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By Hon. M. M. Mwangi, MP
(L.M.)
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REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
LIKONI 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- LIKONI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LIKONI
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The Constituencies Development Fund (CDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015.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 annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The Likoni 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	Gladys Ngala
3.	Accountant	Margaret Mwanyiro

(d) Fiduciary Oversight Arrangements

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

P.O Box 96780-80100
Flats, Along Lunga Lunga Road
Opp. Mt. Sinai Academy
Mombasa, Kenya.

KEY CONSTITUENCY INFORMATION AND MANAGEMENT (Continued)

(f) LIKONI NG – CDF Contacts

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Email: cdflikoni@ngcdf.go.ke

(g) LIKONI NG – CDF Bankers

1. Cooperative Bank of Kenya
LIKONI BRANCH
P.O Box 90430 – 80100
MOMBASA

(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- LIKONI
CONSTITUENCY**

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

**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 has greatly improved the Education and Security infrastructures of Likoni.

In the financial year 2015/2016, Likoni NGCDF received a total of Kshs. 73,737,675 of which Kshs. 14,000 was generated from the constituency Office hall and bus hire, Kshs 65,979,492 was spent and there was a surplus of Kshs. 7,758,183 which is a decline as compared to last year's Kshs. 26,969,525. At the close of the financial year, Likoni NGCDF had not yet received Kshs. 50,455,597 from the NGCDF Board.

There have been emerging issues like political, economic, social and other challenges influencing the implementation of NGCDF projects such as late approval of proposals, delays in disbursement of funds, loss of Authority to Incur Expenditure and the disbandment of all NGCDF Committees in February, 2016, land issues etc.

Otherwise it's my hope that together with my team we are now prepared to work extra hard to ensure that all that was not done in the previous financial year is done so that Likoni can benefit fully from the funds allocated to it.

Sign 
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LIKONI
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 CDF 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 *Likoni* 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 *Likoni* 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 *Likoni* 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 *Likoni* 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 23-12-2016.



Fund Account Manager



Chairman

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LIKONI 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 - Likoni Constituency set out on pages 5 to 26, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

The 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 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 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 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

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

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 opinion.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of financial assets as at 30 June 2016 reflects cash and cash equivalents balance of Kshs.37,588,983. This includes nil cash balance of which the supporting Board of Survey Report was not availed for audit review.

Consequently, the validity and accuracy of cash and cash equivalents balance of Kshs.37,588,983 as at 30 June 2016 could not be confirmed.

2. Transfers to Other Government Units

The statement of receipts and payments for the year ended 30 June 2016 reflects transfers to other government units of Kshs.47,505,000, out of which Kshs.37,022,240 for nine (9) projects was not supported as detailed below:

S/ No.	Project Name	Amount Transferred (Kshs.)	Documents not availed for audit review/ Anomaly Noted
1.	Mwahima Secondary School – Construction of an Administration Block	9,975,000	-The bank statements showing receipt and usage of these funds and architectural drawings were not availed for audit review. -The tender advertisement for this project was not availed for audit review. -The project was omitted from the projects implementation status report as at 30 June 2016.
2.	Mwahima Secondary School – Construction of eight (8) classrooms	9,972,240	-The bank statements showing receipt and usage of these funds, architectural drawings, Bill of Quantities and Engineer's certificates of completion were not availed for audit review. -The tender advertisement for this project was not availed for audit review. -The project was omitted from the projects implementation status report as at 30 June 2016.
3.	Bububu Secondary School – Construction of classrooms	1,260,000	The bank statements showing receipt and usage of these funds, architectural drawings, Bill of Quantities and Engineer's certificates of completion were not availed for audit review.

