

REPUBLIC OF KENYA



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REPORT

OF

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ON

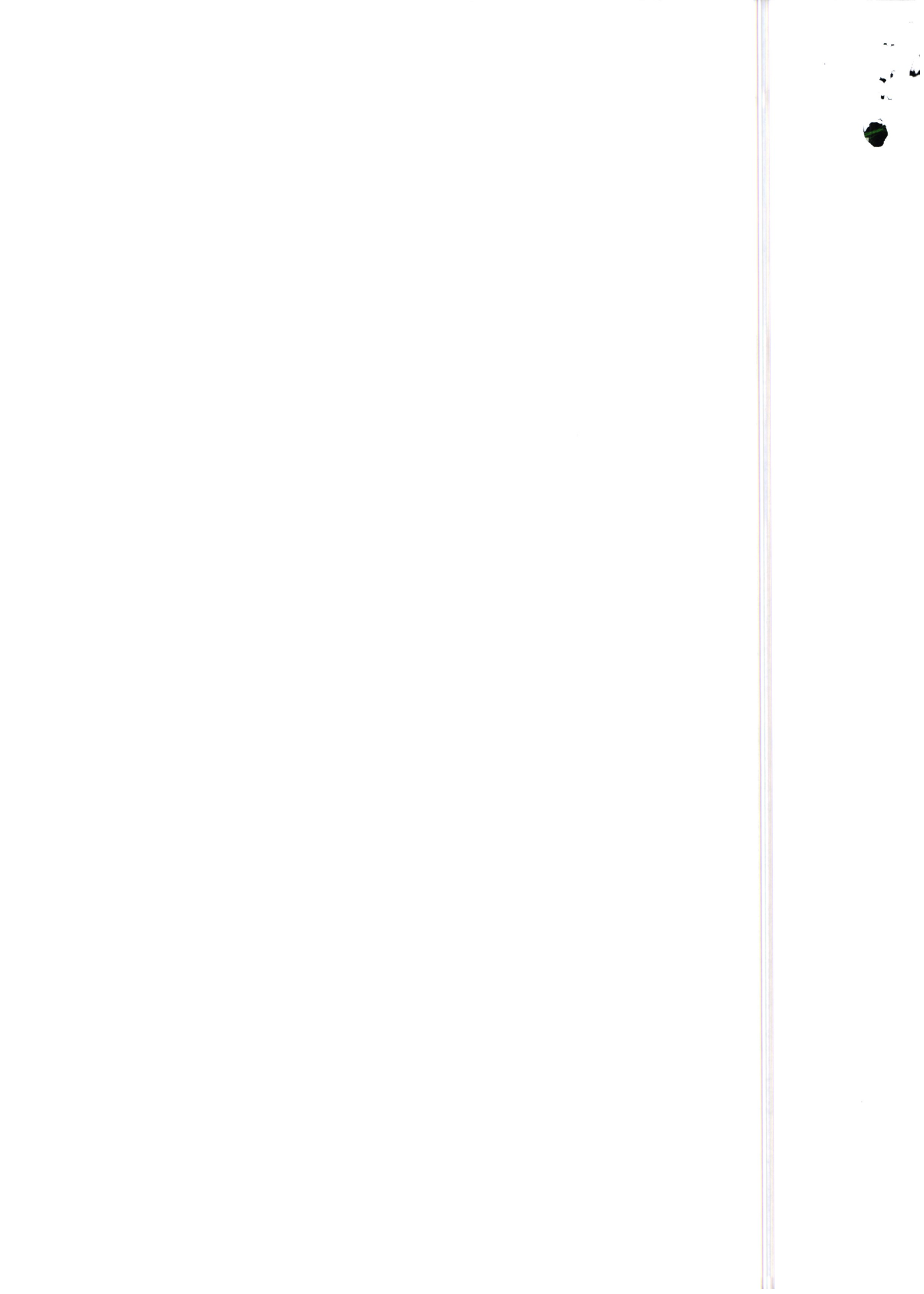
THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
THARAKA CONSTITUENCY

