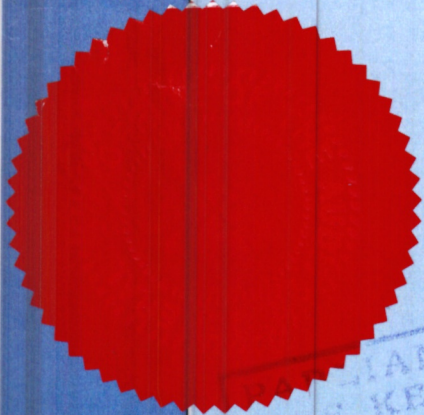


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

FAKER LAD
By the Leader of
Majority Party
Hon. Olen Dula
on Tuesday
26/9/17
[Signature]



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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
KINANGO CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND- KINANGO
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)

**FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY**
13 DEC 2016
**P. O. Box 41-80405
KINANGO**



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

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

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FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
13 DEC 2016
P. O. Box 41-80405
KINANGO



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *National Government-Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2015. The *National Government-Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *National Government-Constituencies Development Fund*.

(b) Key Management

The *Kinango 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.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Josef Kumbatha
3.	District Accountant	Sabena Wambui



(d) Fiduciary Oversight Arrangements

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

Kinango NG-CDF Committee Members as Gazetted

No.	Name	Designation	Position
1.	Josef Kumbatha	Fund Account Manager	Ex-officio
2.	Lung'anzi C. Mangale	Men Representative	Chairman
3.	Rehema Yusuf	Female Youth Representative	Secretary
4.	Moses Mutunga Ivuto	Deputy County Commissioner	Member
5.	Gabriel Zani Tayari	NG-CDF Board Representative	Member
6.	Hamisi Chimera Chidzidzingo	Persons with Disabilities Representative	Member
7.	Bishop David Kajembe Munyaka	Constituency Office Nominee	Member
8.	Imam Salim Ramoyo	Male Youth Representative	Member
9.	Mbodze Mwanza Ruwa	Women Representative	Member
10.	Kavumbi Mwarandu Katembo	Constituency Office Nominee	Member



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

(e) Entity Headquarters

Kinango NG-CDF Offices
Kinango NG-CDF Building
Kinango Sub-County Head Quarters
Kwale County
P.O.Box 41 - 80405
KINANGO

(f) Entity Contacts

Telephone: +254 (25) 281 889
E-mail: cdfkinango@cdf.go.ke
Website: www.go.ke

(g) Entity Bankers

Kinango Constituency Development Fund
Account no.1108631142
Kenya Commercial Bank
Kwale Branch
P.O.Box 43 - 80403
KWALE

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
NAIROBI

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI





**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

I am pleased to forward the Financial Statements and Reports for Kinango Constituency Development Fund for the period ended 30th June, 2016 as the expended Budget for the Financial Year 2015/2016. The actual receipts from the CDF Board of the referred period was kshs.210,987,901.85 against an Annual Budget of kshs.170,798,644.00 for the FY 2015/2016 due to carry forward receipts from the previous financial year 2014/2015. By the closure of the financial year 2014/2015, a balance of kshs.40,189,257.85 was still pending with the NG-CDF Board which was received in the financial year 2015/2016 as elaborated in the Annual Receipts & Expenditure Ledgers.

The absorption rate is above average with a commanding utilisation rate of over 50 per cent overall as indicated by the Appropriation analysis summary. Some of the challenges that have hindered 100 per cent utilization achievement include;

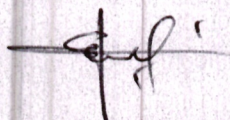
1. The transition period occasioned by the lapse of the CDF Act, 2013 and the implementation of the new NG-CDF Act, 2015
2. The delay by the NG-CDF Board in releasing funds and,
3. The inadequate support of technical input by relevant government entities that bulldoze the whole process of operations

Nevertheless, some key achievements have been realised in the disbursement of bursaries and emergency funds on time and the completion of some projects in record times. The coordination role of bringing all stakeholders on board in the identification, prioritization, implementation, monitoring and usage of output is another delaying challenge as many stakeholders emerge every day with the latest being the county government that takes forever to accept handed over projects for onward continuation of operations. To bolster capacity of the office to smoothly oversee its administrative mandate, additional staffs have had to be hired, new working tools, equipment and machinery acquired, and this initiative has boosted the office operations.

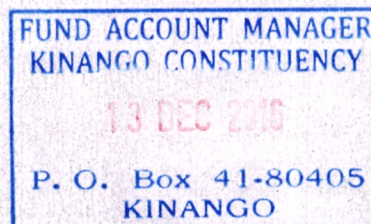
Despite a myriad of challenges, CDF continues to be the most preferred devolved fund at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were leaving in despair and ravaging poverty.

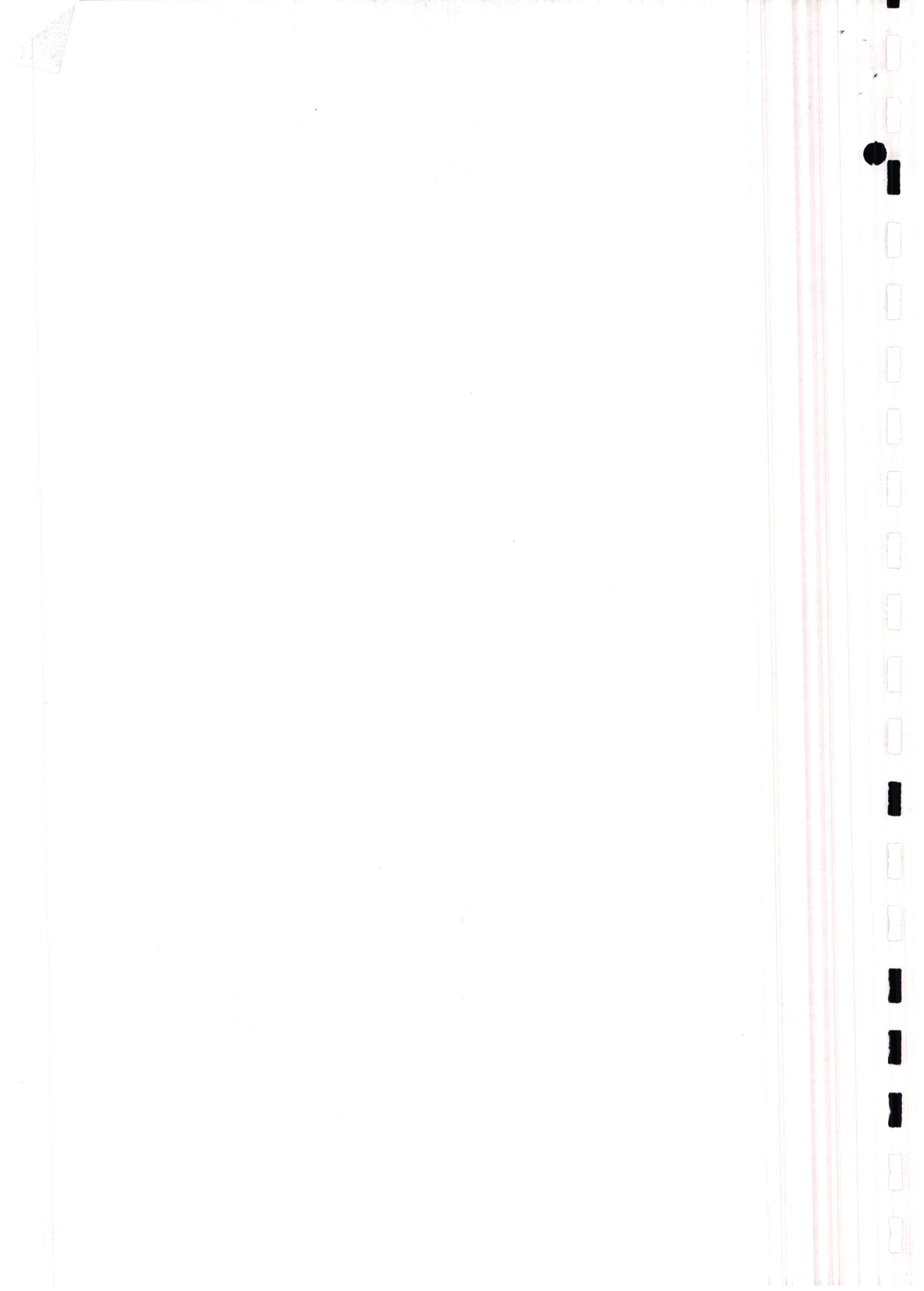
We hope that the NG-CDF Board shall improve in the disbursement speed so as to enable the NG-CDFCs utilize funds in time and also call upon all the other stakeholders with interest in the management of NG-CDF to develop a positive thinking approach towards NG-CDF issues rather than treating the fund as a political tool that lacks professionalism in its administration, a very misleading fallacy.