S/ No.	Project Name	Amount Transferred (Kshs.)	Documents not availed for audit review/ Anomaly Noted
4.	Mweza Secondary School – Construction of an Administration Block	6,975,000	The architectural drawings, Engineer's certificates and expenditure returns from the project committee were not availed for audit review.
5.	Mtongwe Primary School – Construction of a Disability Resource Center	2,500,000	Review of the Fund's bank statements indicated that funds were transferred to the project account before architectural drawings and Bill of Quantities were prepared in July 2016.
6.	Bububu Secondary School – Construction of Dormitory	1,000,000	-As was the case in 2014/2015, dorm still incomplete with electrical wiring not yet installed. Cracks were still visible on the floors, doors broken and window panes missing. Although it was explained that the defects were subsequently rectified, Engineer's certificate to that effect was not availed for audit verification. -Handing over not yet done by the contractor but already in use.
7.	Bububu Secondary School – Construction of Classrooms	1,260,000	-Two old steel doors installed instead of new ones. -Cracks seen on the floors and walls.
8.	Bububu Secondary School – Flooring, roofing and plastering dormitory	2,520,000	Construction work still stalled at roofing level but part of retention money totaling Kshs.257,457 already released to the contractor.
9.	Mweza Secondary School – Flooring, plastering and painting of a classroom block	1,560,000	-Wooden external doors fitted instead of steel doors specified in the Bill of Quantities - Walls and floors had cracks which management explained were subsequently rectified. However, Engineer's Certificate was not availed to support the assertion.
	Total	37,022,240	

Consequently, the propriety of Kshs.37,022,240 disbursed to the projects for the year ended 30 June 2016 could not be confirmed.

3. Use of Goods and Services

Note 5 to the financial statements for the year ended 30 June 2016 reflects committee allowances of Kshs.1,351,000, out of which Kshs.289,000 was paid to a hotel for full board accommodation and conference facilities provided to committee members attending an induction course. The quotations in line with Section 105 of the Public Procurement and Asset Disposal Act No.33 of 2015 were not availed for audit review. Further, records availed for audit indicated that the committee members were paid subsistence allowances of Kshs.245,000 alongside the full board accommodation. Consequently, the propriety and value for money for Kshs.534,000 on use of goods and services for the year ended 30 June 2016 could not be confirmed.

4. Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June 2016 reflects other grants and transfers of Kshs.13,673,344 of which the following observations were made:

4.1 Bursaries

Included in other grants and transfers amount of Kshs.13,673,344 and disclosed in Note 7 to the financial statements for the year ended 30 June 2016 are bursaries totalling Kshs.11,775,450 for students in secondary schools and tertiary institutions of which bursary applications, criteria of awards, approved applications and evidence of receipt by the beneficiaries were not availed for audit review. Further, the bursary figure reported in these financial statements is different from Kshs.12,146,450 shown in payment vouchers availed for audit review. The difference of Kshs.371,000 between the two records has neither been explained nor reconciled.

4.2 Sports

Included in other grants and transfers amount of Kshs.13,673,344 and as disclosed in note 7 to the financial statements for the year ended 30 June 2016 is Kshs.1,897,894 for sports equipment. However, Delivery Notes, Counter Receipt Vouchers (S.13), Counter Requisition and Issue Vouchers (S.11) and stores Ledger Card (S.3) showing receipt and issuance of the equipment for official use were not availed for audit verification.

Consequently, the propriety of Kshs.13,673,344 on bursaries and sports equipment for the year ended 30 June 2016 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Likoni 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. Budgetary Control and Performance

1.1 Budgetary Performance

During the year under review, Likoni Constituency Development Fund had a budget of Kshs.154,010,073 and expenditure of Kshs.65,979,492 or 43%, resulting to under expenditure of Kshs.88,030,581 or 57% as summarised below:

Item	Budget (Kshs.)	Expenditure (Kshs.)	Under Absorption (Kshs.)	Under Absorption (%)
Compensation of Employees	3,156,607	2,198,500	958,107	30
Use of Goods and Services	9,964,264	2,602,648	7,361,616	74
Transfers to Other Government Units	81,380,000	47,505,000	33,875,000	42
Other Grants and Transfers	40,409,609	13,673,344	26,736,265	66
Other Payments	19,099,593	-	19,099,593	100
Total	154,010,073	65,979,492	88,030,581	57

The table above indicates that the budget was not implemented for the benefit of the residents of Likoni Constituency, contrary to the provisions of 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, planning and determining financial and economic policies and priorities at the National level over the medium term and implementing the budget.

