30 June 2017 cannot be confirmed.

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

Key Audit Matters

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

Other Matter

Budget and Budgetary Controls

During the year under review, the fund budgeted expenditure amounted to Kshs.103,092,406. However, overall actual expenditure for the year was Kshs.105,072,271 resulting in an over expenditure of Kshs.1,979,865 which is equivalent to about 2% of the total budget. However, the approval for the over-expenditure was not produced for audit review. Further analysis of the budget against actual expenditure indicate administration expenses for the year amounted to Kshs.7,150,048 against a budget of Kshs.7,370,690 resulting in an under expenditure of Kshs.220,642. In addition, out of the development budget of Kshs.95,721,716, an amount of Kshs.97,922,223 was spent resulting in an over expenditure of Kshs.2,200,507, an indication that some expenditure items were incurred without budgetary provisions and plans.

Responsibility 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 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 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.

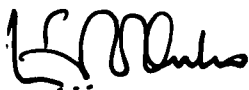
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the fund to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and 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

22 August 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUARAKA
CONSTITUENCY**

Reports and Financial Statements

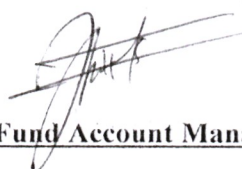
For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	106,044,021.70	95,239,403.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		106,044,021.70	95,239,403.00
PAYMENTS			
Compensation of employees	4	3,079,899.30	1,650,375.60
Use of goods and services	5	4,070,148.90	5,895,336.65
Transfers to Other Government Units	6	8,904,908.00	13,247,931.00
Other grants and transfers	7	89,017,315.00	90,895,924.89
Acquisition of Assets	8	-	2,287,931.00
Other Payments	9	-	-
TOTAL PAYMENTS		105,072,271.20	113,977,499.14
SURPLUS/DEFICIT		971,750.50	(18,738,096.14)

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


Chairman - NG-CDFC


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUARAKA
CONSTITUENCY**


Reports and Financial Statements

For the year ended June 30, 2017

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	(1,979,865.16)	(2,951,615.66)
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		(1,979,865.16)	(2,951,615.66)
REPRESENTED BY			
Fund balance b/fwd 1st July...2015	12	(2,951,615.66)	15,786,480.48
Surplus/Deficit for the year		971,750.50	(18,738,096.14)
Prior year adjustments	13	-	
NET LIABILITIES		(1,979,865.16)	(2,951,615.66)

The accounting policies and explanatory notes to these financial statements form an integral part of The financial statements, The RUARAKA NG -CDF financial statements were approved on ----- 2017 and signed by:


Chairman - NG-CDFC


Fund Account Manager


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RUARAKA
CONSTITUENCY**

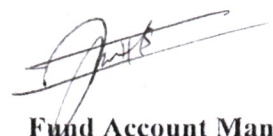
**Reports and Financial Statements
For the year ended June 30, 2017**

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from CDF Board	1	106,044,021.70	95,239,403.00
Other Receipts	3	-	-
		106,044,021.70	95,239,403.00
Payments for operating expenses			
Compensation of Employees	4	3,079,899.30	1,650,375.60
Use of goods and services	5	4,070,148.90	5,895,336.65
Transfers to Other Government Units	6	8,904,908.00	13,247,931.00
Other grants and transfers	7	89,017,315.00	90,895,924.89
Other Payments	9	-	-
Adjusted for:			
Adjustments during the year		-	-
		105,072,271.20	111,689,568.14
Net cash flow from operating activities		971,750.50	(16,450,165.14)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	2,287,931.00
Net cash flows from Investing Activities		971,750.50	(18,738,096.14)
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year	12	(2,951,615.66)	15,786,480.48
Cash and cash equivalent at END of the year		(1,979,865.16)	(2,951,615.66)

The financial statements. The RUARAKA NG-CDF financial statements were approved on -----
2017 and signed by:


Chairman - NGCDFC


Fund Account Manager

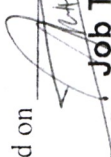
Reports and Financial Statements
For the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	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	59,396,551.70	43,695,854.34	103,092,406.04	106,044,021.70	(2,951,615.66)	100.00%
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	59,396,551.70	43,695,854.34	103,092,406.04	106,044,021.70	(2,951,615.66)	100.00%
	3,110,760.00	-	3,110,760.00	3,079,899.30	30,860.70	99.01%
Use of goods and services	4,259,929.70	-	4,259,929.70	4,070,148.90	189,780.80	95.54%
Transfers to Other Government Units	11,250,000.00	-	11,250,000.00	8,904,908.00	2,345,092.00	79.15%
Other grants and transfers	40,775,862.02	43,695,854.34	84,471,716.36	89,017,315.00	(4,545,598.64)	105.38%
Acquisition of Assets	-	-	-	-	-	0.00%
Other Payments	-	-	-	-	-	
TOTALS	59,396,551.72	43,695,854.34	103,092,406.06	105,072,271.20	(1,979,865.14)	101.92%

The RUARAKANG-CDF financial statements were approved on 2017 and signed by:

Charles Agar.
Chairman - NG-CDFC


Job Tuta
Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA
CONSTITUENCY**

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 *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.

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IX. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES					
		1	TRANSFERS FROM OTHER GOVERNMENT AGENCIES		
	Description		2016-2017	2015-2016	
			Kshs	Kshs	
1330407	Normal Allocation	AIE NO...750266	16,647,470.00	44,239,403.00	
		AIE NO...750267	30,000,000.00	25,000,000.00	
		AIE NO...750268	4,094,827.60	26,000,000.00	
			36,853,449.00		
			18,448,275.10		
1330408	Conditional grants	AIE NO...		-	
		AIE NO...		-	
1330409	Receipt from other Constituency			-	
	TOTAL		106,044,021.70	95,239,403.00	
3510000		2	PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS		
	Description		2016-2017	2015-2016	
			Kshs	Kshs	
3510202	Receipts from the Sale of Buildings		-	-	
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-	
3510801	Receipts from the Sale Plant Machinery and Equipment		-	-	
3510803	Receipts from the Sale of office and general equipment		-	-	
			-	-	
		Total	-	-	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA
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3 OTHER RECEIPTS				
1400000	Description		2016-2017	2015-2016
			Kshs	Kshs
1410107	Interest Received		-	-
1410405	Rents		-	-
1420601	Sale of tender documents		-	-
1450207	Other Receipts Not Classified Elsewhere (specify)		-	-
	Total		-	-
4 COMPENSATION OF EMPLOYEES				
2110000	Description		2016-2017	2015-2016
			Kshs	Kshs
2110201	Basic wages of contractual employees		1,886,400.60	1,629,575.60
2110202	Basic wages of casual labour		-	-
	Personal allowances paid as part of salary			-
2110301	House allowance		-	-
2110314	Transport allowance		-	-
2110320	Leave allowance		-	-
2110326	Other personnel payments		-	-
	employer contribution to NSSF		19,200.00	20,800.00
2710120	gratuity		1,174,298.70	
	Total		3,079,899.30	1,650,375.60
5 USE OF GOODS AND SERVICES				
2200000	Description		2016-2017	2015-2016
			Kshs	Kshs
2210100	Utilities, supplies and services		57,000.00	-
2210104	Office rent			

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2210200	Communication, supplies and services		50,000.00	198,333.80
2210300	Domestic travel and subsistence		50,000.00	144,000.00
2210500	Printing, advertising and information supplies & services		265,000.00	220,402.00
2210600	Rentals of produced assets			
2210700	Training expenses		1,000,000.00	3,785,000.00
2210802	Other committee expenses		896,300.00	-
2210809	Committee allowance		1,069,000.00	-
2210800	Hospitality supplies and services		-	-
2210900	Insurance costs		-	-
2211000	Specialised materials and services		-	-
2211100	Office and general supplies and services		-	450,000.00
2211200	Fuel ,oil & lubricants		200,000.00	500,000.00
2211300	Other operating expenses/b charges		117,762.90	158,934.65
2220100	Routine maintenance – vehicles and other transport equipment		365,086.00	438,666.20
2220200	Routine maintenance – other assets		-	-
	Total		4,070,148.90	5,895,336.65
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description		2016-2017	2015-2016
			Kshs	Kshs
2630204	Transfers to primary schools		8,504,908.00	4,147,931.00
2630205	Transfers to secondary schools		400,000.00	7,600,000.00
2630206	Transfers to Tertiary institutions		-	-
2630207	Transfers to Health institutions			1,500,000.00

