

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

PARLIAMENT
OF KENYA
LIBRARY


OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
NORTH MUGIRANGO CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017

	
NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 DEC 2018	
DAY: Wednesday	
TABLED BY:	Hon. Aden Duale, M.P. Leader of Majority Party
CLERK-AT-THE-TABLE:	Racheal Koino - Principal Clerk Assistant

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH
MUGIRANGO CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2017



**NATIONAL GOVERNMENT-CONSTITUENCIES DEVELOPMENT FUND.
NORTH MUGIRANGO 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)

Table of contents

• Key constituency information and management.....	Page	3
• Fiduciary oversight arrangements.....	Page	4
• Foreward by the chairman NG-DFC.....	Page	5
• Statement of constituency management responsibilities.....	Page	6
• Statement of receipts and payments.....	Page	7
• Statement of financial assets and liabilities.....	Page	8
• Summary statement of appropriation.....	Page	9
• Cash flow statement.....	Page	10
• Significant accounting policies.....	Page	11-12
• Notes to the financial statements.....	Page	13

1. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

a) Background information

The National Government Constituencies Development Fund (ngcdf) was established under the National Government Constituencies Development Fund (NG-CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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-CDFA) 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 NG-CDF's day-to-day management is under the following key organs:

- a) National Government Constituencies Development Fund Board (NG-CDFB)
- b) 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 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Wilson Okumu
3.	District Accountant	Stanley Agoi

d) Entity Headquarters

North Mugirango NG-CDF
P.O. Box, 105-40500
Nyamira
Kenya

e) Entity Contacts

Telephone: 0722700485/0734700485
E-mail: northmugirango@ngcdf.go.ke
Website: www.ngcdf.go.ke

f) Entity Bankers

Equity Bank
Nyamira Branch
A/C NO.0520262112242
P.O. Box 650-40500,
Nyamira

g) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi,
Kenya

h) Principal Legal Adviser

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

II. FOREWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)

On behalf of the North Mugirango National Government Constituency development fund committee, it gives me great pleasure to present to you the financial statements and reports for the financial year 2016/2017.

North Mugirango NG- CDF received a total of ksh. 81,096,551 against last year's ksh 144,930,045, as you can see this was a significant difference, nevertheless we endeavored to allocate a big portion towards construction of classrooms both in primary and high schools to help in improvement of infrastructure.

The North Mugirango National Government Constituency development fund committee allocated more than 20 million toward bursary support for needy students in the constituency. By the closure of the financial year all the bursary allocation had been exhausted with over 1000 students benefiting from the kitty.

We were also able to construct 4 chief's camps in Bomwagamo, matongo, Magwagwa and Kibobora to enhance the efficiency of our chiefs and the security personnel.

Our main challenge was the reduced allocation against increasing constituency needs, we do hope that this year the National Government will allocate more to help us achieve equitable and improved socio economic progress for the people of North Mugirango.

I wish to finally sincerely thank the area MP and the civil servants that have been a great team in guiding us on financial regulations and constitutional expectations of the North Mugirango National Government Constituency development fund committee

Thank you.

Chairman, North Mugirango NG- CDFC.

III. STATEMENT OF CONSTITUENCY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

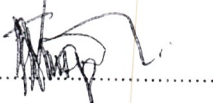
The Fund Account Manager in charge of the North Mugirango NG-CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2017. This 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 constituency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the North Mugirango NG-CDF accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the North Mugirango NG-CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2017, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the North Mugirango NG-CDF further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The North Mugirango NG-CDF financial statements were approved and signed on 23rd August 2017



Chairman – NG-CDFC



Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – North Mugirango Constituency set out on pages 7 to 19, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund – North Mugirango 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, public money has not been applied lawfully and in an effective way.

Basis for Adverse Opinion

1. Inaccuracies of Financial Statements

1.1 Non Preparation of General Ledger

The Fund did not prepare ledger to support all the balances reflected in the financial statements as at 30 June 2017. Consequently, it was not possible to confirm the accuracy and completeness of figures reflected in the financial statements.

