

REPUBLIC OF KENYA

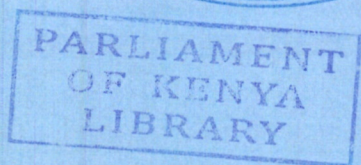


OFFICE OF THE AUDITOR-GENERAL



*paper laid by  
the Leader of  
Majority on  
14/09/2017  
Chumbi*

**REPORT**



**OF**

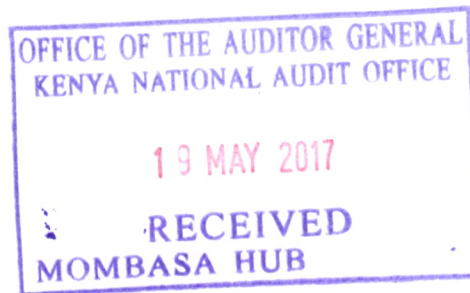
**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – KILIFI SOUTH  
CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**





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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
KILIFI SOUTH 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 – KILIFI SOUTH  
CONSTITUENCY**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI SOUTH  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2015**

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**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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. 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.

**(b) Key Management**

The Kilifi South National Government 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>George Juma Onesmus</b>
3.	Accountant	<b>Julius G. Muchohi</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Kilifi South Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the National Government Constituency Development Fund Committee (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

**(e) KILIFI SOUTH NGCDF Headquarters**

P.O. Box 1368-80108,  
Kikambala Posta stage  
Off Mombasa Malindi highway,  
Kilifi, Kenya



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI SOUTH  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**(f) KILIFI SOUTH NG-CDF Contacts**

E-mail: kilifisouth@cdf.go.ke

**(g) KILIFI SOUTH NG-CDF Bankers**

1. Co-operative Bank  
Mtwapa Branch  
Account Number 01141143001500  
P.O. Box 561-80109  
Mtwapa, Kenya

**(h) Independent Auditors**

Auditor General  
Kenya National Audit Office  
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

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY  
DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

Kilifi South Constituency endeavours to be the leading constituency in effective management of Public Resources and proper utilisation of Public funds, ensuring that transparency and accountability is the guiding principles of its operations.

Kilifi South NG-CDF has been able to provide infrastructure and resources to finance development activities in education, health, water and sanitation, security, land and housing, environment and roads. The Fund has seen the initiation of new and modern secondary schools such as Mtomondoni Secondary School and Ng'ombeni Girls' Secondary School that sit as the centres of excellence. Upgrading of Mtwapa health centre paediatric and maternity wing among other health centres has seen the reduction of infant mortality rates. Construction of medical staff houses in the health centres has also added value to the services of the medical staff in the centres.

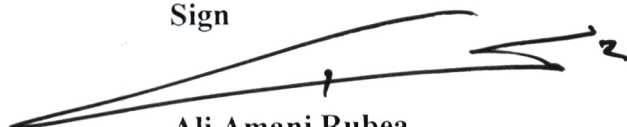
Installation of security lights at Mtwapa, Vipingo and Shariani and construction of administration police staff houses at Animo Police post has improved security in the Constituency.

NG-CDF generally has been of great assistance to the community; we support and wish the amendment bill to clearly align NG-CDF Act to the constitution to enable the community continue enjoy infrastructural development for wealth creation to alleviate poverty.

Illiteracy of PMCs, political influence and lack of proper machinery to harmonise of NG-CDF projects with the County Government projects among others pose as challenges to the implementation of NG-CDF in the constituency.

With NG-CDF we have invested our efforts and resources towards programs that empower children, young people, women and people with special needs. Our development trajectory and approach has always embraced the participation of people and their communities in the constituency. In doing so, we have been able to tap on every development idea that can add value to our efforts and in enhancing lives of communities.

Sign



**Ali Amani Rubea  
CHAIRMAN NG-CDFC**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI SOUTH  
CONSTITUENCY**

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

**III. STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government CDF shall prepare financial statements in respect of that NG-CDF. 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.

