

REPUBLIC OF KENYA



*Paper laid by LOM
Wednesday 11/10/17
Afternoon
Sitting
[Signature]*

OFFICE OF THE AUDITOR-GENERAL



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REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



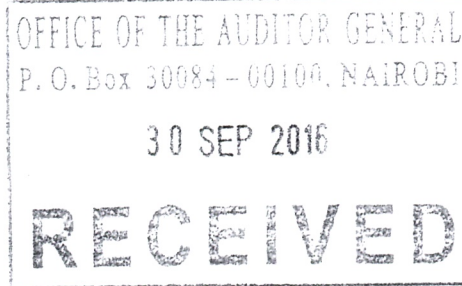
NG-CDF BOARD

National Government Constituencies Development Fund Board
Harambee Plaza, 10th Floor
Junction of Haile Selassie Avenue & Uhuru Highway
P.O Box 46682-00100
Nairobi, Kenya
Tel: 020-2230015/9, 2230027, 2230032 | Cell: 0709894000
Email: info@cdf.go.ke | Website: www.cdf.go.ke

CDF BOARD/AUDITOR GENERAL/2016/105

SEPTEMBER 29, 2016

Mr. Edward Ouko, CBS
The Auditor General
P.O Box 30084 – 00100
NAIROBI



Dear Sir

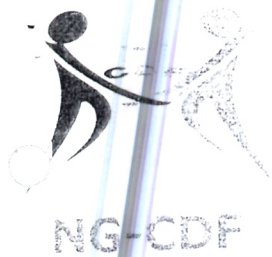
**RE: NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
FINANCIAL STATEMENTS FOR 2015/2016 FINANCIAL YEAR**

Pursuant to Section 81 of the Public Finance Management Act, 2012 and Section 39 (4) of the National Government Constituencies Development Fund (amendment) Act, 2015, we wish to submit 2015/2016 financial year annual accounts of **Mathioya Constituency** for your necessary action.

Yours sincerely

YUSUF MBUNO
Ag. CHIEF EXECUTIVE OFFICER





National Government Constituencies Development Fund
Mathioya Constituency
P.O Box 275-10204.
KIRIA-INI

OUR REF: MATHIOYA /GEN/04/029

DATE: 15/09/2016

THE CHIEF EXECUTIVE OFFICER
CONSTITUENCIES DEVELOPMENT FUND BOARD
P.O BOX 46682-00100
NAIROBI

SIR,

**REF: SUBMISSION OF FINANCIAL STATEMENT FOR MATHIOYA NATIONAL
GOVERNMENT CONSTITUENCY DEVELOPMENT FUND**

The above subject refers.

Further to your letter REF: NG-CDFB/2016/08/01 of 15th august 2016, I wish to submit the **Mathioya** National Government Constituency Development Fund for the financial year 2015/2016.

Thank you for your continued support.

Yours,

ALEX MWANGI

FUND ACCOUNT MANAGER.

[18-august -2016]



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MATHIOYA**

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 MATHIOYA CONSTITUENCIES DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2016(Kshs)

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MATHIOYA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs')

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was set up under the Constituency Development Fund (CDF) Act, 2003 amended in 2007, and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new act was enacted in 2015, being the National Government Constituency Development Fund Act, 2015. The National Government Constituency Development Fund (NG-CDF) is under the ministry of devolution and planning. The objective of the fund is to provide mechanisms for supplementing implementation of the National Government development agenda at the constituency level.

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Alex Mwangi
3.	District Accountant	Joseph Kagunu

(d) Fiduciary Oversight Arrangements

List the CDFC as gazetted

1. Thuku ndonga member
2. Ephantus gitome member
3. Rev. peter gathira member
4. Dishon kimani member
5. Stephen irungu member
6. Ester muchai member
7. Keziah Muthoni member
8. Mary nyambura member

NATIONAL GOVERNMENT MATHIOYA CONSTITUENCIES DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2016(Kshs)

(e) Entity Headquarters

P.O. Box 46682
Harambee Plaza
Harambee Avenue
Nairobi, KENYA

(f) Entity Contacts

Telephone: (254) 0723146230
E-mail: mathioyacdf.go.ke

(g) Entity Bankers

Equity bank kiria-ini branch

(h) Independent Auditors

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

II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC)

I am delighted to present to you the financial statement of Mathioya NG-CDF as the chairman of Mathioya national government constituency development fund committee. This is after the Mathioya NG- CDFC appointed me to this role in May 2016. My appointment came at a time when our constituency needed changes in various sectors such as education sector and the security of the constituency.

I feel privileged to have taken over the role of chairman at such crucial time.

