

REPUBLIC OF KENYA



Paper Laid
By Hon. Nasirullah on behalf of the Committee on behalf of the House on 13/6/2018



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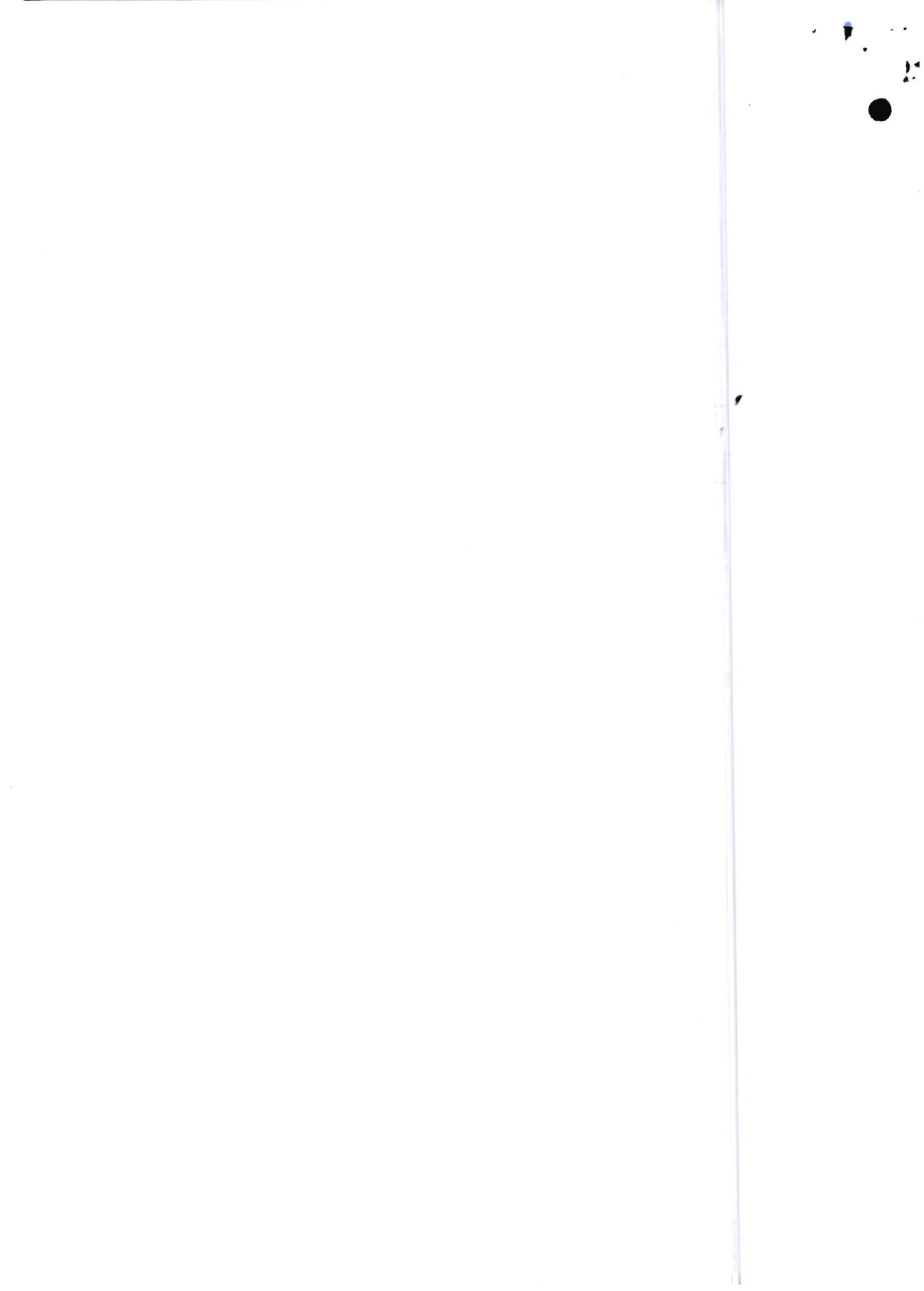
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND TONGAREN CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- TONGAREN
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