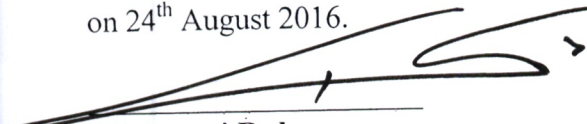
The Accounting Officer in charge of the Kilifi South NG-CDF is responsible for the preparation and presentation of Kilifi South NG-CDF's financial statements, which give a true and fair view of the state of affairs of Kilifi South NG-CDF for and as at the end of the financial year (period) ended on June 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 Kilifi South NG-CDF; (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 Kilifi South NG-CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

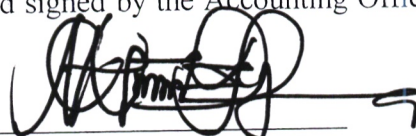
The Accounting Officer in charge of Kilifi South NG-CDF accepts responsibility for the Fund financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that Kilifi South NG-CDF's financial statements give a true and fair view of the state of Kilifi South NG-CDF's transactions during the financial year ended June 30, 2016, and of Kilifi South NG-CDF's financial position as at that date. The Accounting Officer charge of Kilifi South NG-CDF further confirms the completeness of the accounting records maintained for Kilifi South NG-CDF, which have been relied upon in the preparation of Fund's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of Kilifi South NG-CDF confirms that the Fund has complied fully with applicable Government Regulations and that Kilifi South NG-CDF'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 Kilifi South NG-CDF'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 Kilifi South NG-CDF's financial statements were approved and signed by the Accounting Officer on 24<sup>th</sup> August 2016.

  
**Ali Amani Rubea**  
**Chairman –NG-CDFC**

  
**George Juma Onesmus**  
**Fund Account Manager**





## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KILIFI SOUTH 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 the National Government Constituencies Development Fund – Kilifi South Constituency set out on pages 5 to 21, which comprise of 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 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.

#### **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 audit report in accordance 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 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**

#### **1. Bank Balances**

The statement of financial assets reflects bank balance of Kshs.63,359,909 as at 30 June 2016. However, audit review of the bank reconciliation statement as at 30 June 2016 revealed that included in the unrepresented cheques amounting to Kshs.5,042,474 were stale cheques totaling Kshs.603,707 which had not been reversed in the cash book as at 30 June 2016. In addition, the bank reconciliation statement as at 30 June 2016 included receipts totaling Ksh.100,000 which had not been recorded in the cash book for more than six months. Although the management has indicated that the cash book was subsequently updated, it was not explained clearly why this was done after the year end. Further, the bank reconciliation statement reflects cheque reversals totaling Kshs.285,000 and bank charges of Kshs.30,594.96 as reconciling items. It was not clear why these were treated as reconciling items.

Consequently, the accuracy and completeness of bank balance of Kshs.63,359,909 as at 30 June 2016 cannot be confirmed.

#### **2. Unremitted Taxes**

According to the statement of receipts and payments, a total of Kshs.82,805,335 was disbursed as transfers to other government units of Kshs.37,920,000 and other grants and transfers of Kshs.44,885,335 during the period under audit. Included in the disbursements of Kshs.82,805,335 were transfers totaling Kshs.56,982,760 to undertake various construction projects. However, there was no evidence of Withholding taxes being deducted from contractors and remitted to Kenya Revenue Authority contrary to Section 4 (1) of the Income Tax Rules 2001, which provides that a person who makes a payment of, or on account of, any income which is subject to withholding tax shall deduct tax therefrom in the amount specified. As a result, the management did not comply with the income tax requirements and possible fines and penalties accruing due to non-compliance have not been provided for in these financial statements.

Consequently, the management is in breach of the law and effects of non-compliance with the income tax laws could not be ascertained for the year ended 30 June 2016.

### Qualified Opinion

In my opinion, except for effect of matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Kilifi South 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 the National Government Constituencies Development Fund Act, 2015.

### Other Matter

#### 1.0 Budgetary Control and Performance

According to the National Government Constituencies Development Fund Board's appropriation, during the financial year 2015-2016, NGCDF-Kilifi South was allocated Kshs.119,010,969 representing 5.5% rise compared to the 2014/2015 budget of Kshs.112,736,282. The summary statement of appropriations: recurrent and development reflects final budget figure of Kshs.154,348,752 where Kshs.139,520,779 being 90% of the total budget was allocated to projects (other government units and other grants).

During the financial year the NGCDF-Kilifi South received Kshs.129,310,969 from National Government Constituencies Development Funds Board representing 83.78 % of the final budget.

