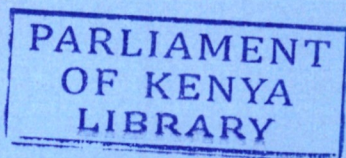




OFFICE OF THE AUDITOR-GENERAL



REPORT

Paper laid on the Table of the House by the Leader of the Majority Party on Wednesday

OF

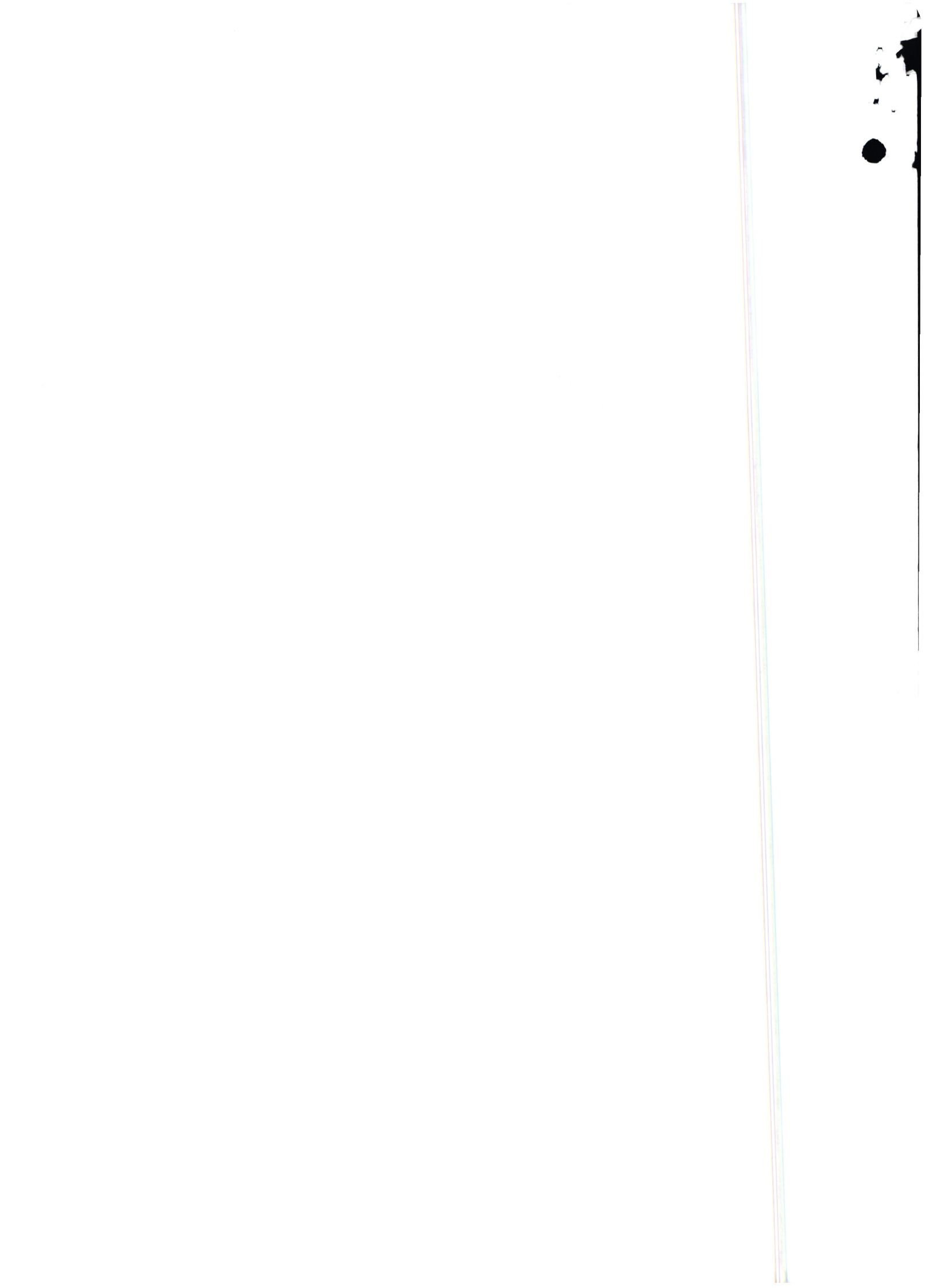
THE AUDITOR-GENERAL

15/08/2018 (Afternoon)
[Signature]