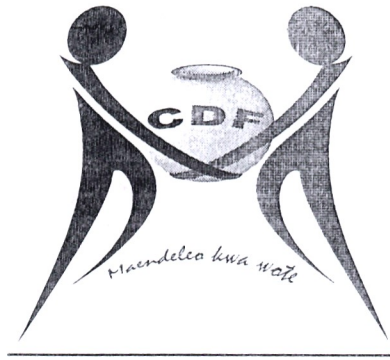
FOR THE YEAR ENDED
30 JUNE 2017

Paper laid on the
Table of the House
by the leader of
the Majority
Party on Wednesday
15th August 2018

(Afternoon)
[Signature]







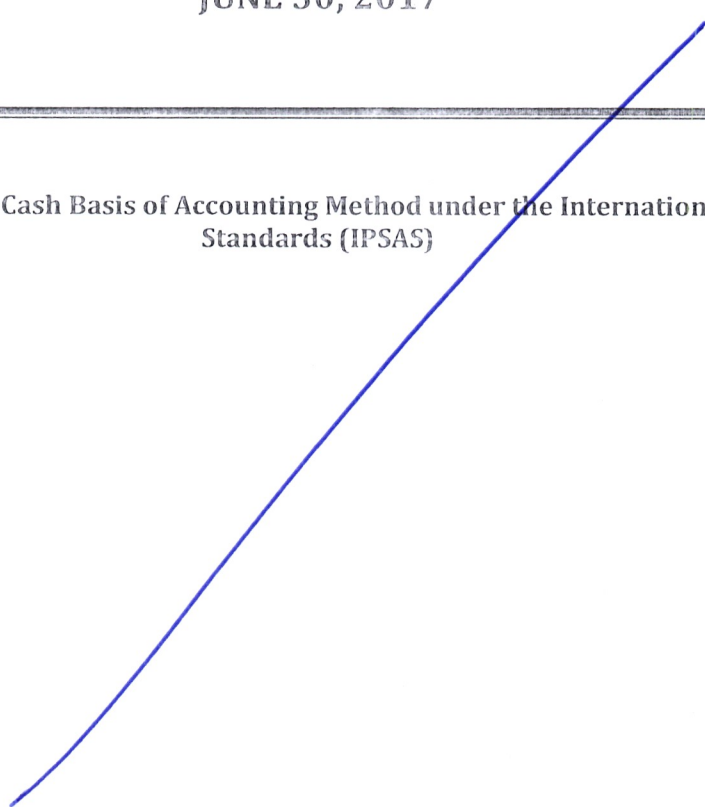
KENYA NATIONAL AUDIT OFFICE
EMBU HUB
30 MAY 2017
2457
Tel: 068 - 30260
P. O. BOX 113, EMBU

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA

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)



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

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

I: KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2015. The NG-CDF Act 2015 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for the purpose of infrastructural development, wealth creation and in the fight against poverty at constituency level.

(b) Key Management

The *Constituency's* day-to-day management is under the following key organs:
 National Government Constituencies Development Fund Board (NG-CDFB)
 National Government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Alex Muinde
3.	District Accountant	Augustus Mulwa

(d) Fiduciary Oversight Arrangements

No	Name	Designation	Category
1	Hon Alex Mhuri	Member of parliament	Ex-official
2	Stanley Mutemi	Chairman	Men rep
3	Tabitha Gaceri	Secretary	Women rep
4	Teressa Kanoti	Member	Youth rep
5	Mark Murugu	Member	Youth rep

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
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6	Judy Karea	Member	Ngo rep
7	Stephen Njeru	Member	Disability rep
8	Gerald Matumo	Member	Men rep
9	Alex Muinde	Fund Manager	Ex-Official

(e)Entity Headquarters

Constituencies Development Fund Board
P.O. Box 46682
Nairobi, KENYA

(f)Entity Contacts

P.o. Box 33 Marimanti
Telephone: (254) 0711181096
E-mail: cdftharaka@cdf.go.ke
Website: www.cdf.go.ke

(g)Entity Bankers

Cooperative bank
Chuka branch
Ac Number 01120058205800

(h)Independent Auditors

The Auditor General
Office of 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 CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
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FORWARD LETTER BY THE CHAIRMAN

The financial year 2016-2017 was a good year in terms of implementing projects funded by Tharaka NG CDF. Most of the funded projects were under education as well as security sectors.

