

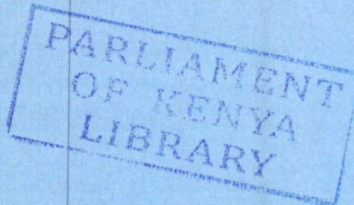
REPUBLIC OF KENYA



*Paper label*

*By Hon. Aden Duale, MP  
(Koh) on Tuesday 12/10/17  
(PM)*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

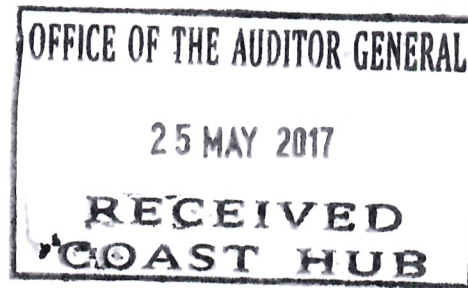
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
- GANZE CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GANZE  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
CONSTITUENCY**

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

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**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013 and later repealed by the NG-CDF Act 2015. The NG-CDF Act 2016 aligns the Fund to the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the Constituencies Development Fund Board.

**(b) Key Management**

The Ganze 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 June 30, 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	George Juma Onesmus
3.	District Accountant	KazunguLewa

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Ganze Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the 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) Contacts**

Ganze Constituency Development Fund  
P.O BOX 489-80108  
Kilifi- Kenya.  
Telephone: +254733540364  
E-mail: [cdfganze@cdf.go.ke](mailto:cdfganze@cdf.go.ke)

**(f) Ganze Constituency Bankers**

Equity Bank, Kilifi Branch  
Account Name: Ganze Constituency Development Fund,  
Account Number: 1060298195611  
P.O. Box 381-80108  
Tel: 0736306810

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
CONSTITUENCY**

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

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

The entity has utilised its allocated budget for undertaking the slotted projects for the financial year. More than 42% of the fund has been utilised despite receiving the *first disbursements* towards the end of the financial year. Over the years, the entity improved water, sanitation, education, access road through distilling of dams in various villages, construction of primary and secondary schools, payment of fees for over 15,000.00 needy and vulnerable students across the constituency.

**EMERGING ISSUES RELATED TO CDF**

- Increasing Population
- Increasing school enrolment
- On-Going Court Case

**IMPLEMENTATION CHALLENGES**

- NG-CDFC Court case
- Temporary freeze of Ganze NG-CDF Account.
- Repeal of CDF act 2013.
- Drought

For the fund to thrive there should be minimal interference from political figures and no project should be undertaken in a boundary conflict zone without the involvement of the concerned organs of government.



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**CHAIRMAN NG-CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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

The Fund Account Manager in charge of the Ganze NG-CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on 30 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Fund Account Manager in charge of the Ganze NG-CDF accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the Ganze NG-CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended 30th June 2016 and of the Constituency's financial position as at that date.

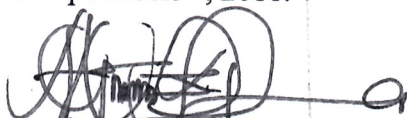
The Fund Account Manager in charge of the NG-CDF further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the Ganze confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Account Manager confirms that the Constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The Ganze NG-CDF's financial statements were approved and signed on September 9<sup>th</sup>, 2016.

  
Jacob Mwarua Sirya  
**Chairman –NG-CDFC**

  
George Juma Onesmus  
**Fund Account Manager**

# REPUBLIC OF KENYA

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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 (NG-CDF) – GANZE CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Ganze Constituency set out on pages 6 to 17, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, and summary statement of appropriation – recurrent and development combined 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.

#### **Management's Responsibility 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.

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 report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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 control 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

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*Report of the Auditor-General on National Government Constituencies Development Fund (NG-CDF) – Ganze Constituency for the year ended 30 June 2016*



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 management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an opinion.

