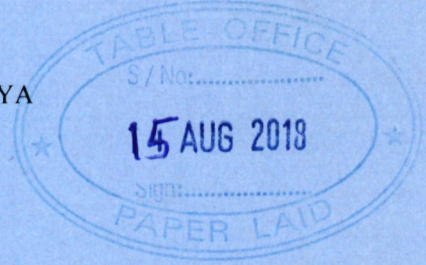


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT OF KENYA LIBRARY **REPORT**

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

OF

THE AUDITOR-GENERAL

Afternoon

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND IGEMBE CENTRAL CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE 2017



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**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE CENTRAL
CONSTITUENCY**

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

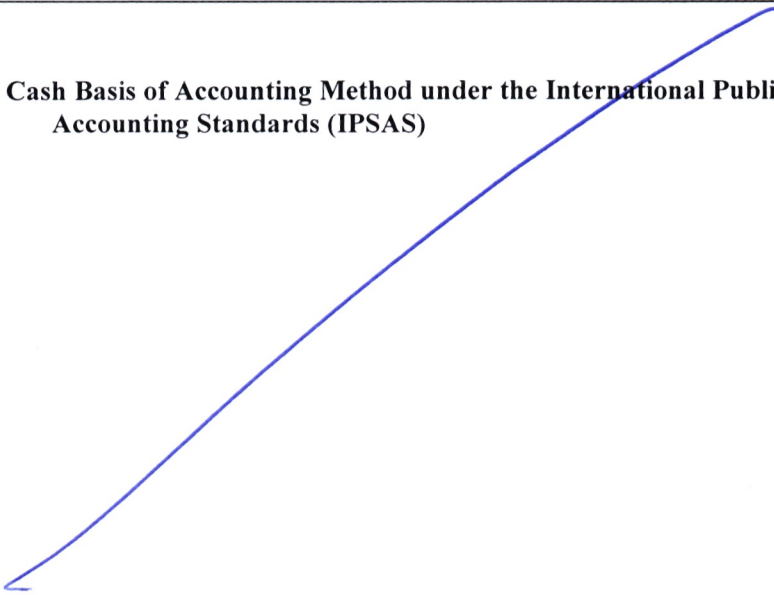


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
IGEMBE CENTRAL CONSTITUENCY**

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- IGEMBE CENTRAL
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL 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The National Government Constituencies Development Fund (NGCDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The National Government Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the National government Constituencies Development Fund.

(b) Key Management

The Igembe central day-to-day management is under the following key organs:

- i. National government 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 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Danson Njogu
3.	Accountant	Millicent N. Kamau.

(d) Fiduciary Oversight Arrangements

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

P.O. Box 300
NG-CDF office-Kangeta.
Meru-maua Road,
Kangeta, Meru.

**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL CONSTITUENCY**

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

(f) IGEMBE CENTRAL NGCDF Contacts

Telephone: (254) 0703-780-482

(g) IGEMBE CENTRAL NGCDF Bankers

1. Co-operative bank of Kenya
Maua
P.O. Box 300
Maua, Meru ,Kenya

(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- IGEMBE
CENTRAL CONSTITUENCY**

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

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

INTRODUCTION

Igembe constituency is situated along Meru-Maua road and borders Igembe South on the east, Isiolo on the north and Igembe Central on the west regions. The main economic stay of the constituency is mainly farming of food crops with a large portion with Miraa. There is a large area in the south which is dry and the community majors on livestock keeping as their main economic activities. The constituency is vast with five wards and approximately has 350,000 population. The constituency is wholly developed by NGCDF in about 80% together with other partners, mainly national government and nongovernmental organizations.

IGEMBE CENTRAL NGCDF PERFORMANCE

The constituency received Kshs. 81,896,551.72 in the financial year 2016/2017 and has efficiently absorbed Kshs. 81,575,976 which translate into 95% rate inclusive bank balance brought forward. All the projects started in the financial year under consideration are complete and the constituents are enjoying the benefits of the Kitty. Various projects have been accomplished ranging from almost all sectors i.e. Roads, schools infrastructure, health and water.

KEY ACHIEVEMENTS OF THE FUND

NGCDF has transformed many lives of Igembe central residents. The empirical data available coupled with actual observations reveal an enormous impact on the residents in improved standard of living which was never witnessed before the inception of NGCDF. The current year has seen completion of 22 classrooms, 7 roads and 11 security projects. The many poor children who have been to school under the courtesy of the fund is a milestone reached in enabling every needy student access education. Various places where residents walked for long distances to seek water commodity is also a great achievement which has saved energy and time to pursue other activities.

We stand united in prayer and thanks giving that NGCDF may live long enough to transform many lives.

EMERGING ISSUES

NGCDF being a community fund has so far been identified with the constituents needs which changes every now and then. With the establishment of the devolved functions, various sectors have been taken by the county governments which has stripped off residents the very pertinent projects centre in their economic life. County governments have slowly taken off with residents agitating for various projects formally funded by NGCDF and this has brought great discontent on the side of the residents who think such functions should be handled by NGCDF.

IMPLEMENTATION CHALLENGES.

There various challenges meted in the implementation of the kitty namely:

- a) Lack of management skills by the project implementation committees.
- b) Thinly allocation of project funds
- c) Political interferences

WAY FORWARD

NGCDF should be added more funds enough to complete projects. Again PMC should be trained frequently on good management practices. MPs and their opponents should not interfere with projects.



CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL CONSTITUENCY**

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

III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government CDF 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 the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Igembe central 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 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 Igembe central 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 charge of Igembe Central 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 Igembe central 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.



Chairman NGCDFC



Fund account manager
**IGEMBE CENTRAL CDF
FUND ACCOUNT MANAGER
P.O.Box 300 - 60600 Maua**

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 – IGEMBE CENTRAL 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 – Igembe Central Constituency set out on page 5 to 15, 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 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 – Igembe Central 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 the National Government Constituencies Development Fund Act, 2015.

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

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The statement of assets reflects bank balance of Kshs 3,882,272 as at 30 June, 2017. However, the bank reconciliation statement reflected unrepresented cheques totaling to Kshs.2,501,386 which included stale cheques totaling Kshs. 329,000 and payments in bank statements not in cash book totaling Kshs. 11,760 which had not been adjusted in the cash book. Further, the statement of assets, the statement of cash flows and Note 9 to the financial statements for the year under review reflected prior year

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

adjustments of stale cheques of Kshs. 205,783 which were not presented for audit verification so as to ascertain their authenticity, existence and accuracy.

In addition, Annex 2 to the financial statements reflected forty three (43) Project Management Committee (PMC) bank accounts with balances totaling Kshs.4,971,948. However, the Fund did not provide the bank statements, cash books and bank reconciliations of the accounts for audit verification.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs 3,882,272 as at 30 June 2017 could not be ascertained.

