

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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REPORT


OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
WEST MUGIRANGO CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 DEC 2018	
DAY: Wednesday (pm)	
TABLED BY:	Hon. Aden Duale, M.P. Leader of Majority Party
CLERK AT THE TABLE:	Rachel Kaino - Principal Clerk Assistant 2



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
WEST MUGIRANGO**

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)

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003 amended in 2007 and repealed by the CDF Act, 2013.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 Act, (NG-CDFA) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of National Government Development Agenda at Constituency level.

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	AIE Holder	Edwin Lecha
3.	Sub-County Accountant	Stanley Agoi

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of West Mugirango Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government Constituencies Development Fund Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

(e) West Mugirango NGCDF Headquarters

Kenya Industrial Estate Offices, Nyamira
Opposite Nyamira Matatu Stage
P.O. Box 425-40200
Nyamira, Kenya.

(f) West Mugirango NGCDF Contacts

Telephone: (254) 714 836 279
E-mail: westmugirango@cdf.go.ke
Website: www.cdf.go.ke

(g) West Mugirango NGCDF bankers

Kenya Commercial Bank
Nyamira Branch
Ac No. 1103318764
P.o Box 528
Nyamira...

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY**

**Reports and Financial Statements
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**11. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPEMENT
COMMITTEE (NG-CDFC)**

West Mugirango National Government Constituency Development Fund Committee received Kshs 115,960,847 during financial year 2016/2017. The Constituency. The NG-CDFC did its best to implement projects as per approved budgets which included projects for Financial year 2014/2015 and 2015/16 and 2016/17 .We were able to implement projects to the tune of Kshs 174,860,543 ranging from schools, youth polytechnics, bursary, Overhaul of constituency Motor Vehicle, water , roads, health centres among others.

The implemented projects have had a major impact on the community. Over six Thousand college and university students have benefited from bursary. The NG-CDFC was able to oversee completion of four health centers which have greatly improved health care. Fourty two classrooms were completed and renovated during the financial period and close to fifty five others are on-going. Funds disbursed to Tea Buying Centres have helped improve services at the centres. Feeder roads in the constituency have been opened and rehabilitated hence easing transport. Protection of water springs has also helped in improving clean water supply. Projects that had stalled such as a multi-Purpose hall at Nyamira Technical School and Igena-Itambe Health Centre are now on course to completion. The Constituency now boasts of a new Constituency Motor Vehicle and also working on Construction of an Office among other achievements. However we can better implement projects if there is timely disbursement of funds.



Date.....

14-09-2017

**Peter Ocharo
Chairman – NG- CDFC**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY**

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

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 West 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 West Mugirango NG-CDFC 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 West Mugirango 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 West 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 West Mugirango NG-CDFC 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 West Mugirango NG-CDFC financial statements were approved and signed on 14/09/2017.

Peter Ocharo
Chairman – NG-CDFC

Edwin Lecha
Fund Account Manager



REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND–WEST 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 – West Mugirango Constituency set out on pages 5 to 25, which comprise the statement of 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 described in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – West 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 in Financial Statements

The acquisition of assets balance reflected in the statement of assets as at 30 June 2017 and pending accounts payables under Annex 3 to the financial statements as well as Committee Allowances reflected in the statement of receipts and payments for the year then ended differ with the sums shown in the respective supporting schedules as detailed below:

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund – West Mugirango Constituency for the Year ended 30 June 2017

Item	Financial Statement Balance Kshs.	Ledger Balance Kshs.	Variance Kshs.
Acquisition of Assets	24,876,977	18,997,498	5,879,479
Other Pending Accounts Payables	34,829,018	33,529,185	1,299,833
Committee Allowances and Expenses	6,384,128	16,634,000	10,249,872

In addition, the Fund did not maintain a ledger for pending accounts payables during the year under review. Further, the management committed expenditures in excess of available funds and as a result, the pending accounts payables balance was Kshs.34,829,018 against cash and cash equivalents balance of Kshs.510,330 as at 30 June 2017.

Management have not provided a plausible explanation for these anomalies.