1.2 Projects Implementation

The Fund's projects implementation status report as at 30 June 2016 availed for audit review indicated approved budgetary allocations of Kshs.90,015,949 for twenty-five (25) projects, out of which Kshs.89,915,949 or 99.9% was disbursed to the projects, leaving undisbursed allocations of Kshs.100,000 or 0.1%. Further, the report showed cumulative expenditure of Kshs.71,305,489 or 79.3% of the disbursements, resulting in unspent balance of Kshs.18,610,460 or 20.7% as detailed below:

Table: Projects Implementation Status

S/No.	Name of Project	Details of the Project/Activities	Amount of Allocation as per Approved Proposal (Kshs)	Disbursements in 2015/2016 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2016 (Kshs)	Expenditure in 2015/2016 (Kshs)	Cumulative Expenditure as at 30 June 2016 (Kshs)	Unspent Disbursement (Kshs)
1	Mwahima pry school	Construction of 8 classrooms	10,360,000	1,260,000	10,360,000	2,245,000	10,230,680	129,320
2	Mwahima pry school	Construction of an administration block	11,575,000	7,575,000	11,575,000	5,975,000	9,975,000	1,600,000
3	Mwahima pry school	Construction of a toilet block	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	-
4	Mweza primary school	Supply of 100 desks to the school	900,000	900,000	900,000	900,000	900,000	-
5	Mweza primary school	Facelifting of the school by replacing the leaking roof-tops	2,426,421	630,000	2,426,421	1,242,060	2,242,060	184,361
6	Likoni pry school	Construction of public dais in the school compound	10,010,000	4,550,000	10,010,000	8,116,200	8,116,200	1,893,800
7	Likoni pry school	Supply of books and teaching materials for adult education	157,500	157,500	157,500	154,044	154,044	3,456
8	Likoni pry school	Supply of 100 desks to the school	900,000	900,000	900,000	625,000	625,000	275,000
S/No.	Name of Project	Details of the Project/Activities	Amount of Allocation as per Approved Proposal (Kshs)	Disbursements in 2015/2016 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2016 (Kshs)	Expenditure in 2015/2016 (Kshs)	Cumulative Expenditure as at 30 June 2016 (Kshs)	Unspent Disbursement (Kshs)
9	Likoni pry school	Construction of a perimeter wall around the field and rain water drainage system	7,375,000	6,925,000	7,375,000	5,000,000	6,500,000	875,000

10	Likoni pry school	Putting up a basketball,volleyball pitches with posts at likoni sec sch	1,241,652	1,241,652	1,241,652	1,120,000	1,120,000	121,652
11	Likoni pry school	Renovation of four classrooms	1,500,000	1,500,000	1,500,000	-	-	1,500,000
12	Peleleza Pry School	ECDE tables and small chairs	440,000	440,000	440,000	440,000	440,000	-
13	Peleleza Pry School	Construction of a block of toilets	1,200,000	1,200,000	1,200,000	-	-	1,200,000
14	Mtongwe pry school	Roofing of the disable classroom, flooring painting of walls and doing toilets to suite their use	3,437,931	2,500,000	3,337,931	3,337,931	3,337,931	-
15	Bububu sec school	Construction of a chain link perimeter fence around the school	2,590,945	590,945	2,590,945	2,499,805	2,499,805	91,140
16	Bububu sec school	Construction of four (4) classrooms	6,720,000	1,260,000	6,720,000	-	5,000,000	1,720,000
17	Bububu sec school	supply of 90 lockers and chairs to the school	450,000	450,000	450,000	450,000	450,000	-
18	Bububu sec school	Building of gabions at Bububu secondary school	376,500	376,500	376,500	-	-	376,500
19	Bububu sec school	Construction of a dormitory	7,770,000	3,520,000	7,770,000	957,545	4,857,545	2,912,455
20	Mweza sec.school	Construction of a new secondary school	11,535,000	8,535,000	11,535,000	5,007,224	7,007,224	4,527,776
21	Mrima sec. school	Procurement of a school bus (a contribution)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	-
			Amount of Allocation as per Approved Proposal (Kshs)	Disbursements in 2015/2016 (Kshs)	Cumulative Disbursements (since the start) as at 30 June 2016 (Kshs)	Expenditure in 2015/2016 (Kshs)	Cumulative Expenditure as at 30 June 2016 (Kshs)	Unspent Disbursement (Kshs)
22	Mrima sec. school	Supply of desks	900,000	900,000	900,000	900,000	900,000	-
23	Inspirations Pry school	Supply of desks	450,000	450,000	450,000	450,000	450,000	-

