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BENJAMIN WASHALI

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – NJORO CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016



ON 27.9.2017
IBM

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
NJORO CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016 (AMMENDED REPORT)**

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

26 MAY 2017

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

Reports and Financial Statements

For the year ended June 30, 2016

Table of Content

Page

| | |
|---|-----------|
| I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT..... | 1 |
| II. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES..... | 4 |
| III. STATEMENT OF RECEIPTS AND PAYMENTS..... | 5 |
| IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES..... | 6 |
| V: SUMMARY STATEMENT OF APPROPRIATION..... | 9 |
| VI. SIGNIFICANT ACCOUNTING POLICIES..... | 11 |
| VII. NOTES TO THE FINANCIAL STATEMENTS..... | 13 |

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *National Government Constituencies Development Fund (NG-CDF)* was set up under the NG-CDF Act, 2003 now repealed by the NG-CDF Act, 2015. The 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*.

(b) Key Management

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

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

(c) Fiduciary Management

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

| No. | Designation | Name |
|-----|---------------------|---------------|
| 1. | Accounting Officer | Yusuf Mbuno |
| 2. | A.I.E holder | Samuel Kimani |
| 3. | District Accountant | Philip Wakaba |

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of NJORO constituency. The report and recommendation of ARMC when adopted by the 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) NJORO NG-CDF Headquarters

P.O. Box 531,
Njoro.
KENYA

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

(f) NJORO NG-CDF Contacts

Telephone: (254) 0721-619843

E-mail: njoro@cdf.go.ke

Website: www.cdf.go.ke

(g) NJORO NG-CDF Bankers

KCB

Njoro Branch

A/c no 1148982442

P.O Box 531

Njoro

(h) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 3 0084

GOP 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. FOWARD BY THE CHAIRMAN NJORO NATIONAL GOVERNMENT CONSTITUECY DEVELOPMENT FUND COMMITTEE (NG-CDFC)

The Njoro National Government Constituency Development Fund in the 2015-2016 financial year was allocated Ksh 120,929,863.00 (*one hundred and twenty million, nine hundred and twenty nine, eight hundred and sixty three only*). During the financial year Ksh 60,000,000.00 was disbursed to constituency by the end of June 2016. This left a balance of Ksh 60,929,863.00 as funds due to the constituency from the NG-CDF Board to fund various projects as per our budget. Our budget has therefore been funded 49.62%.

In the exercise of NG-CDF Act 2015, Njoro NG-CDF has concentrated on National projects. Nevertheless, there are a few projects that are ongoing which fall under devolve functions. Njoro NG-CDF has not abandoned the projects. Some of these project fall under Water sector & Health Sector.

Njoro NG-CDF has observed all the laws, regulations and circulars governing NG-CDF in its day to day operations.

The principle that the Committee believes on, is funding all the projects in one phase that is funding the project from the start to completion.

The project management committee is the model used in the constituency for the implementation of the projects. During the year 2015/2016 the Njoro Constituency NG-CDF was affected by the dissolution of CDFC on 19th Feb 2016, the main operations were halted until May 2016 when the gazzettment of NG-CDFC was done .In the year ended, most of the projects reported inadequacy of funds allocated for the completion of their projects, this could be attributed to inadequate allocations and/or increasing cost for various project material and labour. For the year ended some of the projects had not received fund due to the delay of funds by the NG-CDF Board. We recommend the Board to release funds in two instalments before the end of the financial year to enable the NG-CDF implement projects as budgeted within the financial year.

We look forward to better performance in the next financial year 2016/2017.



Stephen Njenga
CHAIRMAN NG-CDFC

II. STATEMENT OF CONSTITUENCY 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 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 by the Public Sector Accounting Standards Board of Kenya from time to time.


The Fund Account Manager in charge of the Njoro *NG-CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Fund Account Manager in charge of the Njoro NG-CDF confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Account Manager confirms that the Constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Njoro CDF financial statements were approved and signed on 10/05/2017.