2.0 Irregular Implementation of Road Projects

During the financial year under review, the Fund had a budget of Kshs.16,000,000 in respect to roads. Note 5 to the financial statements shows that all the road projects totaling to Kshs.16,000,000 were funded and implemented. However, the road projects did not fall within the functions of the Fund as per Section 24 (1) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the Fund was in breach of Section 24 (1) of the National Government Constituencies Development Fund Act, 2015.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Igembe Central 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 judgement, 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 report, I determine that there were no Key Audit Matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

During the financial year under review, the Fund had an approved budget of Kshs.85,458,248 comprising of Kshs.81,896,552 for financial year 2016/2017 and Kshs.3,561,696 brought forward from the financial year 2015/2016. The total expenditure by the Fund in the financial year 2016/2017 was Kshs.80,888,841 representing an absorption rate of 95% of the total approved budget resulting into an under expenditure of Kshs.4,569,407 as follows:

Item	Budgeted Amount (Kshs.)	Actual as per statement of Receipts and Payments (Kshs.)	Variance (Kshs.)	Absorption
Compensation of Employee	2,214,000	1,517,892	696,108	69%
Use of Goods and services	5,156,689	2,942,040	2,214,649	57%
Transfer to Other Government Unit	13,400,000	12,750,000	650,000	95%
Other Grants and Transfers	50,159,886	49,151,236	1,008,649	98%
Acquisition of Assets	14,527,673	14,527,673	-	100%
Total	85,458,248	80,888,841	4,569,407	95%

However, the combined statement of appropriation reflected a budgeted expenditure of Kshs.78,087,559 and an actual expenditure of Kshs.77,428,909 which differed with the above budgeted and actual amounts of Kshs.85,458,248 and Kshs.80,888,841 by an unexplained and unreconciled Kshs.7,370,689 and Kshs.3,459,932 respectively.

In the circumstances, the Constituents did not receive promised and expected service equivalent to Kshs. 4,569,407 under-expenditure as at 30 June 2017.

2. Project Implementation

The project implementation made available for audit indicated that a total of Kshs.74,525,863 was disbursed to forty-five (45) projects out of which one (1) project amounting to Kshs. 14,052,173 was on going while forty-four (44) projects amounting to Kshs. 60,473,690 were completed as follows;

No.	Sector	Project Status	Amount Disbursed	No. of Projects
1	Education	Complete	18,200,000	26
		Sub Total	18,200,000	26
2	Roads	Complete	12,000,000	6
		Sub Total	12,000,000	6
3	Bursary	Complete	20,503,000	1
		Sub Total	20,503,000	1
4	CDF Office	Ongoing	14,052,173	1
		Sub Total	14,052,173	1
5	Emergency	Complete	4,094,828	1
		Sub Total	4,094,828	1
6	Environment	Complete	1,637,931	1
		Sub Total	1,637,931	1

7	Security	Complete	2,400,000	8
		Sub Total	2,400,000	8
8	Sports	Complete	1,637,931	1
		Sub Total	1,637,931	1
		GRAND TOTAL	74,525,863	45

In view of the foregoing, the constituents did not get services equivalent to Kshs.14,052,173 being the budgeted but in completed projects.

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

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

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

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

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

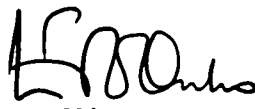
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund 's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue 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 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

09 July 2018

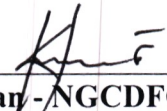



**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

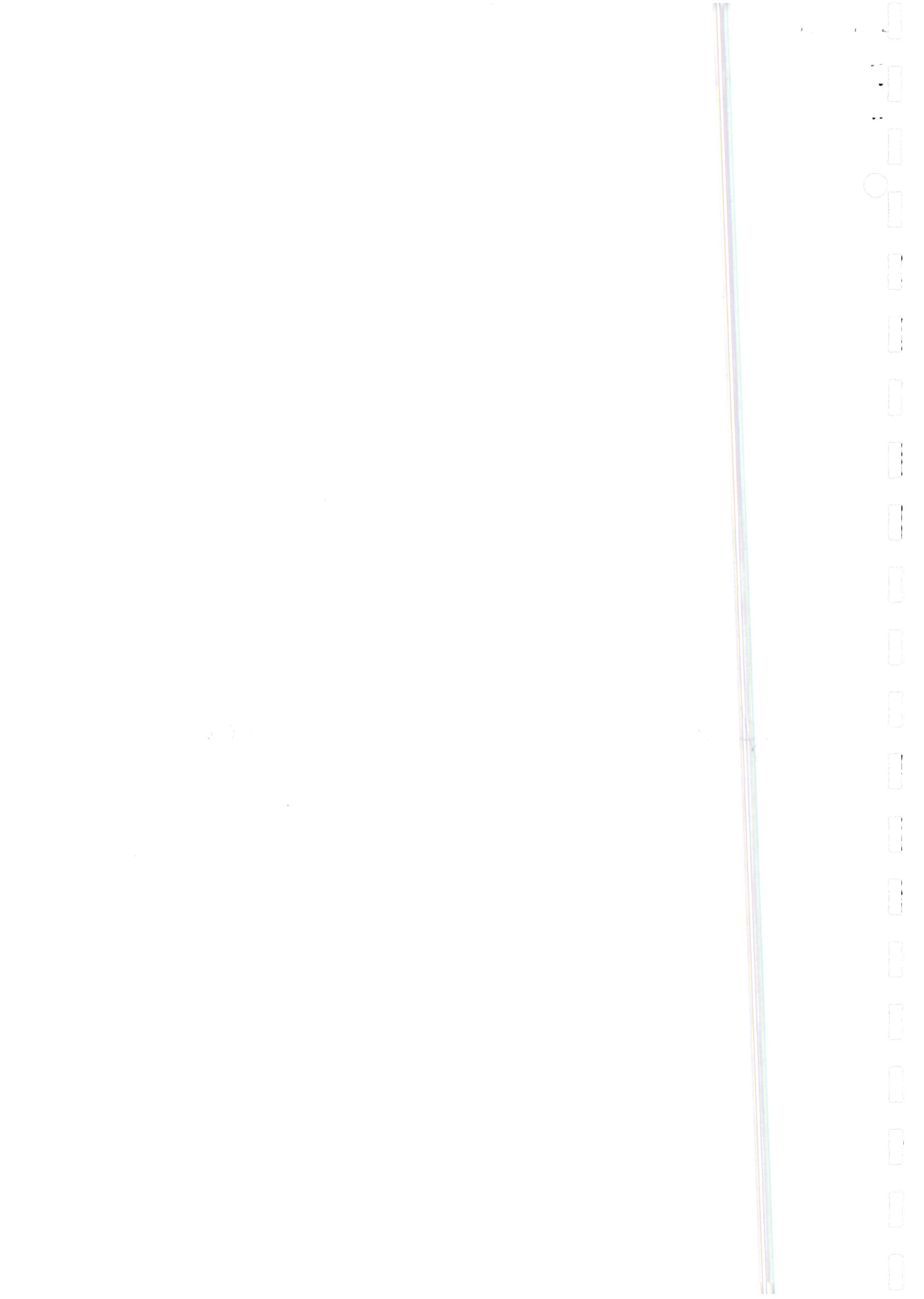
V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from Other Government Entities	1	81,896,552	125,610,421
TOTAL RECEIPTS		81,896,552	125,610,421
PAYMENTS			
Compensation of Employees	2	1,517,892	1,120,000
Use of goods and services	3	1,942,040	9,170,267
Transfers to Other Government Units	4	12,750,000	73,693,581
Other grants and transfers	5	50,151,236	56,203,447
Acquisition of Assets	6	14,527,673	8,000,000
TOTAL PAYMENTS		80,888,841	148,187,295
SURPLUS/DEFICIT		1,007,711	(22,576,874)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on _____ 2017 and signed by:


