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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**





NG-CONSTITUENCIES DEVELOPMENT FUND – KALOLENI

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30TH, 2016

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

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

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The NG- Constituencies Development Fund (NG-CDF) was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2015. The NG-CDF Act 2015 aligns the Fund with the Constitution of Kenya 2010 and the Public Finance Management Act 2012 that lay emphasis on citizen participation in public finance management and decision making, transparency and accountability together with equity in public resource utilization. The overall management of the Fund is the responsibility of the NG- Constituencies Development Fund Board.

(b) Key Management

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

- i. NG-Constituencies Development Fund Board (NG-CDFB)
- ii. NG-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	Anthony Munyao
3.	District Accountant	Eric Mutuku

(d) Fiduciary Oversight Arrangements

The Kaloleni NG-CDFC members as gazetted

1. Milton Yaa Baya.....Chairman
2. Elvina Malombo Sanga.....Secretary
3. Teresia Raphael Kenga.....Member
4. Stephene Ngala Kahindi.....Member
5. Matano Ngoro Charo.....Member
6. Mwalimu Shikari Kombe.....Member
7. Anthonina Rehema Kiti.....Member
8. Laukadia Nyambura Muteke.....Member
9. Fund Account Manager.....Ex-Officio
10. National Government Rep.....Member

NG-CONSTITUENCIES DEVELOPMENT FUND – KALOLENI CONSTITUENCY
Reports and Financial Statements
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(e) Entity Headquarters

Kaloleni NG- CDF

Provide box and physical address of the constituency NG- CDF office
P.O. Box.222-80105
NG-CDF-Building-Opposite Kaloleni bus stage.
KALOLENI, KENYA

(f) Entity Contacts

Provide telephone number and email of the constituency NG- CDF office

Telephone: (254) ---0710925186
E-mail: ---cdfkaloleni@cdf.go.ke
Website: -

(g) Entity Bankers

NG-CDF main banker (provides the bank, branch, account number and address)

1. Cooperative Bank of Kenya Ltd
Mariakani Branch, A/C No. 01141253838300
P.O.MARIAKANI

(h) Independent Auditors

Auditor General
Office of the Auditor General
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

NG-CONSTITUENCIES DEVELOPMENT FUND – KALOLENI CONSTITUENCY
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II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)

Kaloleni National Government - Constituency Development Fund (NG-CDF) committee established by gazette notice of May 17th 2016, following the repeal of CDF act 2003 that now run independent from political party or religious affiliation separating the functions of these entities as provided for in the act 2015.

ARCHIEVEMENTS:

The Kaloleni NG-CDF through public participation in identifying development projects have achieved exactly what CDF was established for. The following are among major areas of success:-

- 1) Bursary: - Distributed the maximum of twenty five percent (25%) to the needy and bright students in the constituency.
- 2) Renovations of school classrooms, science laboratories and toilets.
- 3) Construction of:- Schools buildings such as classrooms, staff houses, toilets and purchase of desks
- 4) Sports: - Support sports programs and nurturing of young talent for development of constituency.
- 5) Construction & Renovations of Administration security offices i.e. Chiefs' and Assistant County Commissioners' (ACC)
- 6) Environment: Purchased and Planted seedlings at various primary and secondary schools to act as windbreakers, environment beautification and shade to students.

CHALLENGES

The NG-CDF fund has positively touched many lives in the constituency, however not without a share of challenges;-

- 1) Delayed disbursement of funds from NG-CDF board.
- 2) There have always been limited bursary funds despite the fact that it is the most popular vote in constituency bursary development.
- 3) The legal allowed areas of development projects that fund can initiate.

WAY FORWARD

There should be an increase on bursary vote aid allocation and financing allocation in constituency.



Milton Yaa Baya

Kaloleni NG-CDFC Chairman

NG-CONSTITUENCIES DEVELOPMENT FUND – KALOLENI CONSTITUENCY
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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 KALOLENI *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 30th, 2016. This responsibility includes:


- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the constituency;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the constituency;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the KALOLENI *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 KALOLENI *NG-CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30th, 2016, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the KALOLENI *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 KALOLENI *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 KALOLENI *NG-CDF* financial statements were approved and signed on 30/08/2016



MR. MILTON BAYA
Chairman NG-CDFC



MR. ANTHONY MUNYAO
Fund Account Manager

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KALOLENI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Kaloleni 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 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 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 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 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 report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