Stephen Wamagata
Chairman – NG-CDFC

Samuel Kimani
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 – NJORO 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 – Njoro Constituency set out on pages 6 to 20, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with the 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 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 the 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

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Njoro 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 management, as well as evaluating the overall presentation of the financial statements.

Because of the matters describe in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. Inaccuracies in the Financial Statements

The statement of receipts and payments disclosed total payments balance of Kshs.112,362,203.40 for the year ended 30 June 2016. However, the sum of the individual expenditure items under payments give a balance of Kshs.113,185,033 as analyzed below:-

| Expenditure item | Amount (Kshs.) |
|-------------------------------------|-----------------------|
| Compensation of Employees | 1,056,723.00 |
| Use of goods and services | 5,874,039.50 |
| Transfers to Other Government Units | 49,600,000.00 |
| Other Grants and Transfers | 41,720,063.50 |
| Acquisition of Assets | 14,777,500.00 |
| Other Payments | 156,707.00 |
| | 113,185,033.00 |

Therefore, anomaly in total payments gives a variance of Kshs.822,829.60 which has not been explained. Further, the statement of receipts and payments reflects Other grants and transfers balance of Kshs.41,720,063 out of which Kshs.12,196,866 represents bursary expenditure for secondary and tertiary institutions. However, examination of the cash book and cheque counterfoils revealed that payments of Kshs.979,500 to these institutions were omitted from the bursary expenditure. This implies that the books of account were not properly maintained.

In the circumstance, therefore, the accuracy of the total payments balance of Kshs.112,362,203.40 and the deficit of Kshs.24,668,837 in the statement of receipts and payments for the financial year ended 2015/2016 could not be confirmed.

2. Construction of the CDF Offices

The statement of receipts and payments reflects a balance of Kshs.14,777,500 in respect of acquisition of assets out of which Kshs.14,500,000 was utilized for the

construction of the CDF offices at Njoro. The CDF offices project which is complete and already in use, was implemented by the project management committee (PMC) who procured building materials through the use of quotations. The labour used for construction was also hired on casual basis by the PMC. Section 37 of the CDF Act 2015 states that all works and services relating to projects shall be procured in accordance with the provisions of the Public Procurement and Assets Disposal Act, 2015. However, the procurement method used was above the provisions of the threshold matrix in the first schedule to the Public Procurement and Disposal Regulations 2006 which stipulates that the maximum expenditure for request for quotation is Kshs.500,000. In consequence, it is not possible to confirm if the procurement process in the construction of the CDF offices was economical.

3. Anomalies in the Funding of Mock Examination

The statement of receipts and payments reflects an amount of Kshs.41,720,063.50 in respect of other grants and transfers. Out of this amount Kshs.1,000,000 was remitted to Njoro Sub County CDF Education and Standard Committee for funding of mock examination. However, it was noted that there was no letter from the Education Office requesting Njoro CDF to provide financial support for the examination exercise. Further, a local firm, was awarded the contract to supply examination papers for both secondary and primary schools at a cost of Kshs.851,000. However, the payment was made to two individuals in separate amounts of Kshs.600,000 and Kshs.400,000. It is not clear why the money was not paid to the contracted firm. In addition, extra payment of Kshs.149,000 above contract price was not explained.

Under the circumstance, the process of financing the mock examination was not transparent and it is doubtful if the funds were utilized for the intended purpose.

4. Bank and Cash Balance

4.1. KCB Account

The statement of assets as at 30 June 2016 reported bank balance of Kshs.5,599,774 for Kenya Commercial Bank account No. 114 898 2442. The bank reconciliation statement presented for audit reflected unrepresented cheques totaling to Kshs.2,653,872 out of which Kshs.304,886 were stale cheques that had not been reversed to the cashbook by the closure of the financial year. In the circumstance, the accuracy and validity of the bank balance of Kshs.5,599,774 could not be confirmed.

4.2. Operation of an Irregular Bank Account

In the financial year under review, Njoro CDFC operated two bank accounts at Kenya Commercial Bank namely, Njoro Constituency Development Fund Account No. 1148 98 24 42 and Molo Constituency Development Fund Account No. 1122 1947 81, both at the Njoro branch. The funding for projects of Njoro CDF was paid into Account No. 1148 98 24 42.

