

REPUBLIC OF KENYA



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REPORT
OF
THE AUDITOR-GENERAL
ON
THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
- STAREHE CONSTITUENCY
FOR THE YEAR ENDED
30 JUNE 2016

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
- STAREHE CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
STAREHE 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 – STAREHE
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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

(b) Key Management

The *STAREHE 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Jane Wairimu
3.	Accountant	Alois Kimuyu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of STAREHE 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) STAREHE NG-CDF Headquarters

P.O. Box 10445-100
Nairobi, KENYA

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

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

(f) STAREHE NG-CDF CONTACTS

Telephone: 0202392530
E-mail: info@starehe.cdf.go.ke
Website: www.starehe.cdf.go.ke

(g) STAREHENG-CDF Bankers

Constituency NG-CDF main banker (Stima plaza Ngara)
Cooperative Bank of Kenya
01120070407600

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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 CONSTITUENCIES DEVELOPMENT FUND – STAREHE
CONSTITUENCY**

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

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

Starehe NG-CDF had an allocation of Kshs. 93,974,280.00 in the financial year 2015/2016. We have been able to implement most of the projects. The constituency has so far received Kshs. 85,974,280.00 from the NG-CDF Board and disbursed the same to the beneficiaries. During the financial year, 2015/2016, a considerable number of projects have been completed. These includes; Construction of a perimeter wall at Pumwani primary school, rehabilitation of classes at Moi avenue primary school., Construction of drugs store at Nairobi South Health Centre, Building of Mary Immaculate Dispensary, Taking part in sports activities, Construction of Aoko Market Shades, Building of Karioko Social Hall and issuing of bursaries to needy students.

NG-CDF being the backbone of development in the Constituency is an integral part in any development agenda. The Constitutional crisis arising on NG-CDF should be taken as a critical decision for the survival of NG-CDF.

NG-CDF as a development wheel is faced with numerous challenges. The society is yet to embrace it as a non-political fund. Separation here becomes an uphill task. A negative attitude towards the fund is also another big challenge to the implementers.

A lot of sensitization is necessary to change the community's' mind set towards development.

Sign

GEORGE KIRERA

CHAIRMAN SNG-CDFC



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

Reports and Financial Statements

For the year ended June 30, 2016

II. STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government 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 Accounting Officer in charge of STAREHE *NG-CDF* is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and 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 *NG-CDF*; (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 *NG-CDF*; (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 STAREHE *NG-CDF* accepts responsibility for the *NG-CDF'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 *NG-CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 2016, and of the *NG-CDF's* financial position as at that date. The Accounting Officer charge of the STAREHE *NG-CDF* further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the STAREHE *NG-CDF* confirms that the *NG-CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NG-CDF'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 *NG-CDF'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 *NG-CDF's* financial statements were approved and signed by the Accounting Officer on 2016



Chairman - SNG-CDFC



Fund Account Manager



REPUBLIC OF KENYA

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E-mail: oag@oagkenya.go.ke
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - STAREHE 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 - Starehe Constituency set out on pages 7 to 24, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation 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 the International Public Sector Accounting Standard (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 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

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

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluation of 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 adverse audit opinion.

Basis for Adverse Opinion

1. Presentation and Disclosures of the Financial Statements

1.1 Inconsistent Values/Figures

The statement of compliance and basis of preparation indicate that all values are rounded off to the nearest shilling. However, balances in the financial statements have not been rounded off to the nearest shilling. Further, the cash flow statement is indicated as being for the year 2014-2015 and comparative balances shown as 2013-2014. The financial statements are therefore not consistent with the declared basis of their preparation and have not been properly identified and therefore, do not conform to the format prescribed by the Public Sector Accounting Standard Board.

