

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper Laid*  
*of the leader*  
*of the majority party*  
*Hon. Aden*  
*Dunne*  
*Tuesday*  
*26/9/17*  
*[Signature]*



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**REPORT**

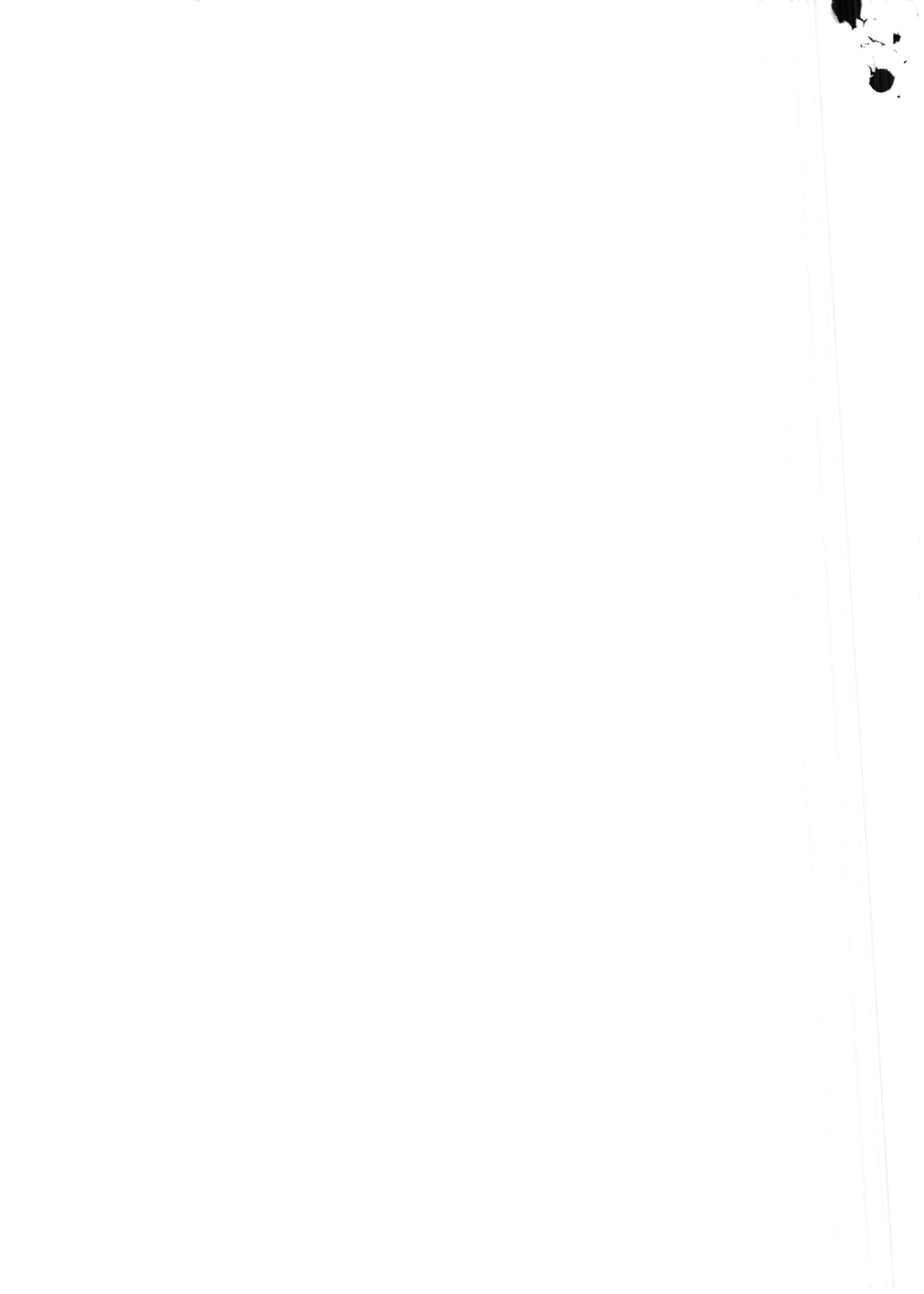
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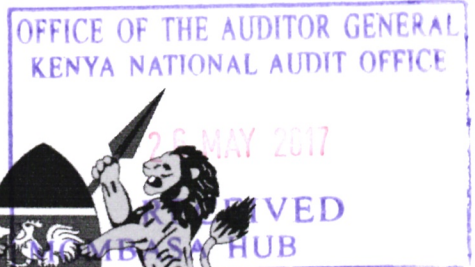
**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**