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA
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	TOTAL		8,904,908.00	13,247,931.00	
2640000	7 OTHER GRANTS AND OTHER PAYMENTS				
	Description		2016-2017	2015-2016	
			Kshs	Kshs	
2640101	Bursary -Secondary		1,742,000.00	9,822,500.00	
2640102	Bursary -Tertiary		1,742,000.00	9,822,500.00	
2640104	Bursary-Special schools				
2640105	Mocks & CAT				
2640504	water/Sewers		(213,776.00)	7,812,758.40	
2640505	Agriculture (Markets)		48,256,887.00	45,517,135.00	
2640506	Electricity projects			1,301,541.00	
2640507	Security		24,061,379.00	6,672,025.49	
2640508	Roads			-	
2640509	Sports		1,559,596.00	3,179,100.00	
2640510	Environment		1,996,912.00	1,436,124.00	
2640200	Emergency Projects (specify)		3,903,855.00	5,332,241.00	
2640511	Development - factories/stadiums/Halls		5,968,462.00		
	Total		89,017,315.00	90,895,924.89	
3100000	8 ACQUISITION OF ASSETS				
	Non Financial Assets		2016-2017	2015-2016	
			Kshs	Kshs	
3110102	Purchase of Buildings		-	-	
3110202	Construction of Buildings			-	
3110302	Refurbishment of Buildings			-	
3110701	Purchase of Vehicles		-	-	
3110704	Purchase of Bicycles & Motorcycles		-	-	
3110801	Overhaul of Vehicles		-	-	
3111001	Purchase of Office furniture and fittings		-	-	
3111002	Purchase of computers ,printers and other IT equipments		-	-	
3111005	Purchase of photocopier				

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA
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			-	
3111009	Purchase of other office equipments		-	1,946,551.70
3111112	Purchase of soft ware		-	341,379.30
3130101	Acquisition of Land		-	-
				-
	Total		-	2,287,931.00

9 OTHER PAYMENTS

		2016-2017	2015-2016
		Kshs	Kshs
	specify	-	-
	specify	-	-
			-
	TOTAL	-	-

10A: Bank Balances (cash book bank balance)

Name of Bank	Account Number	2016-2017	2015-2016
		Kshs (30/6/2016)	Kshs (30/6/2015)
<i>Equity bank – kariobangi branch</i>		(1,979,865.16)	(2,951,615.66)
		-	
		-	
	Total	(1,979,865.16)	(2,951,615.66)

10B: CASH IN HAND

		2016-2017	2015-2016
		Kshs (30/6/2016)	Kshs (30/6/2015)
	Location 1	-	
	Location 2	-	

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	Location 3			-	
	Other receipts (specify)			-	
	Total			-	
					<i>[Provide cash count certificates for each]</i>
	11: OUTSTANDING IMPRESTS				
	<i>Name of Officer</i>	Date imprest taken	<i>Amount Taken</i>	<i>Amount Taken</i>	<i>Balance (30/6/2017)</i>
			<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
	<i>Name of Officer</i>	dd/mm/yy	-		-
	<i>Name of Officer</i>	dd/mm/yy	-		-
	<i>Name of Officer</i>	dd/mm/yy	-		-
	<i>Name of Officer</i>	dd/mm/yy	-		-
	<i>Name of Officer</i>	dd/mm/yy	-		-
	<i>Name of Officer</i>	dd/mm/yy	-		-
	Total				-
	12 BALANCES BROUGHT FORWARD				
			2016-2017	2015-2016	
			Kshs (1/7/2016)	Kshs (1/7/2015)	
	Bank accounts		(2,951,615.66)	15,786,480.48	
	Cash in hand		-		
	Imprest		-		
	Total		(2,951,615.66)	15,786,480.48	
					<i>[Provide short appropriate explanations as necessary]</i>
	13 PRIOR YEAR ADJUSTMENTS				
			2015 - 2016	2014 - 2015	
			Kshs	Kshs	
	Bank accounts				
	Cash in hand		-		
	Imprest		-		

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA
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			-	
	Total		-	
	14 OTHER IMPORTANT DISCLOSURES			
	15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)			
			2016-2017	2015-2016
			Kshs	Kshs
	Construction of buildings		-	
	Construction of civil works		-	
	Supply of goods		-	
	Supply of services		-	
	TOTAL		-	
	15.2: PENDING STAFF PAYABLES (See Annex 2)			
			2016-2017	2015-2016
			Kshs	Kshs
	Senior management		-	
	Middle management		-	
	Unionisable employees		-	
	Others (<i>specify</i>)		-	
			-	
	15.3: OTHER PENDING PAYABLES (See Annex 3)			
			2016-2017	2015-2016
	Amounts due to other Government entities (see attached list)			