Additionally quite a number of students benefitted from our bursary programme. The net effect of this was improved learning environment as well as well secured environment due to implementation of security projects.

Let me highlight that Tharaka Ng cdf did not receive full funding for fiscal year 2016/2017 due to delays from treasury resulting to non implementation of a number of projects. To this effect i would like to request the national treasury in consultation with cdf board to be releasing funds on timely basis

Regards



.....
Stanley Mutemi Mitambo
Tharaka NG-CDFC

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
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II: STATEMENT OF CONSTITUENCY 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 government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

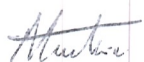
The Fund Account Manager in charge of the *Tharaka NG-CDFC* is responsible for the preparation and presentation of the *Constituencies* financial statements, which give a true and fair view of the state of affairs of the *Constituency* as at the end of the financial year (period) ended on June 30, 2017 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 entity; (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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the *Tharaka NG-CDFC* accepts responsibility for the *entity'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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the *Tharaka NG-CDFC* financial statements give a true and fair view of the state of *Constituency's* transactions during the financial year ended June 30, 2017, and of the *Constituency's* financial position as at that date. The Fund Account Manager in charge of the *Tharaka NG-CDFC* further confirms the completeness of the accounting records maintained for the *Constituency*, which have been relied upon in the preparation of the *Constituency* financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the *Tharaka NG-CDFC* confirms that the Constituency has complied fully with applicable Government Regulations and that the entity'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 Fund Account Manager confirms that the *Constituency'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 Tharaka NG-CDF Financial Statements were Approved and Signed on __17th July ____ 2017



STANLEY MUTEMI
CHAIRMAN - CDFC





ALEX MUINDE
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 – THARAKA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund – Tharaka Constituency set out on pages 7 to 19, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows, 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 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– Tharaka Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, 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 Cash and Cash Equivalents

The financial statements reflects a cash and cash equivalents balance of Kshs.1,283,574 as at 30 June 2017. However, included in this balance were unrepresented cheques totaling to Kshs.2,254,254 which further included fifty-five (55) stale cheques totaling to Kshs.569,602 which had not been replaced or reversed in the cash book as at 30 June 2017 as analyzed below;

Payee	No of Cheques	Amount (Kshs)
Various Learning Institutions	44	377,000
NHIF	3	7,180
NSSF	4	29,824
Commissioner of Income Taxes	2	18,100
Transnational Sacco	2	137,498
Total	55	569,602

In view of foregoing, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,283,574 as at 30 June 2017 could not be ascertained.

2.0 Non Acknowledgement of Bursary Funds

Note 6 to the financial statements reflects other grants and other payments totaling to Kshs.41,081,918 which included bursaries totaling to Kshs.10,362,400 comprising of Kshs.6,843,400 and Kshs.3,519,000 disbursed to secondary schools and tertiary institutions respectively as at 30 June 2017. However, only bursaries totaling to Kshs.8,328,057 (80%) were acknowledged by the intended beneficiaries through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.2,034,343 (20%) un acknowledged by the beneficiary institutions.

Under the circumstances, it has not been possible to ascertain whether the bursaries amounting to Kshs.2,034,343 benefited the intended students and whether were properly accounted for at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Tharaka Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The Fund had budgeted to receive Kshs.103,421,165 during the year under review made up Kshs.81,896,552 for the year under review and an additional Kshs.21,524,613 opening cash balance.

However, out of the Kshs. 81,896,552 that was budgeted for the year, only Kshs.50,948,277 (62.2%) was disbursed by the Board during the year resulting to a revenue shortfall of Kshs.30,948,275 (37.8%).

