

REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL

REPORT



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ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KIMILILI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017

AUDITOR-GENERAL
TANZANIA

19 JUN 2018

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KIMILILI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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

**KIMILILI NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT
FUND – KIMILILI CONSTITUENCY**

Amended Reports and Financial Statements

For the year ended June 30, 2016

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013. 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 *Constituencies Development Fund*. The objective of the fund to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

- i. Constituencies Development Fund Board (CDFB)
- ii. Constituency Development Fund Committee (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	Christine Muyaka
3.	Accountant	Zakaria Anangwe
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of GILGIL Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the 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) KIMILILI NG- CDF Headquarters

NG-CDF Office Building,
P.O Bo 60-20204
KIMILILI

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

(f) KIMILILI NG-CDF Contacts

Telephone: (254) 0727 389 947
E-mail: cdkimilili@cdf.go.ke
Website: www.kimilili.go.ke

(g) KIMILILI NG-CDF Bankers

1. Kenya Co-operative Bank
P.O Box 552
Kimilili

(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 CONSTITUENCY DEVELOPMENT FUND- KIMILILI
CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

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

The chairman Kimilili NG-CDFC would like to highlight his comments basing on the following key areas:-

BUDGET PERFORMANCE

The budgeted amount in the financial year 2016-2017 has been well utilised in completion and commencing of various projects within the Kimilili Constituency as compared to the previous financial year 2015-2016 as will be seen in the financial statements. In summary, the constituency had total budget receipt of Kshs 102,621,538 (this includes the opening balance) with an expenditure of Kshs.96,157,845 which led to a surplus of Kshs 6,463,688

KEY ACHEIVEMENTS

The Constituency has had several achievements in this financial year through the funds that were disbursed by the NG-CDFB. The fund spent Kshs.56,030,890 on Education, Health, Security and Roads. Through the fund we have been in a position to support 3,170 students learning in the secondary, tertiary and university levels of education from needy families through bursary funds; the fund has also assisted in establishment and improvement of 56 Education facilities hence enabling reduce illiteracy and increasing access to quality education under good conditions; the NG-CDF has also improved access to health care by construction of health facilities and improved security through construction of several Police stations, chiefs offices and AP Camps.

EMERGING ISSUES RELATED TO NG-CDF

Establishment of the NG-CDF Act 2015 brought about changeover challenges with the dissolution and establishment of committees and this affected the process of implementation of the years' budget

IMPLEMENTATION CHALLENGES

- Late disbursement of funds affecting project implementation
- Public participation challenges i.e poor response to calls for public participation during feasibility

WAY FORWARD

- Appeal to NG-CDF Board for timely disbursement of funds
- Budget for community sensitization


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JOSEPH WALUBENGO
CHAIRMAN NG-CDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government agency shall prepare financial statements in respect of that agency. 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 KIMILILI National Government Constituency Development Fund is responsible for the preparation and presentation of the KIMILILI NG-CDF financial statements, which give a true and fair view of the state of affairs of the KIMILILI NG-CDF for and as at the end of the financial year (period) ended on June 30, 2017. 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 KIMILILI NG-CDF accepts responsibility for the 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, 2017, and of the NG-CDF's financial position as at that date. The Accounting Officer charge of the KIMILILI NG-CDF further confirms the completeness of the accounting records maintained for the 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 KIMILILI 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 30/6/2017.


Julius Oketch
FUND ACCOUNT MANAGER
NG-CDF BOARD

Fund Account Manager


Chairman CDFC

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- KIMILILI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Kimillili Constituency set out on pages 6 to 20, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund- Kimillili Constituency as at 30 June 2017, 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.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I confirm that nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

Unsupported Land Acquisitions

Included in the transfer to other government entities balance of Kshs.35,459,010 is Kshs.5,050,000 incurred on acquisition of several parcels of land for several projects as highlighted below. However, the land parcels were still registered in the previous owners and therefore title deeds registered in the names of the respective institutions were not available for audit verification.