*Report of the Auditor-General on the Financial Statements of National Government Constituencies
Development Fund-North Mugirango Constituency for the year ended 30 June 2017*

1.2 Variances of Figures in the Financial Statements

Note 5 to the financial statements as at 30 June 2017 reflects figures for transfer to primary and secondary schools totalling Kshs.37,708,517 which differs with the supporting schedules balances of Kshs.36,974,138 resulting to an unexplained variance of Kshs.734,379 as indicated in the table below;

Item	Figure as per Financial Statement Kshs.	Figure as per availed supporting schedule Kshs.	Variance Kshs.
Transfer to primary schools	15,850,000	16,850,000	1,000,000
Transfer to secondary schools	21,858,517	20,124,138	1,734,379
Total	37,708,517	36,974,138	734,379

2. Outstanding Imprests

The statement of financial assets and as disclosed under Note 9 to the financial statements reflects nil outstanding imprests. However, imprest records examined revealed that a total of Kshs.9,963,000 imprests was issued to one officer during the year under review, out of which Kshs.9,542,440 was accounted for leaving a balance of Kshs.571,160 as outstanding as at 30 June 2017. No reason has however been provided for failure to have the imprests surrendered or accounted for on the due dates.

3. Transfer to Other Government Entities.

3.1 Unaccounted for Payments

The statement of receipts and payments reflects a figure of Kshs.48,984,517 in respect of transfers to other government entities which include an amount of Kshs.11,276,000 that was not supported by documentary evidence such as schedules of tertiary institutions that benefitted, payment vouchers, project proposals and Constituencies Development Fund Committee (CDFC) minutes approving the payment which were not made available for audit review to confirm nature of the expenditure.

Consequently, propriety of the payments of Kshs.11,276,000 could not be confirmed.

3.2 Unapproved Funding

Included in transfer to other government entities figure of Kshs.48,984,517 is Kshs.37,708,517 in respect to transfers to primary and secondary schools which

includes Kshs.8,826,000 that were disbursed to National Government Constituencies Development Fund (NG-CDF) Project Management Committee (PMC) as legal fees and for three (3) primary and two (2) secondary schools projects which were however not approved by the Board contrary to requirements of the NG-CDF Act, 2015 Section 16(C).The Fund was therefore in breach of the law. In the circumstances, the regularity of the expenditure amounting to Kshs.8,826,000 could not be ascertained.

3.3 Project Inspection

Included in the transfers to other Government units and as disclosed in Note 6 to the financial statements is an amount of Kshs.7,000,000 disbursed to two (2) primary schools and one (1) secondary school which revealed unsatisfactory issues as indicated below:

Project Name	Project Activity	Disbursement Kshs.	Observation
Nyamonge Primary School	Construction of 5 classrooms	2,000,000	Only one classroom out of five constructed
Okano Primary School	Construction of 1 classroom, Administration Block and Library	3,000,000	No work had started
Gitwebe Secondary School	Construction of two classrooms	2,000,000	Construction of classroom not completed.

It was observed that the Project Management Committee (PMC) had bank balances as at 30 June 2017 for the three (3) projects: Nyamonge Primary, Okaro Primary and Gitwebe Secondary School amounting to Kshs.0.60, Kshs.116 and Kshs.25 respectively. However, it was not clear how the Kshs.7,000,000 was applied and how the PMCs intend to complete the remaining works without budgetary provisioning from the CDF Board.

In the circumstances, the propriety, completeness and accuracy of the figure of Kshs.48,984,517 in respect to transfer to other government entities could not be ascertained.

4. Wasteful Expenditure

4.1 Construction of Residential Houses at Nyamusi Administration Police Camp.

The statement of receipts and payments reflects an amount of Kshs.58,878,666 in respect of other grants and other transfers. Included in this figure is an amount of

Kshs.1.5 Million disbursed to Nyamusi Project Management Committee (PMC) for construction of Administration Police (AP) residential houses, completion of commissioner's office, AP latrine and public dais.

However, physical verification carried out during the month of May 2018 revealed that funds were used to renovate private residential houses at Kebobora Location where the Administration Police officers are currently housed. It was therefore not clear why public funds were used to develop private property without approval from the Board as required by Section 16 (C) of the NGCDF Act, 2015.