**Prepared in accordance with the Cash Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
TONGAREN CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

**Reports and Financial Statements
For the year ended June 30, 2016**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015. The Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Carolyne Wanyonyi
3.	Accountant	Peter Omare

(d) Fiduciary Oversight Arrangements

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

(e) TONGAREN NGCDF Headquarters

NGCDF Office Building.
Kitale – Webuye Road
P.O Box 214
Naitiri

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

Reports and Financial Statements

For the year ended June 30, 2016

(f) TONGARENNGCDF Contacts

Telephone: (254) 0727 625 192

E-mail: cdf.tongaren@cdf.go.ke

(g) TONGARENNGCDF Bankers

1. Co-operative Bank Kimilili
P.O Box 552
Kimilili

(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 CONSTITUENCIES DEVELOPMENT FUND – TONGAREN
CONSTITUENCY**

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For the year ended June 30, 2016**

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

Tongaren (formerly Kimilili) is an electoral constituency in Bungoma County covering approximately 378.3 km². The Constituency consist of six assembly wards namely: Mbakalo, Naitiri/Kabuyefwe, Milima, Ndal, Tongaren, Soysambu/Mitua. The main economic activity is farming of sugarcane and maize. The IPSAS assists all stakeholders to be accountable for the monies channelled to them for development from the NGCDFB. Preparation of financial statements at the close of each financial year is a requirement set for every public entity. In NG CDF, financial statements are prepared basing on IPSAS. This concept was introduced in the year 2012/13. Basing on the previous data and 2014/15 data, there is a disparity. This is because there were many errors in the first year of preparation of the financial statements. The NG- CDFC did not manage to spend 100% of the budgeted amount. This was as a result of the formation and inauguration of new NG-CDF committees as stipulated under the new act 2015. The process took long as the committees became operational in May. This led to delay in implementation of 50% of the projects. As we continue to prepare these financial statements we shall be working towards perfection.

KEY ACHIEVEMENTS OF THE FUND

The CDF has (to some extent) given the local people an opportunity to come up with their own ways (in terms of projects) to address their own developmental problems. It has led to the initiation of development projects at the local level thereby availing financial resources at the grassroots level, thus, empowering communities economically. It has enhanced accessibility of health care services to majority of the Tongaren constituents especially in the rural areas. Cases of women giving birth at home have reduced as health services have been brought closer to the people. CDF has greatly contributed to the increase of Health Facilities.

It has led to the expansion of education infrastructure through construction of new schools countrywide. This has improved accessibility of education to Kenyans especially to boys and girls at the primary and secondary school level. Parents are relieved from building classrooms. The increase in the number of schools and classrooms has increased enrolment rates and reduced crowding in schools. Schools have been equipped with books, desks, chairs and laboratory equipment. Dormitories and laboratories have been constructed, renovated or expanded. This, coupled with the gains of free primary education, has increased primary school enrolment.

CDF bursary fund has enabled needy children from poor backgrounds to acquire education, especially in secondary school.

The vocational training institutes have provided the youth with a chance to pursue several courses and to learn life skills.

The CDF has contributed significantly to improvement of infrastructure particularly in rural areas and regions with high agricultural potential thereby making many areas accessible and hence, improving transport and communication. For instance; More rural access roads have been constructed, More feeder roads have been built, Bridges have been erected to connect villages, Drainage systems have been improved and expanded,

The CDF has played a pivotal role in reducing the percentage of roads in poor state. This has increased efficiency in transport and communication which has improved citizens' well being.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN
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**Reports and Financial Statements
For the year ended June 30, 2016**

EMERGING ISSUES

1. Low capacity of the committees leading to poor projects implementation.
2. Spreading of funds to too many projects – This is caused by lack of proper planning and giving consideration to political expedience rather than considering the benefits to the communities.
3. Lack of proper architectural designs and drawings make the most estimates too low with the effect that most projects are allocated insufficient funds.
4. Lack of proper Bill of Quantities which leads to difficulties in monitoring works in progress.
5. Multiple roles by different government officials which makes it difficult to coordinate the results from the projects.
6. Lack of proper records at the grass root level such as PMC.
7. Court cases.

