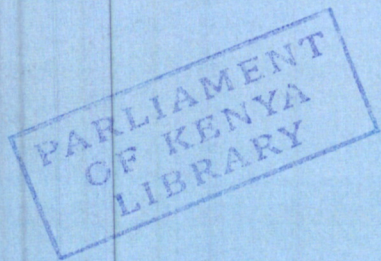


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

PAPER Laid AT THE  
MAJORITY PARTY WHIP  
HON. BGTAMIN WAJIALI  
ON 27-09-2017  
IBM



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
CHANGAMWE CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**







OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084 - 00100, NAIROBI  
07 JUL 2017  
**RECEIVED**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – CHANGAMWE  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2016**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2016**

**KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) was set up under the CDF Act, 2003 now repealed by the NG-CDF Act, 2015.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

The objective of the fund is to ensure that a 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 Changamwe 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Gloria Mwasi
3.	District Accountant	Tuei Julius

**(d) Fiduciary Oversight Arrangements**

*The CHANGAMWE NG- CDFC members as gazetted*

- |                        |                               |
|------------------------|-------------------------------|
| 1. Khalid Kabanda      | Chairman                      |
| 2. Hannington Nyaminde | Member                        |
| 3. Sada Mohammed       | Secretary                     |
| 4. Ali Husein Kombo    | Member                        |
| 5. Zadock Namayi       | Member                        |
| 6. Florence Hawa       | Member                        |
| 7. Benson Maisori      | Assistant county commissioner |
| 8. Agricolar Mwawasi   | Member                        |
| 9. Gloria Mwasi        | Fund Account Manager          |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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○ Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Changamwe Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the National Government 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.

**(a) Entity Headquarters**

P.O. Box 82742 – 80100  
2<sup>nd</sup> Floor  
Fidelity Bank Building  
Changamwe Airport Road  
Mombasa, KENYA

**(b) Entity Contacts**

Telephone: (254) 020 2056158  
E-mail: [cdfchangamwe@cdf.go.ke](mailto:cdfchangamwe@cdf.go.ke)  
Website: <http://www.cdf.go.ke>

**(c) Entity Bankers**

Equity Bank  
Changamwe Branch  
A/C No. 1200260404078

**(d) Independent Auditors**

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

**(e) Principal Legal Adviser**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Changamwe Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the National Government 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.

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**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 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.

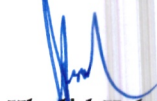
The Fund Account Manager in charge of the Changamwe NG-*CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the constituency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Fund Account Manager in charge of the Changamwe NG-*CDF* accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the Changamwe NG-*CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2016, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Changamwe 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 Changamwe NG-*CDF* confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Account Manager confirms that the Constituency's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The Chngamwe NG-*CDF* financial statements were approved and signed on 2/9/2016.



**Khalid Kabanda**  
Chairman – NG-*CDFC*



**Gloria Mwasi**  
Fund Account Manager



# REPUBLIC OF KENYA

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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 – CHANGAMWE CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Changamwe Constituency set out on pages 5 to 18, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation 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 believe, were necessary for purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable 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 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

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

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

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

## **Basis for Qualified Opinion**

### **1.0 Presentation of Financial Statements**

The financial statements for the year ended 30 June 2016 presented for audit review contained the following anomalies;

- i. Page eight to the financial statements indicated the year ended 30 June 2015 instead of 2016.
- ii. Annex 4 to the financial statements reflects assets balance of Kshs.1,046,658 whereas the statement of receipts and payments reflects nil balance on acquisition of assets.
- iii. Statement of appropriation indicated a final budget of Kshs.56,874,731 while information available indicate that the budget that was approved by the CDF board amounted to Kshs.85,270,734.

Consequently, the financial statements presented during the year ended 30 June 2016 did not comply with the International Public Sector Accounting Standards No. 1 on presentation.

### **2.0 Transfers to Other Government Units**

The statement of receipts and payments for the year ended 30 June 2016 reflects transfers to other government units of Kshs.11,000,000 being disbursement to five primary schools for the construction of classrooms. However, as at 30 June 2016, the projects had not started.

Consequently, the value for money for the Kshs.11,000,000 disbursed to the projects during the year under review could not be confirmed.