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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RABAI  
CONSTITUENCY**

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

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**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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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-CDFA) 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 Rabai Constituency's day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Chief Executive Officer	<b>Yusuf Mbuno</b>
2.	Fund Account Manager	<b>Flora N. Mutua</b>
3.	District Accountant	<b>Halima Abuu Hassan</b>

**(d) Fiduciary Oversight Arrangements**

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

**(e) RABAI CDF Headquarters**

CDF Rabai  
P.O. Box 119-80114  
Mazeras

Telephone: (254) 0703 155 871  
E-mail: [cdfrabai@cdf.go.ke](mailto:cdfrabai@cdf.go.ke)

***NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RABAI  
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**Reports and Financial Statements**

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

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**(f) RABAI CDF Bankers**

African Banking Corporation  
P.O Box 46452-00100  
Nairobi  
Mombasa Branch,  
Account Number 003215001001384

**(g) Independent Auditors**

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

**(h) 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- RABAI  
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**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 (NG-CDFC)**

Rabai constituency was split from Kaloleni constituency and this is its third financial year in implementing CDF projects.

Financial Year 2015/16 the constituency received Kshs.105, 799,552/=. Out of 36 projects allocated funds in this financial year, 35 of them were implemented.

For the last three years of implementing NG-CDF projects, the constituency has achieved the following:-

- Students who couldn't make it secondary schools colleges and universities were able to make it through the assistance of bursary funds
- Congestion of students in classes has reduced through additional construction of classrooms
- Increased nurturing of talents to youth through the provision of sports items to the youths
- Improved environment through construction of toilets at schools and chiefs offices

Following challenges have however been experienced

- FY allocations of funds to the constituency have not been enough to meet the needs of the community as per their proposals.
- Estimates given by the Government works officer are to higher.

NG-CDFC Rabai recommends for additional of funds to the constituency.



**CHAIRMAN NG- CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RABAI  
CONSTITUENCY**

**Reports and Financial Statements**

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

The Accounting Officer in charge of the NG- CDF Rabai is responsible for the preparation and presentation of the NG- CDF Rabai's financial statements, which give a true and fair view of the state of affairs of the Rabai's NG- CDF for and as at the end of the financial year 2015/16) 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 fund; (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 fund; (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 fund accepts responsibility for the funds 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 funds financial statements give a true and fair view of the state of fund transactions during the financial year ended June 30, 2016, and of the funds financial position as at that date. The Accounting Officer in charge of the fund further confirms the completeness of the accounting records maintained for the fund, which have been relied upon in the preparation of the funds financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NG- CDF Rabai confirms that the fund has complied fully with applicable Government Regulations and that the 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 funds 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 NG-CDF's financial statements were approved and signed by the Accounting Officer on 15-9- 2016.



Chairman NG- CDFC



Fund Account Manager



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the National Government Constituencies Development Fund – Rabai Constituency set out on pages 5 to 22, which comprise of the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

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

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion

### **Basis for Qualified Opinion**

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

The statement of assets reflects bank balance of Kshs.22,044,819 as at 30 June 2016. However, the cash book and bank reconciliation statement as at 30 June 2016 reflect a balance of Kshs.21,764,633 resulting in a variance of Kshs.280,186 and which is reflected in the bank reconciliation statement as an undercast. Although the management indicates that the error was subsequently corrected, however, the cash book was not availed for audit verification.

Consequently, the accuracy and completeness of bank balance of Kshs.22,044,819 as at 30 June 2016 could not be confirmed.

#### **2. Cash Balances**

The statement of financial assets reflects nil cash balance as at 30 June 2016. However, audit review of the cash book revealed a cash balance of Kshs.549,000 as 30 June 2016. It was not clear how the balance was accounted for in these financial statements and a board of survey certificate was not availed for audit review.

Consequently, the accuracy, validity and completeness of nil cash balance as at 30 June 2016 could not be ascertained.