Lung'anzi Chai Mangale



**CHAIRMAN,
KINANGO NG-CDF COMMITTEE**





**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

III. 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 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.

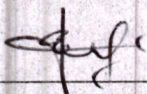
The Accounting Officer in charge of the Kinango National Government - Constituency Development Fund is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year period ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that this continues 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 Kinango National Government - Constituency Development Fund 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 in-charge of the Kinango National Government - Constituency Development Fund 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.

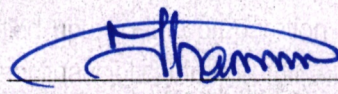
The Accounting Officer in-charge of the Kinango National Government - Constituency Development Fund confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year 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 28th, November 2016.



Chairman – Kinango NG-CDF



FAM – Kinango Constituency







OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) - KINANGO 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 - Kinango Constituency set out on pages 6 to 18, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and a 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 believe, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Transfers to Other Government Units

The statement of receipts and payments for the year ended 30 June 2016 reflects an amount of Kshs.99,177,958 in respect of transfer to other government units out of which Kshs.10,000,000 was transferred to Technical University of Mombasa towards the construction of Kinango Technical Training Institute. Although the management availed the bills of quantities and invoice for the erection and completion of the twin workshop, classrooms and offices block, there was no defined unit or phase of the project which the NG-CDF was funding contrary to Section 49 of the NG-CDF Act, 2015 which requires that part funding of a project shall go to a defined unit or phase.

Under the circumstances, it was not possible to confirm the propriety of Kshs.10,000,000 transferred to Technical University of Mombasa during the year ended 30 June 2016.

2.0 Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June 2016 reflects an amount Kshs.20,969,381 in respect of other grants and other transfers. Included in this amount under Note 6 to the financial statements is security of Kshs.8,150,000 out of which Kshs.600,000 was allocated for completion of AP Lines in Samburu. However, physical verification of the project indicated that the contractor had used soft wood for four (4) main entrance doors instead of hard wood as specified in the bills of quantities. Further, the painting was being done using third grade paint instead of first grade as required in the bills of quantities.

Consequently, the propriety of Kshs.600,000 spent on completion of the AP lines for the year ended 30 June 2016 could not be confirmed.

3.0 Bank Balance

The statement of financial assets as at 30 June 2016 reflects bank balances of Kshs.84,233,740.89. The bank reconciliation statement availed for audit verification indicated that as at 30 June 2016, un-presented cheques amounting to Kshs.3,350,331.50 were outstanding out of which of Kshs.565,824 were stale cheques and had not been reversed in the cashbook. In addition, the bank reconciliation statement reflects payments in bank statements not recorded in cash book amounting to Kshs.158,365 and receipts in cash book not yet recorded in the bank statement of Kshs.30,000. The management has not provided justification for not adjusting the cashbook accordingly.

Consequently, the accuracy and completeness of the bank balances of Kshs.84,233,740 as at 30 June 2016 could not be confirmed.

4.0 Outstanding Imprest

The statement of financial assets as at 30 June 2016 reflects a balance of Kshs.400,000 as outstanding imprest. These amounts were issued to the Fund Account Manager on various dates contrary to Section 93(5) of the Public Finance Management Regulation, 2015 which provides that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after return to duty station.

Consequently, the regularity of Kshs.400,000 outstanding as imprest as at 30 June 2016 could not be ascertained.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2016, and of its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash basis) and comply with the NG-CDF Act, 2015.

Other Matter

1.0 Budgetary Control and Performance

1.1 Budgetary Performance

During the year under review, Kinango NG-CDF actual expenditure for the year ending 30 June 2016 amounted to Kshs.141,703,141.00 against a budget of Kshs.226,336,881 resulting to overall under expenditure of Kshs.84,633,740 or 37% as detailed below:

Receipt/ Expense Item	Budget	Expenditure	Budget Utilization Difference	% of Utilization
PAYMENTS				
Compensation of Employees	2,774,161	1,735,895	1,038,266	63
Use of goods and services	17,582,779	15,908,933	1,673,846	89
Transfers to Other Government Units	143,386,240	99,177,958	44,208,282	69
Other grants and transfers	54,574,281	20,969,381	33,604,900	38
Acquisition of Assets	3,037,820	330,956	2,706,864	11
Other Payments	4,981,600	3,580,018	1,401,582	72
TOTALS	226,336,881	141,703,141	84,633,740	37

Although the Kinango Constituency Development Committee partly attributed this to delay by NG – CDF Board in releasing funds and the transition period occasioned by the lapse of CDF Act, 2013 and the implementation of the new NG – CDF Act, 2015, there is need for the committee to be proactive and focus on the priority areas which highly impact on peoples standards of living.

