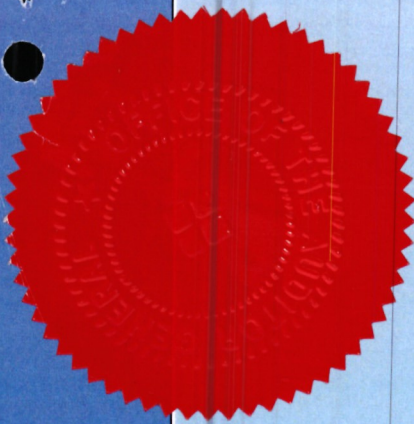


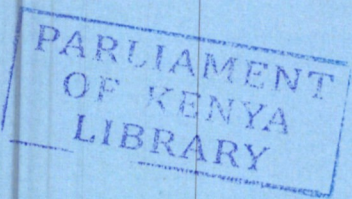
REPUBLIC OF KENYA



Paper Laid
By Hon Aden Duale, MP
(L.O.M) on 12.10.2017 (pm)
[Signature]



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
LUNGA LUNGA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



**CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LUNGA LUNGA
CONSTITUENCY**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

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

1. 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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2015. The National Government 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 National Government Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the National budget is devoted to the constituency for the purpose of infrastructural development wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno.
2.	A.I.E holder	Andrew Lumunge.
3.	Accountant	Sabena Wambui.

(d) Fiduciary Oversight Arrangements

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

(e) LUNGA LUNGA NGCDF HEADQUOTERS.

P.O. BOX 63
LUNGA LUNGA NGCDF OFFICE BLOCK
UKUNDA-LUNGA LUNGA ROAD
KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

(f) LUNGA LUNGA NG-CDF Contacts

Telephone: (254)0729548867
E-mail:cdflungalunga@NGCDF.go.ke
Website: www.lungalungacdf.go.ke

(g) LUNGA LUNGA NG-CDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank of Kenya,
Ukunda branch,

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

Lunga lunga is an electoral constituency in Kenya (008) located southern part of the coast region and it is one of the constituencies in Kwale County. It has an area of sq km (Approx) 2,803.80 and it consists of four county assembly wards namely; Pongwe/ kikoneni, Dzombo, Mwereni and Lunga lunga /Vanga ward.

It's one of the vast constituencies in southern coast and its allocation in 2015/2016 was kshs. 146,069,368.00.

Most of its priority is vested on educational sector which fetches a larger portion of its budgetary allocation, but surprisingly its utilization was comparably minimal due to the lateness in disbursement of funds to the constituencies.

Another challenge is the lack of adequate procurement skills by the project Management committees where funds are released to the (PMC) account in tranches so that at the end of the financial year most of the projects are on-going and partly paid to the PMC accounts.

In Lunga lunga constituency we have managed to support various schools in terms of construction of classrooms and payment of the bursary to the needy students at the constituency. We have also managed to lighten up several villages by providing solar panel flood lights to combat insecurity in the constituency. Also various bore holes and maternity wing have been constructed to various places in the constituency.

Though the funds are allocated as per the poverty index, it's never enough to suffice all the community needs thus urging the Government to increase the allocation from 2.5% to 5%.

Funds are disbursed late which leaves large balances for the implementation of the projects at the closure of the year. The National Government should release funds on time to curb these gaps.

Sign.....

CHAIRMAN CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

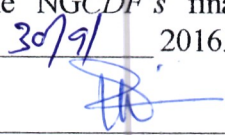
The Accounting Officer in charge of the *Lunga lunga NGCDF* is responsible for the preparation and presentation of the *NGCDF's* financial statements, which give a true and fair view of the state of affairs of the *NGCDF* for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *NGCDF*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *NGCDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Accounting Officer in charge of the *Lunga lunga NGCDF* confirms that the *NGCDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NGCDF's* funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *NGCDF's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The *NGCDF's* financial statements were approved and signed by the Accounting Officer on 30/9/ 2016.


Chairman – NG CDFC


Fund Account Manager

REPUBLIC OF KENYA

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

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – LUNGA LUNGA 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 – Lunga Lunga Constituency set out on pages 5 to 24, 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 believe, were necessary for 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 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

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – Lunga Lunga Constituency for the year ended 30 June 2016

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 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

1.0 Transfer from National Government Constituencies Development Fund Board – AIE Received

The statements of receipts and payments for the year ended 30 June 2016 reflects transfer from NG-CDF board – AIEs received of Kshs.105,836,252 whereas the summary statement of appropriation reflects a balance of Kshs.154,862,488 resulting to unexplained or un-reconciled variance of Kshs.49,026,236.