### **Qualified Opinion**

In my opinion, except for effect of matters described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund-Rabai Constituency as at 30 June 2016, and of its financial performance and its cashflows 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

Records available from National Government Constituencies Development Fund Board indicate that during the financial year 2015-2016, Rabai constituency was allocated Kshs.123,603,484 compared to the 2014/2015 budget of Kshs.99,898,256 representing 24% rise. The summary statement of appropriations: recurrent and development reflects final budget figure of Kshs.123,603,484 where Kshs.87,726,524 being 71% of the total budget was allocated to projects that is transfers to other government units totalling Kshs.51,496,075 and other grants and transfers amounting to Kshs.36,230,449.

The National Government Constituency Development Fund (NG-CDF) – Rabai Constituency received an allocation of Kshs.105,799,552 being 86 % of the budget for the financial year under review.

The CDF overall budget for the year under review was Kshs.123,603,484 against total expenditure of Kshs.101,679,665 resulting to under absorption of Kshs.21,923,819 or 18% as summarized below:

Budget line	Final Budget (Kshs)	Expenditure (Kshs)	Under Absorption (Kshs)	Under Absorption %
Compensation of Employees	1,840,130	1,541,860	298,270	16%
Use of goods and services	11,303,281	7,413,408	3,889,873	34%
Transfers to Other Government Units	56,428,075	51,496,075	4,932,000	9%
Other grants and transfers	47,115,775	36,230,449	10,885,326	23%
Acquisition of assets	3,616,223	2,697,873	918,350	25%
Other payments	3,300,000	2,300,000	1,000,000	30%
<b>Total</b>	<b>123,603,484</b>	<b>101,679,665</b>	<b>21,923,819</b>	<b>18%</b>

The following were observations from the above summary:

- i. The fund had a total under-expenditure of Kshs.21,923,819 representing 18% of the budget. This implies that public funds were lying idle at the expense of other deserving areas. The underutilization of the funds may have impacted negatively on the delivery of goods and services to the citizens of Rabai constituency or may be an indication of over-budgeting hence there is need to re-evaluate the budgeting process to focus on more priority areas as guided by public participation in the budget making process.

- ii. In addition, the CDF underspent by 23% on other grants and transfers which represents project funds not disbursed for implementation. This may affect public service delivery to the residents of Rabai Constituency which is contrary to values and principles of public service as provided for under Article 232 (1– c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

## 2.0 Project Implementation

According to the project implementation status report as at 30 June 2016, the following five (5) projects with a total budget of Kshs.14,532,000 were not fully implemented during the period under review:

No.	Name of Project	Project Activity	Approved Budget	Disbursement as at 30/06/2016
1	Mikahani Secondary School	Construction of a science laboratory	7,500,000	7,500,000
2	Jimba Secondary School	Construction of an Office	1,500,000	1,500,000
3	Ziro Primary School	Construction of 2No.Classrooms	2,500,000	2,500,000
4	Benyoka Primary School	Construction of 2No.classrooms	2,550,000	2,550,000
5	Buni Primary School	Purchase of 105 No.desks	482,000	482,000
	<b>TOTAL</b>		<b>14,532,000</b>	<b>14,532,000</b>

Although the management has attributed non-implementation to delayed funding from the NGCDF Secretariat where the last AIE of Kshs.55,799,552 was received on 27 May 2016, non-implementation of development projects affects goods and service delivery to the public and the intended purpose of the projects may take long to be realized. In addition, it also casts doubt on the effectiveness of the project monitoring and evaluation carried out by the National Government Constituency Development Fund Committee (CDFC).

## 3.0 Project Inspection

Out of 15 projects inspected in the month of March 2017, five (5) projects with a total cost of Kshs.14,952,489 were found to have issues as indicated below:-

No.	Project	Project Activity	Amount	Observations
1	Mwatsama Primary school	Construction of 2 No. Classrooms	2,452,489	Not branded despite a provision of Kshs.50,000 in the Bills of Quantities.
2	Gandani Primary school	Construction of 3 classrooms and an office	5,600,000	Not branded despite despite a provision of Kshs.50,000 in the Bills of Quantities.
3	Benyoka Primary school	Construction of two classrooms.	2,550,000	The class floor had cracks.
4	Boyani Primary school	Construction of 1 No. Classroom	600,000	Not branded
5	Masaani primary school	Construction of two classrooms	3,750,000	floor had cracks
	<b>Total</b>		<b>14,952,489</b>	

Although the management has indicated that branding of the projects is underway, it was difficult to confirm whether the projects were undertaken by the NG-CDF, County Government or any other government agency.