Further, there was no contractual documents availed for audit to establish how an agreement was made with the owner of the houses occupied currently with police officers. In addition, no expenditure returns were availed for audit review.

Consequently, the propriety of the expenditure of Kshs.1,500,000 could not be ascertained

4.2 Emergency Project

Included in the other grants and transfers figure of Kshs.58,878,666 is Kshs.500,000 allocated to Gitwebe Secondary School for the construction of 2.No pit latrines for both boys and girls under emergency vote.

However, physical verification carried out on 16 May 2018 revealed the following un satisfactory issues;

- i. Only one pit latrine was dug with 4No. door.
- ii. The doors were ordinary iron sheets doors which could not amount to Kshs.5000 as per the budget BQ.
- iii. The walls had not been plastered and generally poor workmanship.
- iv. No expenditure returns were made available for audit review.
- v. The project had not been labelled thus difficult to know the funding agency.

Consequently, the value for money and propriety of the expenditure of Kshs.500,000 could not be ascertained.

4.3 Devolved Functions

Included in other grants and other transfers figure of kshs.58,878,666 is a balance of Kshs.12,969,597 in respect to roads which includes Kshs.1,537,931 for the construction of two (2) roads as detailed below:

Description	Contractor	Amount
Nyamonge-Otondo Road	Amas General nstruction&Suppliers	1,137,931
Proposed Bisembe Bridge	Honet Company Limited	400,000
Total		1,537,931

However, the roads are under devolved function to the County Government and no authority and approval was given by the Board for the two (2) projects as required the NG-CDF Act, 2015 Section 24(a). Further, it was also noted that there was no signage to mark the road done as a result it was not possible to establish who funded the work. No explanation was provided for this anomaly. Consequently, the Fund therefore breached the Law.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – North Mugirango 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 adverse opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Controls and Performance

The Fund revenue was budgeted at Kshs.120,111,551 against the actual receipt of Kshs.119,311,551 representing an overall under collection of Kshs.800,000 (1%). Further, the Fund spent a total Kshs.119,242,710 against a budget of Kshs.120,111,551 representing under expenditure of Kshs.868,841 (1%) as tabulated below:

Receipt/Expenditure Item	Final Budget (Kshs)	Actual Comparable Basis (Kshs)	Budget Utilization Difference (Kshs)	% Utilization
	(a)	(b)	c = (b-a)	d = c/a %
Receipts				
Transfers from CDF board-AIEs' Received	120,111,551	119,311,551	800,000	99%
Total Receipts	120,111,551	119,311,551	800,000	99%
Payment				
Compensation of Employees	1,188,138	1,150,473	37,665	97%
Use of goods and services	9,591,893	9,519,054	72,839	99%
Transfers to Other Government Units	48,984,517	48,984,517	-	100%
Other grants and transfers	59,637,003	58,878,666	758,337	99%
Acquisition of Assets	710,000	710,000	-	100%
Total Payments	120,111,551	119,242,710	868,841	99%

2. Project Implementation Status

The Fund management had an approved budget to implement a total of 75 projects valued at Kshs.73,014,265. Further, analysis indicates that two (2) projects valued at Kshs.1,337,851 were ongoing and seventy-three (73) projects valued at Kshs.71,676,414 were completed as indicated in the table below;

Sector	On-going		Completed	
	No	Value (Kshs)	No	Value (Kshs)
Emergency	0	Nil	3	3,405,000
Environment	0	Nil	2	637851
Sports	1	637,851	0	Nil
Education	0	Nil	64	63,533,563
Security	1	700,000	4	4,100,000
Total	2	1,337,851	73	71,676,414

In the circumstances, the residents of the Constituency did not receive value for money from the planned and budgeted for incomplete projects.

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 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 to sustain the services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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.

Auditor-General's Responsibilities for the Audit of 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.