The CDF overall budget for the year under review was Kshs.154,348,752 against total expenditure of Kshs.90,944,843 resulting to under absorption of Kshs.63,403,909 or 41% as summarized below:

Budget line	Final Budget	Expenditure Kshs	Unspent Balance Kshs	% of Utilization
Compensation of Employees	4,524,825	1,934,456	2,590,369	43
Use of goods and services	10,303,148	6,205,052	4,098,096	61
Transfers to Other Government Units	72,250,000	37,920,000	34,330,000	52
Other grants and transfers	67,270,779	44,885,335	22,385,444	67
<b>Total</b>	<b>154,348,752</b>	<b>90,944,843</b>	<b>63,403,909</b>	<b>41</b>

The following observations were made from the above summary:

- i. The Fund incurred total under-expenditure of Kshs.63,403,909 representing 41% of the budget as per the summary statement of appropriation. This implies that public funds were lying idle at the expense of other deserving areas. The underutilization of the funds may have impacted negatively on the delivery of goods and services to the citizens of Kilifi South or may be an indication of over-budgeting in the NGCDF hence need to re-evaluate the budgeting process to focus on priority areas as guided by public participation in the budget making process.
- ii. In addition, the CDF underspent by 52% and 67% on transfers to other government units and other grants and transfers respectively which represents project funds not disbursed for implementation. The under-expenditure adversely affected public service delivery to the residents of Kilifi South Constituency contrary to values and principles of public service as provided for under Article 232 (1– c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services to citizens.

## 2.0 Project Implementation

According to the project implementation status report as at 30 June 2016, the following twenty (20) projects allocated total budget of Kshs.25,950,000 were not implemented during the period under review:

No.	Name of project	Project Activity	Allocation (Kshs.)
1	Bundacho Secondary School	Construction of a new laboratory	2,500,000
2	Vwevwesi Polytechnic Social Hall	Renovation of social hall-doors and windows fixing, plastering and painting	1,000,000
3	Mtomondoni Secondary School	Completion of 4 classrooms on 1st floor	3,800,000
4	Mwarakaya Secondary School	Construction of a new laboratory	2,500,000
5	Dzitsoni Secondary School	Construction of a new dormitory	2,500,000
6	Mtepeni Primary School	Construction of 2No. 3 door pit latrines	700,000
7	Sirini Primary School	Construction of 2No.3 door pit latrines	700,000
8	Mapawa Primary School	Re-roofing of 4 classrooms	900,000
9	Ngamani Primary School	Re-roofing of 4 classrooms	900,000
10	Kitsoeni Primary School	Re-roofing of 4 classrooms	900,000
11	Pingilikani Primary School	Re-roofing of 6 classrooms,	1,200,000
12	Bodoi Primary School	Re-roofing of 6 classrooms,	1,200,000
13	Kizingitini Primary School	Construction of 1 No. classroom	1,300,000
14	Gongoni Primary School	Demolition of condemned classroom and construction of a new one	1,500,000
15	Tunzanani Primary School	Re-roofing of 4 classrooms	900,000

No.	Name of project	Project Activity	Allocation (Kshs.)
16	Chengoni Primary School	Construction of 2No.3 door pit latrines	700,000
17	Junju Primary School	Re-roofing of 2 classrooms	400,000
18	Karimboni Primary School	Re-roofing of 11 classrooms	450,000
19	Mwarakaya Primary School	Re-roofing of 4 classrooms and attached office	1,000,000
20	Mwezang'ombe Primary School	Re-roofing of 3 classrooms, attached office and administration block	900,000
	<b>Total</b>		<b>25,950,000</b>

The management has attributed non-implementation of the projects to delayed funding from the NGCDF secretariat whereby the last AIE of Kshs.60,010,969 was received in July 2016. Non-implementation of development projects affects service delivery to the public and purposes for which the projects are initiated may take long to be realized. In addition, it casts doubt on the effectiveness of the project monitoring and evaluation carried out by the National Government Constituency Development Fund Committee (CDFC).