2. Unaccounted for Funds - Makairo Primary School

- i. Included in transfers to other government entities balance of Kshs.50,290,000 reflected in the statement of receipts and payments for the year under review is Kshs.28,190,000 in respect of transfers to primary schools which in turn includes Kshs.700,000 disbursed to Makairo Primary School for renovation of three (3) classrooms. However, the project file and bills of quantities were not availed for audit review. It was therefore not possible to determine the scope of planned and executed works.
- ii. In addition, Nyairicha Special School was allocated Kshs.700,000 for completion of the ground floor of a story building . However, the contribution of the Fund to the cost of the works could not be quantified as the project was co-funded by the Fund and the Ministry of Education. In addition, the project file detailing procurement procedures was not availed for audit verification.

Consequently, the occurrence and propriety of the total expenditure of Kshs.1,400,000 under transfers to other government entities as at 30 June 2017 cannot be confirmed.

3. Prior-year Audit Issues

The financial statements do not indicate the status of follow-up on audit issues reported in the previous year as required by the Public Sector Accounting Standards Board Reporting Template.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – West 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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1. Budgetary Performance

The Fund's revenue was budgeted at Kshs.190,686,125 against actual receipts of Kshs.175,366,873 resulting in under-collection of Kshs.15,319,252 equivalent to 8% of the budget. Further, the Fund spent a total Kshs.174,860,543 against a budget of Kshs.189,690,125 representing under-expenditure of Kshs.14,829,583 or 8% of the budget 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'	190,686,125	175,366,873	15,319,252	92%
Other Receipts	400	4,000	0	100%
Total Receipts	190,690,125	175,370,873	15,319,252	92%
Payment				
Compensation of Employees	1,627,586	1,621,600	5,986	100%
Use of Goods and services	7,358,705	13,205,698	-5,846,993	179%
Transfers to Other Government Units	62,475,477	50,290,000	12,185,477	80%
Other Grants and Transfers	83,452,978	83,389,480	63,499	75%
Acquisition of Assets	33,295,379	24,876,977	8,418,402	100%
Other Payments	1,400,000	1,400,000	-	96%
Social security Benefits	80,000	76,788	3,212	92%
Total Payments	189,690,125	174,860,543	14,829,583	

2. Irregular Expenditures on Devolved Functions

- i) Included in other grants and other payments balance of Kshs.83,389,479 reflected in the statement of receipts and payments is a balance of Ksh.27,813,459 disbursed for roads, water and agriculture (food security) and which in turn includes Kshs.25,440,180 disbursed to finance three (3) projects in the Constituency as tabulated below:

Description	Amount (Kshs)
Roads	13,591,000
Water	9,849,180
Agriculture (food security)	<u>2,000,000</u>
Total	25,440,180

The three funded projects fall under the devolved functions of the County Government but approval for their implementation was not granted by the Constituencies Development Fund Board as prescribed by Section 24(a) of the NG-CDF Act, 2015.

- ii) Further, payments totaling Kshs.13,591,000 made in respect of nine (9) road projects were not properly supported since they were made in the absence certificates of work done. In addition, tender evaluation reports related to the payments did not contain sufficient information such as details of bidders, tender opening minutes and evaluation scores.
- iii) In addition, included in the balance of Kshs.50,290,000 reflected in the statement of receipts and payments under transfers to other government entities is Kshs.2,000,000 disbursed to health-care institutions whose services fall under devolved functions of the County Government. No authority and approval was given by the Board for the transfer as required by Section 24(a) of the NG-CDF Act, 2015.

Consequently, the management breached the law on management of the Fund's resources.

3. Project Implementation Status

The Fund had planned to implement 75 projects valued at Kshs.65,401,724 during the year under review. As at 30 June 2017, works on 24 (twenty-four) projects valued at Kshs.12,900,000 had not started; 37 projects (thirty-seven) valued at Kshs.26,370,690 were ongoing; and only 14 (fourteen) valued at Kshs.26,131,034 were complete as shown in the table below:

Sector	Not Started		On-going		Completed	
	No	Value (Kshs)	No	Value (Kshs)	No	Value (Kshs)
Administration	2	200,000	8	7,170,690	0	
Environment			16	1,000,000	0	
Education	12	5,200,000	10	14,200,000	11	25,081,034
Security	8	2,500,000	3	4,000,000	3	1,050,000
Health (Social Security Services)	1	1,000,000			0	
Office Infrastructure	1	4,000,000			0	
Total	24	12,900,000	37	26,370,690	14	26,131,034

Therefore the Fund, did not achieve all its development objectives for the year under review and as a result, some services due to the constituents of Mugirango West were not delivered.