2.0 Project Implementation

A review of project documentation revealed that disbursements during 2015/2016 financial year was Kshs.51,855,693.00 out of which projects, mainly for primary schools for purchase of desks whose value was Kshs.5,500,000, had not been started while projects with a value of Kshs.46,355,693.00 were between 20% and 90% completion levels as detailed below:

No	Project Name	Project Activity	Location	Financial Year	Disbursed Amount (Kshs.)	Cumulative Achievement (%)
1	Mavirivirini Police Station	Completion of building	Mwavumbo	2014/2015	798,693	90%
2	Moyeni Secondary School	Fencing of School compound	Kinango	2013/2014	2,100,000	80%
3	Moyeni Secondary School	Completion of fencing of school compound - fitting of concrete posts, barbed wire and chain-link	Kinango	2015/2016	1,750,000	80%
4	Moyeni Secondary School	Construction of 2no. classrooms	Kinango	2015/2016	2,590,000	50%
5	Vigurungani Secondary School	Construction of Sanitary block	Puma	2014/2015	2,000,000	80%
6	Vigurungani Secondary School	Completion of Ablution / Sanitary block - plastering, flooring, fitting of doors, electrification and sewerage system	Puma	2015/2016	927,000	80%
7	Vigurungani Secondary School	Construction of 2no. classrooms	Puma	2015/2016	2,590,000	50%
8	Mnyenzi Secondary School	Completion of Administration block and fencing of school	Kasemeni	2013/14	3,100,000	50%

		compound				
9	Matumbi Secondary School	Construction of Administration block	Mwavumbo	2013/14	3,000,000	70%
10	Makamini Secondary School	Construction of 2no. classrooms	Mackinnon	2015/2016	2,590,000	50%
11	Taru Girls Secondary School	Construction of science laboratory	Mackinnon	2015/2016	4,600,000	20%
12	Mwarovesa Secondary School	Construction of Science laboratory and planting of trees	Samburu	2013/14	4,200,000	80%
13	Mwarovesa Secondary School	Construction of a classroom	Samburu	2015/2016	2,590,000	80%
14	Mtaa Secondary School	Construction of Administration block	Kasemeni	2015/2016	4,200,000	80%
15	Bofu Secondary School	Construction of 2no. classrooms	Kasemeni	2015/2016	2,590,000	50%
16	Kinango Youth Information Centre	Completion of social hall	Kinango	2013/14	830,000	80%
17	Mazola Dispensary	Construction of toilets	Puma	2013/14	500,000	80%
18	Taru Boys Secondary School water Project	Construction of storage water tank and water pipeline	Taru	2013/14	3,500,000	80%
19	Mavirivirini Police Station	Completion of police station building	Mwavumbo	2014/2015	700,000	80%
20	Malomani AP Post	Construction of AP Post	Mwavumbo	2015/2016	4,200,000	80%
21	Bofu AP Post	Construction of AP Post	Mwavumbo	2015/2016	2,500,000	20%
				Total	51,855,693	

The management attributed the delay in projects implementation and the under expenditure to enactment of the National Government Constituencies Development Fund Act, 2015 on 19 February 2016 which delayed the appointment of new Committee members by five months. However, the management ought to have fast tracked the projects' implementation after the enactment to improve service delivery. The under expenditure and

failure to implement projects within the planned time is an indication that the budget was not implemented in accordance with the provisions of Section 220(1) of the Constitution of Kenya which requires budgets of national government to contain estimates of revenue and expenditure, differentiating between recurrent and development and proposals for financing any budget deficit for the period to which they apply. Slow implementation of projects greatly affects service delivery to the public and casts doubt on the effectiveness of the project monitoring and evaluation carried out by the Constituencies Development Fund Committee.



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

Nairobi

17 May 2017

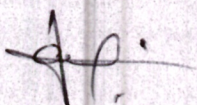
**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

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

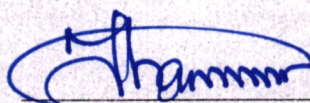
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	2	210,987,901.85	175,586,821.15
TOTAL RECEIPTS		210,987,901.85	175,586,821.15
PAYMENTS			
Compensation of Employees	3	1,735,895.00	1,008,329.00
Use of Goods and Services	4	13,108,933.00	15,204,440.00
Transfers to Other Government Units	5	99,177,958.00	74,928,095.00
Other grants and transfers	6	20,969,381.00	74,338,660.35
Acquisition of Assets	7	330,956.00	3,079,326.00
Other Payments	8	3,580,018.00	4,483,400.00
TOTAL PAYMENTS		138,903,141.00	173,042,250.35
Adjustments during the year (Outstanding imprests – B/F)		2,800,000.00	
SURPLUS / (DEFICIT)		69,284,760.85	2,544,570.80

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KINANGO NG-CDF financial statements were approved on 28th, November 2016 and signed by:



Chairman – KINANGO NG-CDF Committee



Fund Account Manager





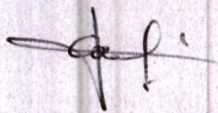
NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY

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

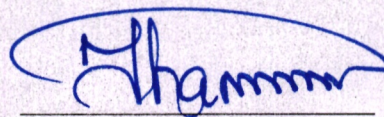
V. STATEMENT OF FINANCIAL ASSETS

	Notes	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances <i>Carried Forward</i> (as per the cash book)	9A	84,233,740.89	12,548,979.30
Outstanding Imprests	9B	400,000.00	2,800,000.00
TOTAL FINANCIAL ASSETS		84,633,740.89	15,348,979.30
 REPRESENTED BY			
Fund balance b/fwd 1st July, 2015	10	15,348,979.30	12,804,408.50
Surplus/Deficit for the year		69,284,761.59	2,544,570.80
NET LIABILITIES		84,633,740.89	15,348,979.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KINANGO CDF financial statements were approved on 28th, November 2016 and signed by:

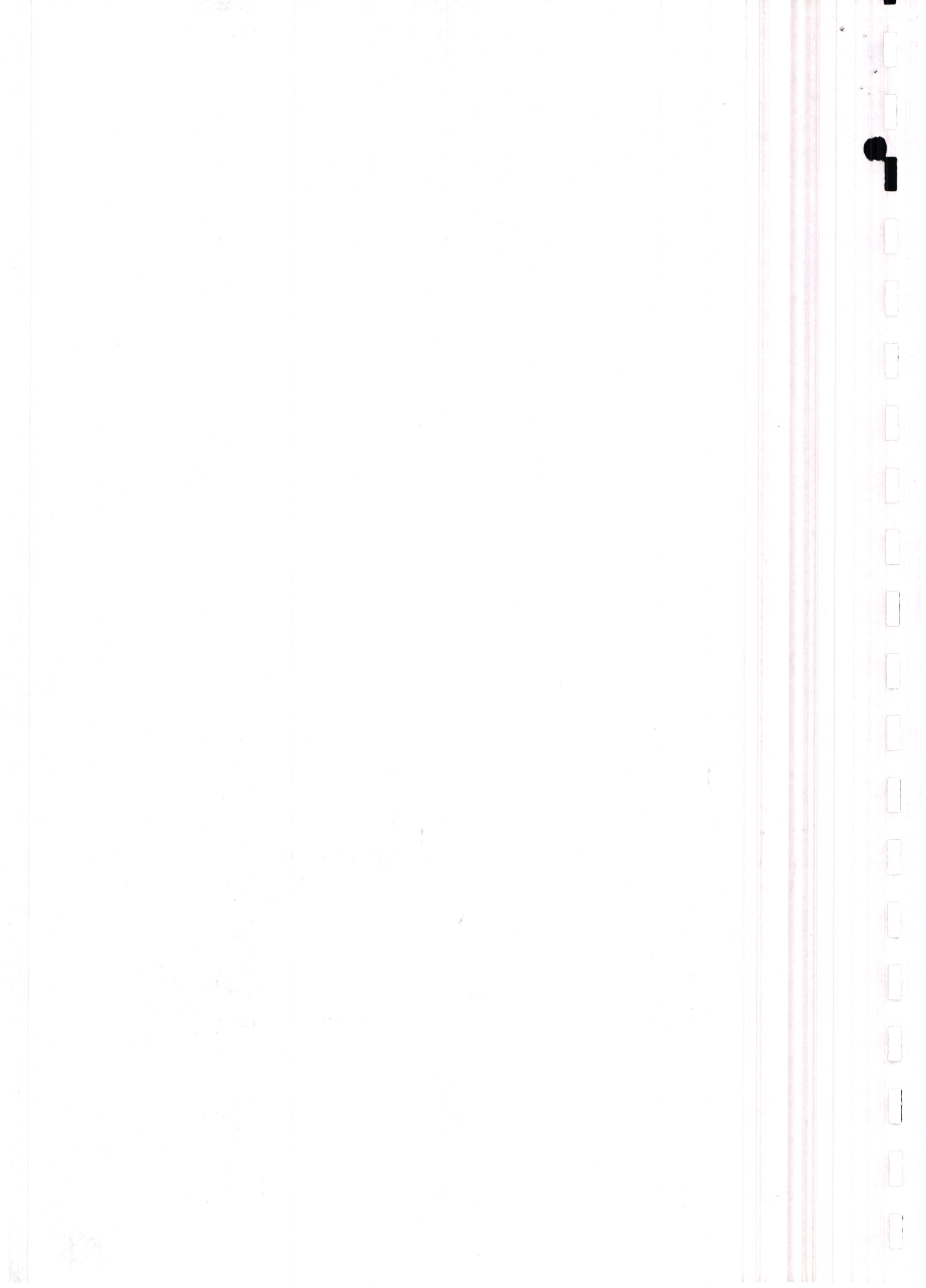


Chairman - CDFC



Fund Account Manager





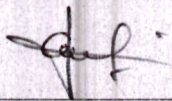
**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

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

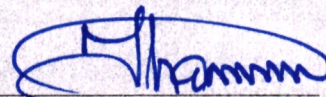
VI. STATEMENT OF CASHFLOW

	Notes	2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	2	210,987,901.85	175,586,821.15
Payments for operating expenses			
Compensation of Employees	3	1,735,895.00	1,008,329.00
Use of goods and services	4	13,108,933.00	15,204,440.00
Transfers to Other Government Units	5	99,177,958.00	74,928,095.00
Other grants and transfers	6	20,969,381.00	74,338,660.35
Other Payments	8	3,580,018.00	4,483,400.00
Net cash flow from operating activities		138,572,185.00	169,962,924.35
Adjustments during the year (Outstanding imprest – B/F)		2,800,000.00	
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	330,956.00	3,079,326.00
Net cash flows from Investing Activities		330,956.00	3,079,326.00
NET INCREASE / (DECREASE) CASH AND CASH EQUIVALENT		69,284,760.85	2,544,570.80
Cash and cash equivalent at BEGINNING of the year	11	15,348,979.30	12,804,408.50
Cash and cash equivalent at END of the year	12	84,633,740.15	15,348,979.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KINANGO NG-CDF financial statements were approved on 28th, November 2016 and signed by:

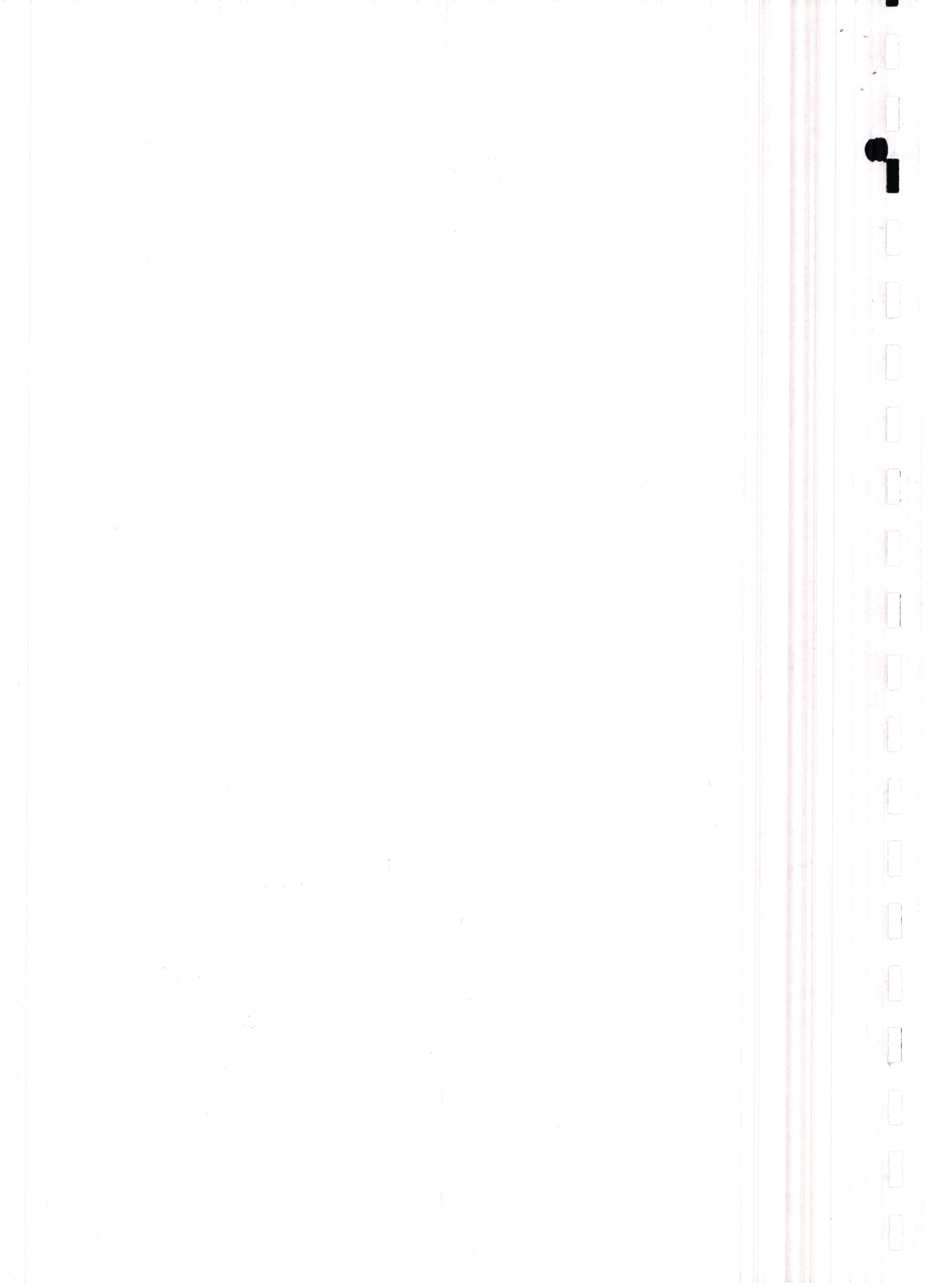


Chairman NG-CDFC



Fund Account Manager



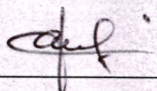


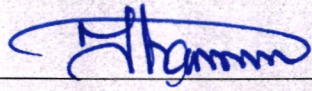
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	170,798,644.00	52,738,237.15	223,536,881.15	223,536,881.15	-	100
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
	170,798,644.00	52,738,237.15	223,536,881.15	223,536,881.15	-	100
PAYMENTS						
Compensation of Employees	2,034,560.00	739,601.00	2,774,161.00	1,735,895.00	1,038,266.00	63
Use of goods and services	13,085,437.00	1,697,341.85	14,782,778.85	10,913,658.00	3,869,120.85	74
Transfers to Other Government Units	105,651,000.00	37,735,240.00	143,386,240.00	99,177,958.00	44,208,282.00	69
Other grants and transfers	46,892,647.00	7,681,634.30	54,574,281.30	20,969,381.00	33,604,900.30	38
Acquisition of Assets	1,500,000.00	1,537,820.00	3,037,820.00	2,526,231.00	511,589.00	83
Other Payments	1,635,000.00	3,346,600.00	4,981,600.00	3,580,018.00	1,401,582.00	72
TOTALS	170,798,644.00	52,738,237.15	223,536,881.15	138,903,141.00	84,633,740.15	62

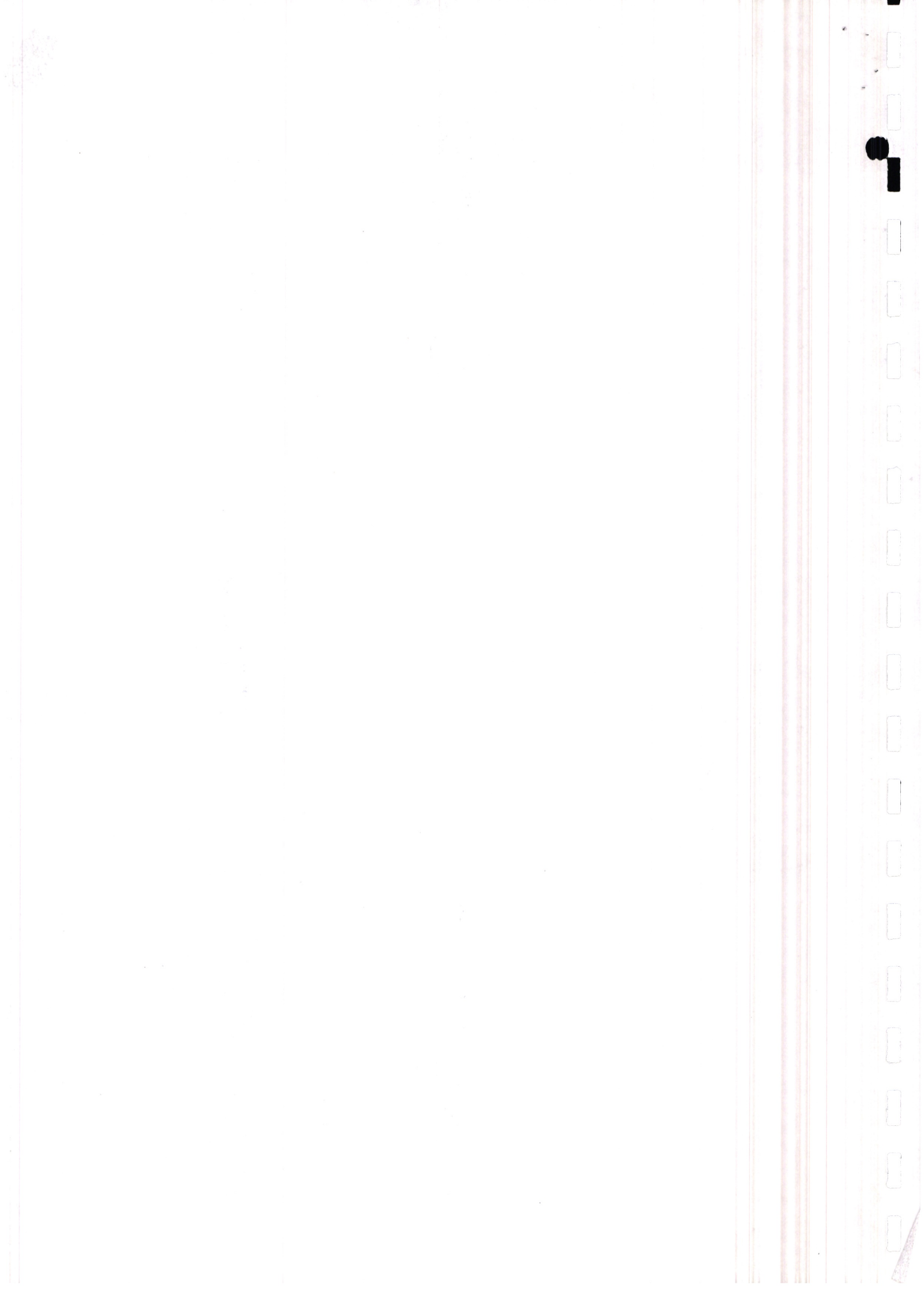
- For utilization less than 50%, e.g in other grants and transfers could be attributed to the deferred payments in form of gratuities that are yet to mature and that of other payments could be attributed to the bureaucracy in public procurement that bulldoze the process.
- Of the over-utilization, i.e under the committee expenses, this could be attributed to the savings realised in the employees' compensations that covered emerging expenses for the committee in the management of the fund.

The KINANGO NG-CDF financial statements were approved on 28th, November 2016 and signed by:


Chairman Kinango NG-CDF


Fund Account Manager

FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
13 DEC 2016
P. O. Box 41-80405
KINANGO





VIII. NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 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.

1.2 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.

1.3 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.