However, the purpose of the second bank account, No.1122 1947 81 was not clear. It was operated by two signatories, namely the fund account managers of Njoro and Molo constituencies. The bank statements of the account show that on 1 July, 2015, there was an opening balance of Kshs.22,895,239.90 and a closing balance of Kshs.11,681,996 at 30 June, 2016, giving a movement of Kshs.11,213,243 in payments. Out of these payments, vouchers for only Kshs.4,520,141 were provided for audit verification, leaving unsupported payments of Kshs.6,693,102. However, the payments from the account were not supported by an approved code list from the CDF Board. This implies that the management of Njoro CDF operated two bank accounts for the Constituency contrary to Section 12 of the CDF Act, 2015.

At the time of audit, an additional amount of Kshs.28,876,909 was credited into the account vide A.I.E No. A839 545 93 of 31 October 2016 without a clear documentation of purpose for the bankings. In the circumstance, there exists uncertainties over the operation of the other bank account.

Further review of the records maintained revealed the details of Kshs.4,520,141 as shown below:

| Date | PV No | Payee | Details | Amount (Kshs.) |
|----------|-------|-------------------------|---------------|------------------|
| 14.08.15 | 207 | Samuel Kimani | M&E | 580,000 |
| 24.09.15 | 210 | Mauche Taita Dispensary | Health | 400,000 |
| 24.11.15 | 211 | Samuel Kimani | M&E | 142,200 |
| 22.01.16 | 213 | Mwigitho Sec. School | Education | 600,000 |
| 22.01.16 | 214 | Nessuit Chiefs Office | Emergency | 300,000 |
| 22.01.16 | 215 | Kianjoya Sec. School | Education | 300,000 |
| 10.03.16 | 216 | Njoro Constituency Road | Emergency | 600,000 |
| 27.04.16 | 218 | Piava Water Project | Water Project | 1,297,941 |
| 27.04.16 | - | Kilimo High School | Education | 300,000 |
| | | | | 4,520,141 |

However, these payments were made from the Molo Constituency Development Fund Account No. 1122 1947 81, at KCB which is not the constituency account for Njoro CDF contrary to section 5(2) of the CDF Act, 2015 which states that for disbursement of funds under this Act, there shall be opened and maintained a constituency account for every constituency known by the name of the constituency and approved by the National Treasury. No evidence such as a code list, has been provided to show that the funds in that account were meant for these projects and activities. There is a

possibility that double payments could be made for the same project/activity if a CDF operates two separate accounts.

5. Unremitted Statutory Deductions

During the year under review, the management of Njoro CDF made statutory deductions in respect of National Social Security Fund (NSSF), Pay As You Earn (PAYE) and Withholding taxes totaling Kshs.991,453.60. However, the amount deducted was not remitted to the relevant authorities as required by the respective regulations. The amounts deducted were as follows:

| <u>Details</u> | <u>Amount (Kshs.)</u> |
|-------------------|--------------------------|
| NSSF | 22,800.00 |
| PAYE | 97,877.00 |
| Withholding Taxes | 876,776.60 |
| | <u>991,453.60</u> |

It was not explained why the CDF did not remit the deduction yet cash was available. This may lead to unnecessary cost in form of interest and penalty.

6. Irregular Implementation of Water Projects

The statement of receipts and payments reflects a balance of Kshs.41,720,063.50 in respect of other grants and transfers. Out of this amount Kshs.11,031,197 was utilized for water projects and was paid to five firms to undertake activities in the implementation of three water projects as follows:

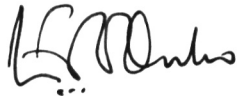
| Payee | Project | Activity | Amount (Kshs) |
|---------------------------|-----------------------|---|----------------------|
| Beaken Enterprises Ltd | Kihingo-Water Project | Construction of 100m ³ tank | 3,638,000 |
| Lancet Construction Ltd | Piave Water Project | Supply and laying water pipes | 1,898,490 |
| Tewa Investment | Kihingo-Water Project | Supply and laying water pipes | 2,612,676 |
| Kenyash Interbusiness Ent | Metta Water Project | Construct control panel house and water kiosk | 1,499,169 |
| Trackline Ventures | Kihingo-Water Project | Supply and laying water pipes | 1,382,842 |
| Total | | | 11,031,197 |

However, the implementation of projects was undertaken by the CDFC instead of Project Management Committees (PMCs) as required by Section 36 of the CDF Act 2015. The Njoro CDFC was therefore in breach of the law.