## **Basis for Disclaimer of Opinion**

### **1. Inaccuracies in the Financial Statements**

The financial statements for the year ended 30 June 2016 submitted for audit review contained the following inaccuracies:

#### **1.1 Opening Balance – Imprests**

The statement of assets as at 30 June 2016 reflects opening outstanding imprests balance of Kshs.3,129,360 while the audited balance for the year 2014/2015 indicated a sum of Kshs.3,270,500, resulting to a variance of Kshs.141,140 which has not been explained.

#### **1.2 Fund Balance Brought Forward**

The statement of assets reflects fund balance brought forward of Kshs.24,081,464 while the statement of cash flows reflects a balance of Kshs.24,084,464, resulting to a variance of Kshs.3,000 which has not been explained nor reconciled.

#### **1.3 Reversed Cheques**

Note 12 to the financial statements for the year ended 30 June 2016 reflects reversed cheques amounting to Kshs.1,225,710 but whose supporting cash book entries have not been availed for audit verification.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June 2016 cannot be confirmed.

## **2. Bank Balance**

The statement of assets as at 30 June 2016 reflects a bank balance of Kshs.43,542,908. Further, the bank reconciliation statement as at 30 June 2016 reflects payments in cash book not in bank statement of Kshs.3,117,728.40, out of which Kshs.1,414,557.40 relates to stale cheques not reversed in cash book. In addition, subsequent bank statements showing clearance of the other cheques amounting to Kshs.1,703,171 were not availed for audit verification. In addition, the reconciliation reflects payments in bank statement not in cash book of Kshs.25,688 in

respect of bank charges not recorded in cash book and hence not expensed during the year under review.

Consequently, the accuracy, validity and completeness of the bank balance of Kshs.43,542,908 as at 30 June 2016 cannot be confirmed.

### 3. Cash Balance

The statement of assets as at 30 June 2016 reflects a cash balance of Kshs.93,562. However, the respective Board of Survey Certificate was not availed for audit review.

As a result, the accuracy, validity and completeness of the cash balance of Kshs.93,562 as at 30 June 2016 cannot be confirmed.

### 4. Outstanding Imprests

The statement of assets as at 30 June 2016 reflects an imprests balance of Kshs.3,129,360 which has been outstanding for two years, contrary to Section 92(5) of the Public Finance Management Regulations, 2015 which provides that a holder of temporary imprest should account for or surrender the imprest within seven days of return to duty station. Although management has explained that these imprests have since been surrendered, documentary evidence to that effect has not been provided for audit verification.

Consequently, the accuracy, completeness and validity of the imprests balance of Kshs.3,129,360 as at 30 June 2016 cannot be confirmed.

### 5. Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2016 reflects use of goods and services of Ksh.4,668,038 as detailed in Note 5 to the financial statements. However, included in this balance are payments totalling Kshs.2,244,144 reportedly made in respect of the following items but documentary evidence on the expenditure has not been availed for audit review:

Description	Amount (Kshs)
Utilities, Supplies and Services	104,000
Communication Supplies and Services	311,000
Office and General Supplies and Services	1,769,144
Office Rent	60,000
<b>Total</b>	<b>2,244,144</b>

Further, the use of goods and services balance of Kshs.4,668,038 includes Kshs.2,345,604 for committee expenses and other allowances of Kshs.78,290 as disclosed in Note 5 to the financial statements of which payment vouchers and meeting attendance registers were not availed for audit verification.

As a result, the accuracy and propriety of use of goods and services balance totaling Kshs.2,322,434 for the year ended 30 June 2016 cannot be confirmed.

## **6. Transfers from Other Government Entities**

The statement of receipts and payments for the year ended 30 June 2016 reflects transfers from other government entities of Kshs.103,281,441 while records maintained by the National Government Constituencies Development Fund Board reflect a figure of Kshs.70,000,000, resulting to a variance of Kshs.33,281,441 which has however not been explained.

Further, the statement of appropriation for the year ended 30 June 2016 reflects transfers from Constituencies Development Fund Board of Kshs.124,233,544 while the statement of receipts and payments reflects a balance of Kshs.103,281,441, resulting to a variance of Kshs.20,952,103 which has not been explained.

Consequently, the accuracy and completeness of Kshs.103,281,441 balance on transfers from other government units for the year ended 30 June 2016 cannot be confirmed.