Chairman - NGCDFC


Fund Account Manager
IGEMBE CENTRAL CDF
FUND ACCOUNT MANAGER
P.O.Box 300 - 60600 Maua

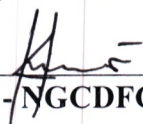



**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

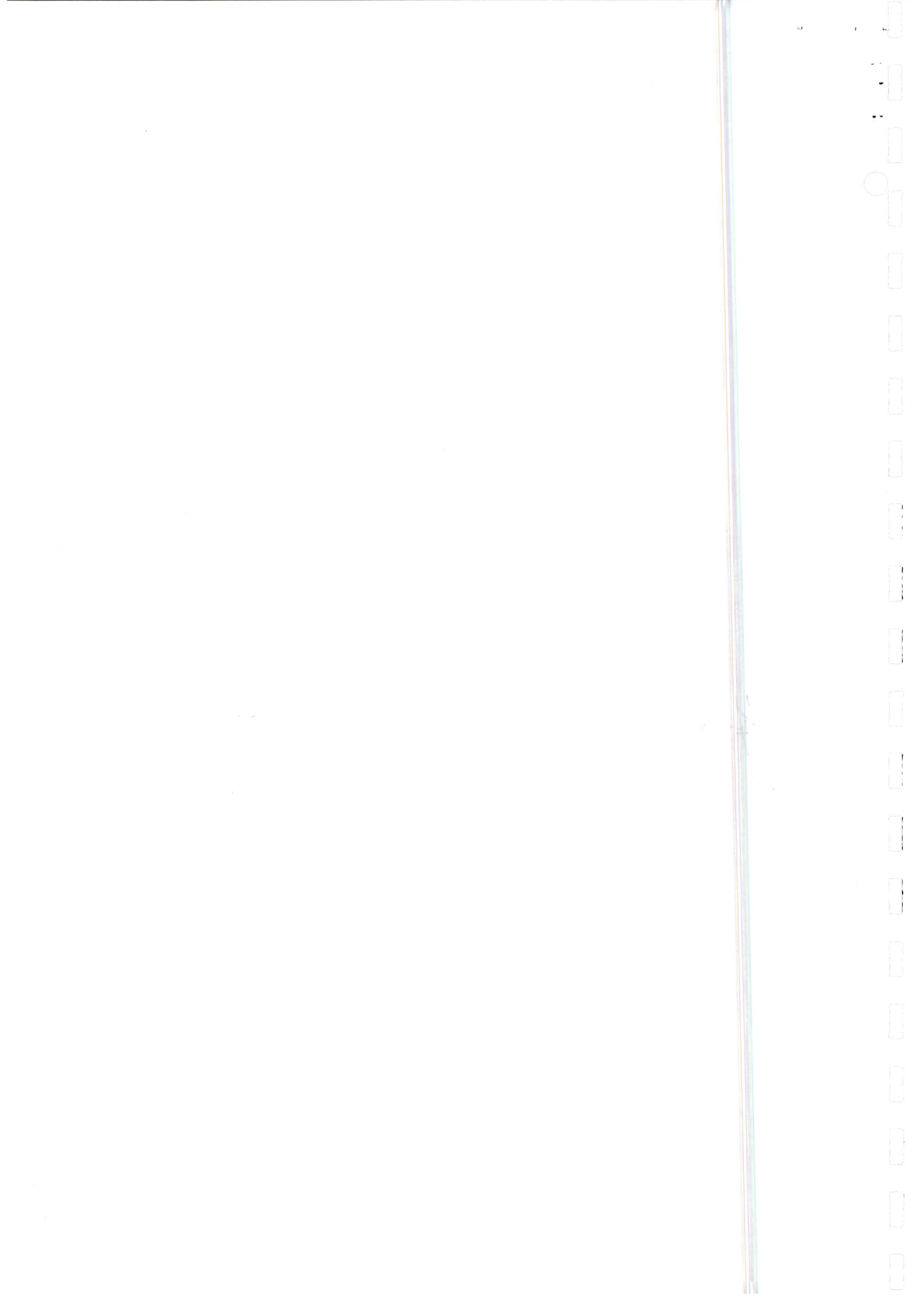
VI. STATEMENT OF ASSETS

	Note	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	6	3,882,272	2,668,778
TOTAL FINANCIAL ASSETS		3,882,272	2,668,778
REPRESENTED BY			
Fund balance b/fwd	7	2,668,778	23,673,152
Surplus/Deficit for the year		1,007,711	(22,576,874)
Prior year adjustments	8	205,783	1,572,500
NET FINANCIAL POSITION		3,882,272	2,668,778

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on _____ 2017 and signed by:


Chairman - NGCDFC


Fund Account Manager
IGEMBE CENTRAL CDF
FUND ACCOUNT MANAGER
P.O.Box 300 - 60600 Maua



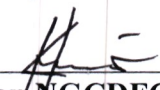
**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL CONSTITUENCY**

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

VII. STATEMENT OF CASHFLOW

		2016 – 2017	2016 – 2017
Receipts for operating income			
Transfers from CDF Board	1	81,896,552	125,610,421
Total Receipts for operating income		81,896,552	125,610,421
Payments for operating expenses			
Compensation of Employees	2	1,517,892	1,120,000
Use of goods and services	3	1,942,040	9,170,267
Transfers to Other Government Units	4	12,750,000	73,693,581
Other grants and transfers	5	50,151,236	56,203,447
		(66,361,168)	(140,187,295)
Adjusted for:			
Prior year adjustments-stale cheques	9	205,783	1,572,500
NET CASH FLOW FROM OPERATING ACTIVITIES		15,741,167	(13,004,374)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(14,527,673)	(8,000,000)
		(14,527,673)	
Net cash flows from Investing Activities			(8,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		1,213,494	(21,004,374)
Cash and cash equivalent at BEGINNING of the year	8	2,668,778	23,673,152
Cash and cash equivalent at END of the year	7	3,882,271	2,668,778

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on _____ 2017 and signed by:



Chairman, NGCDFC



Fund Account Manager
**IGEMBE CENTRAL CDF
FUND ACCOUNT MANAGER
P.O.Box 300 - 60600 Maua**