Further, poor workmanship had been exhibited in the construction of four (4) classrooms with cracks on the floor. Therefore, there is need of proper supervision from the Project Management Committee.



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

**Nairobi**

**30 June 2017**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RABAI  
CONSTITUENCY**

**Reports and Financial Statements**

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

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015-2016	2014-2015
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	<b>1</b>	105,799,552	99,898,256
Proceeds from Sale of Assets	<b>2</b>	0	0
Other Receipts	<b>3</b>	121,000	854,649
<b>TOTAL RECEIPTS</b>		<b>105,920,552</b>	<b>100,752,905</b>
<b>PAYMENTS</b>			
Compensation of Employees	<b>4</b>	1,541,860	1,088,650
Use of goods and services	<b>5</b>	7,413,408	6,327,118
Transfers to Other Government Units	<b>6</b>	51,496,075	39,221,924
Other grants and transfers	<b>7</b>	36,230,449	55,746,587
Acquisition of Assets	<b>8</b>	2,697,873	22,124,062
Other Payments	<b>9</b>	2,300,000	0
<b>TOTAL PAYMENTS</b>		<b>101,679,665</b>	<b>124,508,341</b>
<b>SURPLUS</b>		<b>4,240,887</b>	<b>(23,755,436)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG- CDF Rabai financial statements were approved on 15-9- 2016 and signed by:



Chairman – NG-CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RABAI  
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 cash book)	10A	22,044,819	17,803,932
Cash Balances (cash at hand)	10B	0	0
Outstanding Imprest	11	0	0
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>22,044,819</u></b>	<b><u>17,803,932</u></b>
<b>Represented By</b>			
Retention	12	0	0
Fund balance b/fwd.	13	17,803,932	41,559,368
Surplus for the year		4,240,887	(23,755,436)
Prior year adjustments	14	0	0
<b>NET FINANCIAL POSITION</b>		<b><u>22,044,819</u></b>	<b><u>17,803,932</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-RABAI CDF financial statements were approved on 15-9- 2016 and signed by:



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**Chairman – NG-CDFC**



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**Fund Account Manager**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- RABAI  
CONSTITUENCY**

**Reports and Financial Statements**

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

**VI. STATEMENT OF CASHFLOW**

		2016-2015	2014-2015
		Kshs	Kshs
Transfers from the CDF Board	1	105,799,552	99,898,256
Other Receipts	3	121,000	854,649
<b>Payments for operating expenses</b>		<b>105,920,552</b>	<b>100,752,905</b>
Compensation of Employees	4	1,541,860	1,088,650
Use of goods and services	5	7,413,408	6,327,118
Transfers to Other Government Units	6	51,496,075	39,221,924
Other grants and transfers	7	36,230,449	55,746,587
Other Expenses	9	2,300,000	0
<b>Adjusted for:</b>			
Adjustments during the year			
<b>Net cash flow from operating activities (a)</b>			
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	2,697,873	22,124,062
<b>Net cash flows from Investing Activities (b)</b>			
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>			
<b>Net cash flow from financing activities ©</b>			
<b>NET INCREASE/ IN CASH AND CASH EQUIVALENT (d)</b>		4,240,887	(23,755,436)
<b>Cash and cash equivalent at BEGINNING of the year (e)</b>		17,803,932	41,559,368
<b>Cash and cash equivalent at END of the year</b>		22,044,819	17,803,932

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF RABAI financial statements were approved on 15-9- 2016 and signed by:



**Chairman NG-CDFC**



**Fund Account Manager**



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

**Reports and Financial Statements**

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


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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	105,799,552	17,803,932	123,603,484	123,603,484	0	100
Proceeds from Sale of Assets				0		
Other Receipts				121,000	(121,000)	
<b>TOTAL RECEIPTS</b>	<b>105,799,552</b>	<b>17,803,932</b>	<b>123,603,484</b>	<b>123,724,484</b>	<b>(121,000)</b>	
<b>PAYMENTS</b>						
Compensation of Employees	1,485,000	355,130	1,840,130	1,541,860	298,270	84
Use of goods and services	7,432,882	3,870,399	11,303,281	7,413,408	3,889,873	66
Transfers to Other Government Units	51,428,075	5,000,000	56,428,075	51,496,075	4,932,000	91
Other grants and transfers	42,449,517	4,666,258	47,115,775	36,230,449	10,885,326	77
Acquisition of Assets	2,504,078	1,112,145	3,616,223	2,697,873	918,350	75
Other Payments	500,000	2,800,000	3,300,000	2,300,000	1,000,000	70
<b>TOTAL PAYMENTS</b>	<b>105,799,552</b>	<b>17,803,932</b>	<b>123,603,484</b>	<b>101,679,665</b>	<b>21,923,819</b>	<b>82</b>