Under the circumstance, it has not been possible to confirm the accuracy and completeness of the transfer from NG-CDF board – AIEs received of Kshs.105,836,252.

2.0 Other Grants and Other Payments

The statement of receipt and payment for the year ended 30 June 2016 reflects other grants and other payments of Kshs.59,289,502 as detailed in Note 7 to the financial statements. This includes electricity projects of Kshs.17,600,000 out of which Kshs.11,600,000 was for installation of solar panel flood lights to twenty (20) villages within the constituency. However, an audit verification revealed that 10 panels were not working as at March 2017.

Under the circumstance, it has not been possible to confirm the value for money of Kshs.11,600,000 spent on the constituency floodlight project for the year ended 30 June 2016.

3.0 Bank Balance

The statement of assets as at 30 June 2016 reflect a bank balance of Kshs 24,494,220. Examination of bank reconciliation statement indicated a balance of Kshs.11,045,175 as un-presented cheques out of which Kshs.288,345 were stale

cheques. However, management did not provide explanation for not writing back the stale cheques in the cashbook. Further, the bank reconciliation statement reflected receipts in cash book not in bank statement amounting to Kshs.892. The Management did not explain the reason for not banking this amount as 30 June 2016.

Consequently, the accuracy and completeness of bank balance of Kshs.24,494,220 as at 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 – Lunga Lunga 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 Controls and performance

During the period under review, Lunga Lunga Constituency had a final budget of Kshs.281,810,153 and spent Kshs.154,862,488 or 55%, resulting in under absorption of Kshs.126,947,665 or 45% as summarized below:

Expense Item	Final Budget Kshs	Actual Expenditure Kshs	Under Absorption Kshs	Under Absorption %
Compensation of Employees	3,141,647	1,817,699	1,323,948	42
Use of goods and services	16,629,692	10,284,348	6,345,344	37
Transfers to Other Government Units	139,870,456	81,861,939	58,008,517	41
Other grants and transfers	114,269,358	59,289,502	54,979,856	48
Acquisition of Assets	399,000	399,000	0	0
Other Payments	7,500,000	1,210,000	6,290,000	84
TOTALS	281,810,153	154,862,488	126,947,665	45

The under absorption of Kshs.126,947,665 is an indication that goods and services to residents of Lunga Lunga Constituency were not fully delivered. Further, the budget was not implemented in accordance with the provisions of Section 220(1) of

the Constitution of Kenya and Section 35(1) of the Public Finance Management Act, 2012 which requires the budget process for the National Government to comprise among other things integrated long term and medium term planning.

2.0 Projects Implementation

The projects status report availed for audit review indicated that a total of Kshs.93,181,387 was approved for forty two (42) projects by the NG-CDF Board for projects implementation out of which Kshs.51,000,000 was disbursed as shown below:-

	Project Name	Sub – Project / Activities	Allocations	Disbursement	Status
1	Mteza Primary School	Construction of two new classrooms	3,000,000	3,000,000	Handed over and in use
2	Tsuini Primary School	Construction of two new classrooms and two door pit latrine	3,050,000	3,050,000	On going
3	Mtumwa Primary School	Construction of two new classrooms and a meeting shed	3,000,000	-	On going
4	Mwangulu Primary School	Construction of two new classrooms	3,500,000	-	On going
5	Makambani Primary School	Construction of two new classrooms	2,650,000	-	On going
6	Mkuduru Primary School	Construction of two new classrooms	2,650,000	-	On going
7	Nguluku Primary School	Construction of two new classrooms	2,650,000	-	On going
8	Pongwe Primary School	Construction of two new classrooms	2,650,000	-	On going
9	Mwarutwa Primary School	Construction of two new classrooms	2,650,000	-	On going
10	Mpakani Primary School	Construction of two new classrooms	2,650,000	2,650,000	Complete
11	Perani Primary School	Walling and Replacement of the old leaking roofs for three classrooms	1,400,000	-	On going
12	Pangani Primary School	Construction of two door pit latrine	300,000	-	On going