I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

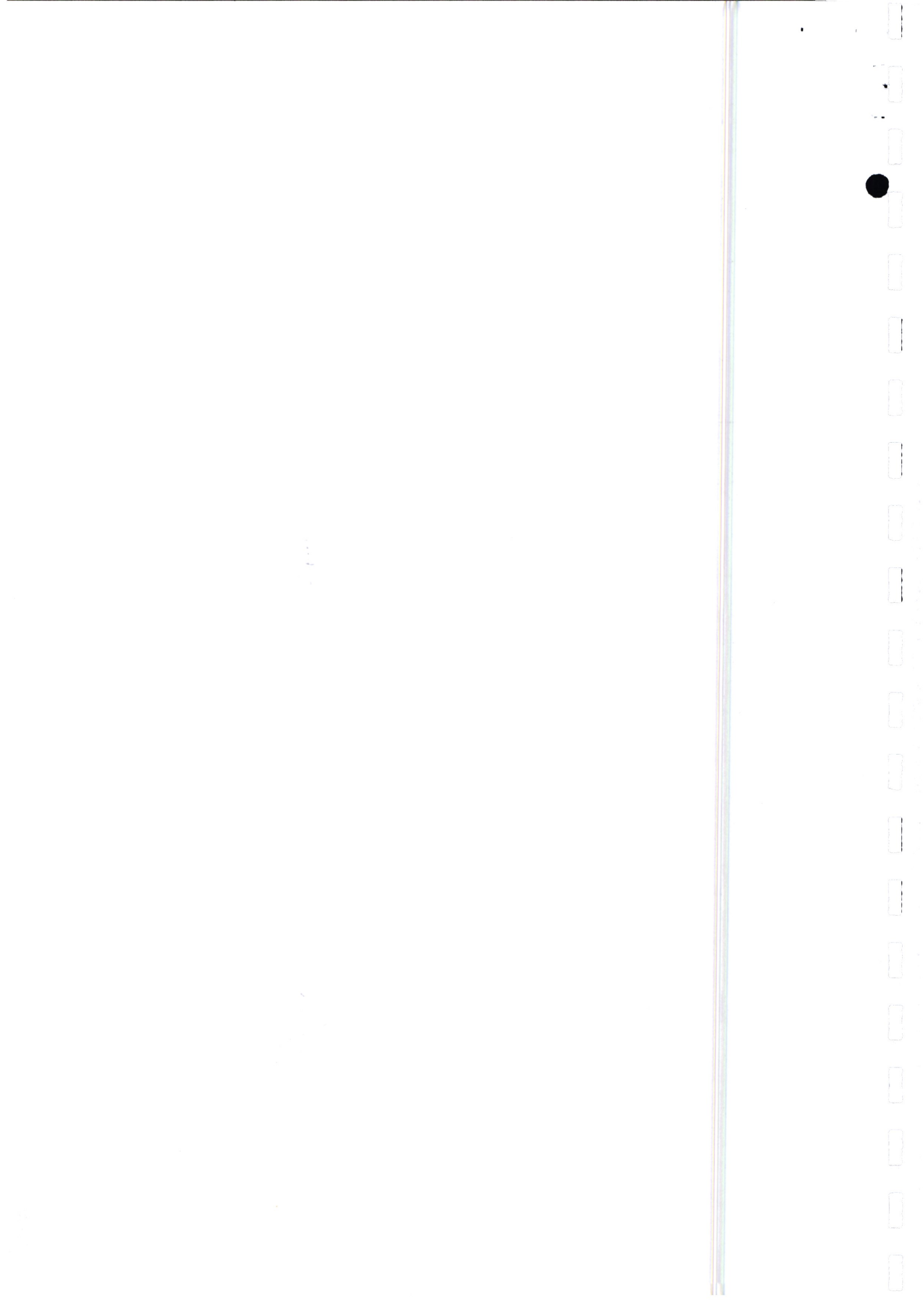
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,551.72	3,561,696	85,458,248	81,575,976	3,882,272	95%
TOTAL RECEIPTS	81,896,551.72	3,561,696	85,458,248	81,575,976	3,882,272	95%
PAYMENTS						
Compensation of Employees	2,214,000	-	2,214,000	1,517,892	696,108	69%
Use of goods and services	5,156,689	-	5,156,689	1,942,040	3,214,649	38%
Transfers to Other Government Units	12,750,000	650,000	13,400,000	12,750,000	650,000	95%
Other grants and transfers	47,723,689.6	2,436,196	50,159,886	50,151,236	8,650	100%
Acquisition of Asset-Motorcycle	14,052,173.13	475,500	14,527,673	14,527,673	0	100%
TOTALS	81,896,551.72	3,561,696	85,458,248	80,888,841	4,569,407	95%

The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on _____ 2017 and signed by:


Chairman NGCDF


Fund Account Manager

**IGEMBE CENTRAL CDF
FUND ACCOUNT MANAGER**
P.O.Box 300 - 60500 Maua



Receipts and Expenditures
For the year ended June 30, 2017

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	7,370,689	-	7,370,689	81,575,976	3,882,271.8	95%
TOTAL RECEIPTS	7,370,689	-	7,370,689	81,575,976	3,882,271.8	95%
PAYMENTS						
Compensation of Employees	2,214,000	-	2,214,000	1,517,892	696,108	69%
Use of goods and services	5,156,689	-	5,156,689	1,942,040	3,214,649	38%
TOTALS	7,370,689	-	7,370,689	3,459,932	3,910,757	47%

The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on _____ 2017 and signed by:


Chairman NGCDF


Fund Account Manager

**IGEMBE CENTRAL CDF
FUND ACCOUNT MANAGER
P.O.Box 300 - 60600 Maua**

Receipts and Expenditures
For the year ended June 30, 2017

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

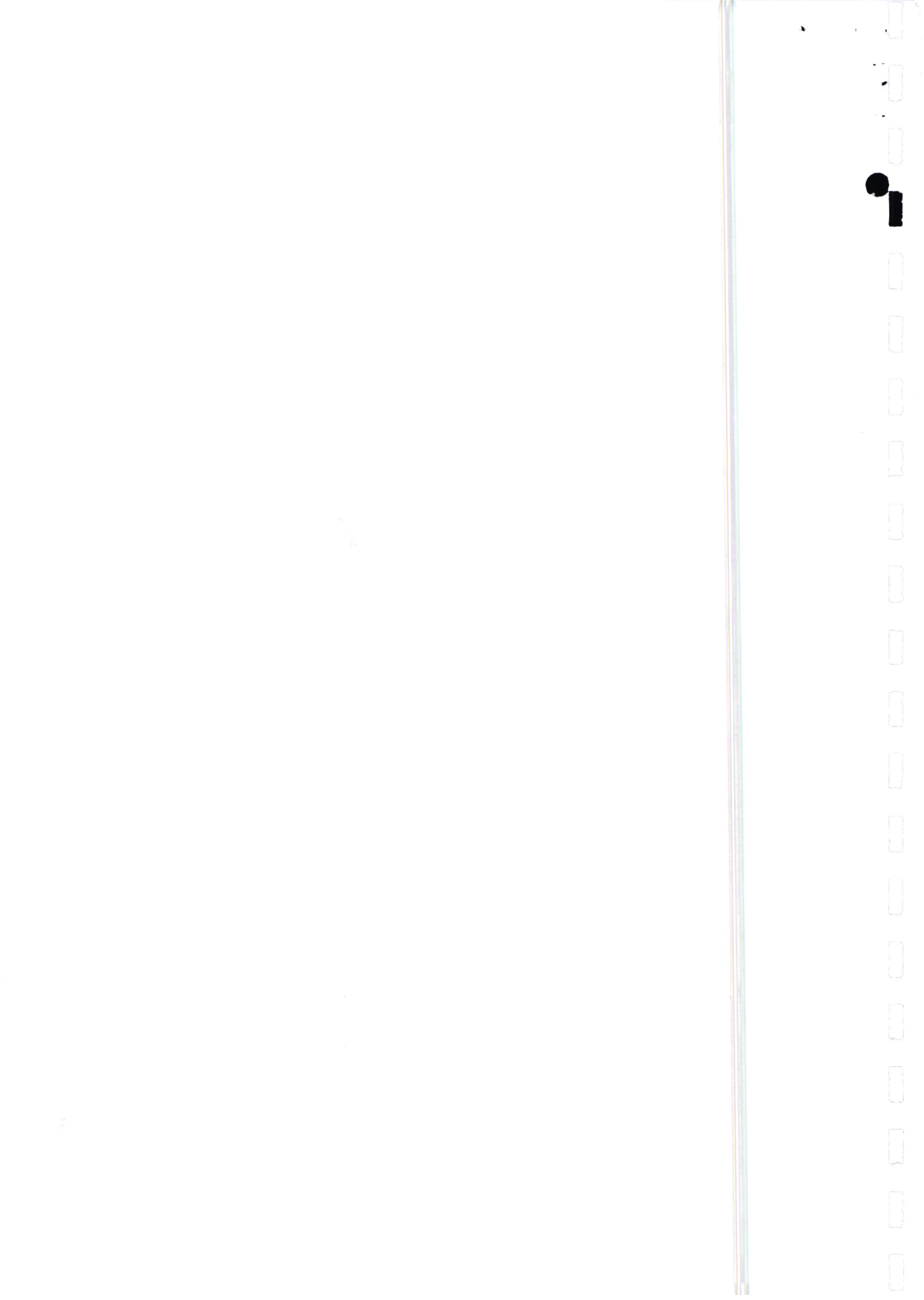
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	74,525,863	3,561,696	78,087,559	81,575,976	3,882,272	95%
TOTAL RECEIPTS	74,525,863	3,561,696	78,087,559	81,575,976	3,882,272	95%
PAYMENTS						
Transfers to Other Government Units	12,750,000	650,000	13,400,000	12,750,000	650,000	95%
Other grants and transfers	47,723,690	2,436,196	50,159,886	50,151,236	8,650	100%
Acquisition of Asset-Motorcycle	14,052,173	475,500	14,527,673	14,527,673	0	100%
TOTALS	74,525,863	3,561,696	78,087,559	77,428,909	658,650	99%

The National Government Constituency Development Fund- Igembe Central Constituency financial statements were approved on _____ 2017 and signed by:


Chairman NGCDF


Fund Account Manager

IGEMBE CENTRAL CDF
FUND ACCOUNT MANAGER
P.O.Box 300 - 60600 Maua



XI. 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

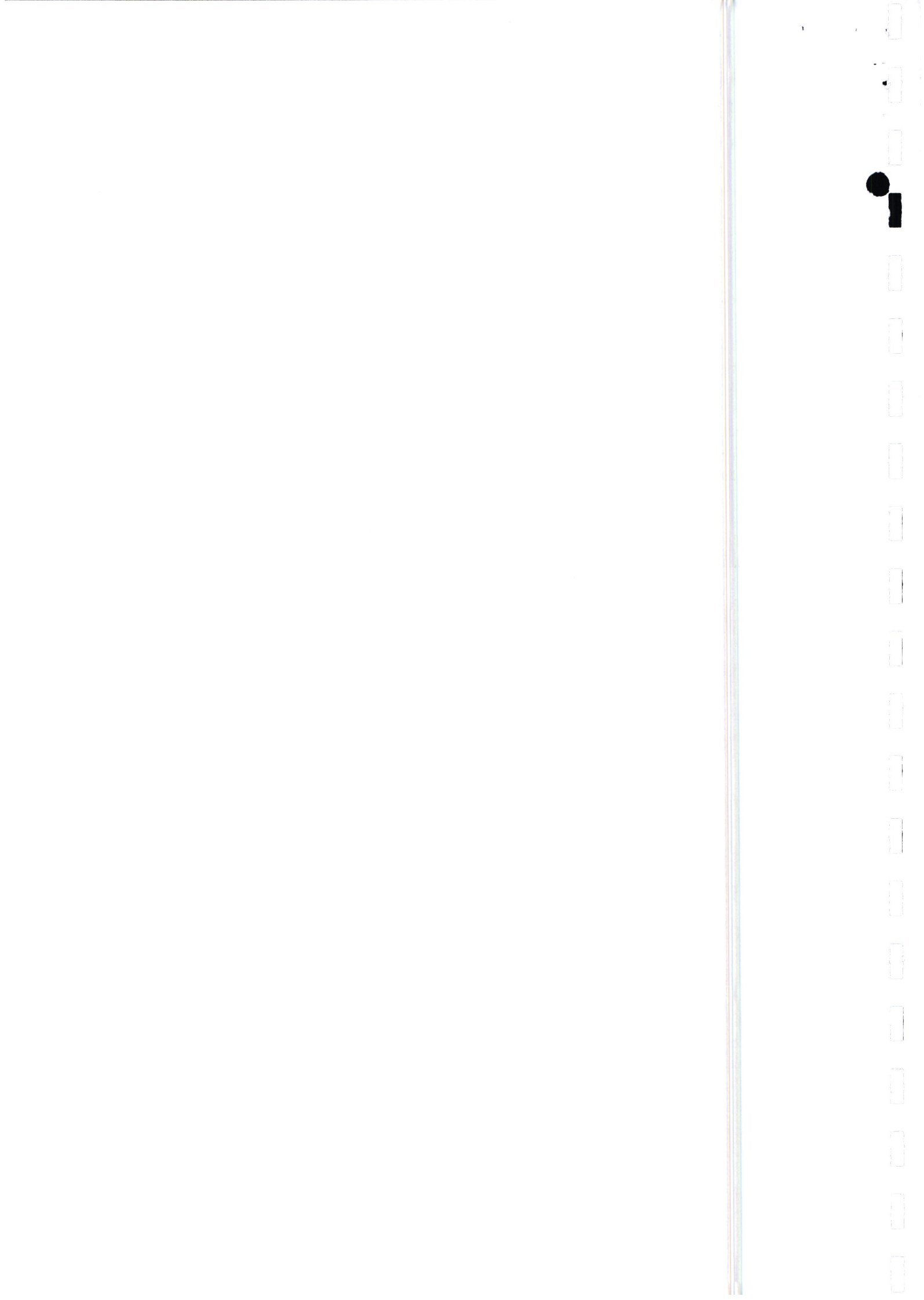
The *NGCDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *NGCDF*. In addition, the *NGCDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *NGCDF*.