1.2 Comparative Balances

The following differences have been noted between comparative figures (2014/2015) reflected in the financial statements for the year ended 30 June 2016 and the balances shown in the audited financial statements for 2014/2015:

Item	2014/2015 Comparative Figures Kshs	2014/2015 Audited Balance Kshs	Variance Kshs
Transfer from CDF Board	121,862,135	140,247,374	(18,385,239)
Compensation of Employees	2,369,551	2,379,312	(9,761)
Transfers to other Government Units	50,061,205	41,199,633	8,861,572
Use of Goods and Services	14,911,959	6,414,549	8,497,410
Acquisition of assets	-	1,218,939	(1,218,939)
Other Payments	-	10,289,874	(10,289,874)
Committee	-	4,211,925	(4,211,925)
Social security	-	14,400	(14,400)

Bank Balance	11,625,546	28,622,858	(16,997,312)
Fund Balance b/f	4,676,452	29,009,894	(24,333,442)
Surplus for the Year	6,949,095	18,470,041	(11,520,946)

However, contrary to the requirements of paragraphs 1.4.19 and 1.5 of the IPSAS Cash Basis reporting framework, no disclosures have been made in the notes to the financial statements to indicate that comparative information relating to these specific items is restated. In addition, the nature of the errors and the respective amounts of the corrections for the items have not been disclosed.

1.3 Statement of Cash Flow

The statement of cash flow reflects cash and cash equivalent at beginning of year of Kshs.11,625,546 but the audited financial statements for 2014/2015 reflects Kshs.28,622,858 resulting in an unexplained difference of Kshs.16,997,312. Consequently, the accuracy of the statement of cash flow for the year ended 30 June 2016 cannot be confirmed.

2. Cash and Cash Equivalents

The statement of assets and liabilities reflects a negative bank balance of Kshs.9,533,589. A review of the bank reconciliation statement for the month of June 2016 showed unrepresented cheques amounting to Kshs.29,047,852 some of which were stale but had not been reversed in the cashbook. The high amount of unrepresented cheques, some dating back 2013 has not been explained. Further, bank confirmation certificates in support of the bank balance have not been provided for audit verification. Consequently, the accuracy of the negative bank balance of Kshs.9,533,589 as at 30 June 2016 cannot be confirmed.

3. Transfers from CDF Board

As disclosed at Note 1 to the financial statements, transfers from the NGCDF Board amounted to Kshs.85,974,280 during the year under review. However, out of this amount, management did not present copies of Authority to Incur Expenditure (AIE) and bank statements for transfers totalling Kshs.35,974,280. Consequently, the validity of transfers from the NGCDF Board amounting to Kshs.35,974,280 cannot be confirmed.

4. Failure to Supply and Erect Signage for NG-CDF - Starehe Projects

During the year, the Fund contracted a local company to construct and erect six feet signage (sign posts) for projects funded by NGCDF - Starehe Constituency at a cost of Kshs.650,000. However, no sign posts were seen in all the projects visited by the audit team in the course of the audit. Management has explained that most of the signage were destroyed during the campaign period and others vandalized by scrap metal dealers. Consequently, the propriety and validity of Kshs.650,000 paid for signage cannot be confirmed.

Adverse Opinion

In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund – Starehe 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budget and Budgetary Performance

1.1 Budgetary Performance

The summary statement of appropriation reflects a final budget figure of Kshs.107,599,827 against actual expenditure of Kshs.109,133,416 resulting in an over expenditure of Kshs.1,533,588 as detailed below:

Item	Final Budget Kshs	Actual Expenditure Kshs	Utilization Difference Kshs	% Utilization
Compensation of Employees	2,937,049	2,896,861	40,188	99
Use of Goods and Services	8,143,556	7,899,113	244,443	97
Transfer to Other Government Units	47,538,014	52,646,644	(5,108,630)	111
Other Grants and Transfers	48,981,208	45,690,797	3,290,411	93
Total	107,599,826	109,133,416	(1,533,588)	101

Records showing approval for the over expenditure and/or reallocation of funds have not, however, been made available for audit review.

