

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

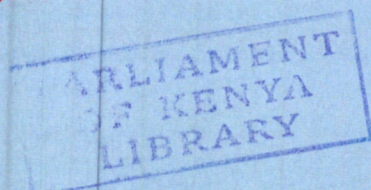
OF

THE AUDITOR-GENERAL

ON

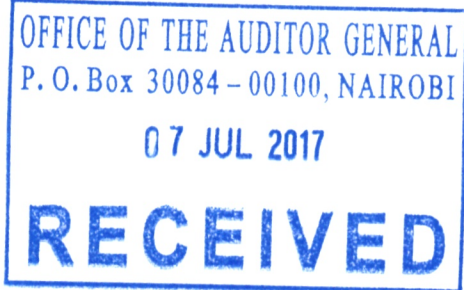
**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
MATUGA CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



PAPER LAID BY
THE MAJORITY PARTY
W/CP ITH BENJAMIN
WASHIAH, ON
27-09-2017
IBM





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

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MATUGA CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2016

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC)	3
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS	5
V. STATEMENT OF ASSETS	6
VI. STATEMENT OF CASHFLOW.....	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	8
VIII. SIGNIFICANT ACCOUNTING POLICIES	11
IX. NOTES TO THE FINANCIAL STATEMENTS.....	13

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2015.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

(b) Key Management

The Matuga NG- Constituency Development Fund's day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NGCDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(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.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Peter .M. Mwaighonda
3.	District Accountant	Justus .M. Kamalu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Matuga Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the NATIONAL GOVERNMENT CONSTITUENCY 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.

(e) MATUGANGCDF Headquarters

NGCDF Office Building.
P.O. Box 65-80403
Kwale,
Kenya.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

(f) MATUGANGCDF Contacts

Telephone: (254) 0724169951

E-mail: cdfmatuga@cdf.go.ke

Website: www@cdf.go.ke

(g) MATUGANGCDF Bankers

Equity Bank (K) Ltd, Ukunda branch; A/C No.0440262171080

P.O Box 1476-80400

UKUNDA

(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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

The NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Matuga Constituency.

However, there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approvals of proposals and reallocations.

The NGCDFCs wish that the issues of having the projects on going for more than 2years be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Sign.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

III. STATEMENT OF NGCDF 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 NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the MatugaNGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that 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 NGCDF; (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 NGCDF; (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 MatugaNGCDF accepts responsibility for the NGCDF'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 NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the MatugaNGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

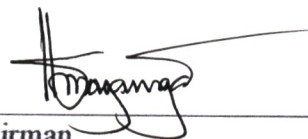
The Accounting Officer in charge of the MatugaNGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF'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 NGCDF's financial statements were approved and signed by the Accounting Officer on 24/8/2016.



Fund Account Manager



Chairman

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 (NG-CDF) – MATUGA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Matuga Constituency set out on pages 5 to 24, which comprise the statement of assets as at 30 June 2016, statement of receipts and payments, statement of cash flows and a summary statement of appropriation; recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund (NG-CDF) – Matuga Constituency for the year ended 30 June 2016

opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

The financial statements for the year under review presented for audit contained the following anomalies:

- 1.1 Note 4 to the financial statements reflects compensation of employees figure of Kshs.1,541,067 for the year ended 30 June 2015 whereas the certified financial statements for the same period indicated Kshs.1,520,267 resulting to an unexplained and un reconciled variance of Kshs.20,800.
- 1.2 Annex 4 to the financial statements reflects assets balance of Kshs.13,192,655 as at 30 June 2016, an increase of Kshs.194,500 from the previous year. However, the statement of receipts and payments reflects assets acquired during the year amounting to Kshs.236,000 resulting to an unexplained understatement of assets by Kshs.41,500.

Consequently, the accuracy of compensation of employees and assets acquisitions balances reflected in the financial statements cannot be confirmed.

2.0 Transfers to Other Government units

The statement of receipts and payments for the year ended 30 June 2016 reflects an amount of Kshs.88,735,478 in respect of transfers to other government units as detailed in Note 6 to the financial statements. This includes Kshs.66,751,000 to secondary schools out of which Kshs.18,626,633 was transferred to Matuga Girls project management committee account for the construction of an administration block. Records availed for audit review indicated that the project's approved budget amounted to Kshs.14,901,633 resulting to unapproved disbursement of Kshs.3,725,000. Further, the contract agreement indicated that the project was to be completed by June 2016. A site visit during the month of April 2017 revealed that the project was at the plastering, plumbing and electrical fitting stage but the contractor was not on site.

Consequently, the propriety and value for money of Kshs.18,626,633 transferred to Matuga Girls Secondary School for the year ended 30 June 2016 cannot be confirmed.