### 3.0 Project Inspection

Audit inspection of projects during the month of March 2016 indicated the following state of affairs of the following specific projects:

No.	Project name	Project Allocation (Kshs.)	Project Activity	Observations
1	Secondary school computers	800,000	25 computers distributed to Ngombeni Girls Lutsangani Boys and Dindiri secondary.	The computer memory was too low, at 78mb and could not perform the expected functions
2	Bahari Primary School	1,300,000	Construction of one classroom	The project was not branded considering the County Government had also implemented similar project in the school
3	Mtwapa Health Centre	4,200,000	Completion of paediatric ward	Not branded
4	Vipingo Central Primary School	1,400,000	Construction of 4 No. 3 door pit latrines	Not branded
5	Vipingo Central Primary School	1,300,000	Construction of 1 classroom	Not branded
	<b>Total</b>	<b>9,000,000</b>		

Although the management has indicated that branding of the projects is underway, it was not possible to confirm whether the projects were undertaken by the CDF, County Government or any other government agency.

Further, there was no evidence that Kilifi South NG-CDF handed over the devolved projects including health facilities, water, roads and street lighting to the County Government of Kilifi. Failure to hand over the projects to the County Government could affect their maintenance and sustainability adversely.



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

**Nairobi**

**14 June 2017**



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI SOUTH  
 CONSTITUENCY

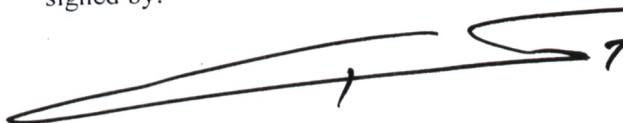
Reports and Financial Statements  
 For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

FOR THE YAER ENDED 30<sup>TH</sup> JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	129,310,969	149,441,350
Other Receipts	2	-	95,000
<b>TOTAL RECEIPTS</b>		<b>129,310,969</b>	<b>149,536,350</b>
<b>PAYMENTS</b>			
Compensation of Employees	3	1,934,456	1,963,171
Use of goods and services	4	6,205,052	7,368,124
Transfers to Other Government Units	5	37,920,000	51,570,690
Other grants and transfers	6	44,885,335	71,513,738
Acquisition of Assets	7	-	499,800
<b>TOTAL PAYMENTS</b>		<b>90,944,843</b>	<b>132,915,523</b>
<b>SURPLUS/DEFICIT</b>		<b>38,366,126</b>	<b>16,620,827</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi South NG-CDF financial statements were approved on 24<sup>th</sup> August 2016 and signed by:



Ali Amani Rubea  
 Chairman – NG-CDFC



George Juma Onesmus  
 Fund Account Manager



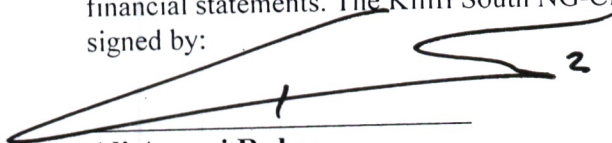
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI SOUTH  
CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**V. STATEMENT OF ASSETS**

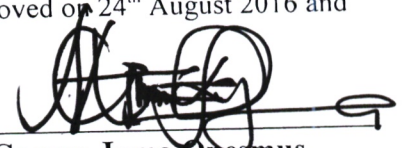
**AS AT 30<sup>TH</sup> JUNE 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	8	63,359,909	25,037,783
Cash Balances (cash at hand)	9	-	-
Outstanding Imprests	10	44,000	-
		<u>63,403,909</u>	<u>25,037,783</u>
<b>TOTAL FINANCIAL ASSETS</b>			
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts Payable</b>			
Retentions:		-	-
Deposits:		-	-
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	11	25,037,783	8,416,956
<b>Surplus/Deficit for the year</b>		38,366,126	16,620,827
<b>Prior year adjustments</b>		-	-
<b>TOTAL FUNDS</b>		<u>63,403,909</u>	<u>25,037,783</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi South NG-CDF financial statements were approved on 24<sup>th</sup> August 2016 and signed by:



**Ali Amani Rubea**  
**Chairman – NG-CDFC**



**George Juma Onesmus**  
**Fund Account Manager**



10/10/10

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KILIFI SOUTH  
CONSTITUENCY**