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

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

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. Unsupported Balances

The financial statements for the year ended 30 June 2016 reflect unsupported balances of Kshs.13,431,806 as shown below:

Item	Note	Figure as Per Financial Statement (Kshs.)	Schedule Figure (Kshs.)	Variance (Kshs.)
Utilities, Supplies and Services	4	63,997	0	63,997
Communication Supplies and Services	4	1,606,550	0	1,606,550
Domestic Travel and Subsistence Allowances	4	183,150	0	183,150
Printing, Advertising and Information Supplies and Services	4	55,157	0	55,157
Fuel, Oils and Lubricants	4	1,000,000	0	1,000,000
Other Operating Expenses	5	147,242	0	147,242
Routine Maintenance – Other Assets	4	33,030	0	33,030
Other Committee Expenses	4	3,793,500	3,491,000	302,500
Transfers to Primary Schools	6	31,393,294	20,632,114	10,761,180
Bursaries – Secondary Schools	7	14,778,000	16,093,932	(1,315,932)
Bursaries – Tertiary Institutions	7	6,962,932	6,368,000	594,932
Total		60,016,852	46,585,046	13,431,806

Consequently, the propriety of expenditure totaling Kshs.13,431,806 for the year ended 30 June 2016 cannot be confirmed.

2. Other Receipts

Note 2 to the financial statements for the year ended 30 June 2016 reflects nil interest received against a bank balance of Kshs.40,084,618. However, the same note reflects interest received of Kshs.60,746 for the year 2014/2015 with a closing bank balance of Kshs.12,117,007, an indication that interest earned on funds held in bank has not been disclosed in these financial statements.

Consequently, the accuracy and completeness of the other receipts of Kshs.80,000 for the year ended 30 June 2016 cannot be confirmed.

3. Bank Balance

The statement of financial assets as at 30 June 2016 reflects a bank balance of Kshs.40,084,618. However, the bank reconciliation statement as at 30 June 2016 for the bank account reflects payments in cash book not yet recorded in bank statement of kshs.17,320,777.25, out of which stale cheques totalled Kshs.10,524,894.25. Further, bank statements confirming when cheques totalling Kshs.6,795,883 were subsequently cleared by the bank were not provided for audit review. In addition, the bank reconciliation statement reflects receipts in bank statement not yet recorded in cash book of Kshs.26,000. The management has not explained the reason why these transactions were not reversed in the books of account. In addition, the bank balance is understated by undetermined interest income on cash in bank, given that in the year 2014/2015 interest on bank balance was Kshs.60,746 with a closing bank balance of Kshs.12,117,007. Consequently, the validity and accuracy of bank balance of Kshs.40,084,618 as at 30 June 2016 cannot be confirmed.

4. Cash Balance

The statement of assets as at 30 June 2016 reflects a nil cash balance but the respective Board of Survey Certificate was not availed for audit review. Consequently, the accuracy of the nil cash balance as at 30 June 2016 cannot be confirmed.

5. Acquisition of Assets

The statement of receipts and payments for the year ended 30 June 2016 reflects acquisition of assets figure of Kshs.2,003,546 which relates to renovation of Kaloleni Constituency office but the respective completion certificate was not availed for audit review. Consequently, the propriety of Kshs.2,003,546 and the quality of workmanship on the renovation of the Kaloleni Constituency office for the year ended 30 June 2016 cannot be confirmed.

6. Transfer to Other Government Units

6.1 Transfers to Primary Schools

Note 6 to the financial statements for the year ended 30 June 2016 reflects transfers to primary schools of Kshs.31,393,294, out of which Kshs.855,407 was disbursed towards construction of four(4) classrooms at Muungano Primary School. However, records availed for audit review indicated that the project was completed in 2014/2015 at a contract price of Kshs.3,489,988. The additional expenditure of Kshs.855,407 was a contract variation but evidence of approval of the variation by the Accounting Officer was not availed for audit verification Section 139(1)(a) of the Public Procurement and Asset Disposal Act, 2015 requires the approval of any contract variation by the awarding authority who is the Accounting Officer under Section 84(3) of the Act.

Consequently, the propriety of the expenditure of Kshs.855,407 incurred on the contract variation for the year ended 30 June 2016 could not be confirmed.

6.2 Transfers to Secondary Schools

Note 6 to the financial statements for the year ended 30 June 2016 reflects transfers to secondary schools of Kshs.11,000,000, out of which Kshs.5,000,000 was disbursed to Kizuri Secondary School, being contribution towards the purchase of a school bus. However, tender advertisement, evaluation and award minutes and mechanical engineer's inspection reports were not availed for audit review.