No.	Payee	Details	Amount Kshs.
1	Matisi Primary school	1 acre land	600,000
2	New Hope Mwangale Sec. School	1 acre land	600,000
3	Kimingichi Primary School	1 acre land	1,200,000
4	Chelekei Primary school	1 acre land	600,000
5	Khamulati Primary school	1 acre land	700,000
6	Kimilili Friends Girls Sec. School	1 acre land	600,000
7	Miruri Secondary School	1 acre land	750,000
			5,050,000

In the circumstance, it was not possible to ascertain ownership of the parcels of land by the intended beneficiary institutions.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- Kimilili Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

During the year under review, the Fund spent Kshs.96,157,849 against a budget of Kshs.102,621,537 resulting in under-absorption of Kshs.6,463,688 or 6% of the budget as highlighted below:

Receipt/Expense Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs.	Kshs.	Kshs.	
Receipts				
Transfers from the CDF Board	102,591,538	101,891,538	700,000	99%
Other Receipts(A.I.A)	30,000	18,000	12,000	60%
Total Receipts	102,609,538	101,891,538	718,000	99%
Payments			-	

Compensation of Employees	3,561,976	2,615,790	946,186	73%
Use of goods and services	9,876,669	6,944,385	2,932,284	70%
Transfers to Other Government Units	49,029,029	48,962,870	66,159	100%
Other grants and transfers	37,312,331	35,459,010	1,853,321	95%
Acquisition of Assets	2,811,532	2,175,794	635,738	77%
Other Payments	30,000	-	30,000	0%
Totals	102,621,537	96,157,849	6,463,688	94%

2. Project Implementation Status

The CDF was to implement a total of 46 projects through various project management committees during the year under review. An analysis revealed that 19 projects representing 41% of the project portfolio were ongoing while 27 representing 59% of the portfolio had been completed as at the time of audit.

Project Implementation Performance-Kimilili NGCDF					
Sector	Budgeted Projects	Actual/Implemented Projects			
		Not Started	Ongoing	Completed	% of Completed Projects
Primary School Projects	28	-	13	15	54%
Secondary School Projects	11	-	3	8	73%
Security Projects	3	-	3	0	0%
Sports Activities	1	-	0	1	100%
Environmental Projects	1	-	0	1	100%
Bursary Secondary	1	-	0	1	100%
Bursary Tertiary	1	-	0	1	100%
Total	46	-	19	27	59%
	100%	-	41%	59%	

Consequently, the CDF did not achieve its projects completion targets and could therefore not provide its constituents with all the services planned and budgeted for the year under review.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management has knowledge of any intention to liquidate the Fund or cease its operations.

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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Responsibilities of the Auditor-General for the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

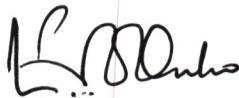
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty

exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

26 July 2018


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

RECEIPTS			
Transfers from CDF board	1	81,796,552	125,862,734
Other receipts	2	18,000	-
		81,814,552	125,862,734
TOTAL RECEIPTS			
 PAYMENTS			
Compensation of employees	3	2,615,790	1,692,857
Use of goods and services	4	6,944,385	6,276,619
Transfers to other government units	5	48,962,870	56,545,690
Other grants and transfers	6	35,459,010	47,881,380
Acquisition of assets	7	2,175,794	6,481,962
		96,157,849	118,878,508
TOTAL PAYMENTS		-14,343,297	6,984,226
DEFICIT /SURPLUS			

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KIMILILI NG- CDF financial statements were approved on 27/6/17 2017 and signed by:


Chairman - CDFC


Julius Oketch
FUND ACCOUNT MANAGER
NG-CDF BOARD

Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
CONSTITUENCY**


Reports and Financial Statements

For the year ended June 30, 2017

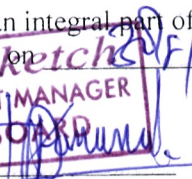
V. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	5,763,689	20,106,986
TOTAL FINANCIAL ASSETS		5,763,689	20,106,986
REPRESENTED BY			
Fund balance b/fwd 1st July 2016	9	20,106,986	12,482,858
Deficit /Surplus for the year		-14,343,297	6,984,226
Prior year adjustments		-	639,902
NET LIABILITIES		5,763,689	20,106,986

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KIMILILI NG- CDF financial statements were approved on 2017 and signed by:



Chairman - CDFC


Julius Oketch
FUND ACCOUNT MANAGER
NG- CDF BOARD

Fund Account Manager

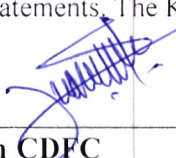
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2017**

VI. STATEMENT OF CASHFLOW

Receipts for operating income (a)		2016-17	2015-16
Transfers from CDF Board	1	81,796,552	125,862,734
Other Receipts	2	18,000	-
Total Receipts		81,814,552	125,862,734
Payments for operating expenses (b)			
Compensation of Employees	3	2,615,790	2,615,790
Use of goods and services	4	6,944,385	6,944,385
Transfers to Other Government Units	5	48,962,870	48,962,870
Other grants and transfers	6	35,459,010	35,459,010
Total Payments		93,982,055	112,396,545
Net cash flow from operating activities (c=a-b)		(12,167,503)	13,466,188
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	2,175,794	6,481,962
Net cash flows from Investing Activities (d)		2,175,794	6,481,962
NET INCREASE IN CASH AND CASH EQUIVALENT (e=c-d)		-14,343,297	6,984,226
Cash and cash equivalent at BEGINNING of the year	9	20,106,986	12,482,858
Prior year adjustments		-	639,902
Cash and cash equivalent at END of the year	8	5,763,689	20,106,986