13	Kidimu Primary School Special Unit	Construction of two new classrooms	2,650,000	2,650,000	On going
14	Makambani Primary School	Purchase of 1.5 acres of land for the expansion of the school	1,000,000	-	On going
15	Mpakani Primary School	Purchase of 4.0 acres of land for the expansion of the school	2,000,000	-	On going
16	Mwashetani High School	Construction of a New Science Laboratory, Administration block and Three new classrooms	14,650,000	14,650,000	On going
17	Mwereni Secondary School	Construction of a new Dormitory	5,500,000	5,500,000	Complete
18	Lunga Lunga D.O's Office	Construction of four door pit latrine	800,000	-	On going
19	Lunga Lunga Police Station Motor Cycle Project	Purchase of 2 motor cycle DT 125CC to be used at Lunga Lunga police station	750,000	-	Re-allocated
20	Lunga Constituency Chiefs And Sub Chiefs Motor Cycles Project	Purchase of 18 motorcycles TVS STAR HLX 125CC to be used by chiefs and sub chiefs in the constituency	2,160,000	-	Re-allocated
21	Mwangwei Bus Stop Sheds	Construction of new Bus stop sheds	500,000	-	On going
22	Mwangwei Public Toilets	Construction of three door pit latrine	700,000	-	On going
23	Mwamose Primary School	Tree planting	152,138	-	Not Started
24	Lunga Lunga Primary School	Tree planting	152,138	-	Not Started
25	Mamba Primary School	Tree planting	152,138	-	Not Started
26	Mkuduru Primary School	Tree planting	152,138	-	Not Started

27	Dzombo Primary School	Tree planting	152,138	-	Not Started
28	Mwereni Primary School	Tree planting	152,138	-	Not Started
29	Mwamtsefu Primary School	Tree planting	152,138	-	Not Started
30	Majoreni Secondary School	Tree planting	152,138	-	Not Started
31	Shirazi Boys' Secondary School	Tree planting	152,138	-	Not Started
32	Mwauga Primary School	Tree planting	152,138	-	Not Started
33	Mkwajuni Water Project	Drilling of a new borehole and installation of a hand pump	3,000,000	-	Complete
34	Mgome Water Project	Piping and construction of a water tank	2,000,000	-	Complete
35	CDFC Office Equipment	Purchase of CDFC Office public address system and a generator	2,000,000	2,000,000	Purchased
36	Mwana Nyamala Secondary School	Construction of a new dormitory	5,500,000	5,500,000	Complete
37	Magombani Secondary School	Construction of Two New Classrooms	3,000,000	-	On going
38	Kilimangodo Secondary School	Construction of Two New Classrooms	3,000,000	-	On going
39	Gugu Secondary School	Construction of Two New Classrooms	2,650,000	-	On going
40	Shirazi Boys' Secondary School	Completion-External Plastering and Painting of Four Classrooms	200,000	200,000	Complete
41	Lunga Lunga Secondary School	Completion-External Plastering and Painting of Two Classrooms	500,000	200,000	Complete

42	Lunga Lunga Constituency Floodlight Project	Installation of solar panel flood lights to twenty villages at a cost of 580,000 per village	11,600,000	11,600,000	Complete
	Total		93,181,387	51,000,000	

A review of the project status report indicated that:

- i) Ten (10) projects with an allocation of Kshs.35,950,000 were initiated and completed during the year under review.
- ii) Ten (10) projects allocated Kshs.1,521,387 had not been started.
- iii) Twenty (20) projects with a total allocation of Kshs.52,800,000 were on going.
- iv) Two (2) projects costing Kshs.2,910,000 were reallocated.

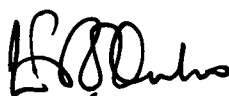
3.0 Projects Verification

During the audit, seven (7) projects with a total disbursement of Kshs.50,650,000 were inspected in the month of March 2017 and various issues were noted as indicated below:

	Project Name	Project Activity	Amount	Status/Remarks
1	Mwashetani High School	Construction of four new class rooms	5,000,000	Stalled, contractor left site
2	Shirazi Boys Secondary School	Construction of four new class rooms	5,000,000	Complete and handed over
3	Floodlights	Installation of solar panel flood lights	6,000,000	Visited four villages project is complete and handed over
4	Kikoneni Secondary School	Purchase of a new school bus	7,000,000	Bus purchased and delivered to school management
5	Mkwajuni Water Project	Drilling of a new borehole and installation of a hand pump	3,000,000	Completed and handed over
6	Lunga Lunga Technical Training College	Counterpart contribution	10,000,000	Confirmed the portion that was to be done by the fund.