Further to the Kshs.50,948,277 received for the year, the Fund had a cash balance of Kshs.21,524,613 brought forward from the financial year 2015/2016 and a further Kshs.3,000,000 recalled from a PMC and therefore, the available funds for the year under review was Kshs. 75,472,890. However, out of the Kshs.75,472,890 available to spending during the year, only Kshs.74,189,316 was spent while Kshs.1,283,574 remained unspent as at 30 June 2017.

As a result, the residents of Tharaka Constituency did not receive planned and expected services equivalent to Kshs. 32,231,849 comprised of Kshs. 30,948,275 budgeted funds but not received from the Board and Kshs.1,283,574 unspent funds as at 30 June 2017.

2. Project Implementation Status

The Fund had an approved budget of Kshs.81,896,552 comprising of both Recurrent and Development expenditures of Kshs.7,370,689 (9%) and Kshs.74,525,863 (91%) respectively for the year under review. The approved budget for development projects of Kshs.74,525,863 was apportioned among various sectors within the Constituency namely; Bursaries for Secondary & Tertiary Institutions, Mocks/Cats, Primary schools, Secondary schools, Sports, Water, Roads, Security, Emergency and Environmental.

Review of the project implementation status report revealed that 16 projects worth Kshs.20,032,898 were completed, 7 projects worth Kshs.30,711,930 were ongoing and 37 projects worth Kshs.23,781,035 had not started as shown below;

Project Status	Sector	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No of Projects
Completed	Bursaries, Education, Security, Sports and Environment	20,032,898	20,032,898	16
Ongoing	Education and Security	30,711,930	30,711,930	7
Not Started	Education, Water, Roads and Security	23,781,035	-	37
Total		74,525,863	50,744,828	60

In the circumstance, the residents of Tharaka Constituency did not get services equivalent to the Kshs.23,781,035 being the budgeted but not started projects and it was not possible to ascertain that the Fund would implement all projects as budgeted especially putting into account that 7 other budgeted projects worth Kshs.30,711,930 were ongoing.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting.

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

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

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

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

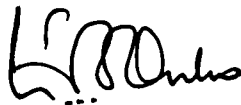
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

11 July 2018

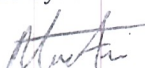


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
Reports and Financial Statements
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IV: STATEMENT OF RECEIPTS AND PAYMENTS