## **7. Compensation of Employees**

The statement of receipts and payments for the year ended 30 June 2016 reflects compensation of employees balance of Kshs.1,087,151 while the schedule availed for audit review reflects a figure of Kshs.1,082,868, resulting to a variance of Kshs.4,283 which however has not been explained. Further, the expenditure of Kshs.1,082,868 reportedly relates to basic salaries paid to five(5) employees whose designations and job groups were not disclosed for audit review.

Consequently, the accuracy and validity of Kshs.1,087,151 expenditure incurred on compensation of employees for the year ended 30 June 2016 cannot be confirmed.

## **8. Other Grants and Transfers**

The statement of receipts and payments for the year ended 30 June 2016 reflects other grants and transfers of Kshs.48,303,955 in respect of which the following observations have been made:

### **8.1 Bursaries – Secondary Schools, Tertiary Institutions and Special Schools**

Note 7 to the financial statements for the year ended 30 June 2016 reflects bursaries to secondary schools of Kshs.5,272,000, tertiary institutions of Kshs.2,379,000 and special schools Kshs.10,000 all amounting to Kshs.7,661,000. However, approved applications for the bursaries, records showing how the applicants were vetted, categorized and identified, the cheques dispatch register and evidence that names of successful applicants were published were not availed for audit verification contrary to CDF Board Circular/Vol1/111 of 13 September 2010 which requires Constituency

Development Fund Committees (CDFC) to establish a bursary sub-committee to vet, categorize and identify students in need of bursaries; decide on the awards, verify and ensure all cheques are dispatched to schools/colleges, compile a report to the Committee to ratify the awards and ensure that lists of beneficiaries are published. Further, acknowledgement of receipt of bursaries totaling Kshs.4,052,030 by the institutions was not availed for audit review.

## **8.2 Kiva Cha Mulungu Water Pan**

Note 7 to the financial statements for the year ended 30 June 2016 reflects expenditure totalling Kshs.35,769,259 incurred on water projects, out of which Kshs.5,000,000 was disbursed for construction of Kiva Cha Mulungu water pan. The records availed for audit indicated that the contract was awarded to a firm at a cost of Kshs.4,998,000. However, tender advertisement, quotations, tender committee minutes and minutes of tender evaluation and award committee were not availed for audit review. In addition, the project site was verified in April 2017 and found to have no water which management explained was caused by prolonged drought. However, poor design and orientation of the pan appeared to be the major cause of loss of water.

## **8.3 Kiva Cha Msichana Water Pan**

Note 7 to the financial statements reflects expenditure of Kshs.35,769,259 for water projects, out of which Kshs.5,000,000 was disbursed for construction of Kiva Cha Msichana Water Pan during the year under review. The records availed for audit indicated that the contract was awarded to a firm at a cost of Kshs.5,136,750. However, tender advertisement, quotations, tender committee minutes, minutes of tender evaluation award committee and progress reports were not availed for audit review.

## **8.4 Majajani Dam Project**

Note 7 to the financial statements reflects expenditure of Kshs.35,769,259 for water projects, out of which Kshs.5,136,000 was disbursed for excavation of Majajani Dam. Records availed for audit review indicated that the contract sum of the project was Kshs.5,136,750, and out of this amount, Kshs.4,676,250 was released to the contractor. However, quotations, tender committee minutes, minutes of tender evaluation and award, engineer's certificates of completion and progress reports were not availed for audit review. Further, at the time of the project verification in April 2017, the dam had no water and was not fenced yet Kshs.196,250 out of the total amount paid to the contractor related to fencing. Management explained that water had dried up due to prolonged drought, which implied that the pan's water supply was not reliable. In addition, the project was omitted from the projects implementation status report as at 30 June 2016 availed for audit review.

## **8.5 Mwaeba –Katofeni Water Project**

Note 7 to the financial statements reflects Kshs.35,769,259 for water projects, out of which Kshs.2,000,000 was disbursed for water distribution from the main (Baricho)

water pipe. However, the bill of quantities, quotations, procurement committee minutes, minutes of evaluation and award committees, progress reports and engineer's certificates of completion were not availed for audit review. Further, at the time of project verification in April 2017, the taps had no water since meters had not been installed and the line tested.