7	Mwashetani High School	Construction of a New Science Laboratory, Administration block and Three new classrooms	14,650,000	On Going and within the scheduled time
		Total	50,650,000	

Slow implementation of projects greatly affects service delivery to the citizens of Lunga Lunga Constituency casting doubts on the effectiveness of the project monitoring and evaluation carried out by the constituencies Development Committee.



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

Nairobi

17 July 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

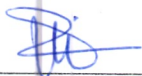
Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Transfers from CDF board- AIE's Received	1	105,836,252.00	152,373,382.00
Proceeds from Sale of Assets	2	0.00	0.00
Other Receipts	3	0.00	0.00
TOTAL RECEIPTS		105,836,252.00	152,373,382.00
PAYMENTS			
Compensation of Employees	4	1,817,699.00	2,154,618.00
Use of goods and services	5	10,284,348.00	8,444,931.00
Transfers to Other Government Units	6	81,861,939.00	31,651,830.00
Other grants and transfers	7	59,289,502.00	33,052,871.00
Acquisition of Assets	8	399,000.00	5,235,360.00
Other Payments	9	1,210,000.00	0.00
TOTAL PAYMENTS		154,862,488.00	80,539,600.00
SURPLUS/DEFICIT		(49,026,236)	71,833,782.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LUNGA LUNGA CDF financial statements were approved on 30/9/ 2016 and signed by:



Chairman – NG-CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016


IV. STATEMENT OF ASSETS

	Note	2015-2016 Kshs.	2014-2015 Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalent			
Bank balances (As per the cash book)	10A	24,494,220.00	73,271,417.00
Cash Balances (Cash at hand)	10B	-	39
		<u>24,494,220.00</u>	<u>73,271,456.00</u>
Outstanding imprests	11	-	249,000.00
TOTAL FINANCIAL ASSETS		24,494,220.00	73,520,456.00
REPRESENTED BY:			
Retention.	12	-	-
Fund balance b/fwd 1 st July, 15	13	73,520,456.00	1,663,675.00
Surplus/ Deficit for the year.		(49,026,236.00)	71,833,782.00
Prior year adjustment	14	-	23,000.00
NET LIABILITIES		24,494,220.00	73,520,456.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LUNGA LUNGA NG CDF financial statements were approved on 29/5/16 2016 and signed by:



Chairman -NG CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LUNGA LUNGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

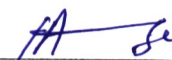
V. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from NG-CDF Board	1	105,836,252.00	152,373,382.00
Other Receipts	3	0.00	0.00
		105,836,252.00	152,373,382.00
Payments for operating expenses			
Compensation of Employees	4	1,817,699.00	2,154,618.00
Use of goods and services	5	10,284,348.00	8,444,931.00
Transfers to Other Government Units	6	81,861,939.00	31,651,839.00
Other grants and transfers	7	59,289,502.00	33,052,871.00
Other Payments	9	1,210,000.00	0.00
		154,463,488.00	77,069,141.00
Adjusted for:			
Adjustments during the year (Cash in hand 2013/14)	14	0.00	23,000.00
Net cash flow from operating activities		(48,627,236.00)	77,092,141.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0.00	0.00
Acquisition of Assets	8	(399,000.00)	5,235,360.00
Net cash flows from Investing Activities		(399,000.00)	5,235,360.00
NET INCREASE IN CASH AND CASH EQUIVALENT		(49,026,236.00)	71,856,781.00
Cash and cash equivalent at the BEGINING of the year.	13	73,520,456.00	1,663,675.00
Cash and cash equivalent at the END of the year.		24,494,220.00	73,520,456.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The LUNGA LUNGA CDF financial statements were approved on 30/9/ 2016 and signed by:



Chairman NG CDFC



Fund Account Manager

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

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	133,969,368.00	147,840,785.00	281,810,153.00	154,862,488.00	126,947,665.00	55
Proceeds from Sale of Assets						
Other Receipts						
TOTALS	133,969,368.00	147,840,785.00	281,810,153.00	154,862,488.00	126,947,665.00	55
PAYMENTS						
Compensation of Employees	2,291,701.00	849,946.00	3,141,647.00	1,817,699.00	1,323,948.00	58
Use of goods and services	9,609,483.00	7,020,209.00	16,629,692.00	10,284,348.00	6,345,344.00	63
Transfers to Other Government Units	70,800,000.00	69,070,456.00	139,870,456.00	81,861,939.00	58,008,517.00	59
Other grants and transfers	48,369,184.00	65,900,174.00	114,269,358.00	59,289,502.00	54,979,856.00	52
Acquisition of Assets	399,000.00	0.00	399,000.00	399,000.00	0	100
Other Payments	2,500,000.00	5,000,000.00	7,500,000.00	1,210,000.00	6,290,000.00	16
TOTALS	133,969,368.00	147,840,785.00	281,810,153.00	154,862,488.00	126,947,665.00	55

1. OTHER PAYMENTS: Was underutilized because the funds were not received on time.

The LUNGA LUNGA NG-CDF financial statements were approved on 30/9/ 2016 and signed by:



Chairman NGCDF



Fund Account Manager

VII. 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 *NG-CDF* 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 *NG-CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *NG-CDF* 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 *NG-CDF* 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

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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 NG-CDF 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 NG-CDF’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 NG-CDF’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.

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VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal Allocation			
	A796483	10,000,000.00	47,377,574.00
	A820838	20,000,000.00	34,400,741.00
	A820601	10,000,000.00	18,640,444.00
	A796246	10,000,000.00	15,760,296.00
	A796318	10,000,000.00	34,965,229.00
	A724007	22,836,252.00	1,229,098.00
	A825536	23,000,000.00	
TOTAL		105,836,252.00	152,373,382.00

2. PROCEEDS FROM SALE OF ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from sale of Buildings	0.00	0.00
Receipts from the Sale of Vehicles and Transport Equipment	0.00	0.00
Receipts from sale of office and general equipment	0.00	0.00
Receipts from the Sale Plant Machinery and Equipment	0.00	0.00
Total	0.00	0.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	0.00	0.00
Rents	0.00	0.00
Receipts from Sale of tender documents	0.00	0.00
Other Receipts Not Classified Elsewhere	0.00	0.00
Total	0.00	0.00

4. COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,647,779.00	1,797,818.00
Basic wages of casual labour	0.00	0.00
Personal allowances paid as part of salary		
House allowance	0.00	0.00
Transport allowance	0.00	0.00
Leave allowance	0.00	0.00
Other personnel payments	0.00	0.00
Employer contribution to NSSF	169,920.00	178,400.00
Gratuity		
Total	1,817,699.00	1,976,218.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LUNGA**LUNGA CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2016***NOTES TO THE FINANCIAL STATEMENTS (Continued)***5. USE OF GOODS AND SERVICES**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	71,783.00	0.00
Office Rent	0.00	0.00
Communication, supplies and services	120,000.00	500.00
Domestic travel and subsistence	229,500.00	263,500.00
Printing, advertising and information supplies & services	0.00	59,508.00
Rentals of produced assets	0.00	0.00
Training expenses	0.00	750,000.00
Hospitality supplies and services	0.00	73,785.00
Other committee Expenses.	1,044,870.00	596,400.00
Committee Allowances	6,179,000.00	4,081,000.00
Insurance costs	212,485.00	0.00
Specialized materials and services	0.00	0.00
Office and general supplies and services	1,208,854.00	1,259,684.00
Fuel, Oils and Lubricants	894,512.00	900,000.00
Other operating expenses.	33,205.00	0.00
Routine maintenance – vehicles and other transport equipment	290,140.00	166,331.00
Routine maintenance – other assets (Office Building)	0.00	250,000.00
Total	10,284,348.00	8,444,931.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LUNGA**LUNGA CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2016***NOTES TO THE FINANCIAL STATEMENTS (Continued)***6. TRANSFER TO OTHER GOVERNMENT ENTITIES.**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities	0.00	0.00
Transfers to primary schools (see attached list)	42,271,680.00	11,351,830.00
Transfers to secondary schools (see attached list)	24,148,330.00	13,200,000.00
Transfers to tertiary institutions (see attached list)	10,000,000.00	0.00
Transfers to health institutions (see attached list)	4,441,929.00	7,100,000.00
TOTAL	81,861,939.00	31,651,830.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	17,066,715.00	10,368,500.00
Bursary – tertiary institutions (see attached list)	9,973,752.00	10,131,500.00
Bursary – special schools (see attached list)	1,290,000.00	0.00
Mock & CAT (see attached list)	0.00	0.00
Water projects (see attached list)	5,000,000.00	6,328,098.00
Agriculture projects (see attached list)	0.00	0.00
Electricity projects (see attached list)	17,600,000.00	0.00
Security projects (see attached list)	0.00	0.00
Roads projects (see attached list)	0.00	0.00
Sports projects (see attached list)	2,748,910.00	1,805,477.00
Environment projects (see attached list)	2,750,000.00	0.00
Emergency projects (see attached list)	2,860,125.00	4,419,296.00
Total	59,289,502.00	33,052,871.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LUNGA**LUNGA CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2016***NOTES TO THE FINANCIAL STATEMENTS (Continued)***8. ACQUISITION OF ASSETS**