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 applicable basis of accounting unless the management is aware of the intention to liquidate the Fund or have its operations cease.

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 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

12 November 2018


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	115,960,847	119,880,023.00
Other Receipts	2	4,000	-
TOTAL RECEIPTS		115,964,847	119,880,023.00
PAYMENTS			
Compensation of Employees	3	1,621,600	1,566,893.80
Use of goods and services	4	13,205,698	12,324,246.00
Transfers to Other Government Units	5	50,290,000	8,682,769.00
Other grants and transfers	6	83,389,480	59,957,283.50
Social Security Benefits	7	76,788	59,744.00
Acquisition of Assets	8	24,876,977	5,391,876.00
Other Payments	9	1,400,000	900,000.00
TOTAL PAYMENTS		174,860,543	88,882,812.30
SURPLUS/DEFICIT		(58,895,696)	30,997,211

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The West Mugirango NG-CDFC financial statements were approved on 14/09/2017 and signed by:


Peter Ocharo
Chairman – NG-CDFC


Edwin Lecha
Fund Account Manager



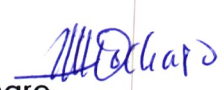
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY

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

IV. STATEMENT OF ASSETS

	Note	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10	510,330	59,406,026.00
TOTAL FINANCIAL ASSETS		510,330	59,406,026.00
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	59,406,026	28,451,490.00
Surplus/Deficit for the year (from stm of receipt & expenditure		(58,895,696)	30,954,536.00
Sub-Total		510,330	59,406,026.00
NET LIABILITIES			-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The West Mugirango NG-CDFC financial statements were approved on 14/09/ 2017 and signed by:


Peter Ocharo
Chairman – NG-CDFC


Edwin Lecha
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY**

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

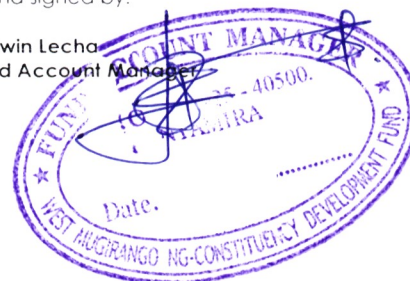
V. CASH FLOW STATEMENT

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs Received	1	115,960,847	119,880,023.00
Other Receipts	2	4,000	-
TOTAL RECEIPTS		115,964,847	119,880,023.00
PAYMENTS			
Compensation of Employees	3	1,621,600	1,566,893.80
Use of goods and services	4	13,205,698	12,324,246.00
Transfers to Other Government Units	5	50,290,000	8,682,769.00
Other grants and transfers	6	93,389,480	59,957,283.50
Social Security Benefits	7	76,788	59,744.00
Other Payments	9	1,400,000	5,391,876.00
		149,983,566	87,982,812
Net cash flow from operating activities		(34,018,719)	31,897,211
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	24,876,977	5,391,876.00
Net cash flows from Investing Activities		24,876,977	5,391,876.00
CASHFLOW FROM FINANCING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENT		(58,895,696)	30,954,536.00
Cash and cash equivalent at BEGINNING of the year	11	59,406,026	28,451,490.00
Cash and cash equivalent at END of the year		510,330	59,406,026.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The West Mugirango NG-CDFC financial statements were approved on 14/09/2017 and signed by:

Peter Ocharo
Chairman - CDFC

Edwin Lecha
Fund Account Manager



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –WEST MUGIRANGO CONSTITUENCY