## 8.6 Emergency Projects

Note 7 to the financial statements for the year ended 30 June 2016 reflects Kshs.186,696 for emergency projects. However, this amount relates to purchase of air-tickets but the surrender voucher for the expenditure totalling Kshs.93,134 was not supported while surrender voucher for the balance of Kshs.93,562 was not availed for audit verification. Further, expenditure on air-tickets is not categorized as emergency, under Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which defines emergency as an urgent, unforeseen need for expenditure which in the opinion of the Constituency Development Fund Committee cannot be delayed until the next financial year without harming public interest. Managements claim that relevant documents in support of the expenditure were availed is un-substantiated and further the nature of the emergency has not been disclosed.

## 9. Budgetary Controls and Performance

### 9.1 Budget Utilization

During the year under review, the Fund had a final budget of Kshs.187,520,920 and spent Kshs.80,597,075, resulting to under-absorption of Kshs.106,923,845 or 57% of the budget as shown below:

Item	Budgeted Amount (Kshs)	Actual Expenditure (Kshs)	Under Absorption (Kshs)	Under Absorption (%)
Employee salaries	2,361,303	1,087,151	1,274,152	54
Use of goods and services	12,752,812	4,668,038	8,084,774	63
Transfers to Other Government Units	68,907,931	26,537,931	42,370,000	61
Other Grants and Transfers	95,153,874	48,303,955	46,849,919	49
Acquisition of Assets	8,345,000	-	8,345,000	100
<b>Total</b>	<b>187,520,920</b>	<b>80,597,075</b>	<b>106,923,845</b>	<b>57</b>

The under-expenditure of Kshs.106,923,845 indicates that the budget was not implemented in accordance with the provisions of Section 220(1) of the Constitution of Kenya which requires budgets of national government to contain estimates of revenue and expenditure, differentiating between recurrent and development and proposals for financing any budget deficit for the period to which they apply. Further, Section 35(1) of the Public Finance Management Act, 2012 requires the budget

process for the national Government to comprise among other things integrated long term and medium-term planning, and determination of financial and economic policies and priorities at the national level over the medium term and implementation the budget. Therefore, late receipt of funds is not the main cause of the large under expenditure incurred by Ganze Constituency CDF. As a result of the under-expenditure, delivery of goods and services to residents of Ganze Constituency was curtailed.

## 9.2 Project Verification

The projects status report availed for audit review indicated that a total of Kshs.70,215,840 was allocated and disbursed to 28 projects during the year under review. Out of the total amount disbursed, Kshs.69,569,395 or 99% had been spent as at 30 June 2016, resulting to unspent disbursements of Kshs.646,445 or 1%.

During projects verification in the month of April 2017, ten (10) projects with a total disbursements of Kshs.13,600,000 were found to have anomalies as detailed below:

Project Name		Description	Amount Disbursed (Kshs)	Anomaly noted/ Documents not Availed for Audit Verification
1.	Bahati Primary School	Purchase of 6 jikos	600,000	During physical verification, only one modern energy saving jiko was presented for verification. Five jikos were not availed for physical verification.
2.	Mayowe Sec. School	Construction of Twin Laboratory	2,000,000	The project was verified in April 2017 and found to have stalled at ring beam level.
3.	Muyuni Dispensary	Completion of building (super walling, plastering, flooring, fitting & painting)	2,000,000	The project was verified and found complete but not handed over to beneficiaries.
4.	Nyari Health Centre	Construction of Nyari Heath Centre	1,000,000	The project's estimated cost was Kshs.14,803,577.80 but had received Kshs.4,000,000 at the time of the verification. The project was verified in April 2017, and found to have stalled at the reinforced concrete slab level.
5.	Bandari Dispensary	Construction of Dispensary	2,000,000	At the time of project verification in April 2017, the project was almost complete with only ceiling painting work remaining.
6.	Midoina Dispensary	Construction of 2 one bedroom staff houses-Plastering & finishing	500,000	The project was verified in April 2017 and found almost complete with only wall painting work remaining.
7.	Migumomiri Dispensary	Construction of Dispensary	1,500,000	The project was verified and found complete but not yet handed over to the County Government. Further, a similar facility funded by the County Government is under construction on the same plot under unclear circumstances.