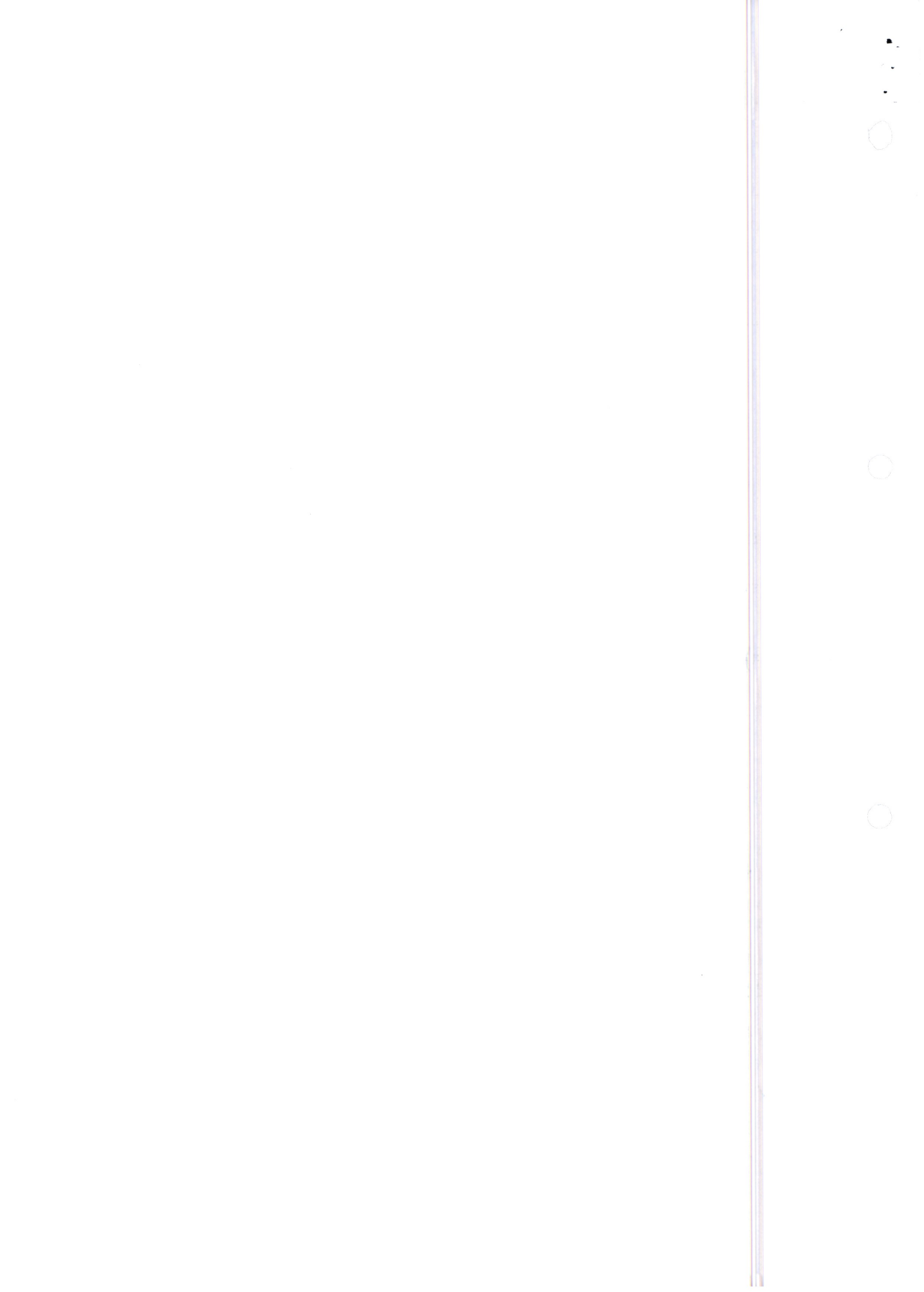
	Note	2016-2017	2015-2016
RECEIPTS		(Kshs)	(Kshs)
Transfers from NG-CDF Board	1	50,948,277	128,185,359
Other receipts	2	3,000,000	-
TOTAL RECEIPTS		53,948,277	128,185,359
PAYMENTS			
Compensation of Employees	3	2,144,324	1,423,738
Use of goods and services	4	10,856,355	10,414,173
Transfers to Other Government Units	5	19,546,720	47,761,115
Other grants and transfers	6	41,081,918	95,806,972
Acquisition of Assets	7	559,999	900,000
TOTAL PAYMENTS		74,189,316	156,305,998
SURPLUS/DEFICIT		(20,241,039)	(28,120,639)

The accounting policies and explanatory notes to these Financial Statements form an integral part of the financial statements. The Tharaka NG CDF Financial Statements were Approved on ____17th July__ 2017 and Signed by:


STANLEY MUTEMI
NG-CDFC CHAIRMAN




ALEX MUINDE
FUND ACCOUNT MANAGER



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
 Reports and Financial Statements
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V: STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

ITEM	Note	2016-2017	2015-2016
FINANCIAL ASSETS		(Kshs)	(Kshs)
Cash and Cash Equivalents			
Bank Balances	8	1,157,574	20,994,723
Cash Balances	9	126,000	529,890
TOTAL FINANCIAL ASSETS		1,283,574	21,524,613
REPRESENTED BY			
Fund balance b/fwd	10	21,524,613	49,645,252
Surplus/Deficit for the year		(20,241,039)	(28,120,639)
NET LIABILITIES		1,283,574	21,524,613

The accounting policies and explanatory notes to these Financial Statements form an integral part of the Financial Statements. The Tharaka NG CDF Financial Statements were approved on 17th July 2017 and Signed by:


 STANLEY MUTE MI
 NG-CD FC CHAIRMAN




 ALEX MUINDE
 FUND ACCOUNT MANAGER

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
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VI: CASH FLOW STATEMENT