Included in other grants and transfers of Kshs.11,031,197 was Kshs.2,612,676 paid to a local firm which was awarded a contract for the supply, delivery and laying of water pipes for the Kihingo Mutieme water project. The pipes were to be laid over a distance of three hundred meters from a borehole to the main storage tank. The firm was to supply 90 Nos. 3" GI pipes at a unit cost of Kshs.17,120. However, physical verification done on 28 March 2017, revealed that the firm supplied 3" PVC pipes instead of the quoted GI pipes. According to the approved price in the prequalified list for the year 2015/2016, the cost of a 3" PVC pipe is Kshs.1,750. This implies that the supplier overcharged Njoro CDF by Kshs.15,370 per pipe or Kshs.1,383,300 for the 90 Nos pipes. Under the circumstance, the procurement of pipes for the project was not economical and transparent as required by section 68(1) of the Public Finance Management Act 2012.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

NAIROBI

24 August 2017

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


Reports and Financial Statements

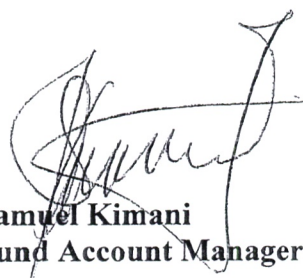
For the year ended June 30, 2016

STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2015-2016 | 2014-2015 |
|---|------|------------------------|------------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from CDF board-AIEs' Received | 1 | 88,516,195.10 | |
| Proceeds from Sale of Assets | 2 | - | |
| Other Receipts | 3 | - | |
| TOTAL RECEIPTS | | 88,516,195.10 | 85,548,590.80 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 1,056,723.00 | 1,107,814.00 |
| Use of goods and services | 5 | 5,874,039.50 | 7,876,260.00 |
| Transfers to Other Government Units | 6 | 49,600,000.00 | 63,687,931.00 |
| Other grants and transfers | 7 | 41,720,063.50 | 46,685,233.00 |
| Acquisition of Assets | 8 | 14,777,500.00 | 4,981,000.00 |
| Other Payments | 9 | 156,707.00 | 160,915.40 |
| TOTAL PAYMENTS | | 112,362,203.40 | 124,499,153.40 |
| SURPLUS/DEFICIT | | (24,668,837.90) | (38,950,562.60) |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Njoro NG-CDF financial statements were approved on 30th June, 2016 and signed by:


Stephen Wamagata
 Chairman – NG-CDFC



Samuel Kimani
 Fund Account Manager

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

II. STATEMENT OF FINANCIAL ASSETS

| | Note | 2015-2016 | 2014-2015 |
|---------------------------------------|------|---------------------|----------------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 10A | 5,599,774.60 | 30,205,882.50 |
| Cash Balances (cash at hand) | 10B | - | - |
| Outstanding Imprests | 11 | - | - |
| TOTAL FINANCIAL ASSETS | | 5,599,774.60 | 30,205,882.50 |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1st July.2015 | 13 | 30,205,882.50 | 69,100,845.00 |
| Surplus/Deficit for the year | | (24,668,837.90) | (38,894,962.50) |
| Prior year adjustments | 14 | - | - |
| NET LIABILITIES | | 5,599,774.60 | 30,205,882.50 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Njoro NG-CDF financial statements were approved on 30th June, 2016 and signed by:


 Stephen Wamagata
 Chairman – NG – CDFC


 Samuel Kimani
 Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NJORO

CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2016

III STATEMENT OF CASHFLOW

| Receipts for operating income | | 2015-2016 | 2014 - 2015 |
|--|----|------------------------|------------------------|
| Transfers from CDF Board | 1 | 88,516,195.10 | |
| Other Receipts | 3 | 0.00 | |
| TOTAL RECEIPTS FROM OPERATING INCOME | | 88,516,195.10 | 114,064,785.90 |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 1,056,723.00 | 1,107,814.00 |
| Use of goods and services | 5 | 5,874,039.50 | 7,876,260.00 |
| Transfers to Other Government Units | 6 | 49,600,000.00 | - |
| Other grants and transfers | 7 | 41,720,063.50 | 46,685,233.00 |
| Other Payments | 9 | 156,707.00 | 160,915.40 |
| TOTAL PAYMENTS FROM OPERATING ACTIVITIES | | 98,407,533.00 | 55,830,222.40 |
| Adjusted for: | | | |
| Net cash flow from operating activities | | - | - |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of Assets | 8 | 14,777,500.00 | 4,981,000.00 |
| Net cash flows from Investing Activities | | 14,777,500.00 | 4,981,000.00 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | (24,668,837.90) | (38,894,962.50) |
| Cash and cash equivalent at BEGINNING of the year | 13 | 30,205,882.50 | 69,100,845.00 |
| Cash and cash equivalent at END of the year | | 5,537,044.60 | 30,205,882.50 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Njoro NG-CDF financial statements were approved on 30th June, 2016 and signed by


Stephen Wamagata
 Chairman – NG – CDFC


Samuel Kimani
 Fund Account Manager

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

Reports and Financial Statements

For the year ended June 30, 2016

IV: STATEMENT OF APPROPRIATION

| 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=e/c% |
| RECEIPTS | | | | | | |
| Transfers from CDF Board | 120,929,863.00 | 58,722,077.60 | 179,651,940.50 | 120,929,863.00 | 58,722,077.50 | 0.326865813 |
| Proceeds from Sale of Assets | | | - | - | - | |
| Other Receipts | 368,000.00 | | - | 368,000.00 | (368,000.00) | |
| | | | - | | - | |
| EXPENDITURES | | | - | | - | |
| Compensation of employees | 1,412,000.00 | 1,079,951.10 | 2,491,951.00 | 1,056,723.00 | 1,435,228.00 | 0.575945514 |
| Acquisition of goods and services | 9,806,416.00 | 2,401,324.64 | 12,207,740.64 | 5,874,039.50 | 6,333,701.14 | 0.518826647 |
| Transfers to Other Government Units | 38,700,000.00 | 36,300,604.00 | 75,000,604.00 | 49,600,000.00 | 25,400,604.00 | 0.338671993 |
| Other grants and transfers | 63,567,647.00 | 9,210,222.26 | 72,777,869.26 | 41,720,063.50 | 31,057,805.76 | 0.422553397 |
| Acquisition of Assets | 7,400,000.00 | 9,319,000.00 | 16,719,000.00 | 14,777,500.00 | 1,941,500.00 | 0.116125366 |
| Other Payments | 43,800.00 | 410,975.60 | 454,775.60 | 156,707.00 | 298,068.60 | 0.655419068 |
| TOTALS | 120,929,863.00 | 58,722,077.50 | 179,651,940.50 | 112,362,203.40 | 66,466,907.5 | 0.368276777 |

CONSTITUENCIES DEVELOPMENT FUND - NJORO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

- (a) During the year receipts were from the NG-CDF Board vide AIEs*
- (b) Construction of Njoro NG-CDF Office had commenced as funds were available*
- (c) The other budget item performed well as per the budget.*

The Njoro NG-CDF financial statements were approved on _____ 2016 and signed by:



Stephen Njenga
Chairman – NG-CDFC



Samuel Kimani
Fund Account Manager

V. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NG-CDF and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

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

b) Recognition of revenue and expenses

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

c) In-kind contributions

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

d) 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 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.