24	Vyemani Pry School	Supply of desks	600,000	600,000	600,000	-	-	600,000
25	Jamvi La Wageni Pry school	Supply of desks	600,000	600,000	600,000	-	-	600,000
	Total		90,015,949	53,561,597	89,915,949	45,919,809	71,305,489	18,610,460

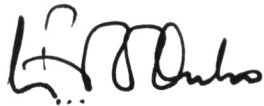
In addition, the start and completion dates of the following 10 projects with disbursements of Kshs.51,066,083 and expenditure of Kshs.35,938,900 were not indicated:

No	Name of Project	Details of the Project/Activities	Amount of Allocation as per Approved Proposal (Kshs)	Start Date	Disbursements as at 30 June 2015 (Kshs)	Disbursements in 2015/2016 (Kshs)	Cumulative Disbursements as at 30 June 2016 (Kshs)	Expenditure as at 30 June 2015 (Kshs)	Expenditure in 2015/2016 (Kshs)	Cumulative Expenditure as at 30 June 2016 (Kshs)	Unspent Disbursements (Kshs)	% Certified / complete
1	Likoni pry school	Construction of public dais in the school compound	10,010,000	14-Apr-16	5,460,000	4,550,000	10,010,000	-	8,116,200	8,116,200	1,893,800	95
2	Likoni pry school	Construction of a perimeter wall around the field and rain water drainage system	7,375,000	15-Feb-16	450,000	6,925,000	7,375,000	1,500,000	5,000,000	6,500,000	875,000	95
3	Likoni pry school	Putting up a basketball,volley ball pitches with posts at likoni sec school	1,241,652		0	1,241,652	1,241,652	-	1,120,000	1,120,000	121,652	75
4	Likoni pry school	Renovation of four classrooms	1,500,000		0	1,500,000	1,500,000	-	-	-	1,500,000	0

5	Peleleza Pry School	Construction of a block of toilets	1,200,000		-	1,200,000	1,200,000	-	-	-	1,200,000	0
6	Mtongwe pry school	Roofing of the disable classroom, flooring painting of walls and doing toilets to suite their use	3,437,931	15-Feb-16	837,931	2,500,000	3,337,931	837,931	3,337,931	3,337,931	-	95
7	Bububu sec school	Construction of four (4) classrooms	1,460,000	14-Feb-16	5,460,000	1,260,000	6,720,000	5,000,000	-	5,000,000	1,720,000	85
8	Bububu sec school	Building of gabions at Bububu secondary school	376,500		-	376,500	376,500	-	-	-	376,500	0
9	Bububu sec school	Construction of a dormitory	5,250,000	15-Jan-16	4,250,000	3,520,000	7,770,000	3,900,000	957,545	4,857,545	2,912,455	75
10	Mweza sec school	Construction of a new secondary school	9,975,000	15-Mar-16	3,000,000	8,535,000	11,535,000	2,000,000	5,007,224	7,007,224	4,527,776	60
	Total		41,826,083		19,457,931	31,608,152	51,066,083	13,237,931	23,538,900	35,938,900	15,127,183	

Undisbursed or unspent funds means some projects could not be implemented or completed as planned. Without specific completion timelines projects may delay or stall due to cost escalation with possible negative impact on service delivery to the residents of Likoni Constituency.

My opinion is not qualified in respect of these matters.