**Reports and Financial Statements**

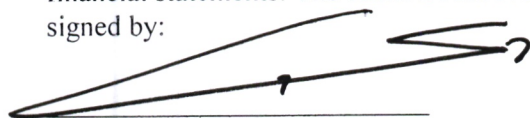
**For the year ended June 30, 2016**

**VI. STATEMENT OF CASHFLOW**

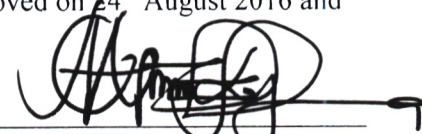
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2016**

Receipts for operating income	Note	2015 - 2016	2014 - 2015
Transfers from NG-CDF Board	1	129,310,969	149,441,350
Other Receipts	2	-	95,000
		129,310,969	149,536,350
<b>Payments for operating expenses</b>			
Compensation of Employees	3	1,934,456	1,963,171
Use of goods and services	4	6,205,052	7,368,124
Transfers to Other Government Units	5	37,920,000	51,570,690
Other grants and transfers	6	44,885,335	71,513,738
		90,944,843	132,415,723
<b>Adjusted for:</b>			
Adjustments during the year		0	0
<b>Net cash flow from operating activities</b>		<b>38,366,126</b>	<b>17,120,627</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	0	(499,800)
<b>Net cash flows from Investing Activities</b>		<b>0</b>	<b>(499,800)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>38,366,126</b>	<b>16,620,827</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>25,037,783</b>	<b>8,416,956</b>
<b>Cash and cash equivalent at END of the year</b>		<b>63,403,909</b>	<b>25,037,783</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kilifi South NG-CDF financial statements were approved on 24<sup>th</sup> August 2016 and signed by:



**Ali Amani Rubea**  
Chairman NG-CDFC



**George Juma Onesmus**  
Fund Account Manager

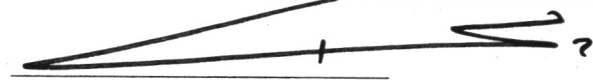


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**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	119,010,969	35,337,783	154,348,752	129,310,969	25,037,783	84
<b>PAYMENTS</b>						
Compensation of Employees	4,110,000	414,825	4,524,825	1,934,456	2,590,369	43
Use of goods and services	6,645,987	3,657,161	10,303,148	6,205,052	4,098,096	61
Transfers to Other Government Units	55,300,000	16,950,000	72,250,000	37,920,000	34,330,000	52
Other grants and transfers	52,954,982	14,315,797	67,270,779	44,885,335	22,385,444	67
<b>TOTALS</b>	<b>119,010,969</b>	<b>35,337,783</b>	<b>154,348,752</b>	<b>90,944,843</b>	<b>63,403,909</b>	<b>59</b>

The Kilifi South NG-CDF financial statements were approved on 24<sup>th</sup> August 2016 and signed by:



**Ali Amani Rubea**  
Chairman NG-CDFC



**George Juma Onesimus**  
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 Fund 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 Fund.

### 2. Recognition of revenue and expenses

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

### 3. In-kind contributions

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



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

**7. Comparative figures**

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

**8. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI SOUTH  
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
NGCDF Board			
AIE NO.	A796240	10,300,000	
AIE NO.	A796278	10,000,000	
AIE NO.	A796473	10,000,000	
AIE NO.	A820577	10,000,000	
AIE NO.	A724245	10,000,000	
AIE NO.	A820814	19,000,000	
AIE NO.	A825792	60,010,969	
AIE NO.	A750136		47,005,068
AIE NO.	A750467		28,184,071
AIE NO.	A796773		28,184,071
AIE NO.	A797143		28,184,070
AIE NO.	A796108		17,884,070
(other constituency e.g, parent constituency)		0	0
<b>TOTAL</b>		<b>129,310,969</b>	<b>149,441,350</b>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**2. OTHER RECEIPTS**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	0	95,000
Other Receipts Not Classified Elsewhere	0	0
<b>Total</b>	<b>0</b>	<b>95,000</b>