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

VI: SUMMARY STATEMENT OF APPROPRIATION: RECURRENT & DEVELOPMENT

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	108,789,573	190,686,125	175,366,873	15,319,252	92%
Other Receipts(Sale of Tenders)	-	4,000	4,000	4,000	0	100%
TOTAL	81,896,552	108,793,573	190,690,125	175,370,873	15,319,252	92%
PAYMENTS						
Compensation of Employees	1,627,586	0	1,627,586	1,621,600	5,986	100%
Use of goods and services	5,463,105	1,895,600	7,358,705	13,205,698	-5,846,993	179%
Transfers to Other Government Units	32,300,000	30,175,477	62,475,477	50,290,000	12,185,477	80%
Other grants and transfers	37,134,482	46,318,496	83,452,978	83,389,480	63,499	100%
Acquisition of Assets	5,291,378.83	28,004,000	33,295,379	24,876,977	8,418,402	75%
Other Payments	-	1,400,000.00	1,400,000.00	1,400,000	-	100%
Social Security Benefits	80,000		80,000	76,788	3,212	96%
TOTAL	81,896,552	107,793,573	189,690,125	174,860,543	14,829,583	92%

The West Mugirango NG-CDFC financial statements were approved on 14/09/2017 and signed by:

Peter Ocharo
Peter Ocharo
Chairman – NG-CDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –WEST MUGIRANGO
CONSTITUENCY**

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

IV. TRIAL BALANCE AS AT 30TH JUNE 2017

		Kshs	Kshs
		DR	CR
Cash and Cash Equivalents			
	Bank Balances	510,330	
TOTAL Cash and Cash Equivalents		510,330	
PAYMENTS			
	Compensation of Employees	1,621,600	
	Use of goods and services	13,205,698	
	Transfers to Other Government Units	50,290,000	
	Other grants and transfers	83,389,480	
	Social Security Benefits	76,788	
	Acquisition of Assets	24,876,977	
	Other Payments	1,400,000	
TOTAL PAYMENTS		174,860,543	
RECEIPTS			
	Transfers from The Board		115,960,847
	Other Receipts		4,000
	Fund Balance B/f		59,406,026
TOTAL		175,370,873	175,370,873

The West Mugirango NG-CDFC financial statements were approved on 14/09/2017 and signed by:

Peter Ocharo
Chairman – NG-CDFC




Edwin Lecha
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –WEST MUGIRANGO
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VI. 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. 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.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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I. NOTES TO THE FINANCIAL STATEMENTS				
GFS CODES				
	1			
1330400	TRANSFERS FROM CDF BOARD			
		Description	2016 - 2017	2015 - 2016
			Kshs	Kshs
1330407	Normal Allocation	A825989	47,383,547.00	
		A855179	36,853,449.00	
		A839536	4,094,827.60	
		A839705	10,000,000.00	
		A855520	17,629,023.00	
1330407	Normal Allocation	A750096		57,880,023
		A820954		31,000,000
		A825716		31,000,000
		TOTAL	115,960,846.60	119,880,023.00
	2			
1400000	OTHER RECEIPTS			
			2016 - 2017	2015 - 2016
			Kshs	Kshs
	1420601	Sale of tender documents	4,000.00	-
		Total	4,000.00	-

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3 COMPENSATION OF EMPLOYEES		2016 - 2017	2015 - 2016
2110000		Kshs	Kshs
	Basic wages of contractual employees(gross)	1,621,600	1,324,969
2110201			
	Basic wages of casual labour	-	125,000.00
2110202			
	Personal allowances paid as part of salary		
	House allowance	-	159,600.00
2110301			
	Transport allowance		
2110314			
	Leave allowance		
2110320			
	Other personnel payments		
2110326			
	Total	1,621,600.01	1,609,568.50

4 USE OF GOODS AND SERVICES		2016 - 2017	2015 - 2016
2200000		Kshs	Kshs
	Utilities, supplies and services	876,542.00	582,815.90
2210100			
	Communication, supplies and services	453,218.00	1,513,780.80
2210200			
	Domestic travel and subsistence	620,909.00	2,350,500.00
2210300			
	Printing, advertising and information supplies & services	505,643.00	
2210500			
	Training expenses	387,654.00	156,754.00
2210700			
	Hospitality supplies and services	234,127.00	355,000.00
2210800			