1. Compensation of employees: Balance of Kshs.298, 270 includes staff gratuity kshs.230, 640 /= due in 30<sup>th</sup> November 2016. Allocation of funds was done in excess for this specific vote.
2. Use of goods and services: Committee allowances which was presented separately in the 2014/15 financial year report has now been presented under use of goods and services. Expenditure could not be incurred in time because CDFC members ceased to be operational as from 17/02 to 30/05 2016 and the A.I.E no. A825574 was received on 27/05/2016 making it challenging for the CDFC to spend the funds.
3. Other grants and transfers, acquisition of assets: Expenditure could not be incurred in time because CDFC members ceased to be operational as from 17/02to 30/05/2016 and the A.I.E no. A825574 was received on 27th May 2016 making it challenging for the CDFC to spend the funds.
4. Other payments: Expenditure could not be incurred as the CDFC members were waiting for an approval of allocation of funds from the CDF Board.

The NG- CDF RABAI financial statements were approved on 15-9- 2016 and signed by:

Chairman NG-CDF 

Fund Account Manager 

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

**Reports and Financial Statements**

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

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**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 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 fund. The accounting policies adopted have been consistently applied to all the years presented.

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

**2. Recognition of revenue and expenses**

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

**3. In-kind contributions**

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

**4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash

## **NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – RABAI CONSTITUENCY**

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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.

#### **5. Pending bills**

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

#### **6. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Fund budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Fund 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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**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

	<b>Description</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Kshs</b>	<b>Kshs</b>
CDF Board	A750372	20,000,000	7,300,000
	A724145	30,000,000	42,649,128
	A825574	55,799,552	49,949,128
	<b>TOTAL</b>	<b>105,799,552</b>	<b>99,898,256</b>

**2. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Receipts from the Sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from the Sale Plant Machinery and Equipment		
Receipts from the Sale of office and general equipment		
<b>Total</b>	<b>0</b>	<b>0</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Interest Received	0	0
Rents	0	0
Sale of tender documents	121,000	0
Share of Kaloleni CDF	0	851,029
Others	0	3,620
<b>Total</b>	<b>121,000</b>	<b>854,649</b>

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**4. COMPENSATION OF EMPLOYEES**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	1,042,150	986,400
Basic wages of casual labour	65,500	102,250
Personal allowances paid as part of salary	0	0
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Other personnel payments	0	0
Gratuity	434,210	0
<b>Total</b>	<b>1,541,860</b>	<b>1,088,650</b>

1. NSSF items has been combined with compensation of employees

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**5. USE OF GOODS AND SERVICES**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	1,314,326	1,565,782
Office rent	0	204,000
Communication, supplies and services	0	0
Domestic travel and subsistence	0	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	0	0
Training expenses	0	0
Hospitality supplies and services	0	0
Insurance costs	287,814	287,855
Specialised materials and services	0	0
Office and general supplies and services	0	0
Fuel ,oil & lubricants	332,733	210,111
Other operating expenses	0	0
Routine maintenance – vehicles and other transport equipment	179,630	0
Routine maintenance – other assets	0	0
Committee expenses	5,298,905	4,059,370
<b>Total</b>	<b>7,413,408</b>	<b>6,327,118</b>

1. Committee expenses was combined with use of goods and services

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**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools	28,496,075	13,947,301
Transfers to secondary schools	23,000,000	20,791,864
Transfers to Tertiary institutions	0	0
Transfers to Health institutions	0	4,482,759
<b>TOTAL</b>	<b>51,496,075</b>	<b>39,221,924</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary –Secondary	17,513,818	31,966,826
Bursary –Tertiary	5,949,000	0
Bursary-Special schools	0	0
Mocks & CAT	0	0
Water projects	0	1,413,793
Agriculture projects	0	0
Electricity	0	0
Security	6,000,000	0
Roads	0	0
Sports	2,188,920	660,040
Environment projects	2,115,991	3,305,669
Emergency Projects	2,462,720	5,400,259
Other grants to Multipurpose Hall	0	13,000,000
<b>Total</b>	<b>36,230,449</b>	<b>55,746,587</b>