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

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – RUARAKA CONSTITUENCY
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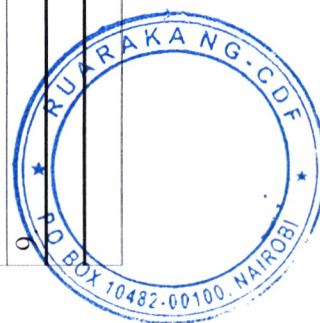
ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – RUARAKA 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 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to other grants and other transfers							
4.							
5.							
6.							
Sub-Total							
Sub-Total							
Others (specify)							
7.							
8.							
9.							
Sub-Total							
Grand Total							



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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs) 2016/17	(Kshs) 2015/16
Land	-	-
Buildings and structures	1,750,000.00	1,750,000.00
Transport equipment	4,493,167.00	4,493,167.00
Office equipment, furniture and fittings		
ICT Equipment, Software and Other ICT Assets		
Other Machinery and Equipment	2,197,000.00	2,197,000.00
Heritage and cultural assets		
Intangible assets		
Total	8,440,167.00	8,440,167.00

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA CONSTITUENCY
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	Bank	Account number	Bank Balance	
			2016/17	2015/16
PMC				
Halls and Offices	Equity	0320267628113	0	760,240.00
Ruaraka Markets	Equity	0320267628518	22,532.00	2,279,685.00
Total			22,532.00	3,039,925.00



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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1.	<ul style="list-style-type: none"> The statement of appropriation recurrent and development had a final budget of kshs 112,265,286. Budget utilization was at 70% of kshs 78,079,036 resulting to underutilization of 30%. 	<p>The above under expenditure was caused by the following reasons.</p> <ol style="list-style-type: none"> Late disbursement of funds from CDF BOARD. Weak monitoring and evaluation mechanisms Under-provisions in the budget on major items that support operations and maintenance e.g Transport expenses, telephone, etc. Liquidity problems in the Constituency Low operations and maintenance (O&M) provisions Lengthy tendering procedures Ruaraka CDF office is still waiting 	Job Tuta-FAM	Resolved	Resolved

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		<p>due to a land dispute and the case is pending in court and the court proceedings are in our offices for your perusal.</p> <p>8. The under expenditure of kshs 1,424,272 was as a result of the constituency not employing staff like clerk of works which was subject to the control of CDF Board which was issuing guidelines on employment of new staff to the new constituencies. (CDF Board circular dated 24.06.2013 REF: CDF Board/Circular/Vol.1.166) on the recruitment of staff.</p> <p>CDF Act 2013 section 17 and 18 states: (17) The committee may employ staff, not exceeding five in number, and such staff shall have knowledge in information and communications technology, construction and basic accounting.</p> <p>(18) Staff employed under subsection (17) shall help in project monitoring evaluation, co-ordination and proper</p>		
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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA CONSTITUENCY
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		<p>keeping of records and such staff shall be remunerated from the funds allocated for administration and recurrent expenses.</p> <p>The forgoing notwithstanding, the constituency is in the process of initiating the recruitment process of the prerequisite staff in future.</p>		
2.	<p>Transfer to other government entities.</p> <ul style="list-style-type: none"> The constituency budgeted to spend kshs 1,837,931 on transfers to other government entities but only spent kshs 1,250,000 resulting to under expenditure of kshs 587,931.00 	<ul style="list-style-type: none"> If any balance is left in any CDF projects, a reallocation letter is made to the NG – CDF for the amount to be reallocated to any other project which has insufficient funds 	Job Tuta-FAM	Resolved
3.	<ul style="list-style-type: none"> The constituency budgeted to spend kshs 25,800,000 on bursaries, however, bursary cheques 	<p>Many bursary cheques were un-presented to the bank due to the beneficiaries giving wrong information, failure to present the cheques to the bank in due time and the beneficiary</p>	Job Tuta-FAM	Resolved
				Resolved