IMPLEMENTATON CHALLENGES

- (i) Some government technical officers are too expensive when they offer their services to NGCDF projects
- (ii) Capacity building the PMCs and monitoring program me has not been adequate due to inadequate budget
- (iii) Population density coupled with poverty is a major threat
- (iv) NGCDF image at the grassroots is so deep that the community expects NGCDF to do for them all that is required in terms of development
- (v) Built public conferences at the village level and NGCDF name is in the mind of the their implementation people at all times
- (vi) NGCDF has become a model at the grassroots and people from other neighboring countries admire and desire to have a similar system to their countries

WAY FORWARD

- 1 To address mismanagement of the Fund, the Board has put in place key measures such as coming up with policy guidelines and the Taskforce Review whose recommendations will address the existing gaps within the CDF Act.
- 2 Strengthening of audit systems and collaboration with investigating agencies i.e. Kenya Anti-Corruption Commission and Criminal Investigation Department on cases touching on fraud.
- 3 To intensify Monitoring and Evaluation Unit,
- 4 The Board to hire registered Structural Engineers, Quality Surveyors and other staff on full-time basis. Their key role will be to monitor and evaluate CDF projects.

Sign.....
CHAIRMAN NGCDFC



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN
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For the year ended June 30, 2016

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 NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the TONGARENNGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. 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 TONGARENNGCDF 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, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the TONGARENNGCDF 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 TONGARENNGCDF 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 22/09 2016.



Fund Account Manager

TONGAREN NG. CDF,
P.O. BOX 214, 50211,
NAITIRI



Chairman

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON TONGAREN NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TONGAREN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Tongaren Constituency set out on pages 8 to 23, which comprise the statement of assets as at 30 June 2016, and the statement receipts and payments, statement of cash flows for the year then ended, summary statement of appropriation: recurrent and development 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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.

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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 of the Constitution. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

Lack of Land Ownership Documents

The Fund Management purchased various pieces of land at a cost of Kshs.2,800,000 as listed below:

Payee	Description	Date	Pv no	Amount
Machakha Primary School	Purchase of 2 acres of land	14 June 2016	290778	1,800,000
Namboko Secondary School	Purchase of 2 acres of land	31 December 2015	290727	1,000,000
		Total		2,800,000

However, since the title deeds were not acquired, it was not possible to confirm the ownership of the two parcels of land.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Tongaren Constituency as at 30 June 2016, 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 National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budgetary Control Performance

The Fund had an approved budget of Kshs.164,290,049 and spent Kshs.95,800,544 resulting to an under expenditure of Kshs.68,489,506 or budget utilization of 59%. Consequently, the budget targets were not met and various projects budgeted for were not implemented within the year under review.

Consequently, the Fund did not fully meet the budget target hence denying the residents of Tongaren effective service delivery.

2. Project Implementation Status

The Fund was to implement a total of 66 projects/programmes in different sectors during the year under review. An analysis indicated that 3 projects (representing 5%), had not started, 58 projects (88%) were on going while 5 (8%) had been completed as at the time of audit in February 2017.

In the circumstances, it is not clear how the management intended to clear this backlog of projects as they will affect the following year's project implementation.

3. Incomplete and Poorly Done Projects

The Fund undertook the projects listed below;

	Area of project	Description	Contract sum Kshs.	Remarks
1	Mitua Girls High School	Completion of dining hall and kitchen	1,500,000	Poor workmanship
2	Minyali Primary School	Construction of 2 classrooms	1,000,000	Poor workmanship
3	Bishop Philip Anyolo Sec school	Completion of dining hall	1,000,000	Floor poorly done, badly cracked
4	Wekulo-Tabani Road	Grading and Gravelling of Roads	5,410,360	All payments made but gravelling was not done.
			8,910,360	

From the above, it was noted that three (3) projects were poorly done while one (1) was incomplete. Under the circumstances, there is no value for money on these projects and residents of the Constituency may not benefit from the projects as intended.