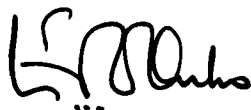
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 omissions, 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 to 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

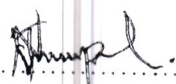
Nairobi

20 September 2018

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	81,096,551	144,680,045
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	250,000
TOTAL RECEIPTS		81,096,551	144,930,045
PAYMENTS			
Compensation of employees	4	1,150,473	1,616,198
Use of goods and services	5	9,519,054	8,739,000
Transfers to Other Government Units	6	48,984,517	27,600,000
Other grants and transfers	7	58,878,666	88,531,233
Acquisition of Assets	8	710,000	3,214,012
Other Payments	9	-	NIL
TOTAL PAYMENTS		119,242,710	129,700,443
SURPLUS/DEFICIT		(38,146,159)	15,229,602

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Mugirango NG-CDF financial statements were approved on 23rd August 2017 and signed by:



Chairman – NG-CDFC

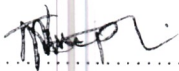


Fund Account Manager

V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	68,841	36,555,000
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	12C	-	1,660,000
TOTAL FINANCIAL ASSETS		68,841	38,215,000
REPRESENTED BY			
Fund balance b/fwd 1st July 2016 & 2015	13	38,215,000	22,985,398
Surplus/Deficit for the year		(38,146,159)	15,229,602
Prior year adjustments	14	-	-
NET LIABILITIES/ASSETS		68,841	38,215,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The North Mugirango NG-CDF financial statements were approved on 23rd August 2017 and signed by:



Chairman – NG-CDFC



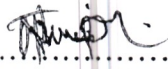
Fund Account Manager


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH
MUGIRANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

VI: SUMMARY STATEMENT OF APPROPRIATION

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	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	
Transfers from CDF Board	81,896,551	38,215,000	120,111,551	119,311,551	800,000	99
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
TOTAL	81,896,551	38,215,000	120,111,551	119,311,551	800,000	99
PAYMENTS					-	
Compensation of Employees	1,100,553	87,585	1,188,138	1,150,473	37,665	97
Use of goods and services	7,095,904	2,495,989	9,591,893	9,519,054	72,839	99
Transfers to Other Government Units	39,150,000	9,834,517	48,984,517	48,984,517	-	100
Other grants and transfers	34,550,094	25,086,909	59,637,003	58,878,666	758,337	99
Acquisition of Assets	-	710,000	710,000	710,000	-	100
Other Payments	-	-	-	-	-	-
TOTALS	81,896,551	38,215,000	120,111,551	119,242,710	868,841	99

North Mugirango NG-CDF financial statements were approved on 23rd August 2017 and signed by:


.....
Chairman – NG-CDFC


.....
Fund Account Manager

VII: CASH FLOW STATEMENT

		2016 - 2017	2015- 2016
Receipts for operating income			
Transfers from CDF Board	1	81,096,551	144,680,045
Other Receipts	3	-	250,000
		81,096,551	144,930,045
Payments for operating expenses			
Compensation of Employees	4	1,150,473	1,616,198
Use of goods and services	5	9,519,054	8,739,000
Transfers to Other Government Units	6	48,984,517	27,600,000
Other grants and transfers	7	58,878,666	88,531,233
Other Payments		-	NIL
		118,532,710	126,486,431
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(37,436,159)	18,443,614
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	710,000	3,214,012
Net cash flows from Investing Activities		(710,000)	(3,214,012)
NET INCREASE IN CASH AND CASH EQUIVALENT		(38,146,159)	15,229,602
Cash and cash equivalent at BEGINNING of the year	15	38,215,000	22,985,398
Cash and cash equivalent at END of the year	16	68,841	38,215,000



VIII. SIGNIFICANT ACCOUNTING POLICIES

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

a) **Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. 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 Constituency and all values are rounded to the nearest thousand (Kshs'000). The accounting policies adopted have been consistently applied to all the years presented.