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA CONSTITUENCY

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<p>totaling kshs 2,556,000 had not been presented for payment by 30th June 2015.</p> <ul style="list-style-type: none"> The management did not explain why the cheques had not been presented even though they were issued to needy and deserving students. <p>The un-presented bursary cheques may also be an indicator the evaluation process and final disbursement were not done appropriately and fairly.</p>	<p>losing the cheque.</p> <p>Many bursary cheques were drawn on May posted in the cash book on the same month, but were issued in June and by 30th June 2015, many of the cheques have not been presented in the bank.</p> <p>The stale cheques have been cancelled in the cash book in the month of February 2016.</p>	<p>Job Tuta-FAM</p>	<p>Resolved</p>	<p>Resolved</p>
<p>Compensation of employees</p> <ul style="list-style-type: none"> During the year under review, the Constituency Development Fund paid Kshs.1, 522,604 towards the compensation of employees. However the financial statement had Kshs.1, 449,868 resulting to unexplained 	<p>The Un – explained difference of kshs 72,736 was due to the following issues.</p> <ol style="list-style-type: none"> In the month of January, there were some 3 replacements of NSSF kshs 1,200, NHIF Khs 960 and payee kshs 3,010 amounting to kshs 5,170, also inclusive in the salary schedules was kshs 110, clearance fees for one salary cheque. 	<p>Job Tuta-FAM</p>	<p>Resolved</p>	<p>Resolved</p>

4.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA CONSTITUENCY
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	<p>difference of Kshs. 72, 736.</p> <ul style="list-style-type: none"> • Further analysis produced for audit review show that kshs 90,000 was paid to non – employee in the preparation of the strategic plan which was contracted. This was against financial regulations. 	<p>ii. NSSF amounting to kshs 21,600 is accounted for in a different ledger account in which the audit office did not take into account while computing the amount kshs 72,736.</p> <p>iii. cheques amounting to kshs 30,313, were paid in the financial year 2013-2014 but were later cancelled in the cash book in the financial year 2014-2015.</p> <p>iv. A cheque of kshs 26,103 issued for payment was cancelled.</p> <p>v. The above payments are the ones giving a difference of kshs 72,736.</p> <p>The management will institute measures to recover the above amount of kshs 90,000.</p>			
5.	<p>Acquisition of Assets,</p> <ul style="list-style-type: none"> • The constituency 	<ul style="list-style-type: none"> • Attached is the payment paid to wintel computer services amounting to kshs 985,000 for 	Job Tuta-FAM	Resolved	Resolved

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA CONSTITUENCY
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	<p>development statement of receipts and payments had a balance of assets amounting to kshs 8,440,167.</p> <ul style="list-style-type: none"> Documents to support payments made to wintel computer services of kshs 985,000 for purchase of computers were not presented for audit review. The computers were not physically verified or seen by the time of concluding the audit. The expenditure of kshs 985,000 was not confirmed. 	<ul style="list-style-type: none"> The audit team should feel free to visit Ruaraka CDF office for the above verification 		Resolved
<p>Internal Audit Function</p> <ul style="list-style-type: none"> Lack of internal audit and relevant committee may expose the constituency to frauds. 	<p>CDF At 2013 section 17 and 18 states: (17) The committee may employ staff, not exceeding five in number, and such staff shall have knowledge in information and communications technology, construction and basic</p>	Job Tuta-FAM		Resolved



REGIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – RUARAKA CONSTITUENCY

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<p>accounting.</p> <p>In addition, CDF Board circular dated 24.06.2013 REF: CDF Board/Circular/Vol.1.1/166 on recruitment of staff outlines the kind staff to be recruited which does not include the provision of an internal auditor and by extension audit committee.</p> <p>The CDF board identified the following positions as the critical ones that ought to be filled in the constituencies.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">POSITION</th> <th style="width: 80%;">GOK JOB GROUP</th> </tr> </thead> <tbody> <tr> <td>1 Clerical officer</td> <td>G</td> </tr> <tr> <td>2 Accounts Assistant</td> <td>H</td> </tr> <tr> <td>3 Clerk of works</td> <td>J</td> </tr> <tr> <td>4 Records Management Officer</td> <td>H</td> </tr> <tr> <td>5 Driver</td> <td>G</td> </tr> </tbody> </table>	POSITION	GOK JOB GROUP	1 Clerical officer	G	2 Accounts Assistant	H	3 Clerk of works	J	4 Records Management Officer	H	5 Driver	G			
POSITION	GOK JOB GROUP														
1 Clerical officer	G														
2 Accounts Assistant	H														
3 Clerk of works	J														
4 Records Management Officer	H														
5 Driver	G														