ON

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

FOR THE YEAR ENDED
30 JUNE 2017



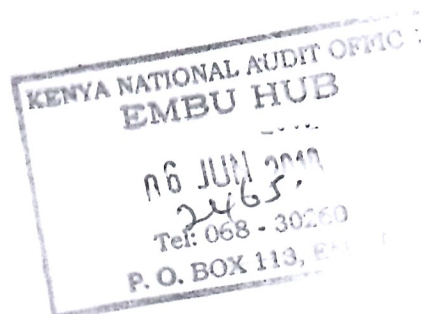


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KITUI CENTRAL CONSTITUENCY**

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 – KITUI
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

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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Development Fund (CDF)* was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 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 *KITUI CENTRAL 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	Josephine Mutua
3.	Accountant	Ismael Mbuvi
4.		

(a) Fiduciary Oversight Arrangements

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

(b) KITUI CENTRAL NG-CDF Headquarters

P.O. Box 732 - 90200
Next to the DC's office
Opposite Kitui Sports Club
Kitui.

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

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

(c) KITUI CENTRAL NGCDF Contacts

E-mail: ngcdfkituicentral@ngcdf.go.ke

• Website: www.cdf.co.ke

(d) KITUI CENTRAL NG-CDF Bankers

National Bank of Kenya
Kitui Branch
Account No. 01001052093400
P.O. Box 166,
Kitui.

(e) Independent Auditors

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

(f) Principal Legal Adviser

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

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

Our budget performance when compared to the actual was perfect and basically the absorption rate was also good. NGCDF have achieved much in terms of development at the grass root levels in the diverse sectors like education, water, security, among others and this enhances wealth creation hence poverty reduction at the constituency level.

Some of the challenges we face during project implementation is community being misinformed about what the Act says about the management of the fund, the projects which we are able to fund and also their role in implementation and to counteract this we have embraced a culture of thorough capacity building of the community members that is the project management committees before and even during the implementation process.

Sign 

CHAIRMAN NG-CDFC

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

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

III. STATEMENT OF NGCDF 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 *Kitui 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 2016-2017 ended on June 30, 2017 This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *Kitui 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 the *Kitui 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 the *Kitui 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



NGCDF CHAIRPERSON



FUND ACCOUNT MANAGER

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KITUI CENTRAL 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- Kitui Central Constituency set out on pages 5 to 21, 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- Kitui Central Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with the 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

Incomplete Project: Kiluma Primary School

During the year under review, the Fund transferred Kshs.1,000,000 to Kiluma Primary School for rehabilitation and renovation of eight (8) classrooms. However, a physical verification done on 9 May 2018 revealed that various works comprising of fixing and painting of fascial board, fixing of five (5) windows, mortar skirting from outside and fixing of bill board which were to be done at a total cost of Kshs.165,580 had not been done.

Report of the Auditor- General on the financial statements of National Government Constituencies Development Fund – Kitui Central Constituency for the year ended 30 June 2017

Consequently, the propriety and value for money of the expenditure amounting to Kshs.165,580 could not 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 – Kitui 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 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

1.0 Budget and Budgetary Controls

During the year under review, the Constituency approved a budget of Kshs.122,188,645 composed of Kshs.81,896,552 for the year under review and Kshs.40,292,093 brought forward from the previous year. However, out of the Kshs.122,188,645 approved budget, the Fund received only Kshs.83,096,552 from the Board leading to a revenue shortfall of Kshs.39,092,093.