1.4 Cash and cash equivalents

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



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.5 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 are 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.

1.6 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.

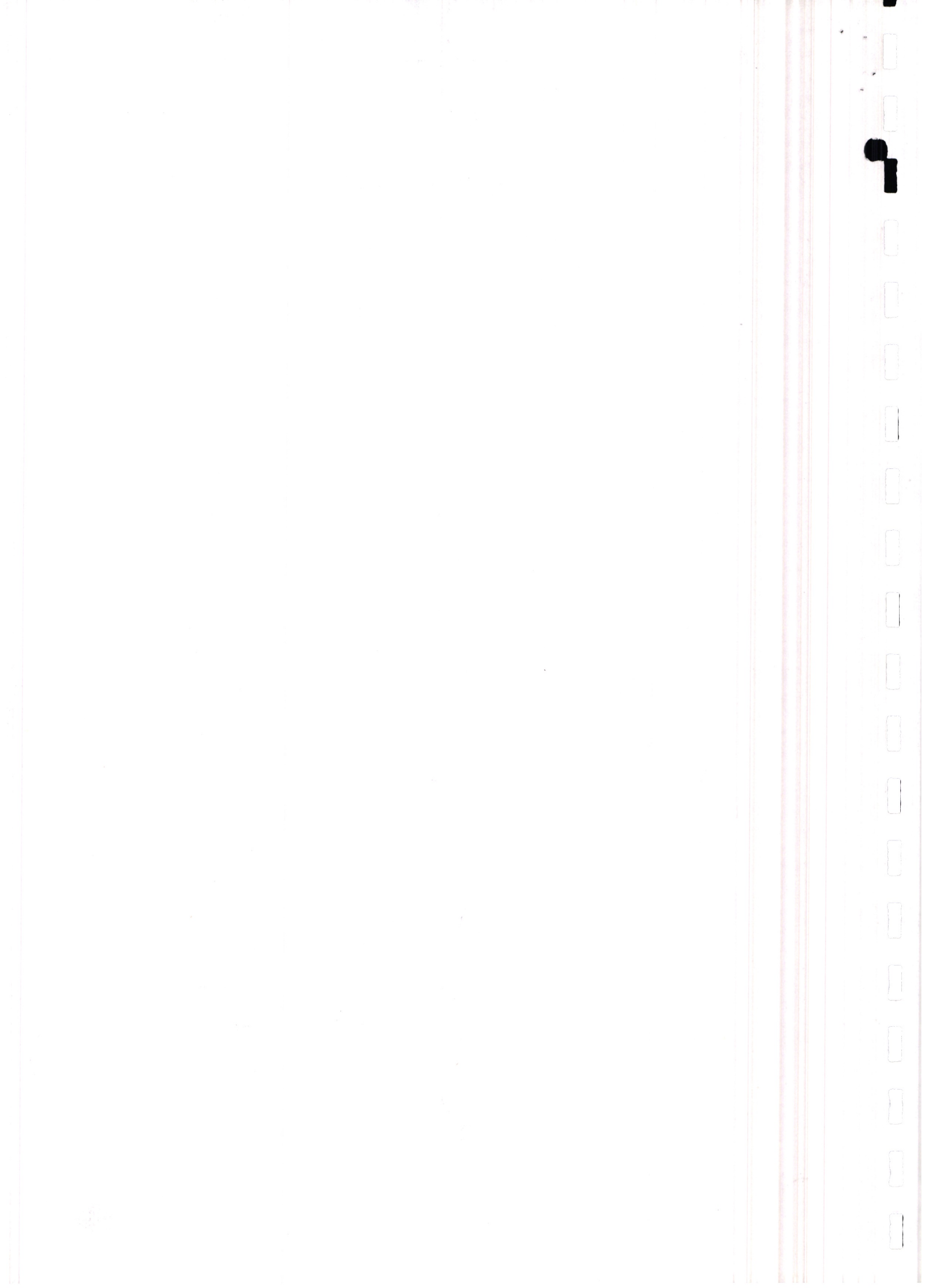
1.7 Comparative figures

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

1.8 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.

FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
13 DEC 2016
P. O. Box 41-80405
KINANGO



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. TRANSFERS FROM NG-CDF BOARD (AIES RECEIVED)

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
1330407 Normal Allocation		
AIE NO.A 796109 / 750200	10,189,257.85	45,019,048.00
AIE NO. A 796281 / 750306	10,000,000.00	10,000,000.00
AIE NO. A 724248 / 750471	10,000,000.00	40,189,257.75
AIE NO. A 796476 / 796579	20,000,000.00	20,113,554.65
AIE NO. A 820581 / 796777	20,000,000.00	20,075,703.00
AIE NO. A 820889 / 797144	25,000,000.00	40,189,257.75
AIE NO. A825793	85,798,644.00	
TOTAL	210,987,901.85	175,586,821.15

3. COMPENSATION OF EMPLOYEES

	2015 - 2016 Kshs	2014 - 2015 Kshs
2110201 Basic wages of contractual employees	1,735,895.00	1,008,329.00
Total	1,735,895.00	1,008,329.00

**FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY**
13 DEC 2016
**P. O. Box 41-80405
KINANGO**

4. USE OF GOODS AND SERVICES

	2015 - 2016 Kshs	2014 - 2015 Kshs
2211100 Office and general supplies and services	10,913,658.00	15,204,440.00
2220200 Routine maintenance – other assets (Refurbishment of CDF Office Building)	2,195,275.00	
Total	13,108,933.00	15,204,440.00

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
2630204 Transfers to primary schools	49,259,455.00	2,000,000.00
2630205 Transfers to secondary schools	32,104,910.00	43,042,645.00
2630206 Transfers to Tertiary institutions	10,000,000.00	-
2630207 Transfers to Health institutions	7,813,593.00	29,885,450.00
TOTAL	99,177,958.00	74,928,095.00



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND -- KINANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. OTHER GRANTS AND OTHER TRANSFERS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
2640101 Bursary -Secondary	2,450,000.00	19,586,000.00
2640102 Bursary -Tertiary	3,022,000.00	14,156,500.00
2640105 Mocks & CAT	1,000,000.00	-
2640504 water	775,000.00	9,500,000.00
2640507 Security	8,150,000.00	14,806,693.00
2640508 Roads		2,493,125.35
2640509 Sports		2,587,027.00
2640510 Environment		1,015,959.00
2640200 Emergency Projects (specify)	5,572,381.00	10,193,356.00
Total	20,969,381.00	74,338,660.35

