

REPUBLIC OF KENYA



*Paper laid by LOM  
wednesday 11/10/17  
Afternoon  
sitting  
AS*

OFFICE OF THE AUDITOR-GENERAL

11 OCT 2017

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**



**NG-CDF BOARD**

**National Government Constituencies Development Fund Board**

Harambee Plaza, 10<sup>th</sup> 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](mailto:info@cdf.go.ke) | Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**CDF BOARD/AUDITOR GENERAL/2016/104**

**SEPTEMBER 29, 2016**

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

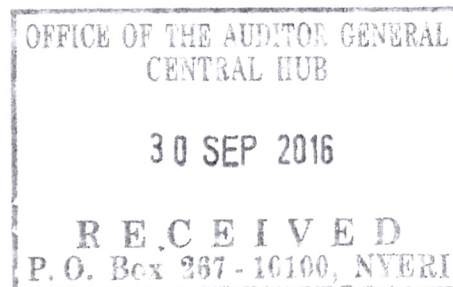
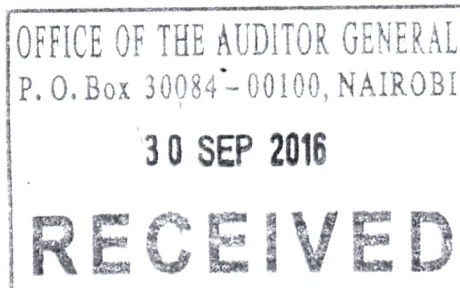
Dear Sir

**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 **Kangema Constituency** for your necessary action.

Yours sincerely

**YUSUF MBUNO**  
**Ag. CHIEF EXECUTIVE OFFICER**





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI

30 SEP 2016

**RECEIVED**



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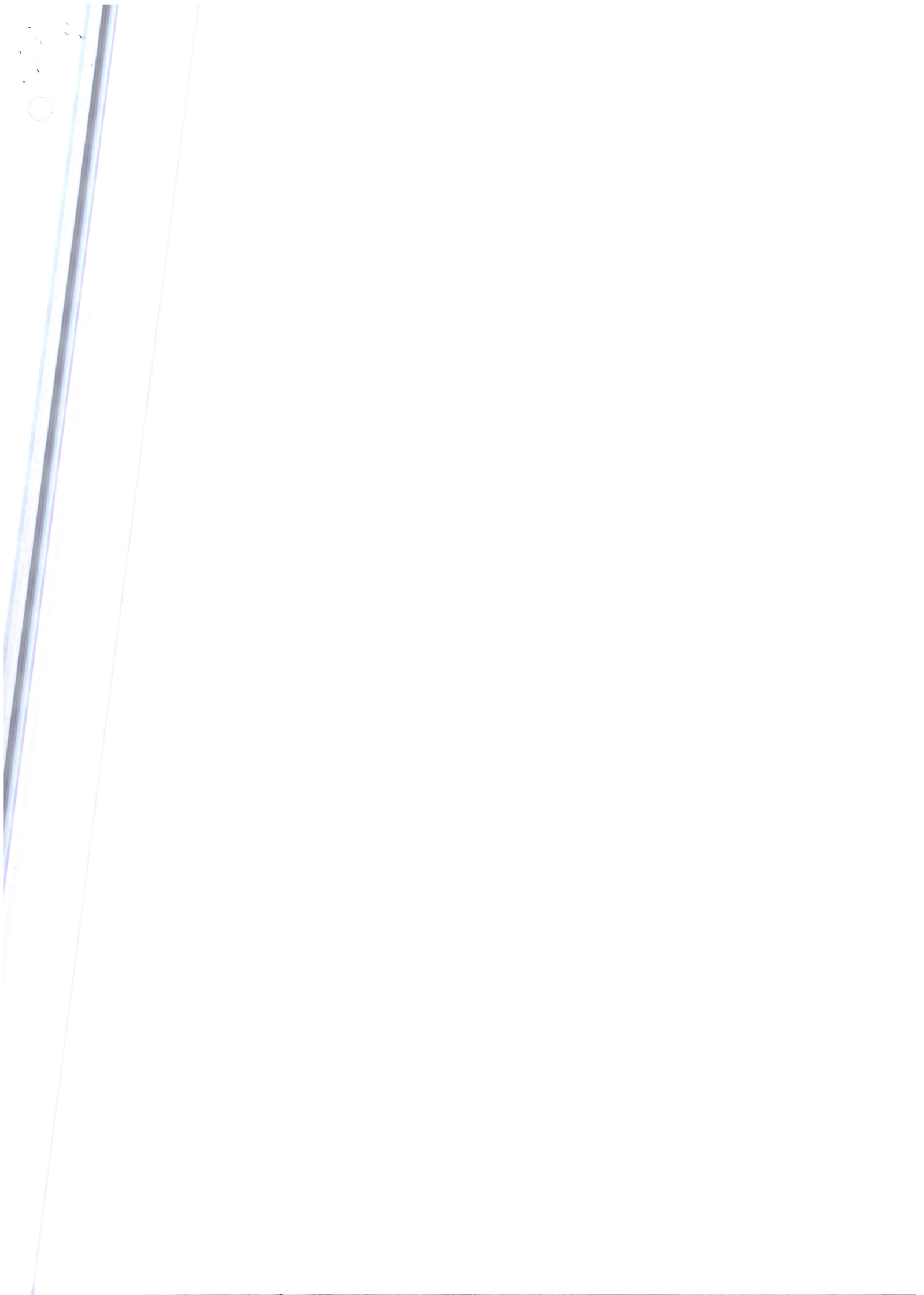
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
KANGEMA CONSTITUENCY**