<u>Non Financial Assets</u>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	0.00	0.00
Construction of Buildings	0.00	0.00
Refurbishment of Buildings	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	0.00	1,320,000.00
Overhaul of Vehicles and Other Transport Equipment	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	0.00	0.00
Purchase of Office Furniture and General Equipment	0.00	0.00
Purchase of ICT Equipment, Software and Other ICT Assets	0.00	715,360.00
Purchase of Specialised Plant, Equipment and Machinery	399,000.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	0.00	0.00
Acquisition of Land	0.00	3,200,000.00
Acquisition of Intangible Assets	0.00	0.00
Total	399,000.00	5,235,360.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Other payments (Dena and associates)	1,210,000.00	

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
<i>Cooperative bank of Kenya, Account no. 01141195733400, currency (Kshs).</i>	24,494,220.00	73,271,417.00
Total	24,494,220.00	73,271,417.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1	0.00	39.00
Location 2	0.00	0.00
Location 3	0.00	0.00
Other Locations (<i>specify</i>)	0.00	0.00
Total	0.00	39.00

[Provide cash count certificates for each]

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
		-	-	-
<i>Total</i>				0.00

[Include an annex of the list is longer than 1 page.]

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LUNGA
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	73,520,456.00	73,271,417.00
Cash in hand		39.00
Imprest		249,000.00
Total	73,520,456.00	73,520,456.00

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	0.00	0.00
Cash in hand	0.00	23,000.00
Imprest	0.00	0.00
Total	0.00	23,000.00

Note:

Kshs. 23,000 was an adjustment in the financial year 2014/2015 which was not included in the financial statement of 2013/2014.

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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	0.00	0.00
Construction of civil works	0.00	0.00
Supply of goods	0.00	0.00
Supply of services	0.00	0.00
	0.00	0.00

15.2: PENDING STAFF PAYABLES (See Annex 2)

	2015/2016	2014/2015
	Kshs	Kshs
Senior management	0.00	0.00
Middle management	0.00	0.00
Unionisable employees	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	0.00	0.00

15.3: OTHER PENDING PAYABLES (See Annex 3)

	2015/2016	2014/2015
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	0.00	0.00
Amounts due to other grants and other transfers (see attached list)	0.00	0.00
Others (<i>specify</i>)	0.00	0.00
	0.00	0.00

NATIONAL GOVERNMENT LUNGA LUNGA CONSTITUENCY DEVELOPMENT FUND
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2015 d=a-c	Outstanding Balance 2014	Comments
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT - CONSTITUENCY DEVELOPMENT FUND LUNGA LUNGA.

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding g Balance 2015	Outstanding g Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT -CONSTITUENCY DEVELOPMENT FUND LUNGA LUNGA

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	3,200,000.00	3,200,000.00
Buildings and structures	0.00	0.00
Building- Office	0.00	0.00
Transport equipment	1,320,000.00	1,320,000.00
Office equipment, furniture and fittings	786,204.00	786,204.00
ICT Equipment, Software and Other ICT Assets	715,360.00	715,360.00
Other Machinery and Equipment	399,000.00	0.00
Heritage and cultural assets	0.00	0.00
Intangible assets	0.00	0.00
Total	6,420,564.00	6,021,564.00

Prepared by:
Andrew Lumunge.
Funds Account Manager.
Lunga lunga.