Further, out of the total budget of Kshs.122,188,645, only Kshs.121,555,670 (99%) was utilized to fund projects in various sectors within the Constituency. An amount of Kshs.632,975 budgeted to be spent during the financial year ended 30 June 2017 was therefore not spent as follows;

	Original Budget (Kshs.)	Adjustments (Kshs.)	Final Budget (Kshs.)	Actual on Comparable Basis (Kshs.)	Variance (Kshs.)	Performance
Receipts						
Transfers from CDF Board	81,896,552	40,292,093	122,188,645	83,096,552	39,092,093	72
Payments						
Total Receipts	81,896,552	40,292,093	122,188,645	83,096,552	39,092,093	
Compensation of Employees	2,011,000	1,045,810	3,056,810	2,841,625	215,185	93
Use of goods and services	5,148,527	3,176,971	8,865,498	8,447,709	417,789	95

Transfers to Other Government Units	27,605,172	17,800,000	45,405,172	45,405,172	0	100
Other grants and transfers	46,998,276	17,729,312	64,727,588	64,727,588	0	100
Acquisition of Assets	133,576			133,576	0	100
Total Payments	81,896,552	40,292,093	122,188,645	121,555,670	632,974	74

In addition, although the statement of receipts and payments shows that the Fund spent Kshs.133,576 on acquisition of assets during the year, the final budget of acquisition of assets was excluded in the summary statement of appropriation.

In the circumstances, the residents of Kitui Central Constituency did not obtain promised and expected services equivalent to Kshs.632,975 being the budgeted but not spent funds as at 30 June 2017.

2.0 Project Implementation and Status

During the year under review, the approved budget for development projects which totaled Kshs.74,804,172 was apportioned among various sectors in the Constituency namely; primary schools, secondary schools, security, and emergency projects. However out of 93 projects that were budgeted to be undertaken during the year, 90 projects with a total of Kshs.71,304,172 were completed, while 3 projects totaling Kshs.4,700,000 were still ongoing as at 30 June 2017. The total expenditure spent on the projects as at 30 June 2017 was Kshs.69,604,172 as analyzed below.

Sector	Status	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	No. of Projects
Education Projects	Complete	40,705,172	40,705,172	43
	Ongoing	4,700,000	1,500,000	3
Security Projects	Complete	6,300,000	6,300,000	9
	Ongoing	-	-	
Electricity Projects	Complete	7,000,000	7,000,000	7
	Ongoing	-	-	
Water	Complete	9,700,000	9,700,000	4
	Ongoing	-	-	
Emergency	Complete	4,399,000	4,399,000	27
	Ongoing	-	-	
		72,804,172	69,604,172	93

In view of the above, the Fund did not complete implementing 3 projects worth Kshs.4,700,000 which were included in the budget for the year under review. As a

result, the residents of Kitui Central Constituency did not get promised and expected services equivalent to the budgeted but not completed projects as at 30 June 2017 totaling Kshs.4,700,000.

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

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

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

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 of Kenya. 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 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.

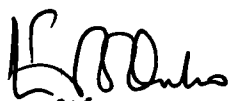
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 offering 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 consolidated/ 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 offering 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 of the fund's activities 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

18 July 2018

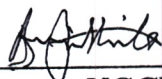
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUI
CENTRAL CONSTITUENCY**

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Transfers from NGCDF Board –AIEs	1	83,096,551.70	116,884,028.00
TOTAL RECEIPTS		83,096,551.70	116,884,028.00
PAYMENTS			
Compensation of Employees	2	2,841,625.00	1,834,046.00
Use of goods and services	3	8,447,709.00	6,832,232.00
Transfers to Other Government Units	4	45,405,172.00	67,900,000.00
Other grants and transfers	5	64,727,588.00	61,627,892.83
Acquisition of Assets	6	133,576.00	20,000.00
TOTAL PAYMENTS		121,555,670.00	138,214,170.83
SURPLUS/DEFICIT		(38,459,118.30)	(21,330,142.83)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kitui Central NGCDF financial statements were approved on _____ 2017 and signed by:



Chairman - NGCDFC



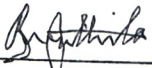
Fund Account Manager

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


V. STATEMENT OF ASSETS

	Not e	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	7	632,974.50	39,092,092.72
TOTAL FINANCIAL ASSETS		632,974.50	39,092,092.72
 REPRESENTED BY			
Fund balance b/fwd	8	39,092,092.72	60,422,235.55
Surplus/Deficit for the year		38,459,118.30	(21,330,142.83)
NET LIABILITIES		632,974.50	39,092,092.72