3.0 Other Grants and Other Payments

The statement of receipts and payments for the year ended 30 June 2016 reflects an amount of Kshs.26,306,561 in respect of other grants and other payments as detailed

in Note 7 to the financial statements. Included in this amount is Kshs.5,400,259 paid as emergencies to fund various projects. However, the project management committee did not provide minutes classifying these projects as emergencies as required by Section 8(3) of the National Government Constituency Fund Act, 2015.

Consequently, the propriety of Kshs.5,400,259 incurred on emergency projects during the year under review could not be confirmed.

4.0 Bank Balance

The statement of assets as at 30 June 2016 reflects bank balance of Kshs.66,098,243. The bank reconciliation statement presented for audit included payments in bank statement not recorded in cash book totaling Kshs.2,594 and which relate to bank charges. It was not clear why the management had not adjusted the cashbook with this amount.

Consequently, the accuracy and completeness of cash and bank balance of Kshs.66,098,243.75 as at 30 June 2016 cannot be confirmed.

Qualified Opinion

In my opinion, except for the effect of matters described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Matuga 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 the National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budgetary Controls and Performance

During the year under review, NG-CDF Matuga had an approved final budget of Kshs.161,924,965. The Fund made total payments and transfers amounting to Kshs.125,657,205 or 78% of the budgeted fund resulting to under-absorption of the budget by Kshs.36,267,760 or 22% as summarized below:

Expenditure Item	Final Budget Kshs	Actual expenditure Kshs	Utilization %	Budget Utilization Difference Kshs	% underutilized
Compensation of Employees	2,684,727	1,609,277	60%	1,075,449	40%
Use of goods and services	11,510,299	8,769,889	76%	884,063	24%
Transfer to other Governments units	96,230,593	88,735,478	92%	7,495,115	8%

Other grants and transfers	50,199,346	26,306,561	52%	23,892,784	48%
Acquisition of Assets	300,000	236,000	79%	64,000	21%
Other Payments	1000,000			1,000,000	100%
TOTAL	161,524,965	125,657,205	78%	36,267,760	22%

The under-absorption indicates that the goods and services were not delivered to the residents of Matuga Constituency as budgeted.

In addition, the CDF underspent by 48% on other grants and other payments which comprised of bursary among other payments an indication that funds were not released to learning institutions as planned.

2.0 Project Implementation

The project implementation status report availed for audit review indicated that a total of 38 projects were approved for implementation during the year under review at a total budget of Kshs.128,650,000.

As at 30th June 2016, three (3) projects with a total budget of Kshs.20,300,000 had not been completed as shown below:

No	Year	Project Name	Activity	Amount	Remarks/Status
1.	2015/16	Mwaluphamba Secondary School	Completion of Administration block; Roofing, plastering, painting, fixing doors & windows	2,000,000.00	project is at plastering stage
2.	2015/16	Matuga Girls' Secondary School	Construction of a modern Administration block	12,000,000.00	On-going
3.	2015/16	Lukore Secondary School	Construction of a Dormitory	6,300,000.00	On-going
	Total			20,300,000	

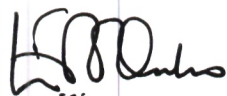
The management attributed the delay to enactment of the National Government Constituencies Development Fund Act, 2015 on 19th February, 2016 which delayed the appointment of new Committee members.

3.0 Project Verification

Audit verification done in the month of April 2017 on ten (10) projects with a budget of Kshs.32,500,000 revealed the following:

S/No	Project Name	Activity	Completion Date	Project cost (Kshs)	Status
1	Kombani primary school	Renovation of 12 No. Classrooms; Re-roofing, floor screeding, plastering and painting	Mar-16	3,600,000.00	Complete
2	Golini primary school	Renovation of 8 No. Classrooms; Re-roofing, floor screeding, plastering and painting	Feb-16	2,400,000.00	Complete
3	Tiwi Boys' secondary school	Construction of 2 No. Classrooms	Jan-16	2,200,000.00	Complete but not in use
4	Waa Boys' high school	Construction of a Staff House	Jan -16	2,500,000.00	complete
5	Tiwi Girls' Secondary School	Construction of a Laboratory Block	Jan-16	5,300,000.00	Complete
6	Tsimba chief's office	Construction of Chief's office	Jun-16	2,500,000.00	Complete but the roofing was done using gauge 30 iron sheets instead of gauge 28
7	Ng'ombeni Secondary School	Construction of a Laboratory	Jul-15	5,300,000.00	Complete but ceiling done using plywood instead of soft board
8	Tiwi Girls Secondary School	Construction of Administration Block	Mar-15	3,000,000.00	Complete
9	Kaya-Tiwi Secondary School	Construction of a Library	Mar-15	3,200,000.00	Partially Painted
10	Amb. Mwakwere Sec. School water project	Sinking of a Borehole and Construct/install Submersive Pump of Related Accessories	Nov-14	2,500,000.00	Funds reallocated to Building a Dormitory
	Total			32,500,000	

Poor implementation of projects affects service delivery to the public adversely and casts doubt on the effectiveness of the project monitoring and evaluation carried out by the Constituencies Development Fund Committee.