**3. COMPENSATION OF EMPLOYEES**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,870,696	1,869,571
Basic wages of casual labour	0	0
<b>Personal allowances paid as part of salary</b>		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity	0	0
Other personnel payments	0	0
<b>Social Security Benefits</b>		
Employer contribution to NSSF	63,760	93,600
<b>Total</b>	<b>1,934,456</b>	<b>1,963,171</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI SOUTH  
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**Reports and Financial Statements  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. USE OF GOODS AND SERVICES**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	67,900	440,000
Communication, supplies and services	679,052	0
Domestic travel and subsistence	425,360	394,200
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	120,000	0
Training expenses	0	0
Hospitality supplies and services	0	0
<b>Committee Expenses</b>		
Committee allowances	3,288,588	1,000,000
Other Committee expenses	0	1,440,000
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	0	2,086,338
Fuel, oil and lubricants	220,000	703,626
Other operating expenses-Bank charges	0	57,896
Routine maintenance – vehicles and other transport equipment	1,404,152	1,246,064
<b>Total</b>	<b>6,205,052</b>	<b>7,368,124</b>



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

**5. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to primary schools	15,820,000	21,587,931
Transfers to secondary schools	17,150,000	21,500,000
Transfers to tertiary institutions	0	2,500,000
Transfers to health institutions	4,950,000	5,982,759
<b>TOTAL</b>	<b>37,920,000</b>	<b>51,570,690</b>

**6. OTHER GRANTS AND OTHER PAYMENTS**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools	9,330,000	17,043,000
Bursary – tertiary institutions	7,710,000	14,539,000
Bursary – special schools	0	0
Mock & CAT	0	0
Water projects	5,100,000	3,300,000
Agriculture projects	0	2,500,000
Electricity projects	0	1,000,000
Security projects	700,000	1,100,000
Roads projects	6,800,000	10,500,000
Sports projects	2,300,116	8,590,210
Environment projects	390,219	4,231,906
Emergency projects	5,055,000	8,709,622
Resource Centre and Social hall	7,500,000	0
<b>Total</b>	<b>44,885,335</b>	<b>71,513,738</b>





NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI SOUTH  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

Non Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of photocopier	0	499,800
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
<b>Total</b>	<b>0</b>	<b>499,800</b>

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

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

Name of Bank, Account No. & currency	Amount in bank account currency	
	2015-2016	2014-2015
Co-operative Bank -Mtwapa	63,359,909	25,081,783

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

Cash at hand	Amount in cash	
	2015-2016	2014-2015
Cash	0	0

**10. Outstanding Imprest**

Description	2015-2016			2014-2015		
	Balance b/f from Financial Year 2015/16	Amount Surrendered	Balance as at 30.06.2016	Amount taken	Amount Surrendered	Balance As at 30.06. 2015
George Juma Onesmus	200,000	156,000	44,000	0	0	0
<b>Total Outstanding Imprest (Kshs.)</b>	<b>200,00</b>	<b>156,000</b>	<b>44,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**11. BALANCES BROUGHT FORWARD**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	25,037,783	8,114,956
Cash in hand	0	0
Imprest	0	302,000
<b>Total</b>	<b>25,037,783</b>	<b>8,416,956</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI SOUTH  
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**12. OTHER IMPORTANT DISCLOSURES (Continued)**

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

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

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

	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others-Gratuity	576,260	0
	<u>0</u>	<u>0</u>

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

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	42,850,000	0
Amounts due to other grants and other transfers	11,711,866	0
Others-	0	0
	<u>54,561,866</u>	<u>0</u>

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI SOUTH  
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**13. SUMMARY OF FIXED ASSETS (ANNEX 4)**

Asset class	Historical Cost (Kshs)	
	2015-2016	2014-2015
Furniture and Fittings	126,732	126,732
Property, Plant And Equipment	6,888,395	6,888,395
	7,015,127	7,015,127

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI  
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**ANNEX 2: GRATUITY**

Asset class	Job Group	(Kshs)	
		2015-2016	2014-2015
Selina Salama Kalama	G	206,460	0
Mariam Omar Buko	G	184,900	0
Jonathan Chandugu Mwangata	G	184,900	0
		<b>576,260</b>	<b>0</b>

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**ANNEX 3 OTHER PENDING PAYABLES**