1.2 Transfers to Other Government Units

During the year, the Fund spent a total of Kshs.52,646,644 on projects under transfers to other government units against an approved budget of Kshs.47,538,014 resulting in a net over expenditure of Kshs.5,108,630 as detailed below:

Item	Budgeted Amount Kshs	Actual Expenditure Kshs	Over/Under Expenditure Kshs
St.Peters Primary – Toilets	2,000,000.00	0.00	2,000,000.00

Moi Avenue Primary School – Toilet & Planting	1,000,000.00	0.00	1,000,000.00
City Primary School – 10 Wheel Chairs	431,233.50	0.00	431,233.50
Dr. Aggrey – Perimeter Wall & Library	2,106,780.44	2,594,501.40	-487,720.96
Ainsworth Primary School – Perimeter Wall	1,500,000.00	636,149.00	863,851.00
Pangani Primary – Perimeter Wall	1,500,000.00	1,491,000.00	9,000.00
Racecourse Primary – Painting Classrooms	1,500,000.00	1,254,095.00	245,905.00
St. Bridgid – Perimeter Wall	1,500,000.00	2,308,690.00	-808,690.00
Juja Road – Perimeter & Painting Classrooms	2,000,000.00	1,763,696.40	236,303.60
Pumwani Primary School – Roofing/Perimeter Wall	2,000,000.00	2,374,810.00	374,810.00
Mariakani Primary – Perimeter/Painting	1,500,000.00	742,959.00	757,041.00
Mukuru Primary – Furniture/Repair of Gate	1,000,000.00	303,050.00	696,950.00
Muslim Pangani – Chairs	1,000,000.00	0.00	1,000,000.00
Parkroad Primary – Perimeter Wall	4,000,000.00	4,081,745.00	-81,745.00
Islamia Primary	0.00	452,400.00	-452,400.00
Plainsview Primary	0.00	126,355.00	-126,355.00
Muranga Road	0.00	1,000,000.00	-1,000,000.00
SSD Primary	0.00	166,000.00	-166,000.00
Pumwani Boys Secondary	2,000,000.00	2,404,139.30	-404,139.30
Ngara Girls – Construction of Dining Hall	12,000,000.00	13,303,368.75	-1,303,368.75
County Girls High – Dining Hall Furniture, part of Perimeter Wall	2,000,000.00	2,649,008.80	-649,008.80
St. Catherine Health Center – Construction of fully equipped Maternity Ward	7,000,000.00	13,354,810.65	-6,354,810.65
Landi Mawe Resource Center	1,500,000.00	1,639,886.00	-139,886.00
Total	47,538,013.94	52,646,664.50	-5,108,650.56

Although there was a net over expenditure of Kshs.5,108,650.56, four projects highlighted in the table above were not executed at all. Consequently, the constituents of Starehe did not obtain benefits from the projects budgeted for but not implemented during the year.

1.3 Other Grants and Transfers

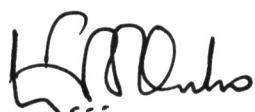
During the year, the Fund budgeted to spend Kshs.48,981,208 on other grants and transfers but spent Kshs.45,690,797 resulting in a net under expenditure of Kshs.3,290,411 as detailed below:

	Budgeted Amount Kshs	Actual Expenditure Kshs	Over/Under Expenditure Kshs
Project			
Bursary	15,493,570	31,739,285	-16,245,715
Water/sewers	600,000	1,422,675	-822,675
Agriculture(food security)	1,561,021	697,002	864,019
Roads/Footbridge	2,000,000	1,000,000	1,000,000
Sports	1,879,485	1,794,500	84,985
Environmental projects	3,379,485	1,800,000	1,579,485
Emergency	5,767,647	4,955,611	812,037
Markets/Stadiums	10,000,000	2,281,725	7,718,275
Security	5,300,000	0	5,300,000
Flood lights	3,000,000	0	3,000,000
Total	48,981,208	45,690,797	3,290,411

The under-expenditure indicates programs approved but not fully implemented more specifically security and flood lights during the year. Consequently, the constituents did not obtain benefits from the projects budgeted for but not implemented during the year.

2. Other Grants and Transfers

As disclosed at Note 7 to the financial statements, other grants and transfers figure of Kshs.45,690,797 includes bursaries of Kshs.31,739,285 disbursed to secondary schools and tertiary institutions. However, bursary cheques totalling Kshs.15,028,000 had not been presented to the intended beneficiaries as at 30 June 2016. No explanation has been provided for failure to issue cheques to the beneficiaries.