### **3.0 Other Grants and Transfers**

The statement of receipts and payments for the year ended 30 June 2016 reflects other grants and transfers amounting to Kshs.11,591,051 out of which

Kshs.7,119,795 was paid to Kenya Power and Lighting Company Limited for installation of street light in changamwe constituency. However, management was unable to physically show where the project was implemented and did not provide certificate of completion for the same.

Further, Kshs.1,185,536 was paid to a contractor to clear obstacles and bush on storm water drainage in Changamwe constituency. However, the management failed to provide evidence that the project was completed.

Consequently, the propriety of Kshs.8,305,331 on other grants and transfers for the year ended 30 June could not be confirmed.

#### **4.0 Bank Balance**

The statement of financial assets as at 30 June 2016 reflects a bank balance of Kshs.29,049,719. However, the bank reconciliation availed for audit indicated a balance of Kshs.29,109,493 resulting to unexplained nor reconciled variance of Kshs.59,774. Further, the bank reconciliation reflected Kshs.1,520,195 as un-presented cheques, however, the management failed to provide subsequent bank statements for confirming when the cheques were cleared. In addition, the bank reconciliation statement reflected payments in bank not in cashbook amounting to Kshs.110,602.50 and which related to bank charges. It was not clear why the management had not adjusted the cashbook with this amount as the same has not been accounted for in these financial statements.

Consequently, the accuracy and completeness of bank balance of Kshs.29,049,719 as at 30 June 2016 could not be confirmed.

#### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Changamwe 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, the Constituency Development Fund Board approved a budget of Kshs.85,270,736. However, the statement of receipts and payments indicate that no funds were released to Changamwe CDF Fund during the year.

Further the summary statement of appropriation reflected a final budget of Kshs.56,874,731 and actual expenditure of Kshs.27,825,012 or 33%, resulting to an overall under expenditure of Kshs.29,049,719 or 48.9% as shown below:-

<b>Expenditure</b>	<b>Final Budget (Kshs.)</b>	<b>Actual Expenditure (Kshs.)</b>	<b>Under expenditure (Kshs.)</b>	<b>Over expenditure (Kshs.)</b>	<b>%</b>
Compensation of Employees	245,000	341,334		96,334	139%
Use of Goods and services	454,586	4,892,627		4,438,041	1076%
Transfers to Other Government Units	16,864,702	11,000,000	5,864,702		65%
Other grants and transfers	39,310,443	11,591,051	27,719,392		29%
<b>Totals</b>	<b>56,874,731</b>	<b>27,825,012</b>	<b>33,584,094</b>	<b>4,534,375</b>	<b>48%</b>

The under expenditure of Kshs.33,584,094 is an indication that the expected delivery of goods and services to residents of Changamwe Constituency was not achieved. The budget was not implemented in accordance with the provisions of Section 220(1) of the Constitution of Kenya which requires the budget process for the National Government to comprise among other things integrated long term and medium term planning.

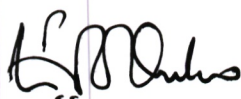
## 2.0 Projects Implementation

The projects status report availed for audit review indicated that a total of Kshs.43,300,000 was approved by the National Government Constituency Development Board for implementing 13 projects during the year under review but only (1) was complete as shown below:-

	<b>Project Name</b>	<b>Sub – Project / Activities</b>	<b>Allocations Kshs</b>	<b>Status</b>
1	Portreitz Primary School	construction of two class rooms	2,500,000	Not Started
2	Bomu Primary School	Construction of social hall.	5,000,000	Not Started
3	Kwa Hola primary school	Construction of three classrooms with high storey foundation	5,000,000	Not Started
4	Airport Primary School	Construction of two	3,000,000	Not Started

		classrooms		
5	Airport Secondary School	Purchase of land for construction of school	4,500,000	Not Started
6	Ahmed Shahame Mwidani Technical Training Institute	Completion of construction of technical training institute.	10,000,000	Complete
7	Mwingo CDF Water Project	Completion of water well	400,000	Not Started
8	Mlolongo CDF Water Project	Perimeter wall, Piping, Pump & Water Kiosk	5,000,000	Not Started
9	Changamwe Police Station CDF Water Project	Drilling of water well	400,000	Not Started
10	Chaani Police Post CDF Project	Construction of Police Post	2,500,000	Not Started
11	Changamwe Chiefs Office /Social Hall CDF Project	Construction of Chiefs Office and Social Hall	2,500,000	Not Started
12	Changamwe Police Station Perimeter Wall CDF Project	Construction of Perimeter Wall	1,000,000	Not Started
13	Changamwe Police Station Cells CDF Project	Construction of Cells	1,500,000	Not Started
	<b>TOTAL</b>		<b>43,300,000</b>	