Other Government Entities	(Kshs)	
	2015-2016	2014-2015
Tunzanani Primary School	900,000	0
Baharini Primary School	1,300,000	0
Kizingitini Primary School	1,300,000	0
Mwarakaya Primary School	1,000,000	0
Mwezang,ombe Primary School	900,000	0
Pingilikani Primary School	1,200,000	0
Dzitsoni Primary School	900,000	0
Ngamani Primary School	900,000	0
Kitsoeni Primary School	900,000	0
Chije Primary School	900,000	0
Bodoi Primary School	1,200,000	0
Gongoni Primary School	1,500,000	0
Mapawa Primary School	900,000	0
Junju Primary School	400,000	0
Mtomondoni Primary School	3,800,000	0
Mtepeni Secondary School	1,000,000	0
Mwarakaya Secondary School	2,500,000	0
Dzitsoni Secondary School	2,500,000	0
Bundacho Secondary School	2,500,000	0
Msumarini Secondary School	5,100,000	0
Lutsangani Secondary School	2,000,000	0
Vwevwesi Polytechnic Social hall	1,000,000	0
Chengoni Primary School	700,000	0
Chasimba Central Primary School	1,050,000	0
Kolongoni Primary School	700,000	0
Mbomboni Primary School	700,000	0
Sirini Primary School	700,000	0
Kolewa Primary School	700,000	0
Mtepeni Primary School	700,000	0
Chonyi Police Station	3,000,000	0
	<b>42,850,000</b>	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI  
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<b>Other Grants and Other transfers</b>		
Mikanjuni Village Road	2,000,000	0
Kanisani Stage-Baharini Road	2,000,000	0
Shariani-Majengo Mapya Road	2,000,000	0
Bursary-Secondary Schools	527,000	0
Bursary-Tertiary Institutions	1,000,000	0
Environment	2,527,000	0
Emergency	1,657,866	0
	<b>11,711,866</b>	
<b>TOTAL</b>	<b>54,561,866</b>	<b>0</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI**  
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**ANNEX 4. SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2015/16</b>	<b>Historical Cost (Kshs) 2014/15</b>
<b><u>FURNITURE AND FITTINGS</u></b>		
1. Filling Cabinet metallic (3)	48,000	48,000
2. Reception desk (1)	11,600	11,600
3. Visitors (office) chairs (3)	12,600	12,600
4. Office desks (1)	18,363	18,363
5. Office chair (1)	7,000	7,000
6. Executive chair(1)	24,569	24,569
7. Office Benches (2)	4,600	4,600
<b><u>PROPERTY, PLANT AND EQUIPMENT</u></b>		
8. Photocopier-Sharp (1)-Working	499,800	499,800
9. Photocopier-Kyocera KM 3035 (1) –Not working	580,000	580,000
10. Desktop Computer (Monitor HP)-(1)	15,000	15,000
11. UPS-HP Compaq-Not working (1)	5,500	5,500
12. CPU (PCM POWERCOM) –(1)	65,000	65,000
13. Desk top computer (Monitor)-Digitek-(1)	20,000	20,000
14. CPU-HP Compaq (1)	35,000	35,000
15. Motorcycle (Suzuki 200cc)-(1)	400,000	400,000
16. Printer HP Laserjet Pro1005 (1)	32,500	32,500
17. Printer HP Laserjet Pro 400 (1)	CDF Board	CDF Board
18. Office tray (1)-Not working	850	850
19. Motor Vehicle Toyota Landcruiser GKA 836V-(1)	4,400,000	4,400,000
20. Water dispenser-(1)-Not working	16,800	16,800
21. Fire resistant Filling cabinet GODREJ 92 (1)	198,650	198,650
22. Sonny TV 32'' flat seen (1)	38,995	38,995
23. Sony DVD Player (1)	4,700	4,700

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KILIFI  
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<b>Asset class</b>	<b>Historical Cost (Kshs) 2015/16</b>	<b>Historical Cost (Kshs) 2014/15</b>
1. DSTV Set (1)	22,000	22,000
2. Computer table (1)	30,000	30,000
3. Pedestal mobile 4DRW-Not working (1)	28,000	28,000
4. Office chair 512 haux	42,000	42,000
5. Visitors Executive chairs (2)	70,000	70,000
6. Filling cabinet wooden-(1)	60,000	60,000
7. Office MB Chair	35,200	35,200
8. Conference table Rectangle (2)	153,600	153,600
9. Conference chairs (10)	70,000	70,000
10. Ken plastic chairs-silver (6)	34,800	34,800
11. Office funs (8)	30,000	30,000
12. HP Scan jet 5590 Scanner (1)	NGCDF Board	CDF Board
<b>TOTAL</b>	<b>7,015,127</b>	<b>7,015,127</b>