In the Mathioya NG- CDF 5 years strategic plan Mathioya national government constituency development fund committee targets that by the end of the five years all the primary and secondary schools will be renovated, well accessible and fitted with piped water to habitable condition that is to motivate the Mathioya students, for the security of the constituency, the major towns will be fitted with security high mast light, the administration police and chief camps constructed in various towns.

The budget performance for this financial year compared to the last financial year stands at 65% while that for financial year 2014/2015 stood at 63%. This can be attributed to the slow rate of disbursement towards Mathioya CDF account by the board and the late approval of Mathioya CDF project proposal.

Among the key achievement of Mathioya CDF is the continued installation of eight high mast lights at Gachibi market, Kagumo-ini market, Thuita market, Mioro market, Warugara market, Gatunguru market and Karunge market. This is aimed at ensuring security is heightened during the night. The Mathioya CDF is also proud to having sponsored eight students through an aviation course at the Kenya School of Aviation through the bursary program.

The future of NG-CDF being still uncertain following the pending court case on the legality of the fund, still poses a threat in the project implementation as to the completion of the new projects being started that may require some further funding in subsequent years. Conflicts arising within the P.M.Cs still pose a challenge as they render the completion of projects to delay and finally the topography of many sites which render the project costly. However the Mathioya NG-CDFC is working closely with the line ministries to overcome some of challenges which are inevitable.



NG-CDFC CHAIRMAN

STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

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

The Fund Account Manager in charge of the *Mathioya NG-CDF* is responsible for the preparation and presentation of the *Constituencies* 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 (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 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 *entity*; (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 *Mathioya NG-CDF* accepts responsibility for the *entity'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 *Mathioya NG-CDF* financial statements give a true and fair view of the state of *Constituency's* transactions during the financial year ended June 30, 2016, and of the *Constituency's* financial position as at that date. The Fund Account Manager in charge of the *Mathioya 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.

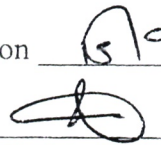
The Fund Account Manager in charge of the *Mathioya NG-CDF* confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted 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 *Mathioya NG-CDF* financial statements were approved and signed on 15/9/2016 2016.



NG-CDFC CHAIRMAN



FUND ACCOUNT MANAGER

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MATHIOYA 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-Mathioya Constituency set out on pages 5 to 18, 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. 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 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 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

Report of the Auditor-General on the financial statements of National Government Constituencies Development Fund-Mathioya Constituency for the year ended 30 June 2016

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. Transfers from NG-CDF Board

The statement of receipts and payments for the year ended 30 June 2016, reflects receipts from NG-CDF Board of Kshs.95,844,722, while the summary statement of appropriation; recurrent and development combined indicate actual receipts of Kshs.100,116,317 during the year under review. The resultant variance of Kshs.4,271,595 has not been reconciled or explained. Consequently, the accuracy and completeness of transfers from NG-CDF Board of Kshs.95,844,722 for the year ended 30 June 2016 could not be confirmed.

2. Cash and Cash Equivalents

The statement of financial assets as at 30 June 2016 reflects bank balance of Kshs.3,144,852. However, scrutiny of the bank reconciliation statement presented for audit verification indicated that as at 30 June 2016, unrepresented cheques amounting to Kshs.1,981,020 were stale cheques and had not been reversed in the cash book.

In the circumstances, the accuracy and completeness of the bank balance of Kshs.3,144,852 as at 30 June 2016 could not be confirmed.

3. Unaccounted for Cash Withdrawals

A review of CDF cash book and bank statements for the year under review indicate that the Fund account manager made cash withdrawals amounting to Kshs.2,347,500 for unspecified office expenses. The cash withdrawals were not supported with any documentary evidence. As a result, the propriety of funds totaling Kshs.2,347,500 withdrawn during the year ended 30 June 2016 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters 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–Mathioya 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. Project Implementation

A review of the project implementation status report revealed that CDF management had identified and allocated funds in 2015/2016 amounting to Kshs.97,709,815 to complete seventy four (74) projects. However, only fifty two (52) projects worth Kshs.75,256,579 were either completed or were at various stages of completion at the time of this audit in February 2017. The management attributes the non-implementation of the projects mainly to delay in disbursements of funds by the NG-CDF Board.