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KIMILILI NG- CDF financial statements were approved on 30/6 2017 and signed by:



Chairman CDFC


Julius Oketch
FUND ACCOUNT MANAGER
NG-CDF BOARD

Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KIMILILI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

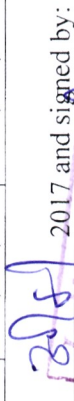
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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	81,896,552	20,694,986	102,591,538	101,891,538	700,000	99%
Other Receipts(A.I.A)	-	30,000	30,000	18,000	12,000	60%
TOTAL RECEIPTS	81,896,552	20,724,986	102,621,538	101,891,538	730,000	99%
PAYMENTS						
Compensation of Employees	1,811,448	1,750,528	3,561,976	2,615,790	946,186	73%
Use of goods and services	5,559,242	4,317,427	9,876,669	6,944,385	2,932,284	70%
Transfers to Other Government Units	45,650,000	3,379,029	49,029,029	48,962,870	66,159	100%
Other grants and transfers	28,875,862	8,436,469	37,312,331	35,459,010	1,853,322	95%
Acquisition of Assets	-	2,811,532	2,811,532	2,175,794	635,738	77%
Other Payments	-	30,000	30,000	0	30,000	0%
TOTALS	81,896,552	20,724,986	102,621,538	96,157,849	6,463,688	94%

The KIMILILI NG-CDF financial statements were approved on

2017 and signed by:

Chairman CDF


 FUND ACCOUNT MANAGER
 Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
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Reports and Financial Statements
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VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. 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 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 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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIMILILI
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For the year ended June 30, 2017**

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.

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 *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 *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 *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, 2017.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2016-2017	2015-2016
		Kshs	Kshs
Normal Allocation	AIE NO. A829608	4,094,828	24,251,634
	AIE NO. A839602	36,853,449	10,000,000
	AIE NO. A855200	600,000	10,000,000
	AIE NO. A855232	40,248,275	10,000,000
		-	21,000,000
		-	50,611,100
TOTAL		81,796,552	125,862,734

2. OTHER RECEIPTS

Description		2016-2017	2015-2016
		Kshs	Kshs
Sale of tender documents		18,000	-
Total		18,000	-

3. COMPENSATION OF EMPLOYEES

Description		2016-2017	2015-2016
		Kshs	Kshs
Basic wages of contractual employees		1,596,026	1,527,737.00
Employer contribution to NSSF		174,960	165,120.00
Gratuity		844,804	-
Total		2,615,790	1,692,857

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4. USE OF GOODS AND SERVICES

Description	2016-2017	2015-2016
	Kshs	Kshs
Utilities, supplies and services	72,000	30,458
Communication, supplies and services	282,960	224,960
Domestic travel and subsistence	622,400	539,200
Printing, advertising and information supplies & services	285,090	197,585
Training expenses	728,000	490,000
Hospitality supplies and services	97,000	28,520
Committee allowances	3,119,000	3,002,000
Specialised materials and services	337,000	603,560
Office and general supplies and services	213,550	192,905
Fuel ,oil & lubricants	580,000	526,000
Other operating expenses	252,000	20,000
Routine maintenance – vehicles and other transport equipment	217,235	399,940
Routine maintenance – other assets	110,600	-
Bank service.commission/charges	27,550	21,491
Total	6,944,385	6,276,619

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015-2016
	Kshs	Kshs
Transfers to primary schools	34,412,870	17,875,000
Transfers to secondary schools	14,050,000	35,050,000
Transfers to tertiary institutions	-	600,000
Transfers to health institutions	500,000	3,020,690
TOTAL	48,962,870	56,545,690

6. OTHER GRANTS AND OTHER PAYMENTS

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Description	2016-2017	2015-2016
	Kshs	Kshs
Bursary –Secondary	9,906,000	7,684,000
Bursary –Tertiary	13,167,000	15,845,000
Agriculture (food security)	450,000	700,000
Security	2,800,000	3,950,000
Roads	2,768,020	10,541,790
Sports	1,553,000	626,000
Environment	514,990	1,179,865
Emergency Projects (specify)	4,300,000	7,354,725
Total	35,459,010	47,881,380

7. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2016-2017	2015-2016
	Kshs	Kshs
Construction of Buildings	1,095,594	1,346,818
Purchase of Vehicles	-	4,912,130
Purchase of Bicycles & Motorcycles	-	223,015
Purchase of Office furniture and fittings	425,586	-
Purchase of other office equipments	654,614	-
Total	2,175,794	6,481,962

8: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2016-2017	2015-2016
		Kshs	Kshs (30/6/2016)
Cooperative Bank, Kimilili Branch A/C no. 01141470264700		5,763,689	20,106,986
Total		5,763,689	20,106,986

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9. BALANCES BROUGHT FORWARD

		2016-2017	2015-2016
		Kshs (1/7/2016)	Kshs (1/7/2015)
Bank accounts		20,106,986	12,482,858
Total		20,106,986	12,482,858

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10. OTHER IMPORTANT DISCLOSURES

ANNEX 1– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2016/17	2015/16
Land	2,000,000	2,000,000
Buildings and structures	12,092,057	10,996,464
Transport equipment	7,835,145	7,835,145
Office equipment, furniture and fittings	2,760,399	1,680,199
Total	24,687,601	22,511,808

ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
ALLAN BRADLEY KAMUSINGA PRY SCH	COOPERATIVE	1141470733000	679,226	
BITUYU PRIMARY SCHOOL	COOPERATIVE	114168744600	1,022,150	
CHEBUKWABI AP CAMP	COOPERATIVE	1141469624000	350,000	350,000
CHEBUKWABI FYM PRIMARY SCHOOL	COOPERATIVE	114050183600	801,548	
CHELEKEI PRIMARY SCHOOL	COOPERATIVE	1141687279000	1,463	
CHESAMISI AP CAMP	KCB	1206451580	1,276,215	
CHESAMISI BOYS HIGH SCHOOL	COOPERATIVE	1141096859500	1,200,000	
CHESAMISI PRIMARY SCHOOL	COOPERATIVE	1141687775100	129,301	
DARAJA MUNGU AP CAMP	COOPERATIVE	1141687216700	183,944	183,944
DARAJA MUNGU DISPENSARY	COOPERATIVE	1141469517300	697,150	697,150
DARAJA MUNGU PRIMARY SCHOOL	COOPERATIVE	1141687810500	105,051	

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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
FRIENDS' SCHOOL KIBUNDE SEC	COOPERATIVE	1139469444900	95,842	95,842
KAMASIELO PRIMARY SCHOOL	COOPERATIVE	1141687465800	317,517	
KAMUKUYWA AC PRIMARY SCHOOL	COOPERATIVE	1141687442200	800,699	
KAMUSINDE FYM PRIMARY SCHOOL	COOPERATIVE	1141050172100	346,244	346,244
KHAMULATI DEB PRIMARY SCHOOL	KCB	1206331747	3,265	
KHWIRORO PRIMARY SCHOOL	COOPERATIVE	1141470689400	96,190	
KIBINGEI FRIENDS SEC SCHOOL	COOPERATIVE	1141470840500	48,939	
KIK WECHI PRIMARY SCHOOL	COOPERATIVE	1141687371200	610,847	
KIMILILI CHIEFS' OFFICE	COOPERATIVE	1141470522900	324,180	324,180
KIMILILI FRIENDS GIRLS' SEC SCHOOL	COOPERATIVE	1141049767600	39,189	
KIMILILI RC BOYS PRIMARY SCHOOL	COOPERATIVE	1141687501600	171,807	171,807
KIMINGICHI PRIMARY SCHOOL	COOPERATIVE	1141050113900	3,158	
KITAYI PRIMARY SCHOOL	COOPERATIVE	1141050116500	528,141	
LUKHOME BAPTIST SEC SCHOOL	COOPERATIVE	1141470964400	3,185	
LUTONYI PRIMARY SCHOOL	COOPERATIVE	1141470961400	350,954	
LWANDA PRIMARY SCHOOL	COOPERATIVE	1141687850000	875,197	
MAENI PRIMARY SCHOOL	COOPERATIVE	1141469093400	896,209	
MAKHONGE PRIMARY SCHOOL	COOPERATIVE	1141470403300	192,797	192,797
MATILIL RC PRIMARY SCHOOL	COOPERATIVE	1141687271300	635,468	
MATISI PRIMARY SCHOOL	COOPERATIVE	1141687917800	325	