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

Nairobi

10 April 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LIKONI
CONSTITUENCY**

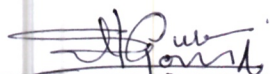
Reports and Financial Statements

For the year ended June 30, 2016

**IV. STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30TH JUNE, 2016**

	Note	2015-2016	2014-2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	73,723,675	111,110,243
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	14,000	64,000
TOTAL RECEIPTS		73,737,675	111,174,243
PAYMENTS			
Compensation of employees	4	2,198,500	950,452
Use of goods and services	5	2,602,648	4,331,134
Transfers to Other Government Units	6	47,505,000	46,094,168
Other grants and transfers	7	13,673,344	28,185,964
Acquisition of Assets	8	-	2,843,000
Other Payments	9	-	1,800,000
TOTAL PAYMENTS		65,979,492	84,204,718
SURPLUS		7,758,183	26,969,525

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Likoni NGCDF financial statements were approved on 23-12-2016 2016 and signed by:



Chairman - NGCDFC




Fund Account Manager

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

**V. STATEMENT OF FINANCIAL ASSETS
AS AT 30TH JUNE , 2016**

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	37,588,983	29,830,800
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		<u>37,588,983</u>	<u>29,830,800</u>
 REPRESENTED BY			
Fund balance b/fwd 1st July...	13	29,830,800	2,861,275
Surplus for the year		7,758,183	26,969,525
Prior year adjustments	14	-	-
TOTAL FUNDS		<u>37,588,983</u>	<u>29,830,800</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Likoni NG-CDF financial statements were approved on 23-12-2016 2016 and signed by:



Chairman - NGCDFC



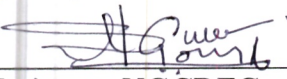
Fund Account Manager

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

**VI. STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30TH JUNE, 2016**

	Note	2015- 2016	2014 - 2015
Receipts for operating income (a)		Kshs.	Kshs.
Transfers from CDF Board	1	73,723,675	111,110,243
Other Receipts	3	14,000	64,000
		73,737,675	111,174,243
Payments for operating expenses (b)			
Compensation of Employees	4	2,198,500	950,452
Use of goods and services	5	2,602,648	4,331,134
Transfers to Other Government Units	6	47,505,000	46,094,168
Other grants and transfers	7	13,673,344	28,185,964
Other Payments	9	-	1,800,000
		65,979,492	81,361,718
Adjusted for:			
Adjustments during the year		-	-
Net cash flow from operating activities (c=a-b)		7,758,183	29,812,525
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	2,843,000
Net cash flows from Investing Activities (d)		-	2,843,000
CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flows from financing activities (e)		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT (f=c-d-e)		7,758,183	26,969,525
Cash and cash equivalent at BEGINIG of the year (g)		29,830,800	2,861,275
Cash and cash equivalent at END of the year (h=f+g)		37,588,983	29,830,800

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Likoni NGCDF financial statements were approved on 23-12- 2016 and signed by:


Chairman NGCDFC


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI 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 Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	100,455,597	53,554,476	154,010,073	73,723,675	80,286,398	52
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts (AIA)	-	-	-	14,000	(14,000)	100
	100,455,597	53,554,476	154,010,073	73,737,675	80,272,398	52
PAYMENTS						
Compensation of Employees	2,340,767	815,840	3,156,607	2,198,500	958,107	70
Use of goods and services	6,700,237	3,264,027	9,964,264	2,602,648	7,361,616	26
Transfers to Other Government Units	52,815,000	28,565,000	81,380,000	47,505,000	33,875,000	58
Other grants and transfers	20,000,000	20,409,609	40,409,609	13,673,344	26,736,265	34
Other Payments	18,599,593	500,000	19,099,593	-	19,099,593	0
TOTALS	100,455,597	53,554,476	154,010,073	65,979,492	88,030,581	43

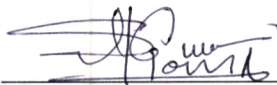
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
CONSTITUENCY**

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

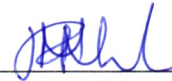
(a) Analysis of under utilization of funds(below 50% of utilization)

- i. There was underutilisation of use of goods and services which consists of utility bills, committee expenses and allowances. Being the bigger share of expense the committee expenses and allowances were not spent as planned due to the disbandment of NGCDF Committees thus no expenditure could be undertaken in their absence.
- ii. Other grants and payments-These consisted of bursary of Kshs. 20,000,000 which the committee was not in office to approve expenditure and others projects like roads which the NGCDF Board could not approve as they were caught in by the incoming into force the NGCDF Act 2015.
- iii. Audit fees were also disallowed and later were reallocated.