Consequently, the propriety of the expenditure totalling Kshs.5,000,000 incurred on purchase of the school bus during the year under review cannot be confirmed.

6.3 Transfers to Tertiary Institutions

Note 6 to the financial statements for the year ended 30 June 2016 reflects transfers to tertiary institutions of Kshs.10,000,000, being funds disbursed for construction of Kaloleni Technical and Vocational College. However, the part or phase financed by the funds was not specified, contrary to Section 49 of the National Government Constituencies Development Fund Act, 2015 which provides that the Board may consider part funding of a project from other sources so long as the part funding goes to a defined unit or part or phase. Further, tender evaluation and award minutes, Bill of Quantities and certificates of completion and expenditure returns were not availed for audit review. In addition, the title deed for the land on which the Institute is situated was not availed for audit review.

Consequently, the propriety of expenditure of Kshs.10,000,000 on construction of the College for the year ended 30 June 2016 cannot be confirmed.

6.4 Transfers to Health Institutions

Note 6 to the financial statements for the year ended 30 June 2016 reflects transfers to health institutions of Kshs.643,844 relating to purchase of maternity equipment for Chalani Dispensary but the delivery goods received notes and the inspection and acceptance committee report were not availed for audit review. Assertions made by management that all the goods and equipment were received were unsupported. Further, a field audit carried out in May 2017, failed to trace and inspect the equipment.

Consequently, the propriety of expenditure totalling Kshs.643,844 incurred on maternity equipment during the year under review could not be confirmed.

7. Other Grants and Transfers

Note 7 to the financial statements reflects emergency projects expenditure of Kshs.2,730,000 out of which payments to Kshs.1,830,000 were not supported with the written opinion of the Constituency Development Fund Committee, contrary to Section 8 (3) of the National Government Constituencies Development Fund Act, 2015. The

Section defines emergency as an urgent, unforeseen need for expenditure for which, in the opinion of the Committee, cannot be delayed until the following financial year without harming the public interest of the constituents.

Consequently, the propriety of expenditure totalling Kshs.1,830,000 incurred on emergency for the year ended 30 June 2016 could not be confirmed.

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 National Government Constituencies Development Fund – Kaloleni Constituency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budgetary Controls and Performance

During the year under review, the Constituency had a final budget of Kshs.192,463,049 but spent Kshs.95,584,075 or 50% of the budget, resulting to under-expenditure of Kshs.96,878,974 or 50 % as summarised below:

Item	Budget (Kshs.)	Actual Expenditure (Kshs.)	Under Absorption (Kshs.)	Under Absorption (%)
Compensation of Employees	2,793,893	1,291,510	1,502,383	54
Use of Goods and Services	10,502,668	8,318,949	2,183,719	21
Transfers to Other Government Units	97,049,999	53,037,138	44,012,861	45
Other Grants and Transfers	69,077,649	30,932,932	38,144,717	55
Emergency	10,035,294	0	10,035,294	100
Acquisition of Assets	2,003,546	2,003,546	0	0
Other Payments	1,000,000	0	1,000,000	100
Total	192,463,049	95,584,075	96,878,974	50

Management attributed the underutilization of funds by Kshs.96,878,974 or 50%, to disbursement of funds by the Board late in May and June 2016. As a result of the large ratio of under-expenditure, delivery of goods and services to residents of Kaloleni Constituency was curtailed to a significant extent.

2. Project Implementation Status

The projects status report availed for audit review indicated that a total of Kshs.53,296,287 was disbursed to twenty nine (29) projects, out of which

Kshs.53,263,287 or 99% had been spent as at 30 June 2016. Further, the report indicates that all the twenty nine (29) projects were complete by the year-end. However, review of the projects status report revealed that twenty (20) projects planned and approved to be implemented in the year through allocations totaling Kshs.51,711,342 did not receive funding, as shown below:

No.	Project Name	Project Activity	Amount of allocation as per approved proposal (Kshs)
1.	Mtulu Primary School	Construction of 2no. Classrooms	3,000,000
2.	Kidzini Primary School	Construction of 2no. Classrooms	3,000,000
3.	Kizurini Primary School	Reroofing of 4no. Classrooms	1,000,000
4.	Kinagoni Primary School	Reroofing of 4no. Classrooms	1,000,000
5.	Pangayambo Primary School	Reroofing of 4no. Classrooms	1,000,000
6.	Mnazimumwenga Sec School	Construction of Laboratory Block	3,000,000
7.	Chanagande Secondary School	Construction of a Dormitory Block	4,000,000
8.	St. Johns Girls Secondary School	Completion of Laboratory Block	1,500,000
9.	Tsagwa Secondary School	Construction of a Laboratory Block	6,000,000
10.	Miyani Secondary School	Construction of Laboratory Block	6,000,000
11.	Mariakani Secondary School	Construction of 2no. Classrooms	3,000,000
12.	Tsangatsini Secondary School	Purchase of School Bus	6,000,000
13.	Chanagande location chiefs office	Construction of Chiefs Office block	2,000,000
14.	Kawala Kadzonzo Sub-location Chiefs Office	Construction of Assistant Chiefs Office Block	2,000,000
15.	Kwale Sub-location Chiefs Office	Construction of Assistant Chiefs Office Block	2,000,000
16.	Mbalamweni Sub-location Chiefs Office	Construction of Assistant Chiefs Office Block	2,000,000
17.	Tsangatsini Location Chiefs Office	Construction of Chiefs Office Block	2,000,000
18.	Kinagoni Location Chiefs Office	Construction of Chiefs Office Block	2,000,000

19.	Mariakani Location Chiefs Office	Renovation of Chiefs Office Block	1,000,000
20.	Mgamboni Dispensary	Construction of Pre-fabricated Staff House	211,342
		Total	51,711,342

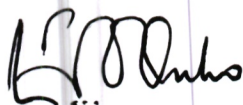
The situation may have impacted negatively on delivery of goods and services to the residents of Kaloleni Constituency.

3. Projects Verification

Twenty (20) projects with disbursements totaling Kshs.44,758,356 were inspected during the audit in the month of May 2017 and confirmed as complete.

3.1 Tree Seedlings Project

This project involved purchase and distribution of tree seedlings to various schools within the constituency at a cost of Kshs.2,400,000. Five schools namely, Ndatani Primary School, Baraka Primary School, Mariakani Secondary School, Mahenzo Primary School and Walea Primary School were visited and the tree seedlings bought and planted found to have withered. As a result, the residents of Kaloleni Constituency did not get value for money from the project. This is a clear indication that there was lack of communication between the Constituency Committee and school managements on how to take care of the seedlings to maturity.



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

Nairobi

14 August 2017

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

V. STATEMENT OF RECEIPTS AND PAYMENTS

FOR THE YEAR ENDED 30TH JUNE 2016

	Notes	2015/2016	2014/2015
		<u>Kshs</u>	<u>Kshs</u>
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	122,950,679	102,316,268
Other Receipts	2	<u>80,000</u>	<u>60,746</u>
TOTAL RECEIPTS		<u>123,030,679</u>	<u>102,377,014</u>
PAYMENTS			
Compensation of employees	3	1,291,510	1,050,372
Use of goods and services	4	8,318,949	5,887,084
Committee Expenses	5	-	5,234,200
Transfers to Other Government Units	6	53,037,138	41,115,772
Other grants and transfers	7	30,932,932	42,226,105
Social Security Benefits	8	-	3,800
Acquisition of Assets	9	2,003,546	1,232,804
Other Payments	10	-	4,787,962
TOTAL PAYMENTS		<u>95,584,075</u>	<u>101,538,099</u>
SURPLUS/DEFICIT		<u>27,446,604</u>	<u>838,915</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kaloleni NG-CDF financial statements were approved on 30/8/2016 and signed by:



Milton Baya
Chairman – NG-CDFC



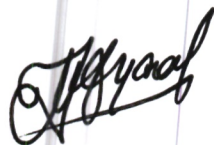
Anthony Munyao
Fund Account Manager

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VI. STATEMENT OF ASSETS AS AT 30TH JUNE 2016

	Note	2015/2016	2014/2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	11	40,084,618	12,117,007
Outstanding Imprests	12	—	826,800
TOTAL FINANCIAL ASSETS		<u>40,084,618</u>	<u>12,943,807</u>
REPRESENTED BY			
Fund balance b/fwd 1st July	13	12,943,807	11,941,754
Surplus (Deficit) for the year		27,446,604	838,915
Prior year adjustments	14	<u>(305,793)</u>	<u>163,138</u>
TOTAL FUNDS		<u>40,084,618</u>	<u>12,943,807</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kaloleni NG- CDF financial statements were approved on 30/8/2016 and signed by:



Milton Baya

Chairman – NG-CDFC



Anthony Munyao

Fund Account Manager

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

VII. STATEMENT CASH FLOW

FOR THE YEAR ENDED 30TH JUNE 2016

	<u>NOTES</u>	<u>2015/2016</u>	<u>2014/2015</u>
Transfers from Board	1	122,950,679	102,316,268
Other Receipts	2	<u>80,000</u>	<u>60,746</u>
		<u>123,030,679</u>	<u>102,377,014</u>
Payments for operating expenses			
Compensation of Employees	3	1,291,510	1,050,372
Use of goods and services	4	8,318,949	5,887,084
Committee Expenses	5	-	5,234,200
Transfers to Other Government Units	6	53,037,138	41,115,772
Other grants and transfers	7	30,932,932	42,226,105
Social Security Benefits	8	-	3,800
Other Payments	10	<u>-</u>	<u>4,787,962</u>
		<u>93,580,529</u>	<u>100,305,295</u>
Adjusted for:			
Adjustments during the year	14	<u>(305,793)</u>	<u>163,138</u>
Net cash flow from operating activities		<u>29,144,357</u>	<u>2,234,857</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9	(2,003,546)	(1,232,804)
Net cash flows from Investing Activities		<u>(2,003,546)</u>	<u>(1,232,804)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>27,140,811</u>	<u>1,002,053</u>
Cash and cash equivalents at			
Beginning of the year	13	<u>12,943,807</u>	<u>11,941,754</u>
Cash and cash equivalents at END of the year	11	<u>40,084,618</u>	<u>12,943,807</u>

NG-CONSTITUENCIES DEVELOPMENT FUND – KALOLENI CONSTITUENCY
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VIII. 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						
Transfer from CDF Board	128,231,526	77,175,333	205,406,859	122,950,679	82,456,180	60
Sale of Asset	0	0				
Other Receipts	240,000	0	240,000	80,000	160,000	33
	128,471,526	77,175,333	205,646,859	123,030,679	82,616,180	
PAYMENTS						
Compensation of Employees	2,793,893	0	2,793,893	1,291,510	1,502,383	46
Use of goods and services	8,746,943	1,755,725	10,502,668	8,318,949	2,183,719	79
Transfer to Other GK Units	64,236,341	32,813,659	97,049,999	53,037,138	44,012,862	55
Other grants and transfers	44,183,153	24,894,496	69,077,649	30,932,932	38,144,717	45
Emergency	5,767,647	4,267,647	10,035,294	-	10,035,294	
Acquisition of Assets	2,003,546	0	2,003,546	2,003,546		100
Other: KENAO	500,000	500,000	1,000,000	-	1,000,000	
TOTALS	128,231,523	64,231,526	192,463,049	95,584,075	96,878,974	50

IX. 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 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 Fund.

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 Fund.

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 NG-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.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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.

f) Comparative figures

This is the Second year the Constituency is preparing financial statements and hence we do have comparative figures.

g) 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 30th, 2016.

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NOTES TO THE FINANCIAL STATEMENT

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES

1330407	Description		2015/2016	2014/ 2015
			Kshs	Kshs
	Normal Allocation	AIE NOA790834	28,950,679	41,865,588
		AIE NOA796921	10,000,000	39,259,973
1330408		AIE NO A820748	20,000,000	10,000,000
		AIE NOA825779	20,000,000	11,190,707
1330409		AIE NOA825524	24,000,000	-
	Conditional grants	AIE NOA796426	20,000,000	-
3510000	TOTAL		122,950,679	102,316,268

2. OTHER RECEIPTS

1410107	Description		2015/2016	2014/2015
			Kshs	Kshs
1410405	Interest Received		-	60,746
1420601	Rents		80,000	-
	Total		80,000	60,746

3. COMPENSATION OF EMPLOYEES

2110202	Description	2015/2016	2014 /2015
		Kshs	Kshs
2110301	Basic wages of contractual employees	1,068,000	1,050,372
2110320	Personal allowances paid as part of Salary Gratuity-Margaret Fondo	223,510	-
	Total	1,291,510	1,050,372

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Notes to The Financial Statement (Continued)