Analysis of the project status report revealed that one (1) project out of thirteen (13) projects approved had been completed at a cost of Kshs.10,000,000. Twelve (12) projects proposed, approved and allocated Kshs.33.300,000 by the Board had not taken off as at 30 June 2016. This is an indication of lack of focus in the budget making mechanism and therefore there is need for the management to prioritize projects with a view to undertaking the projects which will be completed within the year and improve the standards of living for the citizens of Changamwe Constituency.



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

**Nairobi**

**30 June 2017**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE  
CONSTITUENCY**

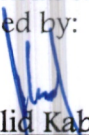
**Reports and Financial Statements**


**For the year ended June 30, 2016**

**STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	-	146,466,958.50
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	21,000.00
<b>TOTAL RECEIPTS</b>		-	<b>146,487,958.50</b>
<b>PAYMENTS</b>			
Compensation of employees	4	341,334.00	808,045.00
Use of goods and services	5	4,892,627.00	5,410,571.00
Transfers to Other Government Units	6	11,000,000.00	104,363,194.94
Other grants and transfers	7	11,591,051.00	47,833,205.00
Acquisition of Assets	8	-	618,693.00
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>27,825,012.00</b>	<b>159,033,708.94</b>
<b>SURPLUS/DEFICIT</b>		<b>(27,825,012.0)</b>	<b>(12,545,750.4)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Changamwe NG-CDF financial statements were approved on 21/9/2016 and signed by:

  
**Khalid Kabanda**  
Chairman - NG-CDFC

  
**Gloria Mwasi**  
Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE

CONSTITUENCY

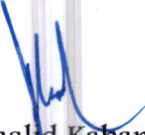
Reports and Financial Statements

For the year ended June 30, 2016

IV. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	29,049,719.76	56,874,731.76
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<u>29,049,719.76</u>	<u>56,874,731.76</u>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	56,874,731.76	69,420,482.20
Surplus/Deficit for the year		(27,825,012.00)	(12,545,750.44)
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<u>29,049,719.76</u>	<u>56,874,731.76</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Changamwe NG-CDF financial statements were approved on 2/9/2016 and signed by:

  
**Khalid Kabanda**  
 Chairman – NG-CDFC

  
**Gloria Mwasi**  
 Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CHANGAMWE  
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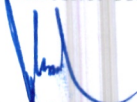
Reports and Financial Statements

For the year ended June 30, 2016

I. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	-	146,466,959
Other Receipts	3	-	21,000
<b>Payments for operating expenses</b>			
Compensation of Employees	4	341,334	808,045
Use of goods and services	5	4,892,627	5,410,571
Transfers to Other Government Units	6	11,000,000	104,363,195
Other grants and transfers	7	11,591,051	47,833,205
Other Payments	9	-	-
		<b>27,825,012</b>	<b>11,927,057</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	-
<b>Net cash flow from operating activities</b>		<b>(27,825,012)</b>	<b>(11,927,057)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(618,693)
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(618,693)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(27,825,012)</b>	<b>(12,545,750)</b>
Cash and cash equivalent at BEGINNING of the year	13	56,874,732	69,420,482.20
Cash and cash equivalent at END of the year		<b>29,049,720</b>	<b>56,874,732.20</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Changamwe NG-CDF financial statements were approved on - 21/9/2016 ----- and signed by:

  
**Khalid Kabanda**  
Chairman – NG-CDFC

  
**Gloria Mwasi**  
Fund Account Manager




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

II. 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	98,270,736.00	155,145,467.76	253,416,203.76	98,001,772.40	155,414,431.36	38.7%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
<b>TOTAL</b>	<b>98,270,736.00</b>	<b>155,145,467.76</b>	<b>253,416,203.76</b>	<b>98,001,772.40</b>	<b>155,414,431.36</b>	<b>38.7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	-	245,000.00	245,000.00	341,334.00	(96,334.00)	139.3%
Use of goods and services	-	454,586.00	454,586.00	4,892,627.00	(4,438,041.00)	1076.3%
Transfers to Other Government Units	-	16,864,702.26	16,864,702.26	11,000,000.00	5,864,702.26	65.2%
Other grants and transfers	-	39,310,443.50	39,310,443.50	11,591,051.00	27,719,392.50	29.5%
Acquisition of Assets	-	-	-	-	-	#DIV/0!
<b>TOTAL</b>	<b>-</b>	<b>56,874,731.76</b>	<b>56,874,731.76</b>	<b>27,825,012.00</b>	<b>29,049,719.76</b>	<b>48.9%</b>

The CHANGAMWE CDF financial statements were approved on 21/9/2016 and signed by:

  
**Khalid Kabanda**  
 Chairman – NG-CDFC

  
**Gloria Mwasi**  
 Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – CHANGAMWE  
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The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the 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 NG-*CDF*.