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

Nairobi

13 December 2017

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

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016	2014-2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	85,974,280.00	140,247,374.00
Proceeds from Sale of Assets	2		-
Other Receipts	3	2,000,000.00	-
TOTAL RECEIPTS		87,974,280.00	140,247,374.00
PAYMENTS			
Compensation of employees	4	2,896,861.00	2,393,712.00
Use of goods and services	5	7,899,113.40	10626470.00
Transfers to Other Government Units	6	52,646,644.30	41,199,633.00
Other grants and transfers	7	45,690,797.30	45,895,883.40
Acquisition of Assets	8	-	1,218,939.00
Other Payments	9	-	10,289,874.00
TOTAL PAYMENTS		109,133,416.00	111,624,515.40
SURPLUS/DEFICIT		(21,159,136.00)	28,622,858.60

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The STAREHENG-CDF financial statements were approved on 30/6 2016 and signed by:



George Kirera
Chairman - NG-CDFC



Jane Wairimu Muchira
Fund Account Manager



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

Reports and Financial Statements

For the year ended June 30, 2016

IV. STATEMENT OF ASSETS AND LIABILITIES


	Note	2015-2016	2014-2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	(9,533,589.06)	28,622,858.94
Cash Balances (cash at hand)	10B		-
Outstanding Imprests	11		-
TOTAL FINANCIAL ASSETS		(9,533,589.06)	28,622,858.94
REPRESENTED BY			
Fund balance b/fwd 1st July...2015	13	11,625,546.94	29,009,894.96
Surplus/Deficit for the year		(21,159,136.00)	18,470,040.65
Prior year adjustments	14		-
NET LIABILITIES		(9,533,589.06)	28,622,858.60

The accounting policies and explanatory notes to these financial statements form an integral part of The financial statements, The STAREHE NG-CDF financial statements were approved on 21/2/2016

2016 and signed by:


George Kirera
Chairman - NG-CDFC




Jane Wairimu Muchira
Fund Account Manager

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


Reports and Financial Statements


For the year ended June 30, 2016

V. STATEMENT OF CASHFLOW

Receipts for operating income		2015-2016	2014 - 2015
Transfers from CDF Board	1	87,974,280.00	140,247,374.00
Other Receipts	3	-	-
		87,974,280.00	140,247,374.00
Payments for operating expenses			
Compensation of Employees	4	2,896,861.00	2,393,712
Use of goods and services	5	7,899,113.40	10,626,474
Transfers to Other Government Units	7	52,646,644.30	41,199,633.00
Other grants and transfers	8	45,690,797.30	45,895,883.40
Other Payments	11	-	
Adjusted for:			
Adjustments during the year		-	
		109,133,416.00	111,624,515.40
Net cash flow from operating activities		(21,159,136.00)	28,622,858.60
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-	-
Net cash flows from Investing Activities		(21,159,136.00)	18,470,040.65
NET INCREASE IN CASH AND CASH EQUIVALENT			-
Cash and cash equivalent at BEGINNING of the year	15	11,625,546.94	29,009,894.96
Cash and cash equivalent at END of the year	16	(9,533,589.06)	28,622,858.60

The financial statements. The STAREHE NG-CDF financial statements were approved on 30/6 2016 and signed by:


George Kirera
Chairman - NG-CDFC


Jane Wairimu Muchira
Fund Account Manager



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

Reports and Financial Statements

For the year ended June 30, 2016

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

Rec	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 %
	RECEIPTS						
	Transfers from CDF Board	93,974,280.00	11,625,546.94	105,599,826.94	97,599,826.94	8,000,000.00	91.00%
	Proceeds from Sale of Assets						
	Other Receipts						
		93,974,280.00	11,625,546.94	105,599,826.94	97,599,826.94	8,000,000.00	91.00%
	PAYMENTS						
	Compensation of Employees	2,387,048.50	550,000.00	2,937,048.50	2,896,861.00	40,187.50	99.00%
	Use of Godds and services	4,143,556.40	4,000,000.00	8,143,556.40	7,899,113.40	244,443.00	97.00%
	Transfers to Other Government Units	38,462,467.00	7,075,546.94	45,538,013.94	52,646,644.30	(7,108,630.36)	116.00%
	Other grants and transfers	48,981,208.10		48,981,208.10	45,690,797.30	3,290,410.80	93.00%
	Acquisition of Assets	-		-		-	0.00%
	Other Payments						
	TOTALS	93,974,280.00	11,625,546.94	105,599,826.94	109,133,416.00	(3,533,589.06)	103.00%

The STAREHENG-CDF financial statements were approved on 30/6 2016 and signed by:



**George Kirera
Chairman - NG-CDFC**



**Jane Wairimu Muchira
Fund Account Manager**



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VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

The *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*.

