

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT


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THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY

FOR THE YEAR ENDED  NATIONAL ASSEMBLY
30 JUNE 2017 PAPERS LAID

DATE: 05 DEC 2018

DAY.

Wednesday (Pm)

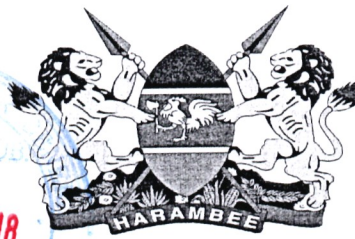
TABLED

BY:

Hon. Aden Duale, M.P.
Leader of Majority Party

CLERK-AT
RE-TABLE:

Rachel Kain - Principal
Clerk Assistant 1



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

VIHIGA CONSTITUENCY

AMMENDED REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30th JUNE, 2017

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY
Reports and Financial Statements
For the year ended 30th JUNE, 2017

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the NG - CDF Act, 2015.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 NG - Constituencies Development Fund. The objective of the fund to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The Vihiga Constituency 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 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Perez Anyango
3.	Accountant	Wycliffe Khamati
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG - CDF Board provide overall fiduciary oversight on the activities of Vihiga Constituency. The reports and recommendation of ARMC when adopted by the NG - CDF Board are forwarded to the NG - Constituency Development Fund Committee (NG - CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) VIHIGA CDF Headquarters

P.O. Box 198
NG-CDF Offices
Luanda – Majengo Road
Vihiga

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

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

(f) VIHIGA CDF Contacts

Telephone: (254) 722 612112
E-mail: vihigangcdf.go.ke
Website: www.go.ke

(g) VIHIGA CDF Bankers

1. Co-operative Bank
Mbale Branch
A/C No.01141471496600

(h) Independent Auditors

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

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

First and foremost I want to thank God the Almighty and the people of Vihiga Constituency for giving me the privilege to serve them as the Chairman of Vihiga NG - CDFC. Together with the able team of the other NG - CDFC members, we have undertaken this noble task with humility and commitment. As we present our Financial Statements contained herein, we believe our guiding principles of transparency, accountability and commitment are the pillars against which our service to the people of Vihiga Constituency is anchored.

With the challenges experienced during implementation of the 2016/2017 Budget notwithstanding, we have managed to attain a 95% budget absorption rate, as indicated in the Appropriation Account. We are still committed to attaining a 100% absorption rate within the first quarter of the 2017/2018 Financial Year.

The NG - CDFC has continued to tremendously impact on the lives of the people of Vihiga Constituency as indicated below:

- Improved infrastructure in schools leading to increased enrolment
- Public participation in helping solve the challenges the constituents face
- Enhanced Public – Private – Partnerships
- Fast track the achievement of Millennium Development Goals and Vision 2030 objectives.
- Improved social welfare due to the multiplier effect of enhanced purchasing power of the residents.

Despite the achievements mentioned above, we have experienced challenges that have led to emerging issues which I believe if addressed will steer NG - CDF to greater heights of success. They include:

- Budgetary constraints
- Late disbursement of Funds by the Board hence affecting timely implementation of our Budget.



CHAIRMAN VIHIGA NG - CDFC

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

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

III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES

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

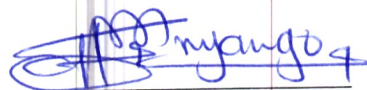
The Accounting Officer in charge of the Vihiga NG - Constituency Development Fund is responsible for the preparation and presentation of the Vihiga NG - CDF financial statements, which give a true and fair view of the state of affairs of the Vihiga NG - CDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NG - CDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NG - CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Accounting Officer in charge of the Vihiga NG - CDF confirms that the NG - CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG -CDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NG - CDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Vihiga NG - CDF's financial statements were approved and signed by the Accounting Officer on 28/8/2017 2017.


Fund Account Manager


Chairman CDFC

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 - VIHIGA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government-Constituencies Development Fund-Vihiga Constituency set out on pages 5 to 20, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of National Constituencies Development Fund-Vihiga Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Vihiga 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 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. There were no Key Audit Matters to communicate in my report.