e) Pending bills

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

f) Budget

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

g) Comparative figures

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

h) 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 – NJORO
CONSTITUENCY

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

NOTES TO FINANCIAL STATEMENTS

| GFS CODES | | | | |
|----------------|---|---------------------|----------------------|---------------------|
| | 1.TRANSFERS FROM OTHER GOVERNMENT AGENCIES | | | |
| | Description | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| 1330407 | Normal Allocation | AIE NO.796143 | 28,516,195.10 | |
| | | AIE NO.796445 | 20,000,000.00 | - |
| | | AIE NO.820772 | 20,000,000.00 | - |
| | | AIE NO.825593 | 20,000,000.00 | |
| | | AIE NO.797247..... | | 28,516,96.50 |
| | | AIE NO.A759514..... | | 28,516,96.50 |
| | | AIE NO.A796851 | | 14,406,80.00 |
| | | AIE NO.A796632 | | 14,114,17.90 |
| 1330408 | Conditional grants | AIE NO... | - | |
| | | AIE NO... | - | |
| 1330409 | Receipt from other Constituency | | - | |
| | TOTAL | | 88,516,195.10 | 85,548,590.9 |

| | | | | |
|----------------|--|--|-------------------|--------------------|
| | 2.PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS | | | |
| 3510000 | Description | | 2015- 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| 3510202 | Receipts from the Sale of Buildings | | - | |
| 3510601 | Receipts from the Sale of Vehicles and Transport Equipment | | | - |
| 3510801 | Receipts from the Sale Plant Machinery and Equipment | | - | |
| 3510803 | Receipts from the Sale of office and general equipment | | - | |
| | Total | | - | - |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NJURU
CONSTITUENCY

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

| 1400000 | 3.OTHER RECEIPTS | | | |
|---------|--------------------------|--|--------------------|-------------------|
| | Description | | 2015 - 2016 | 2014- 2015 |
| | | | Kshs | Kshs |
| 1410107 | Interest Received | | - | - |
| 1410405 | Rents | | - | - |
| 1420601 | Sale of tender documents | | | 56,000.00 |
| | Total | | - | 56,000.00 |

| 2110000 | 4.COMPENSATION OF EMPLOYEES | | | |
|---------|---|--|---------------------|---------------------|
| | Description | | 2015 - 2016 | 2014- 2015 |
| | | | Kshs | Kshs |
| 2110201 | Basic wages of contractual employees | | 1,033,923.00 | 979,470.00 |
| 2110202 | Basic wages of casual labour | | - | - |
| 2120101 | Employer contribution to NSSF | | 22,800.00 | 21,000.00 |
| | Personal allowances paid as part of salary | | - | - |
| 2110301 | House allowance | | - | - |
| 2110314 | Transport allowance | | - | - |
| 2110320 | Leave allowance | | - | - |
| 2110326 | Other personal payments | | | |
| 2710120 | gratuity | | | 106,770.00 |
| | Total | | 1,056,723.00 | 1,107,810.00 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
 CONSTITUENCY

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

| 2200000 | 5.USE OF GOODS AND SERVICES | | | |
|---------|--|--|---------------------|---------------------|
| | Description | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| 2210100 | Utilities, supplies and services | | 506,960.00 | 606,960.00 |
| 2210104 | Office rent | | 342,000.00 | 108,000.00 |
| 2210802 | Other committee expenses | | 104,400.00 | 879,929.26 |
| 2210809 | Committee allowance | | 3,895,900.00 | 5,588,500.00 |
| 2210200 | Communication, supplies and services | | | |
| 2210300 | Domestic travel and subsistence | | 9,800.00 | 18,000.00 |
| 2210500 | Printing, advertising and information supplies & services | | | |
| 2210600 | Rentals of produced assets | | | |
| 2210700 | Training expenses | | | |
| 2210800 | Hospitality supplies and services | | | |
| 2210900 | Insurance costs | | | |
| 2211000 | Specialised materials and services | | | |
| 2211100 | Office and general supplies and services | | 14,979.50 | 61,000.00 |
| 2211200 | Fuel, oil & lubricants | | 1,000,000.00 | 601,000.00 |
| 2211300 | Other operating expenses (kplc) | | | |
| 2220100 | Routine maintenance – vehicles and other transport equipment | | | 1,870.74 |
| 2220200 | Routine maintenance – other assets | | | |
| | Total | | 5,874,039.50 | 7,872,600.00 |

| | | | | |
|---------|---|--|--|--|
| 2630200 | 6.TRANSFER TO OTHER GOVERNMENT ENTITIES | | | |
|---------|---|--|--|--|

CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

| | Description | 2015 - 2016 | 2014 - 2015 |
|---------|------------------------------------|----------------------|----------------------|
| | | Kshs | Kshs |
| 2630204 | Transfers to primary schools | 19,650,000.00 | 37,037,931.00 |
| 2630205 | Transfers to secondary schools | 29,250,000.00 | 19,250,000.00 |
| 2630206 | Transfers to Tertiary institutions | | - |
| 2630207 | Transfers to Health institutions | 700,000.00 | 7,400,000.00 |
| | TOTAL | 49,600,000.00 | 63,687,931.00 |

| 7. OTHER GRANTS AND OTHER PAYMENTS | | | |
|---|------------------------------|----------------------|----------------------|
| | Description | 2015 - 2016 | 2014 - 2015 |
| | | Kshs | Kshs |
| 2640101 | Bursary -Secondary | 6,694,730.10 | 8,108,110.00 |
| 2640102 | Bursary -Tertiary | 5,502,136.00 | 5,324,900.00 |
| 2640104 | Bursary-Special schools | | 190,000.00 |
| 2640105 | Mocks & CA T | 1,000,000.00 | |
| 2640504 | water | 11,031,197.40 | 5,141,860.00 |
| 2640505 | Agriculture (food security) | | |
| 2640506 | Electricity projects | | |
| 2640507 | Security | 16,000,000.00 | 2,100,000.00 |
| 2640508 | Roads | | 20,437,970.00 |
| 2640509 | Sports | | |
| 2640510 | Environment | | 1,350,000.00 |
| 2640200 | Emergency Projects (specify) | 1,492,000.00 | 4,032,800.00 |
| | Total | 41,720,063.50 | 46,685,230.00 |

| 8. ACQUISITION OF ASSETS | | | |
|---------------------------------|----------------------------|---------------|-------------|
| | Non Financial Assets | 2015 - 2016 | 2014 - 2015 |
| | | Kshs | Kshs |
| 3110102 | Purchase of Buildings | - | - |
| 3110202 | Construction of Buildings | 14,500,000.00 | - |
| 3110302 | Refurbishment of Buildings | - | - |

CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

| | | | | |
|---------|---|--|----------------------|---------------------|
| 3110701 | Purchase of Vehicles | | | 4,981,000.00 |
| 3110704 | Purchase of Bicycles & Motorcycles | | - | - |
| 3110801 | Overhaul of Vehicles | | - | - |
| 3111001 | Purchase of Office furniture and fittings | | - | - |
| 3111002 | Purchase of computers ,printers and other IT equipments | | 277,500.00 | - |
| 3111005 | Purchase of photocopier | | - | - |
| 3111009 | Purchase of other office equipments | | - | - |
| 3111112 | Purchase of soft ware | | - | - |
| 3130101 | Acquisition of Land | | - | - |
| | | | | - |
| | Total | | 14,777,500.00 | 4,981,000.00 |

| | 9 | Other Payments | | |
|--------------|---|----------------|-------------------|-------------------|
| N.H.I.F | | | 39,200.00 | 17,830.00 |
| P.A.Y.E | | | 97,877.00 | 127,515.40 |
| Bank charges | | | 19,630.00 | 15,570.00 |
| TOTAL | | | 156,707.00 | 160,915.40 |

| 10A: Bank Balances (cash book bank balance) | | | | |
|---|----------------|------------------|------------------|--|
| Name of Bank, Account No. & currency | Account Number | 2015 - 2016 | 2014 - 2015 | |
| | | Kshs (30/6/2015) | Kshs (30/6/2014) | |
| KCB- NJORO branch NO.114898-442 | | 5,537,044.60 | 30,205,882.50 | |