3. In-kind contributions

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

4. Cash and cash equivalents

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

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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

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VIII. NOTES TO THE FINANCIAL STATEMENTS

5 DES				
1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description		2015-2016	2014 - 2015
			Kshs	Kshs
330407	Normal Allocation	AIE NO...750266	30,000,000.00	37,535,904.00
		AIE NO...750267	20,000,000.00	44,413,115.50
			31,474,280.00	39,913,115.50
			4,500,000.00	18,385,239.00
330408	Conditional grants	AIE NO...		-
		AIE NO...		-
330409	Receipt from other Constituency			-
	TOTAL		85,974,280.00	140,247,374.00
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
510000	Description		2015-2016	2014 - 2015
			Kshs	Kshs
510202	Receipts from the Sale of Buildings			
510601	Receipts from the Sale of Vehicles and Transport Equipment			
510801	Receipts from the Sale Plant Machinery and Equipment			
510803	Receipts from the Sale of office and general equipment			
	Total			-

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1400000				
3 OTHER RECEIPTS				
Description		2015-2016	2014 - 2015	
		Kshs	Kshs	
1410107	Interest Received		-	
1410405	Rents		-	
1420601	Sale of tender documents		-	
1450207	Other Receipts Not Classified Elsewhere (specify)	2,000,000.00	-	
	Total	2,000,000.00	-	
2110000				
4 COMPENSATION OF EMPLOYEES				
Description		2015-2016	2014 - 2015	
		Kshs	Kshs	
2110201	Basic wages of contractual employees	2,871,661.00	2,379,312.00	
2110202	Basic wages of casual labour		-	
	Personal allowances paid as part of salary			
2110301	House allowance		-	
2110314	Transport allowance		-	
2110320	Leave allowance			
2110326	Employer contribution to NSSF	25,200.00	28,000.00	
2710120	gratuity			
	Total	2,896,861.00	2,379,312.00	
2200000				
5 USE OF GOODS AND SERVICES				
Description		2015-2016	2014 - 2015	
		Kshs	Kshs	
2210100	Utilities, supplies and services	300,000.00	6,364,364.00	
2210104	Office rent	-	-	
2210200	Communication, supplies and services	150,000.00		

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2210300	Domestic travel and subsistence		100,000.00	500,000.00	
2210500	Printing, advertising and information supplies & services		300,000.00	1,200,000.00	
2210600	Rentals of produced assets			-	
2210700	Training expenses		1,431,060.00	50,158.00	
2210802	Other committee expenses		600,000.00	4,051,800.00	
2210809	Committee allowance		1,368,000.00	4,211,925.00	
2210800	Hospitality supplies and services			-	
2210900	Insurance costs			-	
2211000	Specialized materials and services			580,000.00	
2211100	Office and general supplies and services		3,139,408.40		
2211200	Fuel ,oil & lubricants		300,000.00	1,600,000.00	
2211300	Other operating expenses/b charges		110,645.00		
2220100	Routine maintenance – vehicles and other transport equipment		100,000.00	1,000,000.00	
2220200	Routine maintenance – other assets				
	Total		7,899,113.40	10,626,474.00	
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES				
	Description		2015-2016	2014 - 2015	
			Kshs	Kshs	
2630204	Transfers to primary schools		19,295,430.80	21,037,086.00	
2630205	Transfers to secondary schools		18,356,516.85	14,528,477.00	
2630206	Transfers to Tertiary institutions		1,639,886.00	1,597,900.00	