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

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management intend to liquidate the Fund or 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 misstatements, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

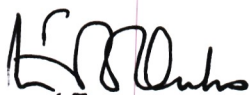
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional 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 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

19 September 2018

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY

Reports and Financial Statements

For the year ended 30th June, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	78,434,392.00	99,225,473.00
Other receipts	2	-	24,000.00
TOTAL RECEIPTS		78,434,392.00	99,249,473.00
PAYMENTS			
Compensation of employees	3	2,638,710.00	1,949,900.00
Use of goods and services	4	9,146,850.00	10,224,392.00
Transfers to Other Government Units	5	65,962,721.00	40,053,930.20
Other grants and transfers	6	45,619,860.00	43,785,393.50
Acquisition of Assets	7	-	261,000.00
Other Payments	8	1,972,490.00	-
TOTAL PAYMENTS		125,340,631.00	96,274,615.70
SURPLUS/DEFICIT		(46,906,239.00)	2,974,857.30

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Vihiga CDF financial statements were approved on 28/8/2017 and signed by:



Chairman - CDFC



Fund Account Manager

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

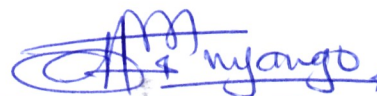
V. STATEMENT OF ASSETS

	Note	2016 - 2017 2016 Kshs	2015 - Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9A	3,037,415.00	49,943,653.60
Cash Balances (cash at hand)	9B	-	
Outstanding Imprests	10	-	
TOTAL FINANCIAL ASSETS		3,037,415.00	49,943,653.60
REPRESENTED BY			
Retention	11	-	
Fund balance b/fwd 1st July, 2016	12	49,943,654.00	46,968,796.30
Surplus/Deficit for the year		(46,906,239.00)	2,974,857.30
Prior year adjustments	13	-	
NET LIABILITIES		3,037,415.00	49,943,653.60

The accounting policies and explanatory notes to these financial statements form an integral part of the Financial Statements. The Vihiga CDF financial statements were approved on 28/6/17 2017 and signed by:



Chairman - CDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

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

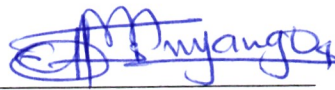
VI. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	78,434,392.00	99,225,473.00
Other Receipts	2		24,000.00
		78,434,392.00	99,249,473.00
Payments for operating expenses			
Compensation of Employees	3	2,638,710.00	1,949,900.00
Use of goods and services	4	9,146,850.00	10,224,392.00
Transfers to Other Government Units	5	65,962,721.00	40,053,930.20
Other grants and transfers	6	45,619,860.00	43,785,393.50
Other Payments	8	1,972,490.00	-
Total Payments		125,340,631.00	96,274,615.70
Adjusted for:			
Adjustments during the year	-	-	-
Net cash flow from operating activities		(46,906,239.00)	3,235,857.30
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	-	(261,000.00)
Net cash flows from Investing Activities			(261,000.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		(46,906,239.00)	2,974,857.30
Cash and cash equivalent at BEGINNING of the year	12	49,943,654.00	46,968,796.30
Cash and cash equivalent at END of the year		<u>3,037,415.00</u>	<u>49,943,653.60</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Vihiga CDF financial statements were approved on 28/8/2017 2017 and signed by:



Chairman CDFC



Fund Account Manager

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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,551.72	53,881,438.00	135,777,989.72	128,378,046.00	7,399,944.00	95%
PAYMENTS						
Compensation of Employees	2,300,000.00	649,829.00	2,949,829.00	2,638,710.00	311,119.00	89%
Use of goods and services	5,070,689.12	4,061,754.00	9,132,443.00	9,146,850.00	(14,407.00)	100%
Transfers to Other Government Units	36,149,944.60	34,690,668.00	70,840,612.60	65,962,721.00	4,877,892.00	93%
Other grants and transfers	36,410,142.00	14,783,997.00	51,194,139.00	45,619,860.00	5,574,279.00	89%
Other Payments	1,965,776.00	6,714.00	1,972,490.00	1,972,490.00	0.00	100%
TOTALS	81,896,551.72	53,881,438.00	135,777,989.72	125,340,631.00	10,748,883.00	

(a) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- The huge cash book balance of Kshs 49,943,654.00 as at 30th June, 2016 that relates to the Financial Year 2015/2016 has largely contributed to the huge amounts of funds available for expenditure in the Final Budget column.
- During the Financial Year under review, two AIEs of Kshs 1,912,779.00 and 2,025,005.00 for FY 2014/2015 and 2015/2016 respectively were also received and funds spent in the same year.