4. USE OF GOODS AND SERVICES

2210104	Description		2015/2016	2014/ 2015
2210200			Kshs	Kshs
2210300	Utilities, supplies and services		63,997	625,497
2210600	Communication, supplies and services		1,606,550	452,000
2210700	Domestic travel and subsistence		183,150	-
2210800	Printing, advertising and information supplies & services		55,157	1,453,000
2211100	Hospitality supplies and services		-	125,000
2211200	Insurance costs		-	261,000
2211300	Other committee expenses		3,793,500	-
2211300	Committee Allowance		674,000	-
2220100	Office and general supplies and services		269,695	625,558
2220200	Fuel ,oil & lubricants		1,000,000	1,300,000
	Other operating expenses		147,242	49,869
	Routine maintenance – vehicles and other transport equipment		492,628	648,362
222100	Routine maintenance – other assets		33,030	346,798
	Total		8,318,949	5,887,084

NG-CONSTITUENCIES DEVELOPMENT FUND – KALOLENI CONSTITUENCY
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Notes To The Financial Statement (Continued)

5. COMMITTEE EXPENSES

	Description		2015/2016	2014/2015
			Kshs	Kshs
2210802	Other committee expenses		-	4,106,200
2210809	Committee allowance		-	1,128,000
	TOTAL			5,234,200

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description		2015/2016	2014/2015
			Kshs	Kshs
2630204	Transfers to primary schools		31,393,294	21,982,748
2630205	Transfers to secondary schools		11,000,000	8,799,237
2630206	Transfers to Tertiary institutions		10,000,000	5,000,000
2630207	Transfers to Health institutions		643,844	4,482,759
	Transfer to New Rabai constituency			851,028
	TOTAL		53,037,138	41,115,772

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Notes to the Financial Statement (Continued)

7. OTHER GRANTS AND OTHER PAYMENTS

	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
2640105	Bursary -Secondary		14,778,000	20,460,276
2640504	Bursary -Tertiary		6,962,932	13,778,600
2640505	Bursary-Special schools		-	-
2640506	Mocks & CAT			26,991
	Sports		3,400,000	1,109,368
	Environment		2,400,000	1,584,968
2120000	Emergency Projects (specify)		2,730,000	5,265,902
	Total		30,932,932	42,226,105

8. SOCIAL SECURITY BENEFITS

	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
	Employer contribution to NSSF		-	3,800
	Total			3,800

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Notes to the Financial Statement (Continued)

9. ACQUISITION OF ASSETS

3110202	<u>Non-Financial Assets</u>		2015- 2016	2014 - 2015
			Kshs	Kshs
3110801	Refurbishment of Buildings		2,003,546	1,232,804
	Total		2,003,546	1,232,804

10. Other Payments

		2015- 2016	2014 - 2015
Two Guards-Night and Day			
KRA penalty (Old A/c)		-	4,787,962
Kaloleni Constituency share (Old A/c)			
TOTAL			4,787,962

11. Bank Balances (cash book bank balances)

Name of Bank, Account No. & currency	Account Number	2015 - 2016	2014 - 2015
		Kshs (30/6/2016)	Kshs (30/6/2015)
<i>Cooperative Bank, Mariakani Branch A/C no.01141253838300</i>		40,084,618	12,117,007
Total		40,084,618	12,117,007

12. Outstanding imprest

		2015 - 2016	2014 - 2015
		Kshs (1/7/2015)	Kshs (1/7/2014)
Imprest		-	826,800
Total		-	826,800

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Notes to The Financial Statement (Continued)

13. BALANCES BROUGHT FORWARD

		2015 - 2016	2014 - 2015
		Kshs (1/7/2015)	Kshs (1/7/2014)
Bank accounts		12,117,007	11,047,754
Cash in hand			-
Imprest		826,800	894,000
Total		12,943,807	11,941,754

14. PRIOR YEAR ADJUSTMENTS

PRIOR YEAR ADJUSTMENTS		2015 - 2016	2014 - 2015
		Kshs	Kshs
Bank accounts	Reversed Cheques in	(305,793)	163,138
Total		(305,793)	163,138

OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)			
		2015 - 2016	2014 - 2015
		Kshs	Kshs
Construction of buildings		-	211,341
TOTAL			211,341

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Notes to The Financial Statement (Continued)

ANNEX 1 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land		
Buildings and structures	18,899,960	16,896,414
Transport equipment	4,200,000	4,200,000
Office equipment, furniture and fittings		
ICT Equipment, Software and Other ICT Assets		
Other Machinery and Equipment	350,000	350,000
Total	23,449,960	21,446,414