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2210802	Other committee expenses (M & e allowances and others)	2,688,580.00	2,300,568.00
2210809	Committee allowance	3,695,548.00	2,335,678.00
2211100	Office and general supplies and services	575,342.00	1,576,000.00
2211200	Fuel ,oil & lubricants	1,287,653.00	171,560.00
2211300	Other operating expenses	906,543.00	334,567.00
2220100	Routine maintenance – vehicles and other transport equipment	876,543.00	578,000.00
2220200	Routine maintenance – other assets	97,396.00	69,022.30
	Total	13,205,698.00	12,324,246.00

**2630200 5 TRANSFER TO OTHER
GOVERNMENT ENTITIES**

	Description	2016 - 2017 Kshs	2015 - 2016 Kshs
2630204	Transfers to primary schools	28,190,000.00	500,000.00
2630205	Transfers to secondary schools	19,100,000.00	1,800,000.00
2630206	Transfers to Tertiary institutions	1,000,000.00	400,000.00
2630207	Transfers to Health institutions	2,000,000.00	5,982,769.00
	TOTAL	50,290,000.00	8,682,769.00

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –WEST MUGIRANGO
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2640000 6 OTHER GRANTS AND OTHER PAYMENTS		2016 - 2017 Kshs	2015- 2016 Kshs
2640101	Bursary -Secondary	9,320,344.00	11,456,429.50
2640102	Bursary -Tertiary	33,005,203.00	-
2640105	Mocks & CAT	1,500,000.00	
2640504	Water	10,649,180.69	11,100,000.00
2640505	Agriculture(food security)	3,673,792.00	400,000.00
2640506	Electricity	3,398,000.00	6,000,000.00
2640507	Security	550,000.00	-
2640508	Roads	13,490,487.00	20,999,522.00
2640509	Sports	2,564,000.00	-
2640510	Environment	1,235,000.00	-
2640200	Emergency Projects	4,003,473.00	10,001,332.00
Total		83,389,479.69	59,957,283.50

2120000 7 SOCIAL SECURITY BENEFITS		2016 - 2017 Kshs	2014- 2016 Kshs
2120101	Employer contribution to NSSF	76,788.00	59,744.00
Total		76,788.00	59,744.00

3100000 8 ACQUISITION OF ASSETS		2016 - 2017 Kshs	2015 - 2016 Kshs
<u>Non Financial Assets</u>			

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –WEST MUGIRANGO
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3110202	Construction of Buildings	22,396,276.90	3,891,876.00
3110801	Overhaul of Vehicles	-	1,500,000.00
3111001	Purchase of Office furniture and fittings	2,090,000.00	-
3111002	Purchase of computers ,printers and other IT equipments	390,700.00	-
	Total	24,876,976.90	5,391,876.00

9. Other Payments

	2015 -2016	2015 -2016
2211310	Strategic Plan	900,000.00
3110401	Constituency Sign Posts	500,000.00
	Total	1,400,000.00

10A Bank Accounts (cash book bank balance)

**Name of Bank,
Account No. &
currency**

2016 - 2017

2015 - 2016

Kshs

Kshs

*kenya commercial
bank, nyamira
branch
AC NO. 1103318764*

59,406,026.00

Bal bf

510,330.00

Total

510,330.00

59,406,026.00

11 BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	59,406,026.00	28,451,490.00

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –WEST MUGIRANGO
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Total

59,406,026.00

28,451,490.00

12 OTHER IMPORTANT DISCLOSURES

12.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 – 2016
	Kshs	Kshs
412 Supply of services	412,358	-
	412,358	-

12.2: PENDING STAFF PAYABLES (See Annex 2)

	2016-2017	2015-2016
	Kshs	Kshs
Union sable employees	445,207	160,137
Others (specify)	41,745	15,000
	486,947	175,137

12.3: OTHER PENDING PAYABLES (See Annex 3)

	2016-2017	2015-2016
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	24,814,893	60,421,901
Amounts due to other grants and other transfers (see attached list)	8,714,820	56,696,695

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Other Payments (see schedule below)

400,000 7,300,000

Total

33,929,713 124,418,596

12.4: PMC account balances (See Annex 5)