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

Nairobi

29 June 2017

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
CONSTITUENCY**

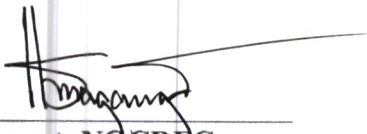
Reports and Financial Statements

For the year ended June 30, 2016


IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	159,794,224.00	132,995,842.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		159,794,224.00	132,995,842.00
PAYMENTS			
Compensation of employees	4	1,609,277.00	1,541,067.00
Use of goods and services	5	8,769,889.00	9,006,941.00
Transfers to Other Government Units	6	88,735,478.00	74,095,224.00
Other grants and transfers	7	26,306,561.00	20,835,547.00
Acquisition of Assets	8	236,000.00	765,300.00
Other Payments	9	-	-
TOTAL PAYMENTS		125,657,205.00	106,244,079.00
SURPLUS/DEFICIT		34,137,019.00	26,751,763.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MatugaNGCDF financial statements were approved on 24/8/16 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
CONSTITUENCY**

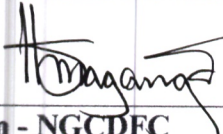
Reports and Financial Statements


For the year ended June 30, 2016

V. STATEMENT OF ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	66,098,243.00	31,961,224.00
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		66,098,243.00	31,961,224.00
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	31,961,224.00	5,209,461.00
Surplus/Deficit for the year		34,137,019.00	26,751,763.00
Prior year adjustments	14	0.00	0.00
NET LIABILITIES		66,098,243.00	31,961,224.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MatugaNGCDF financial statements were approved on 24/8/2016 2016 and signed by:


Chairman - NGCDFC


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA
CONSTITUENCY**

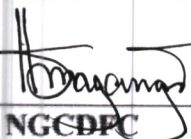
Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	159,794,224.00	132,995,842.00
Other Receipts	3	-	-
		159,794,224.00	132,995,842.00
Payments for operating expenses			
Compensation of Employees	4	1,609,277.00	1,541,067.00
Use of goods and services	5	8,769,889.00	9,006,941.00
Transfers to Other Government Units	6	88,735,478.00	74,095,224.00
Other grants and transfers	7	26,306,561.00	20,835,547.00
Other Payments	9	-	-
		125,421,205.00	105,478,779.00
Adjusted for:			
Adjustments during the year	14	0.00	0.00
Net cash flow from operating activities		64,703,501.00	27,517,063.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	236,000.00	765,300.00
Net cash flows from Investing Activities		236,000.00	765,300.00
NET INCREASE IN CASH AND CASH EQUIVALENT		34,137,019.00	26,751,763.00
Cash and cash equivalent at BEGINNING of the year	13	31,961,224.00	5,209,461.00
Cash and cash equivalent at END of the year		66,098,243.00	31,961,224.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MatugaNGCDF financial statements were approved on 24/8/ 2016 and signed by:


Chairman NGCDF


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MATUGA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

VII. 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						
Transfers from CDF Board	128,680,719.00	32,113,505.00	160,794,224.00	159,794,224.00	1,000,000.00	99.0%
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
TOTAL	128,680,719.00	32,113,505.00	160,794,224.00	159,794,224.00	1,000,000.00	99.0%
PAYMENTS						
Compensation of Employees	2,684,727.00	-	2,684,727.00	1,609,277.00	1,075,449.00	59.0%
Use of goods and services	8,596,537.00	2,913,762.00	11,510,299.00	8,769,889.00	2,740,410.00	76.0%
Transfers to Other Government Units	73,826,547.00	22,404,046.00	96,230,593.00	88,735,478.00	7,495,115.00	92.0%
Other grants and transfers	42,772,908.00	7,426,438.00	50,199,346.00	26,306,561.00	23,892,784.00	52.0%
Acquisition of Assets	300,000.00	-	300,000.00	236,000.00	64,000.00	78.0%
Other Payments	500,000.00	500,000.00	1,000,000.00	-	-	
TOTAL	128,680,719.00	33,244,246.00	161,924,965.00	125,657,205.00	35,267,758.00	

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

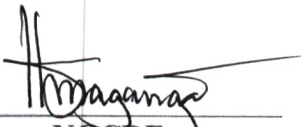
For the year ended June 30, 2014 (Kshs'000)

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

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

- i.
- ii.
- iii.
- iv.
- v.