The Vihiga CDF financial statements were approved on 28/6/2017 and signed by:



Chairman CDF

28/6/2017 and signed by:



Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Vihiga 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 Vihiga CDF.

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

Reports and Financial Statements

For the year ended 30th June, 2017

authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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

9. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Vihiga 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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 Vihiga 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 Vihiga CDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

11. Comparative figures

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

12. 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

Reports and Financial Statements

For the year ended 30th June, 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM THE BOARD

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
CDF Board			
AIE NO	A 839528	4,094,827.60	51,000,000.00
AIE NO	A 855106	36,853,449.00	48,225,473.00
AIE NO	A 855158	2,025,005.00	
AIE NO	A855191	1,912,779.00	
AIE NO	A839703	33,548,331.00	
TOTAL		78,434,392.00	99,225,473.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

Reports and Financial Statements

For the year ended 30th June, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,731,835.00	1,949,900.00
NSSF	38,000.00	
Personal allowances paid as part of salary		
Gratuity	868,875.00	-
Total	2,638,710.00	1,949,900.00

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Committee Expenses	2,946,000.00	2,352,190.00
Utilities, supplies and services	20,000.00	42,922.00
Communication, supplies and services	6,960	2,094,280.00
Domestic travel and subsistence	110,000.00	3,820,000.00
Printing, advertising and information supplies & services	37,155.00	-
Rentals of produced assets	-	-
Training expenses	1,000,000.00	-
Hospitality supplies and services	1,535,634.00	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	316,446.00	-
Other operating expenses	2,370,000.00	600,000.00
Routine maintenance – vehicles and other transport equipment	654,655.00	715,000.00
Routine maintenance – other assets	-	-
Fuel and Lubricants	150,000.00	600,000.00
Total	9,146,850.00	10,224,392.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	36,662,721.00	21,565,734.00
Transfers to secondary schools (see attached list)	22,900,000.00	11,450,000.00
Transfers to tertiary institutions (see attached list)	5,000,000.00	5,600,000.00
Transfers to health institutions (see attached list)	1,400,000.00	1,438,196.00
TOTAL	65,962,721.00	40,053,930.00

6. **OTHER GRANTS AND OTHER PAYMENTS**

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	17,518,295.00	17,295,832.00
Bursary – tertiary institutions (see attached list)	9,948,000.00	8,685,000.00
Mock & CAT (see attached list)	-	300,000.00
Water projects (see attached list)	-	1,000,000.00
Other capital grants and transfers (see attached list)	-	212,400.00
Security projects (see attached list)	10,883,873.00	4,461,340.00
Roads projects (see attached list)	703,820.00	4,985,776.50
Sports projects (see attached list)	2,065,872.00	2,939,000.00
Emergency projects (see attached list)	4,500,000.00	3,906,045.00
Total	45,619,860.00	43,785,393.50

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	-	261,000.00
Total	-	<u>261,000.00</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. OTHER PAYMENTS

	2016 - 2017 Kshs	2015 - 2016 Kshs
NG-CDF Projects	1,972,490.00	-
	1,972,490.00	

9A. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
Co-operative Bank A/C No. 01141471496600	3,037,415.00	46,968,796.30
Total	3,037,415.00	46,968,796.30

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9B: CASH IN HAND

	2016 - 2017 Kshs	2015 - 2016 Kshs
Location 1	-	-
Total	-	-

10: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>		Nil		
Total				-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: RETENTION

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Supplier	Nil	-
Total	Nil	-

12: BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	49,943,654.00	46,968,796.30
Cash in hand	-	-
Imprest	-	-
Total	49,943,654.00	46,968,797.30

13: PRIOR YEAR ADJUSTMENTS

	2016- 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
Total	-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
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14: OTHER IMPORTANT DISCLOSURES

14.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 – 2016
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