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

Nairobi

04 April 2018


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

**Reports and Financial Statements
For the year ended June 30, 2016**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	130,137,257	118,526,920
Other Receipts	2	3,600,000	-
TOTAL RECEIPTS		133,737,257	118,526,920
PAYMENTS			
Compensation of employees	3	2,337,026	2,293,739
Use of goods and services	4	7,064,230	7,661,740
Transfers to Other Government Units	5	31,700,000	42,848,686
Other grants and transfers	6	53,128,128	44,325,740
Acquisition of Assets	7	-	545,490
Other Payments	8	1,617,000	1,439,600
TOTAL PAYMENTS		95,846,384	99,114,995
SURPLUS		37,890,873	19,411,925

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The TONGAREN NGCDF financial statements were approved on 22/09 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN
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**Reports and Financial Statements
For the year ended June 30, 2016**

V. STATEMENT OF ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	66,689,504	28,798,631
TOTAL FINANCIAL ASSETS		<u>66,689,504</u>	<u>28,798,631</u>
REPRESENTED BY			
Fund balance b/fwd	10	28,798,631	9,386,706
Surplus for the year		37,890,873	19,411,925
NET LIABILITIES		<u>66,689,504</u>	<u>28,798,630</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The TONGAREN NGCDF financial statements were approved on 22/09 2016 and signed by:


Chairman - NGCDFC


Fund Account Manager

TONGAREN NG_CDF
P.O. BOX 214_50211,
NAITINI

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

Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOWS

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1	130,137,257	118,526,920
Other Receipts	2	3,600,000	-
		133,737,257	118,526,920
Payments for operating expenses			
Compensation of Employees	3	2,337,026	2,293,739
Use of goods and services	4	7,064,230	7,661,740
Transfers to Other Government Units	5	31,700,000	42,848,686
Other grants and transfers	6	53,128,128	44,325,740
Other Payments	8	1,617,000	1,439,600
		95,846,384	98,569,505
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	-	(545,490)
Net cash flows from Investing Activities		37,890,873	(545,490)
Cash and cash equivalent at BEGINNING of the year	10	28,798,631	76,142,625
Cash and cash equivalent at END of the year		66,689,504	6,871,365

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparative Basis	Budget Utilisation Difference	% of Utilisation
a	b	c=a+b	d	e=c-d	f=d/c %	
RECEIPTS						
Transfers from CDF Board	128,899,639	31,798,631	160,698,270	158,898,269	1,800,001	98.9%
Other Receipts		3,637,616	3,637,616	3,637,616	3,637,616	100.0%
TOTAL	128,899,639	35,436,247	164,335,886	162,535,885	5,437,617	98.9%
PAYMENTS						
Compensation of Employees	2,567,082	556,332	3,123,414	2,291,186	832,228	73.4%
Use of goods and services	6,804,908	185,964	6,990,872	7,064,230	(73,359)	101.0%
Transfers to Other Government Units	53,200,000	32,545,729	85,745,729	31,700,000	54,045,729	37.0%
Other grants and transfers	64,710,649	2,102,385	66,813,034	53,128,128	13,684,906	79.5%
Other Payments	1,617,000	-	1,617,000	1,617,000	-	100.0%
TOTAL	128,899,639	35,390,410	164,290,049	95,800,544	68,489,505	58.3%

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

The TONGAREN NGCDF financial statements were approved on 22/09 2016 and signed by:



Chairman NGCDF



Fund Account Manager

TONGAREN NGCDF
P.O. BOX 214, SOKA
NAITITI

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN
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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, 2016.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN
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**Reports and Financial Statements
For the year ended June 30, 2016**

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Normal allocation		
A796236	14,500,000	24,268,778
A 796269	10,000,000	14,561,267
A 796467	20,000,000	9,707,511
A 724219	10,000,000	-
A820724	11,000,000	3,500,000
A825559	25,000,000	28,268,778
A825672	16,284,345	5,768,778
TOTAL	106,784,345	86,075,112

2. OTHER RECEIPTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Other Receipts Not Classified Elsewhere	3,600,000	-
Total	3,600,000	