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.



5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *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

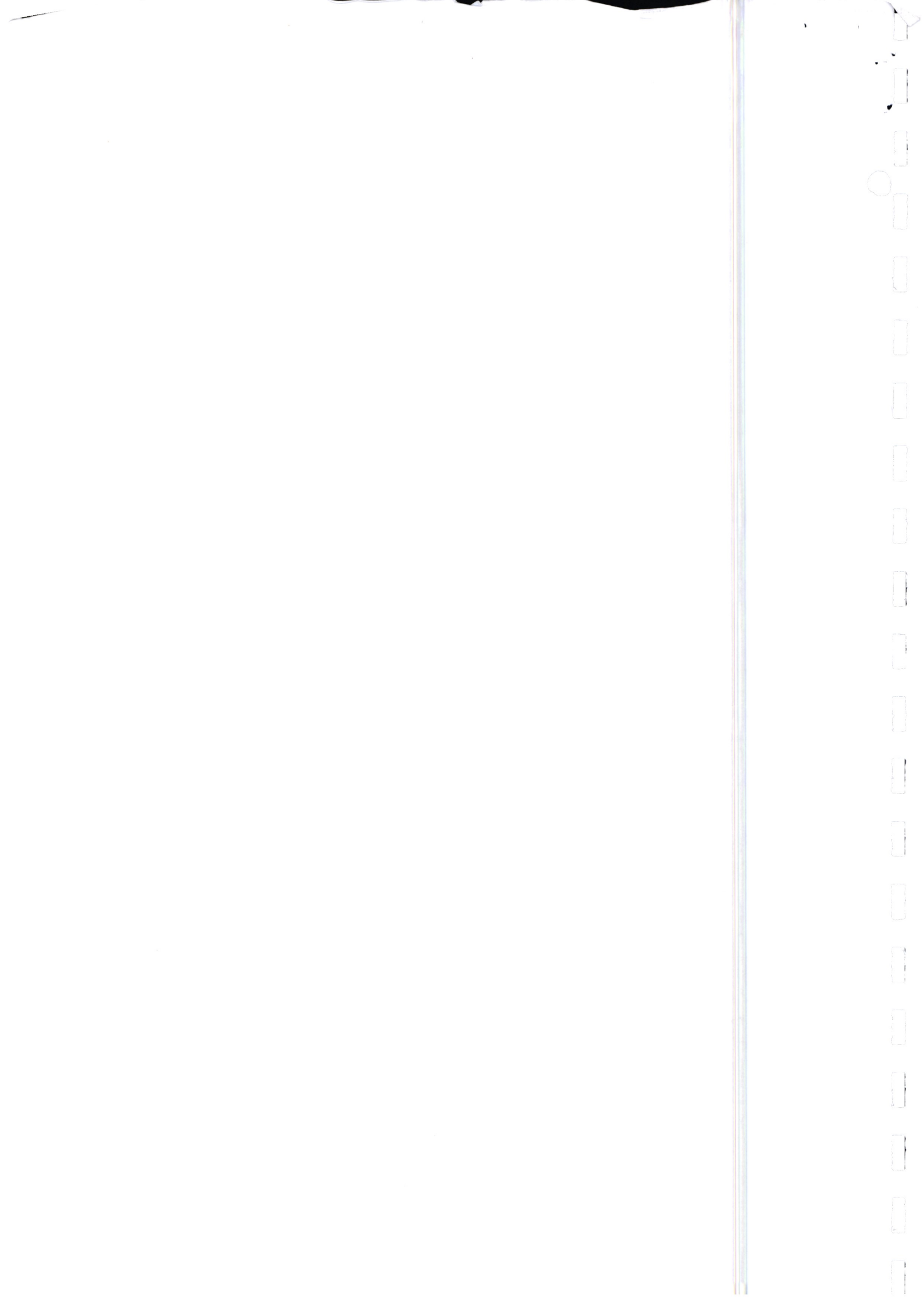
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NGCDF's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment 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, 2016.



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

XII. NOTES TO THE FINANCIAL STATEMENTS

1: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017 - 2016	2016-2015
		Kshs	Kshs.
CDF Board			
AIE NO	829560	4,094,828	
AIE NO	855016	36,853,449	
AIE NO	855546	24,948,275	
AIE NO	855638	16,000,000	
AIE NO	724023		8,000,000
AIE NO	724224		10,000,000
AIE NO	820555		10,000,000
AIE NO	724085		10,000,000
AIE NO	820731		29,000,000
AIE NO	825725		58,610,421
TOTAL		81,896,552	125,610,421

2: COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Social security benefit-employer cont. to n.s.s.f	65,600	-
Basic wages of contractual employees	1,452,292	1,120,000
Total	1,517,892	1,120,000

3: USE OF GOODS AND SERVICES

	2016 - 2017	2015-2016
	Kshs	Kshs.
Committee expences	800,000	7,555,000
Communication, supplies and services	-	10,000
Office and general supplies and services	154,940	447,267
Fuel,oil and lubricants	700,000	900,000
Routine maintenance – vehicles and other transport equipment	287,100	258,000
Total	1,942,040	9,170,267



**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4: TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 – 2017	2015-2016
	Kshs	Kshs.
Transfers to primary schools	12,750,000	20,557,931
Transfers to secondary schools	-	53,135,650
TOTAL	12,750,000	73,693,581