RECEIPTS FOR OPERATING ACTIVITIES	NOTE	2016-2017 (Kshs)	2015-2016 (Kshs)
Transfers from NG-CDF Board	1	50,948,277	128,185,359
Other receipts	2	3,000,000	-
TOTAL RECEIPTS		53,948,277	128,185,359
CASH FLOW FROM OPERATING ACTIVITIES			
Compensation of Employees	3	2,144,324	1,423,738
Use of goods and services	4	10,856,355	10,414,173
Transfers to Other Government Units	5	19,546,720	47,761,115
Other grants and transfers	6	41,081,918	95,806,972
		73,629,317	155,405,998
Net cash flow from operating activities		(19,681,040)	(27,220,639)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(559,999)	(900,000)
NET CASH FLOW FROM INVESTING ACTIVITIES		(559,999)	(900,000)
NET DECREASE/ IN CASH AND CASH EQUIVALENT		(20,241,039)	(28,120,639)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR		21,524,613	49,645,252
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR		1,283,574	21,524,613

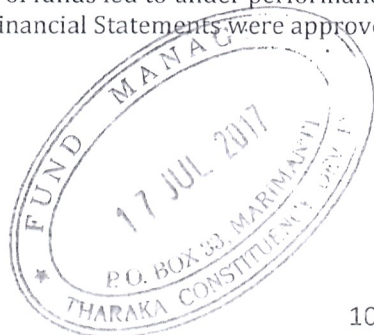
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
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VII: SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	Percentage of utilization difference $F=d/c$ %
	a	b	c=a+b	D	e=c-d	
	(Kshs)	(Kshs)	(Kshs)	(Kshs)	(Kshs)	
RECEIPTS						
Transfers from NG-CDF Board	81,896,552	21,524,613	103,421,165	72,472,890	30,948,275	73
Other receipts	-	3,000,000	3,000,000	3,000,000	-	100
TOTAL RECEIPTS	81,896,552	24,524,613	106,421,165	75,472,890	30,948,275	
PAYMENTS						
Compensation of Employees	1,560,000	584,324	2,144,324	2,144,324	-	100
Use of goods and services	5,810,689	5,058,755	10,869,444	10,856,355	13,089	99
Transfers to Other Government Units	30,281,035	10,500,000	40,781,035	19,546,720	21,234,315	48
Other grants and transfers	43,244,828	8,381,534	51,626,362	41,081,918	10,544,444	80
Acquisition of Assets	1,000,000	-	1,000,000	559,999	440,001	56
TOTALS	81,896,552	24,524,613	106,421,165	74,189,316	32,231,849	

Note: Delays in release of funds led to under performance of 48% in transfers to other Government entities. The Tharaka NG CDF Financial Statements were approved on 17th July 2017 and Signed by:


 STANLEY MUTEMI
 NG-CDFC CHAIRMAN




 ALEX MUINDE
 FUND ACCOUNT MANAGER

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

VIII: SIGNIFICANT ACCOUNTING POLICIES

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

(a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. 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 *TharakaNG-cdf*. 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 recognizes transactions and events only when cash is received or paid by the *entity*.

(b) Recognition of revenue and expenses

Tharaka Ng-cdfc recognizes all revenues from the various sources when the event occurs and the related cash has actually been received by the *entity*. In addition, the *entity* recognizes all expenses when the event occurs and the related cash has actually been paid out by the *Tharaka Ng-cdf*.

(c) In-kind contributions

In-kind contributions are donations that are made to the *entity* 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 *entity* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

(d) Cash and cash equivalents

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

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For the year ended June 30, 2017

(e) Pending bills

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

(f) Receivables and payables

These relate to provisioning balances for the GAV and Exchequer accounts as required by the current Government Financial Regulations and Procedures. These provisioning balances do not have an impact on the receipts and payments and therefore do not contravene the principles on the cash based IPSAS.