2. Unapproved Reallocation of Funds

During the year under review, Mathioya CDF allocated Kshs.3,500,000 towards projects in four institutions among other projects. Examination of records presented for audit review and inspection carried out on the projects revealed that the project management committees (PMCs) utilized the funds that were allocated to them to finance other project activities other than the ones approved by the NG-CDF Board without seeking approval as follows:

S.No	Project Name	Project Activity	Allocation-Kshs.	Activity implemented	Remarks
1	Wambwe primary school	Renovation of 5 No. classrooms-plastering, window grills/panes and wiring	1,000,000	Renovation of wash rooms, classrooms, ceiling staffroom and head teachers office, chairs for teachers, and 67 lockers for pupils	
2	Wanjohi polytechnic	Construction of 3 No. classrooms from foundation to walling	2,000,000	Construction of 2 No. classrooms, fencing	Visible cracks on the wall due to poor workmanship
3	Kihari Polytechnic	Renovation of classrooms-plastering, flooring, painting and stone dressing/brushing	550,000	construction of toilet block	
4	Kagongo Dispensary	Construction of dispensary foundation and walling	1,500,00	Purchase of land	
		TOTAL	3,550,000		

According to Section 6(2) of the NG-CDF Act, 2015, stipulates that once funds are allocated for a particular project they shall remain allocated for that project and may only be reallocated for any purpose during the year with the approval of the Board. No such approval was however presented for audit review and the CDF committee was therefore in breach of the law.

3. Failure to Involve Technical Department in Implementation of Flood Lights Project

During the financial year under review the Mathioya CDFC allocated Kshs.3,600,180 for the installation of floodlights in various shopping centers to boost security in the Constituency. However, an inspection carried out at Kagumoini shopping centre revealed that the floodlights on the streets had fallen off indicating poor workmanship. Further, the following anomalies were also noted on the project.

- (i) No bills of quantity (BQ) or any other supporting documents were provided to indicate that the CDFC consulted with other relevant government department in designing and constructing the masts.
- (ii) Certificate of practical completion was signed by only one (1) officer from county works office instead of at least three (3) officers required to certify works. Further, no report on site meetings by monitoring and inspection committee on the progress of the works were provided for audit verification.

In the circumstances, the propriety and value for money on the expenditure on the flood lights projects could not be confirmed.

4. Unprocedural Bursary Programme for Aviation Training

As previously reported, the Constituencies Development Fund (CDF) initiated Mathioya Aviation Scholarship Bursary program for eight (8) students from eight divisions within the Constituency. The programme was approved by Mathioya Constituency Bursary Committee executive meeting held on 1 July 2014. The total cost of the training programme was to be Kshs.24,400,000 for four years. The CDF management as at 30 June 2016 had paid total of Kshs.19,804,817 to the Kenya School of Aviation. However, the following observations were noted:-

- i. It was not clear how Kenya School of Aviation was considered since there was no evidence of competitive tendering by various aviation schools as per the requirement of the Public Procurement and Asset Disposal Act. Further, contract agreement between the CDF and Kenya School of Aviation was not available for audit verification.
- ii. Audit review revealed that the CDF did not designate the aviation training programme funding from the normal bursary programme funding during budgeting process.

- iii. Use of bursary of Kshs.19,804,817 to fund aviation courses for only eight students within the whole Constituency was noted to be very limited and unfair to other deserving students in primary and secondary schools within the Constituency. This was against the CDF bursary management guidelines which emphasizes that the bursary management should be geared to achieving equity and wide coverage to the orphans, self-sponsored without guardians or parents and socially/economically disadvantaged including vulnerable students.

Consequently, value for money for this expenditure could not be confirmed.



FCPA Edward R.O Ouko, CBS
AUDITOR-GENERAL

Nairobi

06 September 2017

NATIONAL GOVERNMENT MATHIOYA CONSTITUENCIES DEVELOPMENT FUND 133
 Reports and Financial Statements
 For the year ended June 30, 2016(Kshs)

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	95,844,722.00	79,729,635.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		95,844,722.00	79,729,635.00
PAYMENTS			
Compensation of employees	4	1,097,916.60	1,064,148.80
Use of goods and services	5	6,798,943.94	5,736,260.05
Transfers to Other Government Units	7	35,468,432.76	33,692,536.48
Other grants and transfers	8	46,437,899.50	38,451,272.00
Acquisition of Assets	10	7,168,272.00	1,000,000.00
Other Payments	11	-	429,142.25
TOTAL PAYMENTS		96,971,464.80	80,373,359.58
SURPLUS/DEFICIT		(1,126,742.80)	(643,724.58)

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 15/9/16 2016 and signed by:



 NG-CDFC CHAIRMAN



 FUND ACCOUNT MANAGER

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II. STATEMENT OF FINANCIAL ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	3,144,852.09	4,271,594.89
Cash Balances (cash at hand)	10B		-
Outstanding Imprests	10C		-
TOTAL FINANCIAL ASSETS		<u>3,144,852.09</u>	<u>4,271,594.89</u>
REPRESENTED BY			
Retention	11		
Fund balance b/fwd 1st July...	12	4,271,594.89	4,915,319.47
Surplus/Defict for the year		(1,126,742.80)	(643,724.58)
Prior year adjustments	13		
NET LIABILITIES		<u>3,144,852.09</u>	<u>4,271,594.89</u>

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 15/9/16 2016 and signed by:



 NG-CDFC CHAIRMAN



 FUND ACCOUNT MANAGER

NATIONAL GOVERNMENT MATHIOYA CONSTITUENCIES DEVELOPMENT FUND
Reports and Financial Statements
For the year ended June 30, 2016(Kshs)

CASHFLOW STATEMENT

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1		
		95,844,722.00	79,729,635.00
Other Receipts	3	0	
		95,844,722.00	79,729,635.00
Payments for operating expenses			
Compensation of Employees	4	1,097,916.60	1,064,148.80
Use of goods and services	5	6,798,943.94	5,736,260.05
Transfers to Other Government Units	6	35,468,432.76	33,692,536.48
Other grants and transfers	7	46,437,899.50	38,451,272.00
Other Payments	9	-	429,142.25
		89,803,192.80	79,373,359.58
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities		6,041,529.20	356,275.42
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	8	7,168,272.00	1,000,000.00
Net cash flows from Investing activities		7,168,272.00	1,000,000.00
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(1,126,742.80)	(643,724.58)
Cash and cash equivalent at BEGINNING of the year	13	4,271,594.89	4,915,319.47
Cash and cash equivalent at END of the year	10A	3,144,852.09	4,271,594.89

NATIONAL GOVERNMENT MATHIOYA CONSTITUENCIES DEVELOPMENT FUND
 Reports and Financial Statements
 For the year ended June 30, 2016(Kshs)

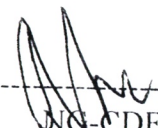
TRIAL BALANCE AS AT 30TH JUNE 2016

	DR	CR
Cash and Cash equivalents		
Bank Balances	3,144,852	
Cash Balances	-	
Outstanding Imprest		
Payments		
Compensation of Employees	1,097,916.6	
Use of goods and services	6,798,943.94	
Transfers to Other Government Units	33,468,433	
Other grants and transfers	34,539,900	
Acquisition of Assets	7,168,272	
Other Payments	13,898,000	
Receipts		
Transfers from the Board		95,844,722
Proceeds from sale of assets		-
Others receipts		-
Fund Balance b/f		4,271,595
TOTAL	100,116,317	100,116,317

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	99,168,345.00	51,116,316.89	150,284,661.89	100,116,316.89	50,168,345.00	67
Proceeds from Sale of Assets	-		-	-	-	0
Other Receipts	-		-	-	-	0
TOTALS	99,168,345.00	51,116,316.89	150,284,661.89	100,116,316.89	50,168,345.00	66.62
PAYMENTS						
Compensation of Employees	1,980,000.00		1,980,000.00	1,097,916.60	882,083.40	55
Use of goods and services	6,426,062.82	1,000,000.00	7,426,062.82	6,798,943.94	627,118.88	92
Transfers to Other Government Units	27,308,432.76	17,731,594.89	45,040,027.65	35,468,432.76	9,571,594.89	79
Other grants and transfers	63,153,849.42	23,379,441.01	86,533,290.43	46,437,899.50	40,095,390.93	54
Acquisition of Assets	300,000.00	9,005,280.99	9,305,280.99	7,168,272.00	2,137,008.99	77
Other Payments			-	-	-	
TOTALS	99,168,345.00	51,116,316.89	150,284,661.89	96,971,464.80	53,313,197.09	65

The entity financial statements were approved on 27/ 2016 and signed by:



CDPC CHAIRMAN



FUND ACCOUNT MANAGER

15/2

SIGNIFICANT ACCOUNTING POLICIES

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

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 *entity* and all values are rounded to the nearest thousand (Kshs). 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 *entity*.

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 *entity*.

In-kind contributions

In-kind contributions are donations that are made to the *entity* 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 *entity* 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.

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.

CANT ACCOUNTING POLICIES (Continued)

ending bills

ending 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 are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the *entity* 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.

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.

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

Comparative figures

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

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, 2014.