7. ACQUISITION OF ASSETS

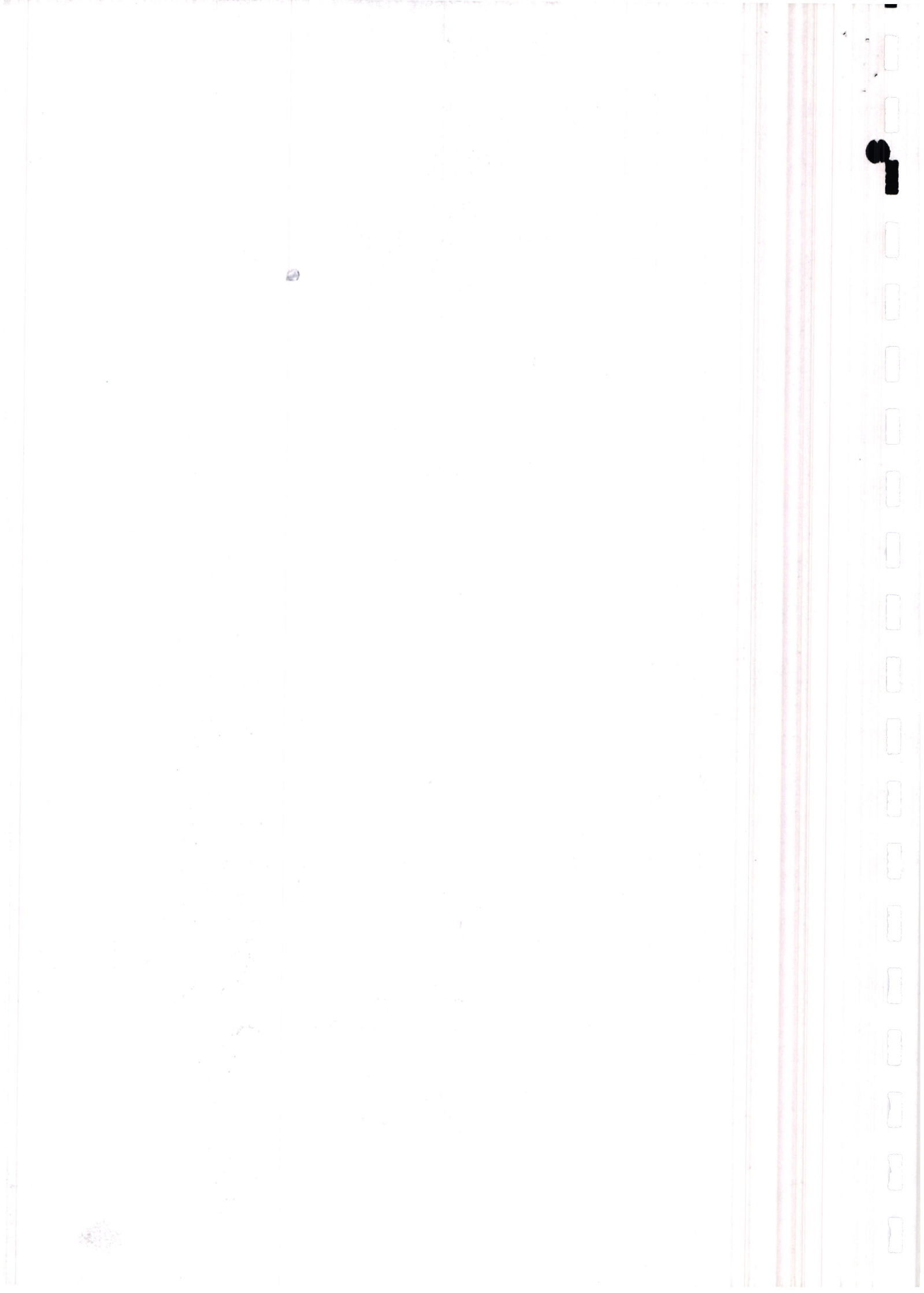
Non Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
3110302 Refurbishment of Buildings	0.00	293,136.00
3110701 Purchase of Vehicles		2,156,850.00
3111001 Purchase of Office furniture and fittings	330,956.00	224,340.00
3111002 Purchase of computers ,printers and other IT equipments		330,000.00
3111112 Purchase of soft ware		75,000.00
Total	330,956.00	3,079,326.00

8. OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Constituency Strategic Plan	500,000.00	1,500,000.00
Desks	1,945,018.00	2,153,400.00
Youth Empowerment Centre	-	830,000.00
Social Halls	1,135,000.00	-
TOTAL	3,580,018.00	4,483,400.00

FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
13 DEC 2016
P. O. Box 41-80405
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**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2015 - 2016	2014 - 2015
		Kshs (30/6/2016)	Kshs (30/6/2015)
KCB - Kwale Branch	1108631142	84,233,740.89	12,548,979.30
Total		84,233,740.89	12,548,979.30

9B: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Fund Account Manager	1-7-2015	100,000.00	-	100,000.00
Fund Account Manager	22-4-2016	100,000.00	-	100,000.00
Fund Account Manager	5-5-2016	100,000.00	-	100,000.00
Fund Account Manager	13-6-2016	100,000.00	-	100,000.00
Total				400,000.00

10. BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs (1-7-2016)	2014 - 2015 Kshs (1-7-2015)
Bank accounts	84,233,740.89	12,548,979.30
Imprest	400,000.00	2,800,000.00
Total	84,633,740.89	15,348,979.30

11. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR

	2015 - 2016 Kshs (1-7-2015)	2014 - 2015 Kshs (1-7-2014)
Bank accounts	12,548,979.30	12,804,409.50
Imprest	2,800,000.00	-
Total	15,348,979.30	12,804,409.50

12. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

	2015 - 2016 Kshs (1-7-2016)	2014 - 2015 Kshs (1-7-2015)
Bank accounts	84,233,740.89	12,548,979.30
Imprest	400,000.00	2,800,000.00
Total	84,633,740.89	15,348,979.30

**FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY**
 13 DEC 2016
**P. O. Box 41-80405
KINANGO**



**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – KINANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

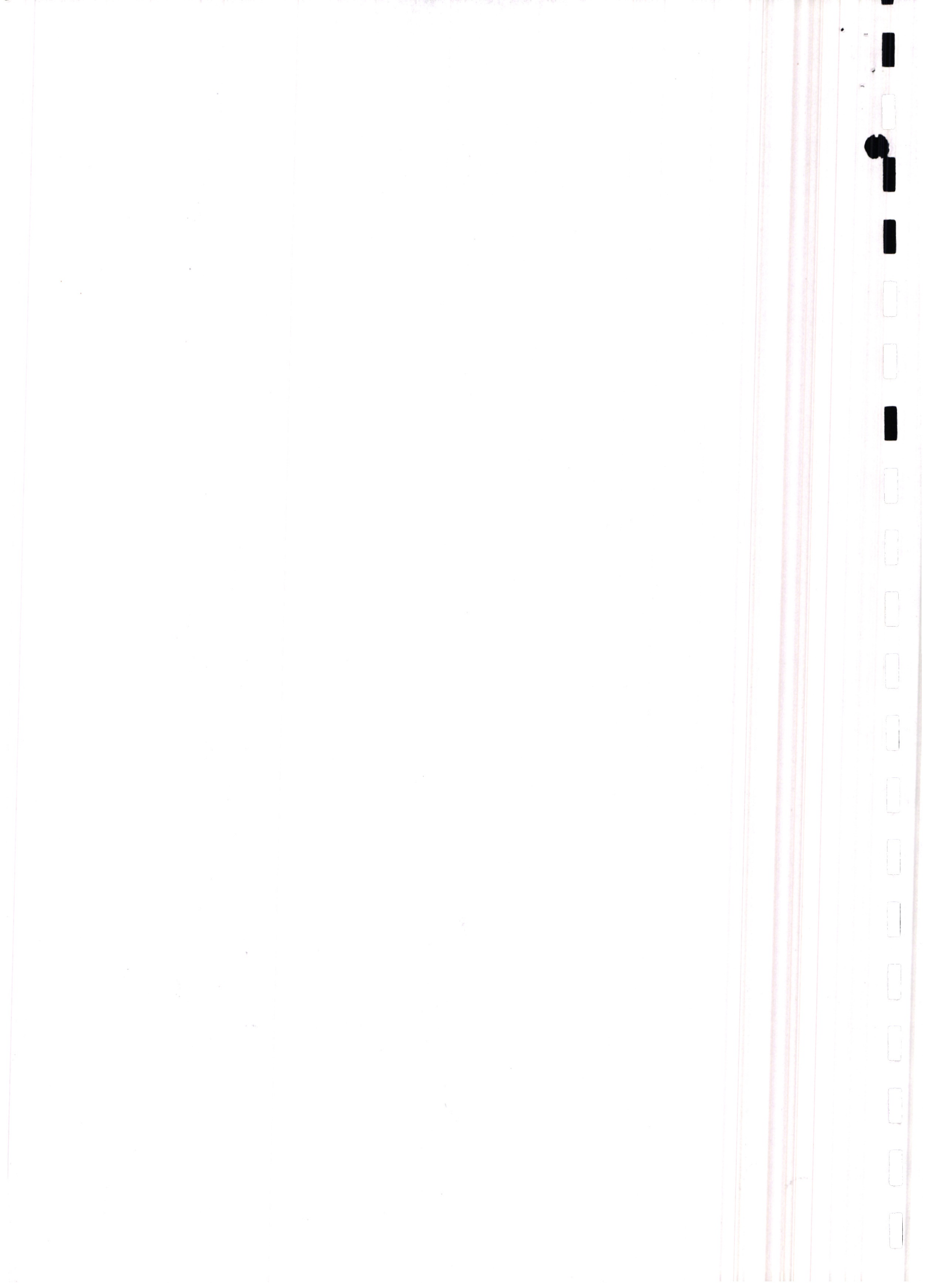
NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. OTHER IMPORTANT DISCLOSURES

PENDING DISBURSEMENTS (As described below)

	Kshs 2016	Kshs 2015
Compensation of Employees	1,038,266.00	-
Goods & Services	3,869,120.85	-
Transfers to Government Units	44,208,282.00	
Other Grants & Transfers	33,604,900.30	
Acquisition of Assets	511,589.00	
Other payments	1,401,582.00	
Total	84,633,740.15	

FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
13 DEC 2016
P. O. Box 41-80405
KINANGO



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

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	b	c	d=a-c		
Amounts due for Employee Compensation		2,034,560.00	30/06/2016		298,665.00	739,601.00	
1.	Salaries			1,490,559.00			
2.	PAYE			109,104.00			
3.	NSSF			73,620.00			
4.	NHIF			62,612.00			
Sub-Totals		2,034,560.00		1,735,895.00	298,665.00	739,601.00	
Amount due for Use of Goods & Services			30/06/2016				
5.	Committee Expenses	4,000,000.00		2,610,000.00	1,390,000.00	250,000.00	
6.	Goods & Services	4,069,938.00		3,483,658.00	586,280.00	641,776.00	
7.	Monitoring & Evaluation	2,500,000.00		2,305,000.00	195,000.00	570,000.00	
8.	Capacity Building	2,515,499.00		2,515,000.00	499.00	235,565.00	
Sub-Total		13,085,437.00		10,913,658.00	2,171,779.00	1,697,341.00	
Amounts due to other Government entities							

FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
13 DEC 2016
P. O. Box 41-80405
KINANGO



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

9.	Transfers to Primary Schools	54,222,000.00	30/06/2016	49,259,455.00	4,962,545.00	9,937,931.00
10.	Transfers to Secondary Schools	37,647,000.00	30/06/2016	32,104,910.00	5,542,090.00	23,000,000.00
11.	Transfers to Tertiary Institutions	10,000,000.00	30/06/2016	10,000,000.00	0.00	0.00
12.	Transfers to Health Institutions	3,782,000.00	30/06/2016	7,813,593.00	(4,031,593.00)	4,797,309.00
Sub-Total		105,651,000.00		99,177,958.00	6,473,042.00	37,735,240.00
Amounts due to other grants and other transfers						
13.	Security	14,350,000.00	30/06/2016	8,150,000.00	6,200,000.00	3,500,000.00
14.	Water	775,000.00	30/06/2016	775,000.00	0.00	0.00
15.	Emergency	5,767,647.00	30/06/2016	5,572,381.00	195,266.00	389,734.00
16.	Bursary & Mocks	26,000,000.00	30/06/2016	6,472,000.00	19,528,000.00	3,791,900.00
Sub-Total		46,892,647.00		20,969,381.00	25,923,266.00	7,681,634.00
Others (specify)						
8.	CDF Office Renovation	1,500,000.00	30/06/2016	2,195,275.00	(695,275)	1,206,864.00
9.	Desks	0.00	30/06/2016	1,945,018.00	(1,945,018.00)	2,846,600.00
10.	Audit Fees	0.00	30/06/2016	0.00	0.00	500,000.00
11.	Furniture & Fittings	0.00	30/06/2016	330,956.00	(330,956.00)	330,956.00
12.	Strategic Plan	500,000.00	30/06/2016	500,000.00	0.00	0.00
14.	Social Halls	1,135,000.00	30/06/2016	1,135,000.00	0.00	0.00
Sub-Total		3,135,000.00		6,106,249.00	(2,971,249.00)	4,884,420.00
Grand Total		170,798,644.00		138,903,141.00	31,895,503.00	52,738,237.00

FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
JUNE 30, 2016
P. O. Box 41-80405
KINANGO



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

SUMMARY OF FIXED ASSETS REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs) 2015/2016	(Kshs) 2014/2015
Land	0	0
Buildings and structures	9,736,411.00	7,541,136.00
Office Furniture and Fittings	470,026.00	470,026.00
ICT Equipment, Software and Other ICT Assets	1,082,623.00	751,667.00
Plant & Machinery	27,700,394.00	27,700,394.00
Heritage and cultural assets Intangible assets		
Total	38,989,454.00	36,463,223.00

FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
24 DEC 2016
P. O. Box 41-80405
KINANGO