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI CENTRAL NGCDF financial statements were approved on _____ 2017 and signed by:



Chairman – NG-CDFC



Fund Account Manager

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

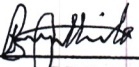
Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

		2016- 2017	2015 - 2016
Receipts for operating income			
Transfers from NGCDF Board	1	83,096,551.70	116,884,028.00
Payments for operating expenses			
Compensation of Employees	2	2,841,625.00	1,834,046.00
Use of goods and services	3	8,447,708.92	6,832,232.00
Transfers to Other Government Units	4	45,405,172.00	67,900,000.00
Other grants and transfers	5	64,727,588.00	61,627,892.83
Net cash flow from operating activities		(38,325,542.22)	(21,310,142.83)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(133,576)	(20,000)
Net cash flows from Investing Activities		(133,576)	(20,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		(38,459,118.22)	(21,330,142.55)
Cash and cash equivalent at BEGINNING of the year	8	39,092,092.72	60,422,235.55
Cash and cash equivalent at END of the year	7	632,974.50	39,092,092.72

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI CENTRAL NGCDF financial statements were approved on _____ 2017 and signed by:



Chairman NGCDF



Fund Account Manager

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,551.72	40,292,092.72	122,188,644.72	83,096,552.00	39,092,092.72	
TOTAL	81,896,551.72	40,292,092.72	122,188,644.72	83,096,552.00	39,092,092.72	
PAYMENTS						
Compensation of Employees	2,011,000	1,045,810.00	3,056,810.00	2,841,625.00	215,185	92
Use of goods and services	5,148,527.38	3,716,970.59	8,865,497.97	8,447,708.92	417,789.05	92
Transfers to Other Government Units	27,605,172.47	17,800,000.00	45,405,172.47	45,405,172.00	0.47	100
Other grants and transfers	46,998,275.87	17,729,312.13	64,727,588.00	64,727,588.00	0	100
Acquisition of Assets	133,576			133,576	0	100
TOTALS	81,896,551.72	40,292,092.72	122,188,644.72	121,555,669.92	632,974.52	

The KITUI CENTRAL NG-CDF financial statements were approved on _____ 2017 and signed by:


Chairman CDF


Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –KITUI
CENTRAL**

Reports and Financial Statements

For the year ended June 30, 2017

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 –KITUI
CENTRAL**

Reports and Financial Statements

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NGCDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *NGCDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –KITUI
CENTRAL**

Reports and Financial Statements

For the year ended June 30, 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

I. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016-2017	2015-2016
		Kshs	Kshs
NGCDF Board			
AIE NO	825924	1,200,000	20,000,000
AIE NO	829620	4,094,827.60	10,000,000
AIE NO	839605	36,853,449.00	10,000,000
AIE NO	855586	40,948,275.10	18,000,000
			58,884,028
TOTAL		83,096,551.70	116,884,028.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	2,163,701.00	1,814,246.00
Gratuity	654,524.00	0
Social security benefits	23,400	19,800.00
Total	2,841,625.00	1,834,046.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	725,500	592,364
Communication, supplies and services	270,000	200,000
Domestic travel and subsistence	138,000	150,000
Printing, advertising and information supplies & services	88,000	150,000
Training expenses	388,800	461,650
Office and general supplies and services	522,000	681,818
Other operating expenses	383,799.92	125,000
Routine maintenance – vehicles and other transport equipment	1,055,209.00	367,400
Routine maintenance – other assets	120,000	165,000
Fuel,Oil and Other Lubricants	590,400	384,000
Committee Expenses	4,166,000	3,555,000
TOTAL	8,447,708.92	6,832,232.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	25,700,000.00	48,300,000
Transfers to secondary schools	16,300,000.00	14,100,000
Transfers to tertiary institutions	3,405,172.00	2,500,000
Transfers to health institutions	0	3,000,000
TOTAL	45,405,172.00	67,900,000.00