**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  
KANGEMA CONSTITUENCY**

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

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# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- KANGEMA CONSTITUENCY

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

## I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

### (a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies 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 Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies 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 Gatundu North 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 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuño
2.	A.I.E holder	John Munyau
3.	Accountant	David Nyotu
4.		

### (d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kangema 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) KANGEMANGCDF Headquarters

NGCDF Office Building.  
P O Bo 22-10202  
Kangema.

**(f) KANGEMANGCDF Contacts**

E-mail:kangemacdf@gmail.com

**(g) KANGEMANGCDF Bankers**

1. Equity Bank  
Kangema 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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KANGEMA  
CONSTITUENCY**

**Reports and Financial Statements**

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

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

The NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Kangema.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations

The NGCDFCs wish that the issues of having the project on going for more than 2years be stopped and the NGCDF board to speed up the process of approving project fund reallocations.

  
SIGNATURE  
**CHAIRMAN NGCDFC**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KANGEMA  
CONSTITUENCY**

**Reports and Financial Statements**

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

**III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the KANGEMA 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 KANGEMA 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, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the KANGEMA 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 Kangema 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 14<sup>th</sup> September 2016.



Fund Account Manager



Chairman



## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Kangema Constituency set out on pages 5 to 25, which comprise the statement of financial 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

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*Report of the Auditor-General on the financial statements of National Government Constituencies Development Fund-Kangema 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 transfers from NG-CDF Board of Kshs.93,991,330. However, the summary statement of appropriation; recurrent and development combined indicate actual receipts of Kshs.134,464,122 during the year under review. The resultant variance of Kshs.40,472,792 has not been reconciled or explained. Consequently, the accuracy and completeness of transfers from NG-CDF Board of Kshs.93,991,330 for the year ended 30 June 2016 could not be confirmed.

### **2. Variances between Supporting schedules and Financial Statements**

A comparison between the balances reflected in the financial statements and supporting schedule balances indicate variances in two items as follows:

<b>Item</b>	<b>Balance as per the Financial statement Kshs.</b>	<b>Balance as per schedules Kshs.</b>	<b>Difference Kshs.</b>
Use of Goods and services	5,835,215	5,520,089	315,126
Other grants and transfers	11,721,420	9,659,250	2,062,170

No explanation or reconciliations have been provided for these variances. In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June 2016 could not be confirmed.

### **3. Cash and Cash Equivalent**

The statement of financial assets as at 30 June 2016 reflects bank balance of Kshs.33,406,103. However, a review of the records of imprest maintained at the CDF office revealed that imprests totaling Kshs.959,000 outstanding and unaccounted for as at 30 June 2016 was not disclosed and included in these financial statements. Further, scrutiny of the bank reconciliation statement presented for audit verification indicated that as at 30 June 2016, unpresented cheques amounting to Kshs.1,055,659 were stale cheques and had not been reversed in the cash book.