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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
MUSEMBE PRIMARY SCHOOL	COOPERATIVE	1139469235200	6,594	6,594
NAMAKHELE ACK PRIMARY SCHOOL	COOPERATIVE	114687356700	67,961	
NAMASANDA PRIMARY SCHOOL	KCB	1206456477	1,325	
NAMAWANGA DEB PRIMARY SCHOOL	COOPERATIVE	1141687295800	132,292	
NAMBOANI PRIMARY SCHOOL	COOPERATIVE	1141470838600	802,413	
NASIANDA PRIMARY SCHOOL	COOPERATIVE	1141687445600	412,510	412,510
NEW HOPE MWANGALE SEC SCHOOL	COOPERATIVE	1141687911700	599,325	
NGO'LI PRIMARY SCHOOL	COOPERATIVE	1141470098500	766,104	
SANGO BAPTIST PRIMARY SCHOOL	COOPERATIVE	1141470101700	130,356	
SIUNA PRIMARY SCHOOL	COOPERATIVE	1141470947900	1,009,463	
SOSIO PRIMARY SCHOOL	COOPERATIVE	1141470468100		189,496
ST. ELIZABETH SIBAKALA SEC SCHOOL	COOPERATIVE	1141688025100	800,000	
ST. EMMANUELS' MIRURI SEC SCHOOL	COOPERATIVE	1141687405200	74,174	74,174
ST. JAMES ACK MAPERA SEC SCHOOL	KCB	1164407739	735,595	
ST. JOHNS' BUKO SEC SCHOOL	COOPERATIVE	1141469793100	2,170,963	
ST. MARYS' SOSIO GIRLS SEC SCHOOL	COOPERATIVE	1141470654600	1,583,396	
ST. PETERS' NAKALIRA SEC SCHOOL	COOPERATIVE	1141687379100	238,039	
ST. JOSEPHS' KAMUSINDE SEC SCHOOL	COOPERATIVE	1141470111800	761,677	
SULIEMAN MURUNGA PRIMARY SCH	COOPERATIVE	1141470089700	1,028,383	1,028,383
TOTAL			24,106,762	4,073,119

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Appendix III- PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Presentation, Accuracy and completeness of the Financial statements - The International Public Sector Accounting Standards cash basis financial statements presentation format prescribed by the Kenya Public Sector Accounting Standards Board requires the management to include among the financial statements presented for audit a report on action taken on the previous year auditor's recommendations. No report on the progress on follow up of the audit issues raised was included in the financial statements for the year under review. In the circumstance, the presentation of the financial statements was not in conformity with IPSAS reporting format.	The management agrees with the Auditor's observation. This was due to an incomplete format provided by the CDFB for reporting. The management has taken note and will address the issue in the current financial statements.	Christine Muyaka - Fund Account Manager	Resolved	Resolved
2.0	Fixed Assets - During the year, the fund purchased fixed assets worth Kshs. 4,743,635. However, Annex 4 on summary of fixed assets reflects cumulative assets valued at Kshs. 13,880,199 as at 30 June 2015 with an opening balance of Kshs. 10,200,000 thus suggesting an increase of Kshs. 3,680,199. The resulting difference of Kshs. 1,063,436 between the purchased assets balance amounting to Kshs. 4,743,635 and the increase amounting to Kshs. 3,680,199 shown in the notes to the accounts has not been explained. As a result, the accuracy and completeness of the summary of fixed assets register cannot be ascertained.	The management agrees with the auditor's observation. This was an oversight in computation of the totals. The management will address the issue in the current financial statements.	Christine Muyaka - Fund Account Manager	Resolved	Resolved
3.0	Budgetary control and performance - The fund had an approved budget of kshs.129,059,165 but only spent Kshs.	The management agrees	NGCDFB	Resolved	The funds

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	92,425,674 was spent thus resulting in under expenditure of Kshs. 36,633,491. The fund did not therefore meet its budgetary targets as planned.	with the auditor's observation. This was due to the delays by the CDFB to release the project funds and the Authority to Incur Expenditure.			received and disbursed to various projects in the subsequent financial year.
4.0	Project implementation and Management - The CDF implemented a total of 144 projects/programs under various sectors during the financial year. 25 or 17% of the projects had not started, 65 or 45% of the projects were still on-going while 54 or 38% of the projects had been completed as at the time of audit in February 2016. The fund did not explain the failure to implement 62% of its projects as planned.	The management agrees with the auditor's observation. This was due to the delays by the CDFB to release the project funds in time.	NGCDFB	Resolved	Projects implemented in the subsequent financial year.