5: OTHER GRANTS AND OTHER PAYMENTS

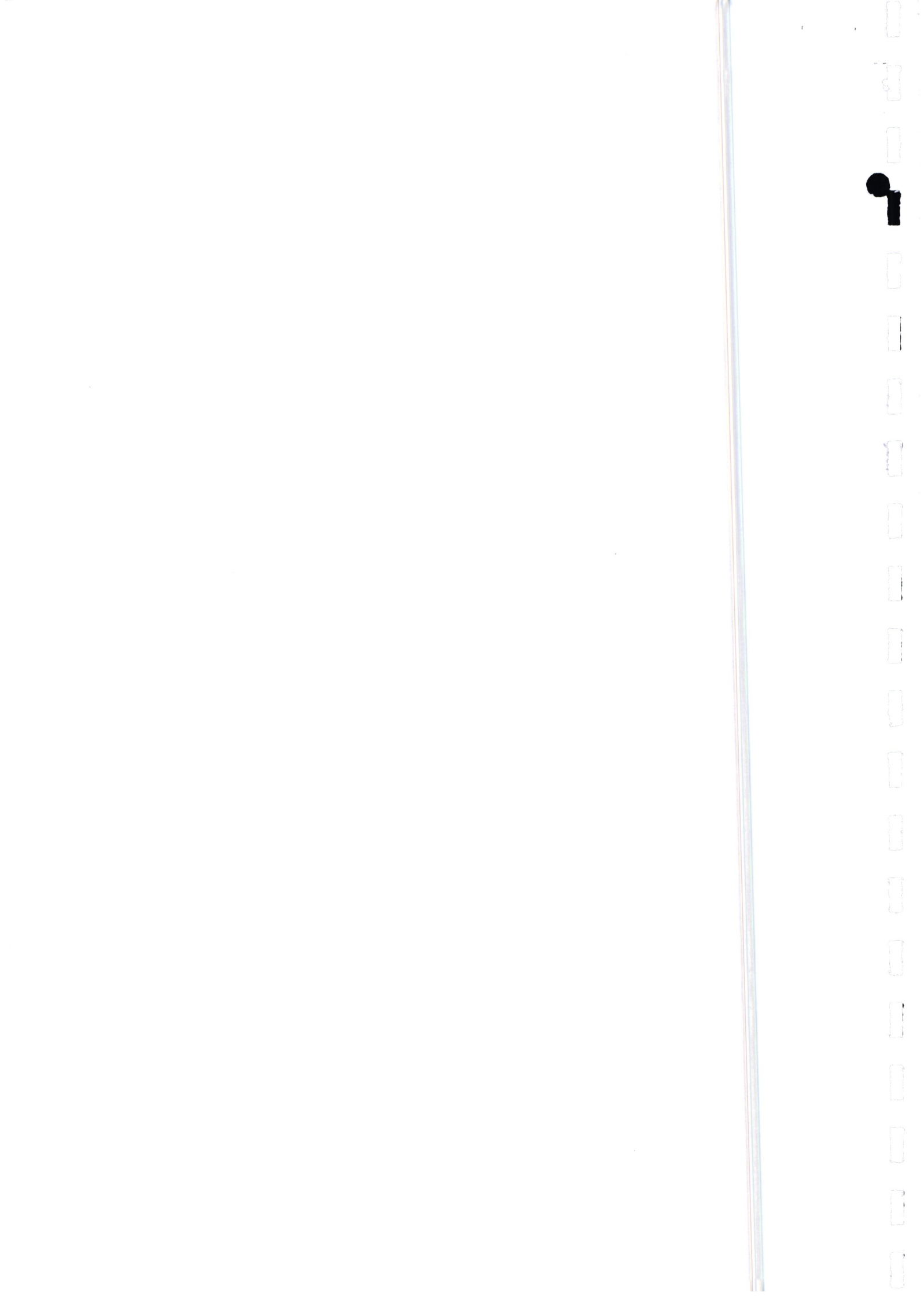
	2016 – 2017	2015-2016
	Kshs	Kshs.
Bursary – secondary schools	14,614,924	8,944,700
Bursary – tertiary institutions	7,410,450	9,817,460
Water projects	-	320,000
Security projects	3,850,000	4,950,000
Roads projects	16,000,000	16,549,078
Sports projects	1,637,931	2,246,855
Environment projects	1,637,931	4,475,354
Emergency projects	4,000,000	7,500,000
Capacity building	1,000,000	1,400,000
Total	50,151,236	56,203,447

6. Acquisition of Assets

	2016 - 2017	2015-2016
	Kshs	Kshs
Motorcycle	475,500	-
Construction of Building- CDF Igembe Central Office	14,052,173	8,000,000
Total	14,527,673	8,000,000

7: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015-2016
	Kshs	Kshs
Cash and Bank.	3,882,272	2,668,778



**NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND- IGEMBE
CENTRAL CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

Total	3,882,272	2,668,778
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8: BALANCES BROUGHT FORWARD

	2016 - 2017	2015-2016
	Kshs	Kshs.
Bank accounts	2,668,778	23,673,152
Total	2,668,778	23,673,152

9: PRIOR YEAR ADJUSTMENTS

	2016 - 2017	2015-2016
	Kshs	Kshs
Stale cheques and reversals	205,783	1,572,500
Total	205,783	1,572,500

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	
	(Kshs) 2016/17	(Kshs) 2015/16
Office equipment, furniture and fittings	290,900.00	290,900.00
ICT Equipment, Software and Other ICT Assets	219,500.00	219,500.00
Motor vehicle	6,125,000.00	6,125,000.00
Motorcycle	475,500.00	-
Building – CDF Offices	14,052,173.00	8,000,000.00
Total	21,163,073.00	14,635,400.00



Reports and Financial Statements

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

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

PMC	BANK	ACCOUNT NO.	BANK BAL. 30TH JUNE,2017.	BANK BAL. 30TH JUNE,2016.
IGEMBE CENTRAL SPORTS PROGRAMS	DHABITI SACCO BANK	4918-001-14391	503.00	2,245,758.00
IGEMBE CENTRAL ENVIRONMENT PROG.	DHABITI SACCO BANK	4918-001-14657	6,456.00	2,288,887.00
IGEMBE CENTRAL CDF OFFICE	DHABITI SACCO BANK	4918-044-15113	55,554.00	6,926,684.00
RIKIAU PRY SCHOOL	DHABITI SACCO BANK	4918-001-14230	98,989.00	39.00
KALUI PRY SCHOOL	DHABITI SACCO BANK	4918-001-13500	1,877.00	55.00
KITHARE PRY SCHOOL	DHABITI SACCO BANK	4918-001-13841	311,534.00	12,236.00
KAWIRU PRY SCHOOL	DHABITI SACCO BANK	4918-001-14108	99,024.00	84.00
MWOMWERE PRY SCHOOL	DHABITI SACCO BANK	4918-001-14050	684.00	16.00
MPOROKO PRY SCHOOL	DHABITI SACCO BANK	4918-001-14229	390.00	798,700.00
LIBURU NKONG'UNE PRY SCHOOL	DHABITI SACCO BANK	4918-001-13640	281,929.00	998,724.00
MWERONGAI PRY SCHOOL	DHABITI SACCO BANK	4918-001-15417	556.00	2,242.00
MUTUATINE PRY SCHOOL	DHABITI SACCO BANK	4918-001-14925	397,844.00	4.00
KALIMIKUU PRY SCHOOL	DHABITI SACCO	4918-001-		



NATIONAL GOVERNMENT ENTITY - (IGEMBE CENTRAL NG-CDF)