Consequently, the accuracy and completeness of cash and cash equivalent balance of Kshs.33,406,102.90 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–Kangema 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. Overall Budget Performance

The summary statement of appropriation; recurrent and development combined indicates that Kangema CDF received a total of Kshs.134,464,122 from the National Government Constituencies Development Fund Board against budgeted amount of Kshs.183,809,567 or 70% of the budget, and out of which it spent a total Kshs.80,191,931 representing absorption rate of 60% of actual receipts for the year as follows:

Item	Budget Kshs	Actual Kshs.	Difference Kshs	Actual as % of Budget
Receipts	183,809,567	134,464,122	49,345,445	70%
Expenditure	183,809,565	80,191,931	103,617,634	40%

The above analysis, reflects that the CDF incurred an under expenditure of Kshs. 103,617,634 or 60% of the approved budget of Kshs. 183,809,567. No reason was provided for the underutilization of budget.

#### 2. Project Implementation Analysis

During the period under review, the Kangema CDF spent Kshs.72,538,621 on implementation of projects against approved budget allocation of Kshs.170,748,475 earmarked for ninety five (95) projects as summarized below:

Project category	No. of projects budgeted	completed projects	Ongoing projects	2015/2016 Budget-Kshs.	2015/2016 Actual-Kshs	Difference Kshs.	Actual as % of budget
Transfers to other government entities	67	17	50	62,708,660	22,747,688	39,960,972	36
Other grants and transfers	27	8	19	73,039,815	29,790,933	43,248,882	41
Kangema social Hall	1		1	35,000,000	20,000,000	15,000,000	57
<b>Total</b>	<b>95</b>	<b>25</b>	<b>70</b>	<b>170,748,475</b>	<b>72,538,621</b>	<b>98,209,854</b>	<b>42</b>

The above analysis indicates that twenty five (25) projects were completed while seventy (70) were at various stages of implementation. Failure to implement projects in time denies the community the benefits and expected services from the projects.

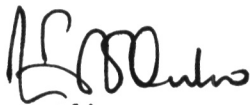
### **3. Failure to comply with procurement Laws**

#### **3.1 Unsupported Procurement**

Records maintained by CDF committee shows that during the year under review, an amount of Kshs.7,363,708 was incurred on procurement of various goods and services. However, no tender documents including requests for quotations, tender opening minute or tender evaluation and award minutes were presented for audit review. In absence of proper supporting documents, the propriety of the expenditure amounting to Kshs.7,363,708 in the year ended 30 June 2016, could not be confirmed as a correct charge to public funds.

#### **3.2 Use of inappropriate procurement method**

Examination of records revealed that Kangema CDF procured goods and services for various projects amounting Kshs.1,339,000 by floating three (3) requests for quotations instead of minimum of ten (10) quotations contrary to section 174 of the Public Procurement and Disposal Act, 2005. The value of works and services for the projects exceeded the maximum threshold of Kshs.500,000 indicated under class C entities in the First Schedule of the Public Procurement and Disposal Regulations, 2013 and therefore the preferred method of procurement should have been restricted tendering method. No explanation was provided for the anomaly. Consequently, it has not been possible to confirm whether the CDF got value for money on Kshs.1,339,000 incurred during the year under review.



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

**Nairobi**

**7 September 2017**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KANGEMA  
CONSTITUENCY**

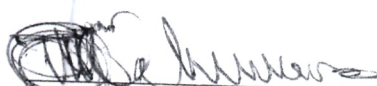
**Reports and Financial Statements**

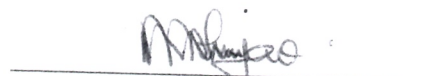
**For the year ended June 30, 2016**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	93,991,330	126,456,387
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>93,991,330</b>	<b>126,456,387</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,825,055.80	1,226,875
Use of goods and services	5	5,828,255.00	5,348,646.25
Transfers to Other Government Units	6	22,747,688.03	36,182,941.00
Other grants and transfers	7	29,790,933.10	35,577,802.12
Acquisition of Assets	8	20,000,000.00	39,645,158.42
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>80,191,399</b>	<b>117,981,423</b>
<b>SURPLUS/DEFICIT</b>		<b>13,799,399</b>	<b>8,474,964</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. KANGEMA NGCDFC financial statements were approved on 14<sup>th</sup> September 2016 and signed by:

  
Chairman -NGCDFC

  
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KANGEMA  
CONSTITUENCY**


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

**V. STATEMENT OF ASSETS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	54,272,191.42	40,472,792.42
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>54,272,191.42</b>	<b>40,472,792.42</b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	40,472,792.30	31,997,828.23
Surplus/Deficit for the year		13,799,399.00	8,474,964
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>54,272,191.42</b>	<b>40,472,792.42</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kangema NGCDFC financial statements were approved on 14<sup>th</sup> September 2016 and signed by:

  
Chairman - NGCDFC

  
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KANGEMA  
CONSTITUENCY**


**Reports and Financial Statements**


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

**VI. STATEMENT OF CASHFLOW**

		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	93,991,330	126,456,387
Other Receipts	3	-	-
		<b>93,991,330</b>	<b>126,456,387</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	(1,825,055)	(1,226,875)
Use of goods and services	5	(5,828,255)	(5,348,646)
Transfers to Other Government Units	6	(22,747,688)	(36,182,941)
Other grants and transfers	7	(29,790,933)	(35,577,802)
Other Payments	9	-	-
		<b>(60,191,931)</b>	<b>(78,336,264)</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>33,799,399</b>	<b>48,120,122</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(20,000,000)	(39,645,158)
<b>Net cash flows from Investing Activities</b>		<b>(20,000,000)</b>	<b>(39,645,158)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>13,799,399</b>	<b>8,474,964</b>
Cash and cash equivalent at BEGINNING of the year	13	40,472,792	31,997,828
Cash and cash equivalent at END of the year		<b>54,272,191</b>	<b>40,472,792</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Kangema NGCDFC financial statements were approved on 14<sup>th</sup> September 2016 and signed by:

  
Chairman NGCDFC

  
Fund Account Manager



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 CDF Board	97,345,445	86,464,122	183,809,567	134,464,122	49,345,445	73.2%
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
<b>TOTAL</b>	97,345,445	86,464,122	183,809,567	134,464,122	49,345,445	73.2%
<b>PAYMENTS</b>						
Compensation of Employees	2,452,800	1,300,000	3,752,800	1,825,055	1,927,745	48.6%
Use of goods and services	6,308,290	3,000,000	9,308,290	5,828,255	3,480,035	62.6%
Transfers to Other Government Units	31,711,529	30,997,131	62,708,660	22,747,688	39,960,972	36.3%
Other grants and transfers	41,872,824	31,166,991	73,039,815	29,790,933	43,248,882	40.8%
Acquisition of Assets	15,000,000	20,000,000	35,000,000	20,000,000	15,000,000	57.1%
Other Payments						

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

TOTAL	97,345,443	86,464,122	183,809,565	80,191,931	103,617,634	43.6%
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANGEMA  
CONSTITUENCY**

**Reports and Financial Statements**

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

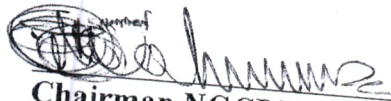
(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

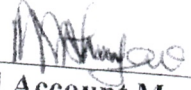
(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

There was underutilization in all the sectors because the first tranche of the 2015/16 financial year was received just towards the end of the financial year. This was occasioned by the backlog that was occasioned by period of bye-election when there was no disbursement of grants to project management committees.

The KANGEMA NGCDFC financial statements were approved on 14th September 2016 and signed

by:

  
Chairman NGCDF

  
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 NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

### 2. Recognition of revenue and expenses

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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

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

**Reports and Financial Statements**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the NGCDF at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The NGCDF's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the NGCDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**7. Comparative figures**

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

**8. Subsequent events**

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	AIE NO A 724182	45,991,330.00	
	AIE NO A 825642	48,000,000.00	
	AIE NO A750075		41,679,104.00
	AIE NO A759654		38,785,953.00
	AIE NO A797188		14,000,000.00
	AIE NO A796024		31,991,329.50
<b>TOTAL</b>		<b>93,991,330</b>	<b>126,456,387</b>

2. PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic wages of contractual employees	-	-
Basic wages of casual labour	1,324,119.00	1,226,874.75
<b>Personal allowances paid as part of salary</b>	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	69,800.00	-
gratuity	16,800.00	-
	414,335.80	-
<b>Total</b>	<b>1,825,054.80</b>	<b>1,226,874.75</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANGEMA  
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	569,158.00	790,691.00
Office rent	-	120,000
Communication, supplies and services	6,960	6,960
Domestic travel and subsistence	-	17,500
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	520,700.00	-
Training expenses	231,000.00	73,785
Hospitality supplies and services	-	-
Other committee expenses	3,163,000.00	3,480,000
Committee allowance	270,629.00	402,433.25
Insurance costs	-	260,458.00
Specialised materials and services	600,190.00	300,000.00
Office and general supplies and services	330,850.00	30,015.00
Fuel ,oil & lubricants	-	-
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	124,058.00	60,549.00
Routine maintenance – other assets	18,670.00	24,500.00
<b>Total</b>	<b>5,828,255.00</b>	<b>5,348,646.25</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANGEMA  
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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 Kshs	2014 - 2015 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	9,500,000.00	8,718,833.00
Transfers to secondary schools (see attached list)	7,747,688.03	16,861,349.00
Transfers to tertiary institutions (see attached list)	2,850,000.00	2,820,000.00
Transfers to health institutions (see attached list)	2,650,000.00	7,782,759.00
<b>-TOTAL</b>	<b>22,747,688.03</b>	<b>36,182,941.00</b>

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Bursary – secondary schools (see attached list)	7,576,000.00	9,093,000.00
Bursary – tertiary institutions (see attached list)	4,080,420.00	6,277,000.00
Bursary – special schools (see attached list)	65,000.00	-
Mock & CAT (see attached list)	-	370,000.00
Water projects (see attached list)	-	2,000,000.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	9,450,000.00	12,535,360.00
Roads projects (see attached list)	-	-
Sports projects (see attached list)	1,710,000.00	1,905,065.00
Environment projects (see attached list)	1,268,841.00	-
Other Projects (see attached list)	1,598,800.00	-
Health	600,000.00	3,397,377.12
Education	300,000.00	-
Security	3,141,872.10	-
<b>Total</b>	<b>29,790,933.10</b>	<b>35,577,802.12</b>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>8. ACQUISITION OF ASSETS</b>		
<b><u>Non-Financial Assets</u></b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	20,000,000	34,185,064.45
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>20,000,000</b>	<b>34,185,064.45</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANGEMA  
 CONSTITUENCY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

Specify	2015 - 2016 Kshs	2014 - 2015 Kshs
---------	---------------------	---------------------

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016 Kshs	2014 - 2015 Kshs
Equity Bank K,angemaA/C No 0294329608	54,272,191.42	40,472,792.42
	-	-
	-	-
	-	-
	54,272,191.42	40,472,792.42
<b>10B: CASH IN HAND</b>		
	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
<b>Total</b>		
[Provide cash count certificates for each]		

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

**11: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
				0

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

12 Retention			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>TOTAL</b>			

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

**Reports and Financial Statements**

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

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

**13. BALANCES BROUGHT FORWARD**

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts		
Cash in hand	40,472,792.30	31,997,828.23
Imprest	-	-
<b>Total</b>	40,472,792.30	31,997,828.23
[Provide short appropriate explanations as necessary]		

**14. PRIOR YEAR ADJUSTMENTS**

	2014 - 2015 Kshs	2013 - 2014 Kshs
Bank accounts		
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	-	-

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

**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

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

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

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

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

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
<b>Senior Management</b>		A	b	c	d=a-c		
1.							
2.							
3.							
	<b>Sub-Total</b>						
<b>Middle Management</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						
<b>Unionisable Employees</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
10.							
11.							
12.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						



ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	N/A	N/A
Buildings and structures	54,185,064.45	5,000,000.00
Transport equipment	6,526,757.00	5,942,586.00
Office equipment, furniture and fittings	229,400.00	
ICT Equipment, Software and Other ICT Assets	90,016.00	90,016.00
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
<b>Total</b>	<b>61,031,237</b>	<b>11,032,602</b>

Prepared by:

**John Munyau**  
**Fund Account Manager**  
**Kangema Constituency**



**NG-CDF BOARD**

**National Government Constituencies Development Fund Board**  
Harambee Plaza, 10<sup>th</sup> 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](mailto:info@cdf.go.ke) | Website: [www.cdf.go.ke](http://www.cdf.go.ke)

CDF BOARD/AUDITOR GENERAL/2016/104

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 **Kangema Constituency** for your necessary action.

Yours sincerely

**YUSUF MBUNO**  
**Ag. CHIEF EXECUTIVE OFFICER**