NOTES TO THE FINANCIAL STATEMENTS

I. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES

Description		2015 - 2016 Kshs	2014 - 2015 Kshs
Normal Allocation	AIE NO.759699		20,422,361.00
	AIE NO.766827		14,053,417.00
	AIE NO.797019		12,368,944.00
	AIE NO.750252		32,884,913.00
	AIE NO.759699	20,922,361.00	
	AIE NO.820614	10,000,000.00	
	AIE NO 796332	10,000,000.00	
	AIE NO 724050	2,500,000.00	
	AIE NO 820846	29,000,000.00	
	AIE NO 790758	23,422,361.00	
Receipt from other Constituency			
TOTAL		95,844,722.00	79,729,635.00

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2 PROCEEDS FROM SALE OF
 NON-FINANCIAL ASSETS

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Receipts from the Sale of Vehicles and Transport Equipment		
Total	0	0

3 OTHER RECEIPTS

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Rents		
Sale of tender documents	0	-
Total	0	-

4 COMPENSATION OF EMPLOYEES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Employer contribution to NSSF		
Basic wages of contractual employees	31,262.40	20,800.00
Total	1,066,654.20	1,043,348.80
	1,097,916.60	1,064,148.80

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5 USE OF GOODS AND SERVICES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	862,500.00	875,000.00
Communication, supplies and services	6,960.00	6,960.00
Office and general supplies and services	940,362.00	789,500.00
Fuel, oil & lubricants	600,000.00	900,000.00
Other operating expenses	259,949.24	243,801.40
Committee allowance	3,873,750.00	2,585,650.00
Routine maintenance – vehicles and other transport equipment	146,289.80	335,348.65
Routine maintenance – other assets	109,132.90	-
Total	6,798,943.94	5,736,260.05

TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to primary schools	20,710,000.00	11,900,000.00
Transfers to secondary schools	9,200,000.00	15,300,000.00
Transfers to Health institutions	5,558,432.76	6,492,536.48
Total	35,468,432.76	33,692,536.48

NATIONAL GOVERNMENT MATHIOYA CONSTITUENCIES DEVELOPMENT FUND
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OTHER GRANTS AND OTHER PAYMENTS

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
ursary -Secondary	17,937,874.00	13,056,780.00
ursary -Tertiary		11,200,000.00
ater	700,000.00	1,026,000.00
ectricity projects	0	71,960.00
ecurity	10,065,705.00	11,244,320.00
oads	600,000.00	583,088.00
artially institutions	13,898,000.00	
orts	1,545,000.00	784,124.00
ivironment	1,691,320.50	485,000.00
otal	46,437,899.50	38,451,272.00

ACQUISITION OF ASSETS

<u>in Financial Assets</u>	2015 - 2016 Kshs	2014- 2015 Kshs
nstruction of Buildings		1,000,000.00
OF motor vehicles	5,750,000.00	
OF furniture	1,418,272.00	
tal	7,168,272.00	1,000,000.00

9. Other Payments

nstruction of Boda Boda sheds		429,142.25
acificy		-
TAL		429,142.25

NATIONAL GOVERNMENT MATHIOYA CONSTITUENCIES DEVELOPMENT FUND
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10A: Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2015 - 2016	2014 - 2015
		Kshs (30/6/2016)	Kshs (30/6/2015)
equity Bank, kiria ini Branch A/C no.		3,144,852.09	4,271,594.89
Total		3,144,852.09	4,271,594.89

10B: CASH IN HAND)

Location 1	2014 - 2015 Kshs (30/6/2015)
Total	-

10C: OUTSTANDING IMPRESTS

Name of Officer	Date imprest taken	Amount Taken Kshs	Amount Taken Kshs
Name of Officer		-	-
Total		-	-

BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs (1/7/2015)	2014 - 2015 Kshs (1/7/2014)
Bank accounts	4,271,594.89	4,915,319.47
Total	4,271,594.89	4,915,319.47

NATIONAL GOVERNMENT MATHIOYA CONSTITUENCIES DEVELOPMENT FUND
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PRIOR YEAR ADJUSTMENTS

	2014 - 2015
	Kshs
Bank accounts	
Cash in hand	-
Prepaid	-
	-
Total	-

OTHER IMPORTANT DISCLOSURES

5.1: PENDING ACCOUNTS PAYABLE
(See Annex 1)

	2014 - 2015
	Kshs
Supply of services	-
TOTAL	-

5.2: PENDING STAFF PAYABLES (See Annex 2)

	2014 - 2015
	Kshs
Staff salaries arrears	-

5.3: OTHER PENDING PAYABLES (See Annex 3)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Amounts due to other grants and other transfers (see attached list)		46,844,722.00
	50,930,861	
	50,930,861	46,844,722.00