(g) 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 *entity'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 *entity's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

(h) Comparative figures

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

(i) 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

1. TRANSFERS FROM NG-CDF BOARD

	2016-2017	2015-2016
	(Kshs)	(Kshs)
A.I.E NO: A839701/ A825686	10,000,000	32,235,359
A.I.E NO: A855100/ A825579	36,853,449	32,000,000
A.I.E NO: A839513/A820797	4,094,828	33,000,000
A.I.E NO: A796378		10,000,000
A.I.E NO: A796400		10,000,000
A.I.E NO: A820651		10,000,000
A.I.E NO: A796182		650,000
A.I.E NO: A796185		300,000
Total	50,948,277	128,185,359

2. OTHER RECEIPTS

	2016-2017	2015-2016
	(Kshs)	(Kshs)
PMC Cheque Returned	3,000,000	-
Total	3,000,000	-

3. COMPENSATION OF EMPLOYEES

	2016-2017	2015-2016
	(Kshs)	(Kshs)
Basic wages of employees	1,956,184	1,350,018
Social Security	116,640	73,720
Leave allowances	71,500	
Total	2,144,324	1,423,738

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4. USE OF GOODS AND SERVICES

	2016-2017	2015-2016
	(kshs)	(Kshs)
Utilities, supplies, services	47,407	16,960
Communication, supplies and services	70,000	316,000
Hospitality expenses	756,400	173,000
Training expenses	308,000	627,380
Insurance costs	160,760	178,788
Office and general supplies and services	1,065,920	939,920
Fuel and lubricants	1,396,500	1,688,800
Routine maintenance – vehicles and other transport equipment	656,700	1,127,464
Routine maintenance – other assets	571,515	421,600
Committee expenses	4,314,353	3,992,715
Other Committee expenses	1,098,800	931,546
Publicity and advertising	410,000	-
Total	10,856,355	10,414,173

5. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015-2016
	(kshs)	(Kshs)
Transfers to Primary Schools	5,900,000	36,879,000
Transfers to secondary schools	13,646,720	10,882,115
TOTAL	19,546,720	47,761,115

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6. OTHER GRANTS AND OTHER PAYMENTS

Description	2016-2017	2015-2016
	(Kshs)	(Kshs)
Bursary -Secondary	6,843,400	8,551,000
Bursary -Tertiary	3,519,000	6,073,482
CATS/Mocks	1,264,732	783,978
Water	1,414,650	27,815,935
Security	15,100,000	8,940,000
Roads	6,814,274	28,453,277
Sports	1,637,931	2,207,600
Environment	1,637,931	3,236,700
Emergency Projects	2,850,000	6,555,000
Health	-	-
Others		3190,000
Total	41,081,918	95,806,972

7. ACQUISITION OF ASSETS

Non Financial Assets	2016-2017	2015-2016
	(kshs)	(Kshs)
Construction of septic tank	500,000	
Purchase of photocopier	59,999	
Construction of a storeroom		900,000
Total	559,999	900,000

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8. Bank Accounts

	2016-2017	2015-2016
Name of Bank, Account No. & currency	(Kshs)	(Kshs)
<i>Tharaka NG Cdf ac no 01120058205800 coop bank Chuka branch</i>	1,157,574	20,994,723

9. CASH IN HAND

	2016-2017	2015-2016
	(Kshs)	(Kshs)
Treasury cash office	126,000	529,890
Total	126,000	529,890

10. BALANCES BROUGHT FORWARD

	2016-2017	2015-2016
	(Kshs)	(Kshs)
Opening balance		
Bank accounts	20,994,723	49,449,707
Cash in hand	529,890	195,545
Total	21,524,613	49,645,252

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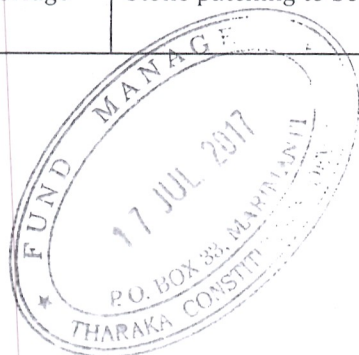
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THARAKA CONSTITUENCY
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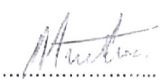
11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Cash and cash equivalents	Stale cheques were reversed	Fund Manager	Resolved	N/A
2	Non acknowledgement of bursaries	Acknowledged bursary receipts were shown to auditors	Fund Manager	Resolved	N/A
3	Unutilized water pipes	Pipes were utilized in the subsequent financial year	Fund Manager	Resolved	N/A
4	Matagige bridge	Stone patching to begin soon	Fund Manager	To be solved within a month	N/A