Reports and Financial Statements

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

	BANK	14576	99,672.00	1,742.00
KARAMA ANTUAMUO PRY SCHOOL	DHABITI SACCO BANK	4918-001- 14927	27,217.00	2,742.00
THUURU PRY SCHOOL	DHABITI SACCO BANK	4918-001- 14065	383,826.00	28.00
KIMUTUBWA PRY SCHOOL	DHABITI SACCO BANK	4918-001- 15363	634.00	-
NTUENE PRY SCHOOL	DHABITI SACCO BANK	4918-001- 13660	454.00	532.00
MACHUNGULU PRY SCHOOL	DHABITI SACCO BANK	4918-044- 14068	219,134.00	562.00
THUMBERERIA PRY SCHOOL	DHABITI SACCO BANK	4918-001- 14569	509.00	103,583.00
NKINYANG'A PRY SCHOOL	DHABITI SACCO BANK	4918-001- 13626	897,806.00	76.00
KAANI KA RUUI PRY SCHOOL	DHABITI SACCO BANK	4919-001- 14048	50,054.00	648,686.00
MUKULULU PRY SCHOOL	DHABITI SACCO BANK	4918-044- 15364	61,584.00	-
KALANKWARE PRY SCHOOL	DHABITI SACCO BANK	4918-001- 14571	97,389.00	37.00
LAIKUMUKUMU PRY SCHOOL	DHABITI SACCO BANK	4918-044- 15366	49,747.00	-
ST.MARKS PRY SCHOOL	DHABITI SACCO BANK	4918-044- 15365	634.00	-
MWIYO CHIEF'S CAMP	DHABITI SACCO BANK	4918-001- 14026	74,090.00	-
MUTINE CHIEF'S OFFICE	DHABITI SACCO BANK	4918-044- 15369	297,880.00	-
MACHUNGULU CHIEF'S OFFICE	DHABITI SACCO BANK	4918-044- 15367	517.00	-



Reports and Financial Statements

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

KANGETA CHIEF'S OFFICE	DHABITI SACCO BANK	4918-044-15359	504.00	-
MIORI CHIEF'S OFFICE	DHABITI SACCO BANK	4918-044-15166	920.00	499,340.00
KATHELWA CHIEF'S OFFICE	DHABITI SACCO BANK	4918-044-15358	666.00	-
MANGALA AP LINE	DHABITI SACCO BANK	4918-044-15164	106,791.00	499,340.00
NTHAMBIRO CHIEF'S OFFICE	DHABITI SACCO BANK	4918-001-15361	167,224.00	-
MUKULULU CHIEF'S OFFICE	DHABITI SACCO BANK	4918-001-14575	526.00	200,279.00
KIENGU POLICE HOUSES	DHABITI SACCO BANK	4918-044-15360	58.00	-
ATHIRU RUUJINE CHIEF'S OFFICE	DHABITI SACCO BANK	4918-001-14658	536.00	40,814.00
GICHANINE-NTUTI PRY SCHOOL-KANDUBAI PRY-RIKIAU PRY SH. ROAD	DHABITI SACCO BANK	4918-044-15522	404.00	-
MUUTINE-NJIA BOYS SEC-KILIMAMUNGU SEC-LIMORO PRY SCH. ROAD.	DHABITI SACCO BANK	4918-044-15523	160,402.00	-
KATHELWA PRY-NGUTHUKII PRY-K.K NANGA PRY SCHOOL ROAD	DHABITI SACCO BANK	4918-044-15524	47,804.00	-
K.K MARKET-ATJIRU PRY SCHOOL-THITHA SEC -KALANKWARE PRY SCH. ROAD	DHABITI SACCO BANK	4918-044-15525	6,336.00	-
ITULU-KAUMONE PRY SCHOOL ROAD	DHABITI SACCO BANK	4918-044-15526	264,836.00	-
NJOUNE-MIORI PRY SCHOOL - NTHARE SEC ROAD	DHABITI SACCO BANK	4918-044-15527	698,136.00	-



NATIONAL GOVERNMENT EN III Y - (IGEMBE CENTRAL NG-CDF)

Reports and Financial Statements

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

KAWIRU PRY SCHOOL-MPINDA PRY SCHOOLNTHAMBIRO PRY SCHOOL ROAD.	DHABITI SACCO BANK	4918-044- 15528	318.00
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ANNEX 3 : 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)
EH/AUD/NG-CDF/IGEMBE C./2015-2016/6	<p>1.0 BUDGETARY CONTROL AND PERFORMANCE</p> <p>CRITERIA The national Government constituency Development Fund (NGCDF) Act, 2015 section 6.(1) states that the cabinet secretary, with the approval of the relevant committee of the National Assembly allocate funds for every constituency in each financial year in accordance with section 32 of the National constituency Development Fund (NGCDF) Act ,2015.</p> <p>OBSERVATION During the financial year 2015/2016 Igembe central constituency had an approved budget of ksh.150, 856,073. However, summary statement of statement of appropriation; recurrent and development reflected a total final budget of ksh.151,356,073 resulting to unexplained variance of ksh.500,000. The constituency had unutilized funds amounting to ksh.23,673,152 at the beginning of the financial year whereas as at 30th June 2016 funds</p>	<p>The constituency will request for funds on a timely basis from the board.</p>	<p>FUND ACC. MANAGER</p>	<p>RESOLVED</p>	<p>ALREADY RESOLVED</p>

Reports and Financial Statements

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

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)
	<p>amounting to kshs.2,668,778 had not been spent after receiving transfers amounting to ksh.125,610,421..A component analysis for the budgeted amounts versus the actual is as indicated below:</p> <p>RISK Where funds are not received or not utilized in the budgeted financial year projects may be delayed to be funded and implemented.</p> <p>CAUSE The above was due to delay in disbursement of funds budgeted for and approved a per section 6(1) of the National government constituency development fund act 2015.</p> <p>RECOMMENDATIONS The National government constituency development funds board should ensure that funds budgeted for and approved should be released in the approved financial year. Further, the fund manager should ensure that all funds received are utilized as budgeted.</p>				
EH/AUD/NG-CDF/IGEMBE C./2015-2016/6	<p>2.0 PROJECT IMPLEMENTATION CRITERIA According to section 3 of the constituency development fund act 2013, the objective of the fund is to ensure that</p>	<p>The projects that had not been implemented have been implemented in financial year 2016/17.</p>	<p>FUND ACC. MANAGER.</p>	<p>RESOLVED</p>	<p>ALREADY RESOLVED</p>

NATIONAL GOVERNMENT ENTITY - (IGEMBE CENTRAL NG-CDF)

Reports and Financial Statements

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

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)
	<p>specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.</p> <p>OBSERVATION</p> <p>During the period under review Igembe central national government constituency development fund(NGCDF) allocated ksh.91,999,572 to projects in various sectors including primary schools, secondary schools, health institutions, water projects,security,road,sports and environment within the constituency. Analysis as per the project implementation status indicated that projects amounting to ksh.85, 681,925 had been completed during the financial year 2015/2016.Further projects amounting to ksh.5, 767,647 were on-going while projects amounting to ksh.550, 000 had not been started as at the end of the financial year. A detailed analysis of the project implementation status is as indicated in Appendix 1</p> <p>RISK</p> <p>Due to delay in funding of projects there is a risk of not implementing all budgeted projects.</p> <p>CAUSE</p> <p>The above was caused due to a delay in release of funds from the constituency development fund board and disbanding of CDFCs.</p> <p>RECOMMENDATION.</p> <p>The constituency development fund board should ensure</p>				

Reports and Financial Statements

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

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)
	that the disbursement of funds is timely and efficient as required by the act.				

**Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)**