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2630207	Transfers to Health institutions		13,354,810.65	4,036,170.00	
	TOTAL		52,646,644.30	41,199,633.00	
2640000	7 OTHER GRANTS AND OTHER PAYMENTS				
	Description		2015-2016	2014 - 2015	
			Kshs	Kshs	
2640101	Bursary - Secondary/tertiary/mocks		31,739,285.00	15,367,550.00	
2640102	Bursary -Tertiary			10,000,000.00	
2640104	Bursary-Special schools				
2640105	Mocks & CAT				
2640504	water/Sewers		1,422,675.00	3,042,230.00	
2640505	Agriculture (food security)		697,001.80		
2640506	Electricity projects				
2640507	Security			400,000.00	
2640508	Roads		1,000,000.00	400,000.00	
2640509	Sports		1,794,500.00	1,987,382.00	
2640510	Environment		1,800,000.00	1,793,588.40	
2640200	Emergency Projects (specify)		4,955,610.50	12,907,133.00	
2640511	Development - markets/stadiums		2,281,725.00		
	Total		45,690,797.30	45,895,883.40	
3100000	8 ACQUISITION OF ASSETS				
	Non Financial Assets		2015-2016	2014- 2015	
			Kshs	Kshs	
3110102	Purchase of Buildings			-	
3110202	Construction of Buildings				
3110302	Refurbishment of Buildings				
3110701	Purchase of Vehicles				

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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				
3111005	Purchase of photocopier				
3111009	Purchase of other office equipments				
3111112	Purchase of soft ware/Strategic plan				-
3130101	Acquisition of Land				-
	Total				-
9 OTHER PAYMENTS					
			2015-2016	2014- 2015	
			Kshs	Kshs	
	specify				-
	specify				-
	TOTAL				-
10A: Bank Balances (cash book bank balance)					
	Name of Bank	Account Number	2015-2016	2014 - 2015	
			Kshs	Kshs	
				(30/6/2015)	
	<i>co-operative bank – Stima Plaza Ngara</i>		(9,533,589.06)	11,625,546.94	
					-
					-
	Total		(9,533,589.06)	11,625,546.94	
10B: CASH IN HAND					

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		2015-2016	2014 - 2015	
		Kshs	Kshs (30/6/2015)	
Location 1			-	
Location 2			-	
Location 3			-	
Other receipts (specify)			-	
Total			-	
			[Provide cash count certificates for each]	
11: OUTSTANDING IMPRESTS				
<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Taken</i>	<i>Balance (30/6/2015)</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-
<i>Name of Officer</i>	<i>dd/mm/yy</i>	-	-	-
Total				-
12 Retention				
<i>Supplier/Contractor</i>	<i>PV no</i>	<i>2015 - 2016</i>	<i>2014 - 2015</i>	
		-	-	
		-	-	
		-	-	
		-	-	
		-	-	
		-	-	
		-	-	
		-	-	
		-	-	
13 BALANCES BROUGHT FORWARD				
		<i>2015 - 2016</i>	<i>2014 - 2015</i>	
		<i>Kshs (1/1/7/2015)</i>	<i>Kshs (1/1/7/2014)</i>	
Bank accounts		11,625,546.94	4,676,452.19	
Cash in hand			-	
Imprest			-	
Total		11,625,546.94	4,676,452.19	

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		<i>[Provide short appropriate explanations as necessary]</i>		
14 PRIOR YEAR ADJUSTMENTS				
		2015-2016	2014 - 2015	
		Kshs	Kshs	
Bank accounts				
Cash in hand			-	
Imprest			-	
			-	
Total			-	
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			-	
Supply of services			-	
TOTAL			-	
15.2: PENDING STAFF PAYABLES (See Annex 2)				
		2015-2016	2014 - 2015	
		Kshs	Kshs	
Senior management			-	
Middle management			-	
Unionisable employees			-	
Others (<i>specify</i>)			-	
			-	
15.3: OTHER PENDING PAYABLES (See Annex 3)				
		2015-2016	2014 - 2015	
		Kshs	Kshs	

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	Amounts due to other Government entities (see attached list)				-
	Amounts due to other grants and other transfers (see attached list)				-
	Others (<i>specify</i>)				-
					-

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)

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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 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						