 Alex Muinde
 Fund Manager




 Stanley Mutemi
 Chairman



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12. AMOUNTS DUE FROM CDF BOARD

PROJECT NAME	ACTIVITY	AMOUNT KSHS
Gatunga Primary	Roofing, fixing doors, windows and finishing of a dormitory	800,000
Kirigicha Primary	plastering, fixing doors ,windows and finishing of a dorm	400,000
Mukothima Primary	plastering and painting of a dorm	300,000
Kathanga Primary	Fixing doors, windows and general finishing of 2 classes	400,000
Mariene hill Primary	Fixing doors, windows and finishing of admin block	500,000
Yombo Primary	Construction of a classroom	600,000
Makithi Primary	Construction of a classroom	600,000
Kamurige Primary	Construction of a classroom	600,000
Kaoga Ka Nthi Primary	Construction of a classroom	600,000
Manduru Primary	Construction of a classroom	600,000
Karangare Primary	Construction of a classroom	600,000
Nkundi Primary	Construction of a classroom	600,000
Gakauni Primary	Construction of a classroom	600,000
Nkomaru Primary	Construction of a classroom	600,000
Mariango Primary	Construction of a classroom	600,000
Mauthini Primary	Construction of a classroom	600,000
Kandondo Primary	Construction of a classroom	600,000
Shin Yun Primary	Construction of a classroom	600,000
Kamatumo Primary	Construction of a classroom	600,000
Kathakame Primary	Construction of a classroom	600,000
Kiaruni Primary	Construction of a classroom	600,000
Maroreria Primary	Construction of a classroom	600,000
Nkururuni Primary	Construction of a classroom	600,000
Karambani Primary	Construction of a classroom	600,000
Matagatani Primary	Construction of a classroom	600,000
Bursary	Award of bursary	9,548,275
Kaanyaga Secondary School	Purchase of 51 seater bus	7,000,000
TOTAL		30,948,275

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ANNEX 1: SUMMARY OF FIXED ASSET REGISTER

ASSET CLASS	HISTORICAL COST 2015/2016 (Kshs)	HISTORICAL COST 2015/2016 (Kshs)
Buildings	7,310,523	6,810,523
Transport Equipment	4,079,250	4,079,250
Office Equipment, Furniture and Fittings	425,000	425,000
ICT Equipment, Software and Other ICT Assets	373,295	313,296
TOTAL	12,188,068	11,628,069

ANNEX 2: PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account Number	Bank Balance 2016-2017 Kshs	Bank Balance 2015-2016 Kshs
Kamwathu Secondary School	Cooperative bank	01134571737	7,000,000	-
Igumo Day Secondary	Cooperative bank	01134571737	1,000	6,500,000
Maragwa Ap Camp	Cooperative Bank	01134571737400	359,325	-
Tonya AP Camp	Cooperative Bank	01134571737700	9,325	-
Karandini AP Camp	Cooperative Bank	01141571737600	448,650	-
Gaciongo AP Camp	Cooperative Bank	01141571737500	88,650	-
Tharaka CDF Office	Cooperative Bank	01120058205801	94,000	-
Kiamiramba AP Camp	Cooperative bank			-
Tharaka North DCC Office	Transnation bank	68208001175001	500	-
Ntoroni Ap Camp	Transnation bank	68208001181501	1000	
Karocho Day Secondary	Cooperative bank	01134571737	1000	400,000
Mariene Hill Primary School	Cooperative bank	01134571737	600,000	-
Marimanti Primary	Transnation bank	68208001175001	1000	600,000
TOTAL			30,948,275	7,500,000

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