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

b) **Recognition of revenue and expenses**

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

c) **In-kind contributions**

In-kind contributions are donations that are made to the Constituency 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 Constituency includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also

include short term cash Imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

e) **Receivables and payables**

Receivables are funds due to the Constituency at the end of the financial year from the CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or 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 Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

f) **Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Constituency'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 Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) **Comparative figures**

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

h) **Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation	AIE NO.855074	36,853,449.00	
	AIE NO.855631	40,148,275.00	
	AIE NO.829968	4,094,827.00	
	AIE NO.		27,612,198.25
	AIE NO.		10,000,000.00
	AIE NO.		30,000,000.00
	AIE NO.		8,000,000.00
	AIE NO.		10,000,000.00
	AIE NO.		59,067,847.00
Conditional grants	AIE NO...		
Receipt from other Constituency			
TOTAL		81,096,551.00	144,680,045.25
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS			
Description		2016- 2017	2015 - 2016
		Kshs	Kshs
Receipts from the Sale			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH MUGIRANGO
CONSTITUENCY

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

of Buildings			
Receipts from the Sale of Vehicles and Transport Equipment		-	
Receipts from the Sale Plant Machinery and Equipment			
Receipts from the Sale of office and general equipment			
	Total	-	-
3 OTHER RECEIPTS			
Description		2016 - 2017	2015- 2016
		Kshs	Kshs
Interest Received		-	-
Rents		-	-
Sale of tender documents		-	-
Other Receipts Not Classified Elsewhere CQ993231 ISIAH MABONGO		-	250,000.00
Total		-	250,000.00
4 COMPENSATION OF EMPLOYEES			
Description		2016 - 2017	2015- 2016
		Kshs	Kshs
Basic wages of contractual employees		1,150,473.00	1,616,198.00
Basic wages of casual labour			
Personal allowances paid as part of salary			
House allowance			
Transport allowance			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH MUGIRANGO
CONSTITUENCY

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

Leave allowance			
Other personnel payments			
gratuity			
Total		1,150,473.00	1,616,198.00
5 USE OF GOODS AND SERVICES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Utilities, supplies and services		992,080.00	
Office rent			
Communication, supplies and services			
Domestic travel and subsistence			
Printing, advertising and information supplies & services		800,000.00	900,000.00
Rentals of produced assets			
Training expenses		3,632,069.00	1,000,000.00
Hospitality supplies and services			
Other committee expenses		1,000,905.00	1,839,000.00
Committee allowance		2,368,000.00	3,500,000.00
Insurance costs			
Specialized materials and services		726,000.00	
Office and general supplies and services			1,500,000.00
Fuel ,oil & lubricants			
Other operating			

TIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH MUGIRANGO

•CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

expenses			
Routine maintenance – vehicles and other transport equipment			
Routine maintenance – other assets			
Total		9,519,054.00	8,739,000.00
6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Transfers to primary schools		15,850,000.00	8,200,000.00
Transfers to secondary schools		21,858,517.00	15,800,000.00
Transfers to Tertiary institutions		11,276,000.00	300,000.00
Transfers to Health institutions			3,300,000.00
TOTAL		48,984,517.00	27,600,000.00
7 OTHER GRANTS AND OTHER PAYMENTS			
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Bursary -Secondary		13,297,309.00	2,031,188.00
Bursary -Tertiary		10,945,504.00	11,000,000.00
Bursary-Special schools			
Mocks & CAT			800,000.00
water		6,380,000.00	35,000,000.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH MUGIRANGO

CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

Agriculture (food security)		4,109,230.00	2,500,000.00
Electricity projects			
Security		4,800,000.00	2,000,000.00
Roads		12,969,597.00	11,132,398.00
Sports		600,000.00	100,000.00
Environment		600,000.00	
Emergency Projects (specify)		5,177,026.00	5,767,647.00
Cultural Projects		-	7,000,000.00
Total		58,878,666.00	88,531,233.00
8 ACQUISITION OF ASSETS			
Non-Financial Assets		2016 - 2017	2015 - 2016
		Kshs	Kshs
Purchase of Buildings			
Construction of Buildings			
Refurbishment of Buildings			
Purchase of Vehicles			
Purchase of Bicycles & Motorcycles			
Overhaul of Vehicles			
Purchase of Office furniture and fittings		710,000.00	2,930,000.00
Purchase of computers ,printers and other IT equipments			284,012.00
Purchase of photocopier			
TOTAL		710,000.00	3,214,012.00
9 OTHER PAYMENTS		2016 - 2017	2015 - 2016
		Kshs	Kshs