14.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

14.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	7,399,224.00	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (<i>specify</i>)	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

14.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	10,912,198.00	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

14.5: Pending disbursement from the Board

Kshs	Kshs
7,399,224.00	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2017	Comments
	a	b	C	d=a-c		
Construction of buildings						
1.						
2.						
3.						
4.						
5.						
Sub-Total					7,399,224.00	
Sub-Total						
Supply of goods						
6.						
7.						
8.						
Sub-Total						

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
	Sub-Total						
	Sub-Total						
Others (specify)							
1.							
2.							
3.							
	Sub-Total						
	Grand Total						

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	C	d=a-c		
Amounts due to other Government entities							
1. Kisingilu Primary School	Construction of 1 classroom	1,105,000.00	May 2017	500,000.00	605,000.00	-	Awaiting Board approval for additional amount
2. Womulalu Primry School	Renovation of classrooms	3,200,000.00	May 2017	2,500,000.00	700,000.00	-	Awaiting Board approval for additional amount
3. Idavaga Muslim Secondary School	Purchase of School Bus	5,394,224.00	-	-	5,394,224.00	-	Kshs 5,394,224.00 was approved by the Board but has not yet been disbursed to the NG-CDFC Account
4. Kisiyenya Secondary School	Purchase of Land	500,000.00	-	-	500,000.00	-	Kshs 500,000.00 was approved by the Board but has not yet been disbursed to the NG-CDFC Account
5. Assistant Chiefs Offices	Purchase of furniture	200,000.00	-	-	200,000.00	-	Kshs 200,000.00 was approved by the Board but has not yet been disbursed to the NG-CDFC Account
Sub-Total					7,399,224.00		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VIHIGA CONSTITUENCY**

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

REGION	COUNTY	CONSTITUENCY	CONSTITUENCY CODE	ASSET NAME/ DESCRIPTION	ASSET TAG No.	SERIAL No.	ACQUISITION DATE	Purchase Cost (Kshs)	PHYSICAL LOCATION	CURRENT CONDITION	WARRANTY	REMARKS
Western	Vihiga	Vihiga	211	Office Table	CDF166FF001		2005	2,500.00	Secretary	Fair	None	
Western	Vihiga	Vihiga	211	Office Table	CDF166FF002		2005	18,500.00	Staff Room	Fair	None	
Western	Vihiga	Vihiga	211	Arm Chair(Wooden2)	CDF166FF003-004		2005	1,700.00	Coordinator's Office	Fair	None	
Western	Vihiga	Vihiga	211	Armless Chair-7-(Wooden)	CDF166FF005-023		2005	1,000.00	Store	Fair	None	
Western	Vihiga	Vihiga	211	Wall Clock	CDF166FF028		2007	450.00	Coordinator's Office	Good	None	
Western	Vihiga	Vihiga	211	Stapler	CDF OE 003		2005	150.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	Computer HPL1710	CDF OE 003		2009*	35,000.00	Coordinator's Office	Good	None	
Western	Vihiga	Vihiga	211	Computer HPL1710	CDF OE004		2009	35,000.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	Printer HP1320N	CDF OE 005		2006	17,500.00	Secretary	Fair	None	
Western	Vihiga	Vihiga	211	Printer HPF4280	CDF OE 006		2009	7,000.00	Coordinator's Office	out of order	None	
Western	Vihiga	Vihiga	211	UPS-APC CS650	CDF OE 007		2009	4,000.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	UPS-APC	CDF OE 008		2009	4,000.00	Coordinator's Office	Good	None	
Western	Vihiga	Vihiga	211	Rubber Stamps	CDF OE 009		2005	7,000.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	GKA 498T	GKA 498T		2009	4,000,000.00	District Hqs (parking)	Good	None	
Western	Vihiga	Vihiga	211	CDF OFFICE BUILDING			2012	10,000,000.00	Vihiga Divisional Hqs	Good	None	
Western	Vihiga	Vihiga	211	Executive Table – I			2011	55,000.00	Chairman's Office	Good	None	
Western	Vihiga	Vihiga	211	Executive Chair – I			2011	29,500.00	FAM's Office	Good	None	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