3. COMPENSATION OF EMPLOYEES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic wages of contractual employees	2,291,186	2,272,939
Employer contribution to NSSF	45,840	20,800
Total	2,337,026	2,293,739

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TONGAREN
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	-	37,480
Communication, supplies and services	-	6,000
Training expenses	500,000	500,000
Other committee expenses	233,900	830,000
Committee allowance	3,877,130	3,874,820
Office and general supplies and services	2,453,200	794,092
Fuel ,oil & lubricants	-	1,076,900
Routine maintenance – vehicles and other transport equipment	-	585,928
Total	7,064,230	7,661,740

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to primary schools	10,500,000	12,137,931
Transfers to secondary schools	14,700,000	16,300,000
Transfers to tertiary institutions	6,500,000	9,928,000
Transfers to institutions	-	4,482,755
TOTAL	31,700,000	42,848,686

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2015 - 2016 Kshs	2014 -2015 Kshs
Bursary – secondary schools	12,947,344	8,073,850
Bursary – tertiary institutions	13,441,382	10,293,190
Mock & CAT	-	2,000,000
Agriculture projects	5,500,000	2,800,000
Electricity projects	3,600,000	-
Security projects	500,000	2,100,000
Roads projects	11,500,000	12,400,000
Sports projects	-	1,000,000
Other Projects	-	1,000,000
Emergency Projects	5,639,402	4,658,700
Total	53,128,128	44,325,740

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

**Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

Non-Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Construction of Buildings	-	-
Overhaul of Vehicles and Other Transport Equipment	-	545,490.00
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Total	-	545,490.00

8. OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bungoma North District Treasury	-	1,000,000
Strategic Plan Expenses	1,117,000	439,600
Constituency Audit	500,000	-
	1,617,000	1,439,600

9: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
CO-OPERATIVE BANK KIMILILI A/C NO01141470213900	66,689,504	28,798,631
	66,689,504	28,798,631

10. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	28,798,631	9,386,707
Total	28,798,631	9,386,707

11. OTHER IMPORTANT DISCLOSURES

11.1: PENDING ACCOUNTS PAYABLES (See Annex 1)

	Kshs	Kshs
Amounts due to other Government entities	33,400,000	19,100,000
Amounts due to other grants and other	27,200,000	8,600,000
Others (specify)	2,499,137	3,636,631
	63,099,137	31,336,631

11.2 PROGRESS FOLLOW UP ON AUDITORS 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	Non inclusion of report on the follow up of the previous audit issues raised in the financial statements	There was no communication on whether the previous audit issues should be included in the financial statements or not. The issue was deliberated in the NG-CDFC meeting and members resolved that he fund manager to amend the financial statements to include prior audit issues	CarOlyne wanyonyi – Fund account manager	Resolved	Immediately
	Assets of ksh.545,490 not included in the assets register	It was an oversight and should be included.	Aduvagah Lucy – Accounts assistant	Resolved	Immediately
2.	Under expenditure of ksh.31,799,107	The committee discussed and resolved that holding other factors constant, there should be no	NG-CDF committee	Resolved	30/6/2017

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			such under expenditure in future.			
3	Delayed implementation of various projects amounting to ksh.25,337,929 leading to non-realization of value for money from incomplete and unimplemented projects	The committee discussed and resolved that holding other factors constant; there should be no such delays in future.	NG-CDF committee	Resolved	30/6/2017	
4	Unsupported land purchase for lusokho primary school	The committee discussed and resolved that the fund account manager to write a aletter to the management of the school to speed up the processes	Mrs Rose Wasike- the head teacher lusokho P.A.G Primary school	Resolved	Immediately	
5	Non- provision of stores ledger for construction of Tongaren Community Cereal stores by the PMC	The committee discussed and resolved that the fund account manager to write a letter to the PMC to avail the stores records.	Mrs Nancy Ndululu PMC treasurer .	Resolved	Immediately	

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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For the year ended June 30, 2016 (Kshs'000)

ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	2015
		a	B	C	d=a-c	
Amounts due to other Government entities						
1.	Mwikupo primary school	500,000		0		500,000
2.	Mukomari primary sch	1,000,000				1,000,000
3.	Mukhuyu primary school	1,000,000				1,000,000
4.	Musangura primary school	1,000,000				1,000,000
5.	Milele primary school	1,000,000				1,000,000
6.	Lunao primary school	1,000,000				1,000,000
7.	Mwabu primary school	1,000,000				1,000,000
8.	Nandorobopriamary school	1,000,000				1,000,000
9.	Nakoba primary school	500,000				500,000
10.	Sirakaru primary school	1,000,000				1,000,000
11.	Pwani primary school	1,000,000				1,000,000
12.	Kewa primary school	600,000				600,000
13.	Mbirira primary school	1,000,000				1,000,000
14.	Nzoia primary school	1,000,000				1,000,000
15.	Maina primary school	1,000,000				1,000,000
16.	Maresi primary school	1,000,000				1,000,000
17.	Namatore primary school	1,000,000				1,000,000
18.	Namunyi primary school	1,000,000				1,000,000
19.	Musembe primary school	500,000				500,000
20.	Minyali primary school	500,000				500,000

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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21.	Sawa primary school	500,000			500,000
22.	Bituyu primary school	500,000			500,000
23.	Ndalu primary school	1,000,000			1,000,000
24.	St. Johns sec school Karima	500,000			500,000
25.	Friends sec school Naitiri	1,000,000			1,000,000
26.	Bunambo sec sch.	800,000			800,000
27.	Lukhuna Friends sec	800,000			800,000
28.	St.Pauls sec sch. Narati	1,000,000			1,000,000
29.	Kewa sec school	1,000,000			1,000,000
30.	Tongaren DEB sec School	1,000,000			1,000,000
31.	Kiminini Sec School	1,000,000			1,000,000
32.	Friends sec school musembe	600,000			600,000
33.	Namawanga RGC Sec	1,000,000			1,000,000
34.	St. Juliana sec	1,000,000			1,000,000
35.	St. peters Ndalu sec	1,000,000			1,000,000
36.	Tabani sec	800,000			800,000
37.	mukuyuni chiefs office	500,000			500,000
38.	Maliki AP Camp	500,000			500,000
39.	Kakamwe chiefs office	500,000			500,000
40.	Nyangeap camp	800,000			800,000
Sub-Total		33,400,000			33,400,000
Amounts due to other grants and other transfers					
41.	ndalumulti purpose hall	1,500,000		0	1,500,000
42.	Tabani market-kamau farm - tabaninyamira bridge rd	2,500,000		0	2,500,000
43.	Tongaren - katimba polytechnic rd	1,300,000		0	1,300,000
44.	TabaniNyamira Bridge	8,400,000		0	8,400,000

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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45.	Nabiswa Musembe Drift	2,500,000	0	2,500,000
46.	Makololwe foot bridge	2,000,000	0	2,000,000
47.	Environment	1,000,000	0	1,000,000
48.	Mocks and cats	3500000	0	3,500,000
49.	sports activities	1000000	0	1,000,000
50.	bursaries- tertiary	2000000	0	2,000,000
51.	Secondary	1500000	0	1,500,000
Sub-Total		27,200,000		27,200,000
Others (specify)				
52.	Emergency		0	
53.	goods and services	563000	0	563,000.00
54.	committee expenses	1000000	0	1,000,000.00
55	Salaries	936137	0	936,137.00
SUB-TOTAL		2,499,137		2,499,137.00
Grand Total		63,099,137.00		63,099,137.00

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Cumulative Total Assets	Historical Cost	
		(Kshs) 2015/16	(Kshs) 2014/15
Buildings and structures	6,500,000	-	6,500,000
Transport equipment	5,554,490	-	5,554,490
Office equipment, furniture and fittings	374,690	-	374,690
ICT Equipment, Software and Other ICT Assets	352,500	-	352,500
Other Machinery and Equipment	15,000	-	15,000
Total	12,796,680	-	12,796,680

Prepared by:



Carolyn Wanyonyi
Fund Account Manager
TONGAREN