The Likoni NGCDF financial statements were approved on 23-12- 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 CONSTITUENCY DEVELOPMENT FUND – LIKONI
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 CONSTITUENCY DEVELOPMENT FUND – LIKONI
CONSTITUENCY**

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal Allocation	AIE NO.....A796245	1,500,000	39,939,217
	AIE NO.....A790792	22,223,675	20,723,675
	AIE NO.....A825643	50,000,000	14,234,205
	AIE NO...		12,489,470
	AIE NO...		23,723,675
Conditional grants	AIE NO...	-	-
TOTAL		73,723,675	111,110,243

2. PROCEEDS FROM SALE OF ASSETS

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

3. OTHER RECEIPTS

Description	2015 - 2016	2014- 2015
	Kshs	Kshs
Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere (Hire of community bus and hall)	14,000	64,000
Total	14,000	64,000

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014- 2015
	Kshs	Kshs
Basic wages of contractual employees	2,158,500	938,952
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	40,000	11,500
Gratuity	-	-
Total	2,198,500	950,452

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
CONSTITUENCY**

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	11,600	-
Office rent	-	-
Communication, supplies and services	98,460	30,000
Domestic travel and subsistence	36,000	6,400
Printing, advertising and information supplies & services	122,148	71,920
Rentals of produced assets	-	-
Training expenses	289,000	276,000
Other committee expenses	134,880	527,237
Committee allowance	1,351,000	1,917,000
Specialised materials and services	-	98,600
Office and general supplies and services	101,427	203,553
Fuel ,oil & lubricants	2,000	11,000
Other operating expenses (Bank charges)	17,073	41,944
Routine maintenance – vehicles and other transport equipment	439,060	798,080
Routine maintenance – other assets	-	349,400
Total	2,602,648	4,331,134

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
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 primary schools	23,290,000	18,695,431
Transfers to secondary schools	14,215,000	15,127,445
Transfers to Tertiary institutions	10,000,000	-
Transfers to Health institutions	-	12,271,292
TOTAL	47,505,000	46,094,168

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary	6,239,770	3,550,590
Bursary -Tertiary	5,535,680	2,713,000
Bursary-Driving schools	-	1,725,000
Mocks & CAT	-	-
Security	-	5,725,000
Roads	-	10,968,362
Sports	1,897,894	1,241,652
Environment	-	1,897,894
Emergency Projects (specify)	-	364,466
Total	13,673,344	28,185,964

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. ACQUISITION OF ASSETS

Non Financial Assets	2015- 2016	2014- 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	1,594,000
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of Office furniture and fittings	-	785,000
Purchase of computers ,printers and other IT equipments	-	68,000
Purchase of photocopier	-	365,000
Purchase of other office equipments (fire extinguishers)	-	31,000
Purchase of soft ware	-	-
Acquisition of Land	-	-
Total	-	2,843,000

9. OTHER PAYMENTS

Other payments	2015-2016	2014-2015
	Kshs.	Kshs.
Strategic plan	-	1,800,000
specify	-	-
Total	-	1,800,000

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK BALANCES (CASH BOOK BANK BALANCE)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Name of Bank, Account No. & currency	(30/6/2016)	(30/6/2015)
<i>Cooperative Bank, Likoni Branch A/C no. 01120043565700</i>	37,588,983	29,830,800
	-	-
Total	37,588,983	29,830,800

10B: CASH IN HAND

	2015 - 2016	2014 - 2015
	Kshs	Kshs
	(30/6/2016)	(30/6/2015)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
	-	-
Total	-	-

11. OUTSTANDING IMPRESTS

Name of Officer	Date imprest taken	Amount Taken	Amount Surrendered	Balance (30/6/2016)
		Kshs	Kshs	Kshs
			-	-
		-	-	-
		-	-	-
Total		-	-	-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RETENTION

Supplier/Contractor	PV no.	2015 - 2016	2014 - 2015
		Kshs	Kshs
		-	-
		-	-
Total		-	-