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

<b><u>Non-Financial Assets</u></b>	<b>2015-2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	0	0
Construction of Buildings	0	15,382,279
Refurbishment of Buildings	1,900,000	0
Purchase of Vehicles	0	6,741,783
Purchase of Bicycles & Motorcycles	0	0
Overhaul of Vehicles	0	0
Purchase of office furniture and fittings	501,073	0
Purchase of computers ,printers and other IT equipments	146,000	0
Purchase of photocopier	150,800	0
Purchase of other office equipments	0	0
Purchase of soft ware	0	0
Acquisition of Land	0	0
	0	0
<b>Total</b>	<b>2,697,873</b>	<b>22,124,062</b>

**9. OTHER PAYMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Strategic plan	2,300,000	0
<b>Total</b>	<b>2,300,000</b>	<b>0</b>

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**10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Amount in bank account currency</b>	<b>2015-2016 Kshs</b>	<b>2014-2015 Kshs</b>
African Banking Corporation Ltd	Kes	22,044,819	17,803,932
<b>Total</b>		<b>22,044,819</b>	<b>17,803,932</b>

**13. BALANCES BROUGHT FORWARD**

	<b>2015-2016 Ksh</b>	<b>2014-2015 Ksh.</b>
Bank accounts	17,803,932	41,459,368
Cash in hand	0	0
Imprest	0	100,000
<b>Total</b>	<b>17,803,932</b>	<b>41,559,368</b>

**15.1: PENDING ACCOUNT PAYABLES (See Annex 1)**

	<b>2015-16 Ksh.</b>	<b>2014-15 Ksh.</b>
Nil	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

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

	<b>2015-16 Ksh.</b>	<b>2014-15 Ksh.</b>
Gratuity	230,640	0
<b>Total</b>	<b>230,640</b>	<b>0</b>

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

	<b>2015-16 Ksh.</b>	<b>2014-15 Ksh.</b>
Amount due to other Government entities(see attached list )	4,932,000	5,000,000
Amount due to other grants and other transfers(see attached list)	12,885,326	4,213,794
<b>Total</b>	<b>17,817,326</b>	<b>9,213,794</b>

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**16. SUMMARY OF FIXED ASSET REGISTER (See Annex 4)**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2015/16</b>	<b>Historical cost (Kshs) 2014/15</b>
<b>Buildings and structures</b>	17,282,279	15,382,279
<b>Transport equipment</b>	7,162,747	7,162,747
<b>ICT Equipment, Software and Other ICT Assets</b>	1,021,130	520,055
<b>Other Machinery and Equipment</b>	493,295	196,495
<b>Total</b>	<b>25,959,451</b>	<b>23,261,576</b>

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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Name	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
NILL	0				0	
<b>Grand Total</b>	<b>0</b>				<b>0</b>	

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name	Job group	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
<b>Gratuity</b>		a	b	c	d=a-c		
George K.Tsuma	H	62,000		0	62,000	0	
Munga	G	32,240		0	32,240	0	
May Mgeni Tsuma	H	37,200		0	37,200	0	
Margaret Mwaka	H	37,200		0	37,200	0	
Serah Hilai	G	31,000		0	31,000	0	
Ndenge Mwaringa	G	31,000		0	31,000	0	
<b>Grand Total</b>		<b>230,640</b>			<b>230,640</b>	<b>0</b>	