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

| | | | |
|--|--------------|--------------|---------------|
| | | | |
| | | | |
| | Total | | |
| | | 5,537,044.60 | 30,205,882.50 |

| 10B: CASH IN HAND) | | | |
|---------------------------|--|---|-------------------------|
| | | 2015 - 2016 | 2014 - 2015 |
| | | Kshs (30/6/2016) | Kshs (30/6/2015) |
| Location 1 | | - | - |
| Location 2 | | - | - |
| Location 3 | | - | - |
| Other receipts (specify) | | - | - |
| Total | | - | - |
| | | | |
| | | <i>[Provide cash count certificates for each]</i> | |

| 11: OUTSTANDING IMPRESTS | | | | |
|---------------------------------|------------------------|---------------------------|---------------------|---------------------------|
| | <i>Name of Officer</i> | <i>Date imprest taken</i> | <i>Amount Taken</i> | <i>Amount Surrendered</i> |
| | | | <i>Kshs</i> | <i>Kshs</i> |
| | <i>Name of Officer</i> | dd/mm/yy | - | - |
| | <i>Name of Officer</i> | dd/mm/yy | - | - |
| | <i>Name of Officer</i> | dd/mm/yy | - | - |
| | <i>Name of Officer</i> | dd/mm/yy | - | - |
| | <i>Name of Officer</i> | dd/mm/yy | - | - |

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

| | | | | |
|--|-----------------|----------|---|---|
| | Name of Officer | dd/mm/yy | - | - |
| | Total | | | |

| | | | | |
|--|---------------------|--|--|--|
| | 12:RETENTION | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

| | | | | |
|--|------------------------------------|--|------------------------|------------------------|
| | 13.BALANCES BROUGHT FORWARD | | | |
| | | | | |
| | | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs (1/7/2015) | Kshs (1/7/2014) |
| | Bank accounts | | 30,205,882.50 | 29,491,512.50 |
| | Cash in hand | | | |
| | Imprest | | | |
| | Total | | 30,205,882.50 | 29,491,512.50 |

| | | | | |
|--|-----------------------------------|--|--------------------|--------------------|
| | 14. PRIOR YEAR ADJUSTMENTS | | | |
| | | | 2015 - 2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| | Bank accounts | | | |
| | Cash in hand | | - | - |
| | Imprest | | - | - |
| | | | - | - |
| | Total | | - | - |

| | | | | |
|--|---|--|------------------|--------------------|
| | 15. OTHER IMPORTANT DISCLOSURES | | | |
| | 15.1: RECEIVABLES FROM CDF BOARD AND OTHER RECEIVABLES | | | |
| | | | 2015-2016 | 2014 - 2015 |
| | | | Kshs | Kshs |
| | | | 60,929,863.00 | 28,516,195.00 |
| | | | | - |
| | | | | - |

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

| | | | | | |
|--|--|--|--|--|---|
| | | | | | - |
| | | | | | - |

ANNEX 4-SUMMARY OF FIXED REGISTER

| Asset class | Historical Cost (Kshs) 2015/16 | Historical Cost (Kshs) 2014/15 |
|------------------------------|---|---|
| 1 Photocopying machine | 120,000.00 | 120,000.00 |
| 1 Computer HP | 80,000.00 | 80,000.00 |
| 1 Executive chair | 7,500.00 | 7,500.00 |
| 1 Three drawer office table | 13,000.00 | 13,000.00 |
| 1 Six drawer office table | 15,000.00 | 15,000.00 |
| Book shelf | 15,000.00 | 15,000.00 |
| Book shelf | 15,000.00 | 15,000.00 |
| Office table | 15,000.00 | 15,000.00 |
| Motor vehicle | 4,981,000.00 | 4,981,000.00 |
| 2 Lenovo E73 tower desktop | 99,000.00 | |
| 2 Lenovo G-50-70 Laptops | 109,000.00 | |
| 1 HP color laser jet printer | 69,500.00 | |
| Total | 5,539,000 | 5,261,500.00 |