5. OTHER GRANTS AND OTHER PAYMENTS

	2016- 2017	2015- 2016
	Kshs	Kshs
Bursary – secondary schools	23,904,500.00	19,541,000
Bursary – tertiary institutions	4,786,500.00	7,528,000
Mock & CAT	0	1,422,000
Water projects	9,700,000.00	13,200,000
Others	3,300,000.00	0
Electricity projects	7,000,000.00	4,000,000
Security projects	6,300,000	4,000,000
Roads projects	0	1,200,000
Sports projects	3,716,900.00	2,105,000
Environment projects	1,620,688.00	4,119,892.83
Emergency projects	4,399,000.00	4,512,000
Total	64,727,588.00	61,627,892.83

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

Non Financial Assets

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	133,576.00	0
Purchase of ICT Equipment, Software and Other ICT Assets		20,000.00
Total	133,576.00	20,000.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016- 2017	2015 - 2016
	Kshs	Kshs
<i>NBK-KITUI ACCOUNT NO.01001052093400</i>	632,974.50	39,092,092.72
Total	632,974.50	39,092,092.72

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	39,092,092.72	60,422,235.55 -
Total	<u>39,092,092.72</u>	<u>60,422,235.55</u>

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17
Land ,Buildings and structures	3,600,000
Transport equipment	3,087,000
Office equipment, furniture and fittings	1,271,076
ICT Equipment, Software and Other ICT Assets	718,041
Other Machinery and Equipment	600,000
Total	9,276,117

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

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
MUTUNE CHIEFS OFFICE CDF PROJECT	NBK-KITUI	01038128687100	174,600	N/A
KYAMBITI SEC SCHOOL CDF A/C	NBK-KITUI	01025132095800	321,297	N/A
MALILI MIXED SEC SCHOOL CDF PROJECT	NBK-KITUI	01025128675900	390,250	N/A
WII PRIMARY SCHOOLCDF A/C	NBK-KITUI	01024128673200	8,250	N/A
NGIINI SEC SCHOOL CDF PROJECT	NBK-KITUI	01025128675200	801,100	N/A
CENTRAL PRI MARY SOCIAL HALL CDF	NBK-KITUI	01024123089000	224,750	N/A
YUMBISYE SEC SCHOOL CDF PROJECT	NBK-KITUI	01025117857800	1,042,250	N/A
KALAWA POLYTECHNIC CDF PROJECT	NBK-KITUI	01025123059500	428,250	N/A
KABAA DAY MIXED SEC SCHOOL CDF PROJECT	NBK-KITUI	01025117835900	248,415	N/A
KALIAKAKYA SEC SCHOOL CDF	NBK-KITUI	01025132096000	2,000,250	N/A
KAMANDIO GIRLS SEC SCHOOL CDF PROJECT	NBK-KITUI	01025117887200	1,005,250	N/A
KASYALA PRIMARY SCHOOL CDF A/C	NBK-KITUI	01024123099300	777,020	N/A
ITHOOKWE PRI SCHOOL CDF A/C	NBK-KITUI	01224090188300	391,844	N/A
MANYENYONI PRI SCHOOL CDF PROJECT	NBK-KITUI	01024068479200	256,250	N/A
Total				

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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: (Resolved / Not Resolved)	Time ame: (Put date when you expect the issue to be resolved)
EH/AUD/KITUI C.CDF/20 14- 2015/13	Cash and cash equivalent of kshs 60,422,235.55 included stale cheques totalling to 554,560hence the accuracy of the balances could not be confirmed	After a decision of the NGCDFC the cheques were reversed and replaced.	Josephine(FAM)	Resolved.	
EH/AUD/KITUI C.CDF/20 14- 2015/13	Emergency projects expenditure of 6,655,000 incurred could not be ascertained	Photos and supporting documents were attached	Josephine(FAM)	resolved	
EH/AUD/KITUI C.CDF/20 14- 2015/13	Budgetary control and performance- Under expenditure of Kshs- 45,048,658.40 was noted.	Some funds were received just before the end of the financial year hence the reason for the underutilization(AIE was attached and bank statement)	Josephine(FAM)	Resolved	
EH/AUD/KITUI C.CDF/20 14- 2015/13	Project implementation Status-review of the PIS revealed 4 project has having not started and 24 ongoing	Projects were waiting for funds, they were however completed and handed over	Josephine(FAM)	resolved	

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