Project Name		Description	Amount Disbursed (Kshs)	Anomaly noted/ Documents not Availed for Audit Verification
8.	Ndingiria Dispensary	Construction of Dispensary	1,500,000.	When the project was verified in April 2017 only the ceiling board had not been fitted but the contractor was not on site.
9.	Mwarandinda Dispensary	Construction of Dispensary	1,500,000	The project was verified in April 2017. Doors and windows and had not been fitted while work on plastering and painting of walls had not been done but the contractor was not on site.
10.	Kaembeni Dispensary	Construction of Dispensary	1,000,000	The project was verified in April 2017. At that time, plastering and painting work had not been done while the ceiling board was yet to be fitted but the contractor was not in site.
<b>Total</b>			<b>13,600,000</b>	

Consequently, the propriety of expenditure totalling Kshs.13,600,000 incurred by the CDF on projects during the year under review could not be confirmed due to the reasons cited here.

#### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

**Nairobi**

**07 July 2017**


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

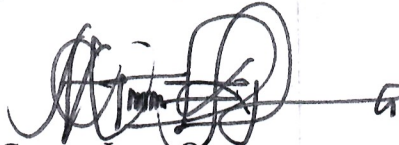
**V. STATEMENT OF RECEIPTS AND PAYMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities (CDF Board)	1	103,281,441	99,844,321
Proceeds from sale of assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>103,281,441</b>	<b>99,844,321</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	1,087,151	721,697
Use of goods and services	5	4,668,038	11,511,490
Transfers to Other Government Units	6	26,537,931	38,905,705
Other grants and transfers	7	48,303,955	43,138,530
Social Security Benefits	8	-	-
<b>TOTAL PAYMENTS</b>		<b>80,597,075</b>	<b>94,277,422</b>
<b>SURPLUS/DEFICIT</b>		<b>22,684,366</b>	<b>5,566,899</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on September 9, 2016 and signed by:

  
Jacob Mwarua Sirya  
 Chairman –NG-CDFC

  
George Juma Onesmus  
 Fund Account Manager




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


**VI. STATEMENT OF ASSETS**

**AS AT 30<sup>TH</sup> JUNE 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	9	43,542,908	20,952,104
Cash balances(Cash at hand)	10	93,562	-
Outstanding Imprests	11	3,129,360	3,129,360
<b>TOTAL FINANCIAL ASSETS</b>		<b>46,765,830</b>	<b>24,081,464</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts Payable</b>			
Retentions:		-	-
Deposits:		-	-
<b>REPRESENTED BY</b>		-	-
Fund balance b/fwd.		24,081,464	18,514,565
Surplus/Deficit for the year		22,684,366	5,566,899
<b>TOTAL FUNDS</b>		<b>46,765,830</b>	<b>24,081,464</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on September 9, 2016 and signed by:

  
Jacob Mwarua Sirya  
**Chairman –NG-CDFC**

  
George Juma Onesmus  
**Fund Account Manager**


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
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**VII. STATEMENT OF CASHFLOW**

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

		2015-2016 Kshs	2014-2015 Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	103,281,441	99,844,321
		<hr/> 103,281,441	<hr/> 99,844,321
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,087,151	721,697
Use of goods and services	5	4,668,038	11,511,490
Transfers to Other Government Units	6	26,537,931	38,905,705
Other grants and transfers	7	48,303,955	43,138,530
Other Payments		-	-
		<hr/> 80,597,075	<hr/> 94,277,422
<b>Adjusted for:</b>			
Adjustments during the year			
<b>Net cash flows from operating activities</b>		<hr/> <b>22,684,366</b>	<hr/> <b>5,566,899</b>
<b>Cash Flows from Investing Activities</b>			
Acquisition of Assets			
<b>Net cash flows from Investing Activities</b>		<hr/> -	<hr/> -
<b>Net Increase in Cash and Cash Equivalent</b>		<hr/> <b>22,684,366</b>	<hr/> <b>5,566,899</b>
<b>Cash and cash equivalent at Start of the year</b>		<hr/> <b>24,084,464</b>	<hr/> <b>18,514,565</b>
<b>Cash and cash equivalent at END of the year</b>		<hr/> <b>46,768,830</b>	<hr/> <b>24,084,464</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on September 9, 2016 and signed by:

  
Jacob Mwarua Sirya  
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George Juma-Onesmus  
**Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
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**II. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT  
COMBINED**

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	B	C=A+B	D	E=C-D	F=D/C%
<b>RECEIPTS</b>						
Transfers from CDF Board	133,287,617	54,233,544	187,521,120	124,233,544	63,287,576	66
Proceeds from Sale of Assets	0	0	0	0	0	0
Other Receipts	0	0	0	0	0	0
<b>TOTAL RECEIPTS</b>	133,287,617	54,233,544	187,521,120	124,233,544	63,287,576	66
<b>PAYMENTS</b>						
Compensation of Employees	2,231,200	130,303	2,361,303	1,087,151	1,274,152	46
Use of goods and services	10,181,792	2,268,131	12,752,813	4,668,038	8,084,775	37
Transfers to Other Government Units	47,777,000	21,137,930	68,907,930	26,537,931	42,369,999	39
Other grants and transfers	65,331,394	29,952,180	95,153,874	48,303,955	46,849,919	51
Acquisition of assets	7,627,000	745,000	8,345,000	0	8,345,000	0
<b>TOTAL PAYMENTS</b>	133,287,617	54,233,544	187,520,920	80,597,075	106,923,845	43

*WARUA*

*[Signature]*

## **IX. 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 and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the constituency. 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 constituency.

### **2. Recognition of revenue and expenses**

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

### **3. In-kind contributions**

In-kind contributions are donations that are made to the constituency 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 constituency 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.

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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 *constituency* 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. Receivables and payables**

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

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

**8. Comparative figures**

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

**9. 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.

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**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. Transfers from the CDF Board**

Description	2015-2016 Kshs.	Description	2014-2015 Kshs.
AIE No:796093	33,281,441	AIE No: A750335	7,300,000
AIE No: 825648	35,000,000	AIE No: A709949	25,981,441
AIE No: 820935	35,000,000	AIE No: A735765	14,968,864
		AIE No: A735928	18,312,576
		AIE No: A735987	33,281,440
<b>Total</b>	<b>103,281,441.00</b>	<b>Total</b>	<b>99,844,321</b>

**2. Proceeds From Sale of Financial Assets**

Description	Financial year	
	2015-2016Kshs.	2014-2015Kshs.
Disposal of fixed assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**3. Other Receipts**

Description	Financial year	
	2015-2016 Kshs	2014-2015 Kshs.
Other receipts from the board	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**4. Compensation of employees**

Description	Financial year	
	2015-2016 Kshs	2014-2015 Kshs
Basic salary for contractual employee	1,087,151	721,697
<b>Total</b>	<b>1,087,151</b>	<b>721,697</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. Use of goods and service.**

Description	Financial year	
	2015-2016 Kshs	2014-2015Kshs
Utilities, supplies and services	104,000	7,780,390
Communication, supplies and services	311,000	
Domestic travel and subsistence		
Printing and advertising and information supplies and services		
Training expenses		
Office and general supplies and services	1,769,144	
Office rent	60,000	40,000
Fuel, oil and lubricants		
Routine maintenance-other assets		
Committee expenses	2,345,604	2,445,500
Other allowances	78,290	1,285,600
<b>Total</b>	<b>4,668,038</b>	<b>11,511,490</b>

**6. Transfer to Other Government Entities**

Description	Financial Year	
	2015-2016Kshs.	2014-2015Kshs.
Transfers to Primary schools	10,037,931	3,600,000
Transfers to secondary schools	4,500,000	20,900,000
Transfer to Health institutions	12,000,000	14,405,705
<b>Total</b>	<b>26,537,931</b>	<b>38,905,705</b>