REGION	COUNTY	CONSTITUENCY	CONSTITUENCY CODE	ASSET NAME/DESCRIPTION	ASSET TAG No.	SERIAL No.	ACQUISITION DATE	Purchase Cost (Kshs)	PHYSICAL LOCATION	CURRENT CONDITION	WARRANTY	REMARKS
Western	Vihiga	Vihiga	211	Office Table	CDF166FF001		2005	2,500.00	Secretary	Fair	None	
Western	Vihiga	Vihiga	211	Office Table	CDF166FF002		2005	18,500.00	Staff Room	Fair	None	
Western	Vihiga	Vihiga	211	Arm Chair(Wooden2)	CDF166FF003-004		2005	1,700.00	Coordinator's Office	Fair	None	
Western	Vihiga	Vihiga	211	Armless Chair-7-(Wooden)	CDF166FF005-023		2005	1,000.00	Store	Fair	None	
Western	Vihiga	Vihiga	211	Wall Clock	CDF166FF028		2007	450.00	Coordinator's Office	Good	None	
Western	Vihiga	Vihiga	211	Stapler	CDF OE 003		2005	150.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	Computer HPL1710	CDF OE 003		2009	35,000.00	Coordinator's Office	Good	None	
Western	Vihiga	Vihiga	211	Computer HPL1710	CDF OE004		2009	35,000.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	Printer HP1320N	CDF OE 005		2006	17,500.00	Secretary	Fair	None	
Western	Vihiga	Vihiga	211	Printer HPF4280	CDF OE 006		2009	7,000.00	Coordinator's Office	out of order	None	
Western	Vihiga	Vihiga	211	UPS-APC CS650	CDF OE 007		2009	4,000.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	UPS-APC	CDF OE 008		2009	4,000.00	Coordinator's Office	Good	None	
Western	Vihiga	Vihiga	211	Rubber Stamps	CDF OE 009		2005	7,000.00	Secretary	Good	None	
Western	Vihiga	Vihiga	211	GKA 498T	GKA 498T		2009	4,000,000.00	District Hqs (parking)	Good	None	
Western	Vihiga	Vihiga	211	CDF OFFICE BUILDING			2012	10,000,000.00	Vihiga Divisional Hqs	Good	None	
Western	Vihiga	Vihiga	211	Executive Table – I			2011	55,000.00	Chairman's Office	Good	None	
Western	Vihiga	Vihiga	211	Executive Chair – I			2011	29,500.00	FAM's Office	Good	None	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
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Western	Vihiga	Vihiga	211	Executive Leather Seat - 1			2012	38,000.00	MP's Office	Good	None
Western	Vihiga	Vihiga	211	Executive Cupboard - 1			2012	39,500.00	FAM's Office	Good	None
Western	Vihiga	Vihiga	211	Leather Sofa Set - 1			2012	120,517.00	MP's Office	Good	None
Western	Vihiga	Vihiga	211	Cantilever Leather Seats - 2			2012	41,000.00	FAM's Office	Good	None
Western	Vihiga	Vihiga	211	Conference Chairs - 10			2012	49,000.00	Boardroom	Good	None
Western	Vihiga	Vihiga	211	Executive Conference Table - 1			2012	32,000.00	MP's Office	Good	None
Western	Vihiga	Vihiga	211	Cantilever Leather Chairs - 4			2012	87,200.00	MP's Office	Good	None
Western	Vihiga	Vihiga	211	Ashut Steel Filing Cabinets - 2			2012	58,600.00	FAM's Office	Good	None
Western	Vihiga	Vihiga	211	Carpet for the MP's Office - 1			2012	98,297.00	MP's Office	Good	None
Western	Vihiga	Vihiga	211	Curtains, Sheers, Hooks, tape etc			2012	134,852.00	Entire Building Windows	Good	None
Western	Vihiga	Vihiga	211	Photocopying Machine - 1- Taskalfa (Kyoocera)		1102KL 3N12	2012	167,482.00	FAM's Office	Good	None
Western	Vihiga	Vihiga	211	Calculator - 1			2012	1,470.00	FAM's Office	Good	None
Western	Vihiga	Vihiga	211	Work Station - 1			2014	74,000.00	IT Room	Good	None
Western	Vihiga	Vihiga	211	Reception Desk - 1			2014	77,720.00	Reception	Good	None
Western	Vihiga	Vihiga	211	High Back Office Seat - 1			2014	16,240.00	MP's Office	Good	None
Western	Vihiga	Vihiga	211	Standard Fridge - 1			2014	28,000.00	FAM's Office	Good	None
Western	Vihiga	Vihiga	211	3 Seater Fabric Link Chair			2014	52,200.00	Reception	Good	None
Western	Vihiga	Vihiga	211	Coffee Table			2014	27,840.00	FAM's Office	Good	None
Western	Vihiga	Vihiga	211	Desk Top Computers - 4			2014	203,928.00	IT Room	Good	1 yr
Western	Vihiga	Vihiga	212	CDF Office Toilet			Jul-14	500,000.00	CDF Office Compound	Good	6 Months
Western	Vihiga	Vihiga	211	Multifunction Copier (Printer)		NRG MP2501 SP	2015	261,000.00	FAM's Office	Good	1 yr