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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 Balance 2016	Outstanding Balance 2015	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
Nil		0			0		
<b>Sub-Total</b>		<b>0</b>			<b>0</b>	<b>0</b>	
<b>Amounts due to other grants and other transfers</b>							
1. Rabai secondary School		0		0	0	5,000,000	Funds have been disbursed in 2016
2. Gandani Primay School		700,000		0	700,000	0	Funds were disbursed after 30 <sup>th</sup> June 2016, in August 2016
3. Mwele Primary School		4,232,000		0	4,232,000	0	Funds were disbursed
<b>Sub-Total</b>		<b>4,932,000</b>			<b>4,932,000</b>	<b>5,000,000</b>	
<b>Others (specify)</b>							
1. Emergency		3,304,927		0	0	0	Waiting for an emergency to occur.
2. Sports		1,947,461		0	0	0	Sports tournament arrangement was going on
3. Kenya National Audit		1,000,000		0	1,000,000	500,000	Funds have been reallocated to desks projects .Waiting for reallocation of funds approval from CDF Board
4. Mwawea Water Project		1,413,794		0	1,413,794	1,413,794	Funds have been reallocated to desks projects .Waiting for reallocation of funds approval from CDF Board
5. Rabai Strategic plan		1,000,000		0	0	2,300,000	Expenditure has been incurred in 2016
6. Bursaries		4,219,144		0	0	0	Disbursement process going on
<b>Sub-Total</b>		<b>12,885,326</b>		<b>0</b>	<b>2,413,794</b>	<b>4,213,794</b>	
<b>Grand Total</b>		<b>17,817,326</b>		<b>0</b>	<b>7,345,794</b>	<b>9,213,794</b>	

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**ANNEX 4 - FIXED ASSETS REGISTER**

	<b>Description</b>	<b>Date of purchase</b>	<b>Serial No.</b>	2015/16 (Ksh)	2014/15 (Ksh)
1.	Cdf Office Rabai	2014/15		15,382,279	15,382,279
2.	Fixing of metal grill, chained linked fencing and purchase water tank	2015/16		1,900,000	
				<b>17,282,279</b>	<b>15,382,279</b>
	<b>Office Vehicles</b>				
1.	Motorbike	28/03/2014	3TT-206869	420,964	420,964
2.	Cdf vehicle	23/01/2015		6,741,783	6,741,783
		<b>Sub total</b>		<b>7,162,747</b>	<b>7,162,747</b>
	<b>Office Furniture</b>				
1.	Office executive chair	26/11/2013	1	21,000	21,000
2.	H/Leather office chair executive	“	1	32,000	32,000
3.	Office HB chair fabric	“	1	8,300	8,300
4.	Executive office table	“	2	119,990	119,990
5.	Conference table executive 35MTS	“	1	109,995	109,995
6.	Office visitors chair	“	12	84,000	84,000
7.	Office table ID1680 (44)	“	2	33,190	33,190
8.	Pedestal fixed 4d2w IDFP-4D	“	2	14,800	14,800
9.	Office table set WMB221.8MTS (vs.)	“	1	44,995	44,995
10.	Counter top executive 1201.2MTS (vs.)	“	1	5,795	5,795
11.	Lina chair YD- B104 4 Pax (AN31)	“	2	45,990	45,990
12.	Executive Chair	28/09/2016	1	28,495	0
13.	Executive Table	“	1	65,995	0
14.	Conference Table	“	1	54,995	0
15.	Small Office table	“	1	11,995	0
16.	Conference Chairs	“	1	7,495	0
17.	Conference Chairs	“	11	82,445	0
18.	Visitors' Chairs	“	4	29,980	0
19.	Conference Table small	“	1	24,995	0
20.	Orthopaedic Chair	“	1	21,995	0
21.	Side Wall unit shelve	“	1	36,995	0
22.	Office Chairs	“	2	16,790	0



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23.	Office tables big	“	2	42,980	0
24.	Filling cabinet	“	2	27,998	0
25.	Ordinary office chairs	“	16	47,920	0
	<b>Sub total</b>			<b>1,021,130</b>	<b>520,055</b>
	<b>Other Machinery and equipments</b>				
1.	Desktop computer (DELL) S/NO:BKZ3PV1	26/11/2013	1	70,000	70,000
2.	Laptop computer (HP) S/NO:5CD3294MIR	“	1	60,000	60,000
3.	Printer laser jet pro 100 MI75NW S/NO:CND8F67867	“	1	50,000	50,000
4.	Ramtons water Dispenser RM/419	27/11/2014	1	16,495	16,495
5.	Photocopy Machine	28/09/2015	1	150,800	0
6.	Desktop computer HP 300	12/06/2016	1	98,000	0
7.	Laser jet Printer HP 1102 PRO 200	“	1	48,000	0
	<b>Sub total</b>			<b>493,295</b>	<b>196,495</b>
	<b>TOTAL</b>			<b>25,959,451</b>	<b>23,261,576</b>