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH MUGIRANGO
CONSTITUENCY

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

specify		-	23,552,198.00
TOTAL		-	23,552,198.00
10A: Bank Balances (cash book bank balance)			
Name of Bank, Account No. & currency	Account Number	2016 - 2017	2015 - 2016
		Kshs (30/6/2017)	Kshs (30/6/2016)
Equity Bank, Nyamira Branch A/C no.0520262112242	A/C no.0520262112242	68,841.05	36,555,000.00
Total		68,841.05	36,555,000.00
10B: CASH IN HAND)			
		2016 - 2017	2015 - 2016
		Kshs (30/6/2017)	Kshs (30/6/2017)
Location 1		-	-
Total		-	-
		[Provide cash count certificates for each]	
11: OUTSTANDING IMPRESTS			
Name of Officer	Date imprest taken	2016-2017	2015-2016
		Kshs	Kshs
Edward Ratemo	6/25/2016	-	1,660,000.00
Total		-	1,660,000.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NORTH MUGIRANGO
CONSTITUENCY

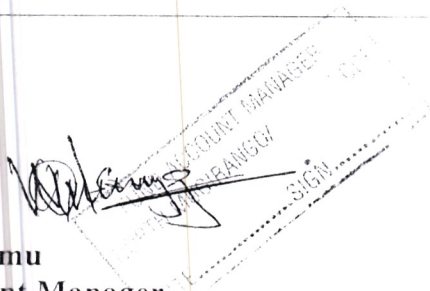
Reports and Financial Statements
For the year ended June 30, 2017

12 RETENTION			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
13 BALANCES BROUGHT FORWARD			
		2016 - 2017	2015 - 2016
		Kshs	Kshs (1/7/2015)
		(1/7/2016)	
Bank accounts		36,555,000.00	22,985,398.00
Cash in hand			
Imprest		1,660,000.00	
Total		36,555,000.00	22,985,398.00
	[Provide short appropriate explanations as necessary]		
14 PRIOR YEAR ADJUSTMENTS			
	PRIOR YEAR ADJUSTMENTS		
		2015 - 2016	2014 - 2015
		Kshs	Kshs
Bank accounts			-
Cash in hand			-
Imprests			-
Total			
	prior year adjustments were stale cheques from previous years reversed hence increasing bank balance		

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset Class	Historical Cost (Kshs) 2016/2017	Historical Cost (Kshs) 2015/2016
Land	5,762,239	5,762,239
Buildings and structures	0	0
Transport equipment	4,057,402	4,057,402
Office equipment, furniture and fittings	1,919,171	1,209,171
ICT Equipment, Software and Other ICT Assets	1,126,634	1,126,634
Other Machinery and Equipment	20,880,000	20,880,000
Heritage and cultural assets	0	0
Intangible assets	0	0
Total	33,745,446	33,035,446

Prepared by:



Wilson Okumu
Fund Account Manager
North Mugirango NG-CDF

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)
2	Transfers from the NG CDF Board Statement of receipt and expenditure showed ksh. 117,067,847 while the bank statement showed total receipts as ksh. 144,680,045	The difference of ksh. 27,612,198 was previous years funds and could not be included in the current years appropriation	Wilson Okumu FAM	Resolved	Auditors satisfied
3	Stale cheques outstanding for a long period still incorporated in the bank reconciliation	The physical cheques had not been returned for cancellation, but since they are now stale have been reversed in the cashbook	F Wilson Okumu FAM	Resolved	Auditors satisfied
4	Some payrolls and personnel files not availed for audit purposes	The said payrolls and staff personnel files have since been availed for proper audit	Wilson Okumu FAM	Resolved	Auditors satisfied
5	Some payment schedules and payment voucher to bhogals auto world not availed for audit purposes	The schedules and vouchers have now been availed and audited accordingly	Wilson Okumu FAM	Resolved	Auditors satisfied