PMC account Balances (see attached list)

Kshs

Kshs

690,770

717,762

690,770

717,762

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE						
Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				2017	2016	
Supply of services						
1. Benoa Motor Repair Station Ltd				212,358		
2. Smart Service Station Ltd				200,000		
Sub-Total				412,358		
Grand Total				412,358		

PAYABLE

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**ANNEX 2 - ANALYSIS OF
 PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Cont'd	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2,017	2,016	
		a	b	c	d=a-c		
Unionisable Employees							
1. Dorcas Okong'o		87,563			87,563	31,285	
2. Alloys Nyabanga		76,580			76,580	27,338	
3. Nicholas Mageto		76,580			76,580	27,338	
3. Javan Mongare		76,580			76,580	27,338	
4. Richard Kemosi		51,319			51,319	18,300	
5. Florence Kemosi		76,580			76,580	27,338	
Employer Contribution to NSSF						1,200	
Sub-Total		445,202			445,202	160,137	
Others (Casual)							
13. Samson Belle Gisore							

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		41,745		41,745	15,000	
14.						
15.						
	Sub-Total				15,000	
	Grand Total	486,947		486,947	175,137	

**ANNEX 3 - ANALYSIS OF OTHER
PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2017	2016	
Amounts due to other Government entities							
1. Transfers to Primary Schools		18,600,000			20,600,000	18,200,000	
2. Transfers to Secondary Schools		5,914,893			6,500,000	32,500,000	
3. Use of Goods and							

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Services									
4. Transfers to Health Institutions		300,000		300,000		2,500,000			
Sub-Total		24,814,893		27,400,000		56,921,901			
Amounts due to other grants and other transfers									
4. Construction of NG-CDFC Office		7,714,820		7,714,820		26,000,000			
5. Bursary						2,000,000			
6. Water		1,000,000		1,000,000		13,200,000			
6. Roads & Bridges						23,000,000			
Sub-Total		8,714,820		8,714,820		64,200,000			
Others (specify)									
7. Strategic Plan						900,000			
8. Environment		400,000		400,000		400,000			
9. Social Security Benefits -NSSF		3,212		3,212		2,003,305			
10. Staff Salary		310,986		310,986					
11. Use of goods and services		585,107							
Sub-Total		1,299,305		714,198		3,303,305			
Grand Total		34,829,018		34,829,018		124,418,596			

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Buildings and structures	22,554,408	3,891,876
Transport equipment	8,800,000	8,764,800
Office equipment, furniture and fittings	4,483,127	2,393,127
ICT Equipment, Software and Other ICT Assets	836,422	445,722
Other Machinery and Equipment	5,000	
Intangible assets	50,999	50,999
Total	36,729,956	13,353,397

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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Nyairicha Special Primary School		01120348470501	234,567	56,432
Gianchore Health Centre		0520161597169		55,675
Geta Polytechnic		0520166901264		44,536
Kenyambi Health Centre		0520192971779		88,765
Etono Health Centre		0520194155753	21,345	
Igena Itambe Health Centre		1146336829		234,527
Etono Secondary School		1102973467		45,376
Riamandere Secondary School		256782821	200,346	
Omosasa DOK Mixed Secondary School		1184303207		56,432
Bomorito Secondary School		1118481372		55,432
Ekényoro DEB Primary School		156067168		65,897
Bosose Tea Buying Centre		1163114626		2,345
Bomorito PAG Primary School		1163915025		12,345
Rirumi Secondary School		1103270346	234,512	
Total			690,770	717,762

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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 to the National Government Constituency Development Fund 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)
H/W W/CDF 2014/ 015/7	Outstanding Imprests not surrendered	The imprests had been fully surrendered	Mr Achuodho	Resolved	Resolved
	Understatement of other Grants and Transfers by Kshs 7,232,269	Understatement due to error	Mr Achuodho	Resolved	Resolved
	Electricity Installation equipment mobilization payment	Advance payment done for mobilization of equipment	Mr Achuodho	Resolved	Resolved
	Purchase of Motor vehicle differing dates of award and payment	Error in dates of award and payments	Mr Achuodho	Resolved	Resolved