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Chandolo Primary School PMC	KCB Mbale	1209330598	499,435.00	-
Chanzeywe Primary School PMC	KCB Mbale	1205545212	3,250.00	-
Chanzoka Primary School PMC	KCB Mbale	1210884127	2,000,000.00	-
Chavavo Primary School PMC	KCB Mbale	1209361337	0.00	-
Gavalagi Primary School PMC	KCB Mbale	1209098806	2,325.00	-
Embaga Primary School PMC	KCB Mbale	1209635542	3,225.00	-
Gilwadzi Primary School PMC	KCB Mbale	1209579936	699,435.00	-
Iduku Primary School PMC	KCB Mbale	1210002272	499,435.00	-
Isaku Primary School PMC	KCB Mbale	1209532298	699,435.00	-
Itengi Primary School PMC	KCB Mbale	1210291614	499,435.00	-
Kedohi Primary School	KCB Mbale	1210240394	499,435.00	-
Kisingilu Primary School PMC	KCB Mbale	1210802473	249,215.00	-
Lusavasavi Primary School PMC	KCB Mbale	1210004399	199,215.00	-
Madira Primary School PMC	KCB Mbale	1205545069	6,083.00	-
Malindi Primary School PMC	KCB Mbale	1209393360	603,775.00	-
Mbihi Primary School PMC	KCB Mbale	1209468891	335.00	-
Mkombozi Magaka Pri. School PMC	KCB Mbale	1205545115	12,655.00	-
Mkombozi Manyatta Pri. School PMC	KCB Mbale	1210321734	499,435.00	-
Mukuli Primary School PMC	KCB Mbale	1210249162	3,335.00	-
Vigina Primary School PMC	KCB Mbale	1210011921	899,435.00	-
Womulalu Primary School PMC	KCB Mbale	1209386305	2,499,435.00	-
Ideleri Secondary School PMC	KCB Mbale	1209512688	885.00	-
Masana Secondary School PMC	KCB Mbale	1209519372	2,215.00	-
Vigulu AP Lines PMC	KCB Mbale	1208565435	530,770.00	-

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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Total			10,912,198.00	-

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	There was no report on the progress of the follow up of audit issues raised.	Issues raised in the 2014/2015 audit were adequately responded to vide letter Ref. No. NGCDF-VHG/CONF/2016-002/VOL. I. A copy of the same is attached for reference	Perez Anyango Fund Account Manager	The audit issues raised in the 2015/16 FY have now been included in this report	Issue resolved in the subsequent year's Fin. Statement
2.0	Irregularities in the purchase of School Bus – Ideleri Secondary School	Detailed response is contained in the letter Ref. No. CDF/VHG/AUD/Vol.I/003. Issues raised were responded to adequately.	Perez Anyango Fund Account Manager	Not resolved. Awaiting response from KENAO	Awaiting response from KENAO
3.0	Lack of contract register	Procurement and payment for goods and services is usually carried out by the PMCs from their respective institutions. It is not possible for the Contract register to be maintained by the CDFC.	Perez Anyango Fund Account Manager	PMCs advised to maintain contract registers during capacity building meetings	One year