The MatugaNGCDF financial statements were approved on 24/8 2016 and signed by:



Chairman NGCDF



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 NGCDF 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 NGCDF.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the NGCDF 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 NGCDF 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 authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the NGCDF 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 NGCDF'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 NGCDF'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, 2016.

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	A 796055	30,330,484.00	42,004,390.00
	Bal. from K.C.B	1,264,418.00	25,330,484.00
	A 724128	10,000,000.00	18,198,291.00
	Receipt (Gateway insurance)	18,603.00	17,132,193.00
	A796333	10,000,000.00	30,330,484.00
	A820615	10,000,000.00	
	A820848	20,000,000.00	
	A820979	14,000,000.00	
	A825802	64,180,719.00	
TOTAL		159,794,224.00	132,995,842.00

2. PROCEEDS FROM SALE OF ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,549,877.00	1,288,520.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	252,547.00
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF gratuity	59,400.00	-
	-	-
Total	1,609,277.00	1,541,067.00

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**Reports and Financial Statements****For the year ended June 30, 2014 (Kshs'000)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services		30,000.00
Office rent	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	1,320,000.00	358,000.00
Printing, advertising and information supplies & services	220,054.00	148,244.00
Rentals of produced assets	-	-
Training expenses	455,000.00	884,528.00
Hospitality supplies and services	-	-
Committee expenses/Meeting allowances	1,130,043.00	-
		4,219,600.00
Insurance costs	-	80,000.00
Specialised materials and services	1,704,720.00	1,000,000.00
Office and general supplies and services	2,950,906.00	1,528,791.00
Fuel ,oil & lubricants	234,231.00	-
Other operating expenses	1,135.00	15,709.00
Routine maintenance – vehicles and other transport equipment	753,800.00	327,400.00
Routine maintenance – other assets	-	414,669.00
Total	8,769,889.00	9,006,941.00

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	19,757,931.00	22,300,000.00
Transfers to secondary schools (see attached list)	66,751,000.00	37,915,490.00
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	2,226,547.00	13,879,734.00
-TOTAL	88,735,478.00	74,095,224.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	6,160,797.00	12,639,574.00
Bursary – tertiary institutions (see attached list)	6,829,629.00	-
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	1,671,394.00	3,200,000.00
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	-	-
Roads projects (see attached list)	-	-
Sports projects (see attached list)	3,217,544.00	2,924,938.00
Environment projects (see attached list)	2,426,938.00	-
Other Projects (see attached list)	600,000.00	-
Emergency Projects (specify)	5,400,259.00	2,071,035.00
Total	26,306,561.00	20,835,547.00

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

OTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	236,000.00	665,300.00
Purchase of ICT Equipment, Software and Other ICT Assets	-	100,000.00
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	236,000.00	765,300.00

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

Specify	2015 - 2016 Kshs	2014 - 2015 Kshs
---------	---------------------	---------------------

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016 Kshs	2014 - 2015 Kshs
Equity Bank, A/c 0440262171080 &Kshs.	66,098,243.00	31,961,224.00
	-	-
	-	-
	-	-
	66,098,243.00	31,961,224.00

10B: CASH IN HAND

	2015 - 2016 Kshs	2014 - 2015 Kshs
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
Total		
[Provide cash count certificates for each]		

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	31,961,224.00	5,209,461.00
Cash in hand		
Imprest	-	-
Total	<u>31,961,224.00</u>	<u>5,209,461.00</u>

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016 Kshs	2014 - 2015 Kshs
Bank accounts	--	
Cash in hand	-	-
Imprest	-	-
Total	<u>-</u>	<u>-</u>

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015- 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-
	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (specify)	-	-
	-	-
	-	-

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others (specify)	-	-
	-	-
	-	-

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND-MATUGA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	N/A	N/A
Buildings and structures	7,385,910.00	7,385,910.00
Transport equipment	2,962,125.00	2,962,125.00
Office equipment, furniture and fittings	2,602,860.00	2,408,360.00
ICT Equipment, Software and Other ICT Assets	241,760.00	241,760.00
Other Machinery and Equipment	-	-
Heritage and cultural assets	N/A	N/A
Intangible assets	N/A	N/A
Total	13,192,655.00	12,998,155.00

Prepared by:



Peter .M. Mwaighonda
Fund Account Manager
Matuga Constituency