13. BALANCES BROUGHT FORWARD

	2015 - 2016	2014- 2015
	Kshs	Kshs
	(1//7/2015)	(1/7/2014)
Bank accounts	29,830,800	2,569,545
Cash in hand		
Total	29,830,800	2,569,545

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016	2014- 2015
	Kshs	Kshs
Bank accounts(stale bursary chqs reversed)	-	-
Cash in hand		-
Imprest	-	-
Total	-	-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
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Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	61,540
Supply of services	-	-
TOTAL	-	61,540

15.2: PENDING STAFF PAYABLES (See Annex 2)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Senior management	-	25,895
Middle management	-	17,527
Unionisable employees	-	-
Others (General workers)	-	25,670
Staff gratuity	453,788	241,156
	453,788	310,248

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – LIKONI
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

15.3 OTHER PENDING PAYABLES (See annex 3)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	33,875,000	6,575,000
Amounts due to other grants and other transfers (see attached list)	20,000,000	13,179,732
Others (emergency and others)	25,365,004	5,400,259
	79,240,004	25,154,991

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –LIKONI CONSTITUENCY
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X. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2016	2015	
	a	b	c	d=a-c		
Construction of buildings						
1.						
Sub-Total						
Construction of civil works						
2			-			
Sub-Total	-			-		
Supply of goods						
3. Beula Ventures			-	-	61,540	
Sub-Total	-			-	61,540	
Supply of services						
4						
Sub-Total	-					
Grand Total	-			-	61,540	

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-LIKONI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
3. Mwanambahazi Hamis	G					54,913	
4. Mejumaa Mwabindo	G					37,459	
5. Mwanarusi Mohamed	G					37,459	
Sub-Total		267,840			267,840	241,156	
TOTAL		453,788			453,788	310,248	

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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- LIKONI CONSTITUENCY
Reports and Financial Statements
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XII. 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		
Amounts due to other Government entities							
1. Mwahima Primary school	purchase of furniture and sets of lockers	1,550,000		-	1,550,000	5,975,000	
2. Jamvi la Wageni Primary school	Renovation of classrooms	1,400,000		-	1,400,000	600,000	
3. Mwanazia primary school	Construction of a new school	7,050,000		-	7050000	-	
4. Shikaadabu sec school	Purchase of a school bus	7,000,000		-	7000000	-	
5. Longo Primary school	Renovation of classrooms	3,500,000		-	3500000	-	
6. Likoni primary school	Sitting arrangement for a stadium	7,575,000		-	7575000	-	
7. Mtongwe primary school	Repair of classroom for the disabled	2,600,000		-	2600000	-	
8. Mwangala primary school	Construction of toilets	3,200,000		-	3200000	-	
Sub-Total		33,875,000			33,875,000	6,575,000	
Amounts due to other grants and other transfers							
9. Bursary- Secondary schools	School fees for students	12,000,000		-	12,000,000	6,081,838	
10. Bursary- Tertiary schools & Institutions	School fees for students	8,000,000		-	8,000,000	5,800,000	
Sub-Total		20,000,000			20,000,000	13,179,732	



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

Others							
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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES (continued)

11. Emergency Fund		11,167,906		-	11,167,906	5,400,259	
12. Shikaadabu chiefs office	Construction of offices	8,813,722		-	8,813,722		
13. Constituency football clubs	Purchase of training jerseys,cons,bibs,shoes , balls etc gloves	2,009,112		-	2,009,112	1,297,894	
14. Environment	Construction of a toilet	2,874,264		-	2,874,264		
15. Audit fees		500,000		-	500,000		
	Sub-Total	25,365,004			25,365,004	5,400,259	
	Grand Total	79,240,004			79,240,004	25,154,991	

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

XIII. ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	-	-
Buildings and structures	8,705,856	8,705,856
Transport equipment	-	-
Office equipment, furniture and fittings	1,822,000	1,822,000
ICT Equipment, Software and Other ICT Assets	288,000	288,000
Other Machinery and Equipment	405,000	405,000
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	11,220,856	11,220,856