**7. Other Grants and Transfers**

Description	Financial Year	
	2015-2016 Kshs.	2014-2015Kshs.
Bursary Secondary	5,272,000	8,000,000
Bursary- Tertiary	2,379,000	19,720,000
Bursary - Special schools	10,000	30,000
Sports	617,000	1,663,000
Environment	70,000	1,930,000
Water	35,769,259	7,712,530
Roads	4,000,000	0
other Transfer through Emergency	186,696	4,083,000
<b>Total</b>	<b>48,303,955</b>	<b>43,138,530</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. Social Security Benefits**

Description	Financial Year	
	2015-2016 Kshs.	2014-2015 Kshs.
Employer contribution to NSSF	0	0
Total	0	0

**9. Bank Balances (Cash Book & Bank Balance)**

Name of Bank, Account No. & currency	Amount in bank account currency	
	2015-2016	2014-2015
Equity Bank A/C Number: 1060298195611	43,542,908	20,952,104

**10. Cash balances (Cash at hand)**

Cash at hand	Amount in cash	
	2015-2016	2014-2015
Cash	93,562	0

**11. Outstanding Imprest**

Description	2015-2016			2014-2015			
	Balance from Financial Year 2014/15	b/f	Amount Surrendered	Balance as at 30.06.2016	Amount taken	Amount Surrendered	Balance As at 30.06. 2015
Mwalungo Mwandoe	50,000		0	50,000	50,000	0	50,000
Tima Ahmed	240,600		0	240,600	240,600	0	240,600
Christopher Nyerere	1,598,760		0	1,598,760	1,598,760	0	1,598,760
Christopher Nyerere	1,240,000		0	1,240,000	1,240,000	0	1,240,000
<b>Total Outstanding Imprest (Kshs.)</b>	<b>3,129,360</b>		<b>0</b>	<b>3,129,360</b>	<b>3,129,360</b>	<b>0</b>	<b>3,129,360</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GANZE  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. REVERSED CHEQUES**

Description	Financial year	
	2015-2016 Kshs	2014-2015 Kshs
Reversed cheques.	1,225,710	0
<b>Total</b>	<b>1,225,710</b>	<b>0</b>

**13. RECEIVABLES**

Receivables from CDF Board & other receivables (includes *AIES* to be received) **Kshs. 63,287,576**

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**14. OTHER IMPORTANT DISCLOSURES**

**14.1: PENDING ACCOUNTS PAYABLE (ANNEX 1)**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<b>0</b>	<b>0</b>

**14.2: PENDING STAFF PAYABLES (ANNEX 2)**

	<b>Kshs</b>	<b>Kshs</b>
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others ( <i>specify</i> )	0	0
	<b>0</b>	<b>0</b>

**14.3: OTHER PENDING PAYABLES (ANNEX 3)**

	<b>Kshs</b>	<b>Kshs</b>
Amounts due to other Government entities (see attached list)	0	0
Amounts due to other grants and other transfers (see attached list)	0	0
Others ( <i>specify</i> )	0	0
	<b>0</b>	<b>0</b>

**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)****Reports and Financial Statements****For the year ended June 30, 2014 (Kshs'000)****ANNEX 4 - SUMMARY OF FIXED ASSETS REGISTER**

Asset Type	2015/2016 Kshs.(Historical Cost)	2014/ 2015Kshs.(Historical Cost)
Massey Fergusson Tractor	2,270,000	2,270,000
Massey Fergusson Tractor	2,270,000	2,270,000
Massey Fergusson Tractor	2,270,000	2,270,000
Tractor Disk Plough	2,750,000	2,750,000
HP LaserJet Printer P2014	30,000	30,000
Filling Cabinet(Four Chambers)	45,000	45,000
Filling Cabinet	45,000	45,000
Filling Cabinet	45,000	45,000
Executive Office Table	33,000	33,000
High Back Leather Chair- Executive	10,000	10,000
HP LaserJet Printer P2055d	22,000	22,000
Office Chairs (Six Pieces)	48,000	48,000
Office Executive Table	45,995	45,995
Regular Conference Table	18,400	18,400
Photocopy Kyocera	220,000	220,000
Water Dispenser	23,200	23,200
<b>Total Historical Cost of Assets</b>	<b>10,145,595</b>	<b>10,145,595</b>