**2. Recognition of revenue and expenses**

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

**3. In-kind contributions**

In-kind contributions are donations that are made to the NG-*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 NG-*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 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)*

**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 NG-*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 NG-*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 NG-*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, 2015.



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**4. COMPENSATION OF EMPLOYEES**

	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2110201	Basic wages of contractual employees	341,334.00	701,645.00
2110202	Basic wages of casual labour	-	95,000.00
	<b>Personal allowances paid as part of salary</b>	-	-
2110301	House allowance	-	-
2110314	Transport allowance	-	-
2110320	Leave allowance	-	5,000.00
2110326	Other personnel payments	-	-
2120101	Employer contribution to NSSF	-	6,400.00
2710120	gratuity	-	-
	<b>Total</b>	<b>341,334.00</b>	<b>808,045.00</b>

**5. USE OF GOODS AND SERVICES**

	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2210100	Utilities, supplies and services	-	101,228.00
2210104	Office rent	-	-
2210200	Communication, supplies and services	-	109,430.00
2210300	Domestic travel and subsistence	-	157,300.00
2210500	Printing, advertising and information supplies & services	-	321,544.00
2210600	Rentals of produced assets	-	-
2210700	Training expenses	-	-
2210800	Hospitality supplies and services	-	22,699.00
2210802	Other committee expenses	734,915.00	408,000.00
2210809	Committee allowance	3,621,712.00	4,003,000.00
2210900	Insurance costs	-	-
2211000	Specialised materials and services	-	-

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2211100	Office and general supplies and services	536,000.00	262,570.00
2211200	Fuel ,oil & lubricants	-	-
2211300	Other operating expenses	-	9,050.00
2220100	Routine maintenance – vehicles and other transport equipment	-	-
2220200	Routine maintenance – other assets	-	15,750.00
	<b>Total</b>	<b>4,892,627.00</b>	<b>5,410,571.00</b>

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2630204	Transfers to primary schools	11,000,000.00	29,777,513.94
2630205	Transfers to secondary schools	-	41,450,000.000
2630206	Transfers to Tertiary institutions	-	28,652,922.00
2630207	Transfers to Health institutions	-	4,482,759.00
	<b>TOTAL</b>	<b>11,000,000</b>	<b>104,363,194.94</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2640101	Bursary -Secondary	100,000.00	18,291,300.00
2640102	Bursary -Tertiary	-	12,359,000.00
2640104	Bursary-Special schools	-	1,827,000.00
2640105	Mocks & CAT	-	204,330.00
2640504	water	-	1,000,000.00
2640505	Health	-	-
2640506	Electricity projects	7,119,795.00	-
2640507	Security	-	-
2640508	Roads	-	9,600,000.00
2640509	Sports	911,430.00	3,951,575.00

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2640510	Other capital grants and transfer	2,134,036.00	-
2640200	Emergency Projects (specify)	1,325,790.00	600,000.00
	<b>Total</b>	<b>11,591,051.00</b>	<b>47,833,205.00</b>

310000 0	8 ACQUISITION OF ASSETS		
	<u>Non Financial Assets</u>	2015 - 2016	2014 - 2015
		Kshs	Kshs
3110102	Purchase of Buildings	-	-
3110202	Construction of Buildings	-	-
3110302	Refurbishment of Buildings	-	-
3110701	Purchase of Vehicles	-	-
3110704	Purchase of Bicycles & Motorcycles	-	-
3110801	Overhaul of Vehicles	-	-
3111001	Purchase of Office furniture and fittings	-	447,163.00
3111002	Purchase of computers ,printers and other IT equipments	-	-
3111005	Purchase of photocopier	-	-
3111009	Purchase of other office equipments	-	171,530.00
3111112	Purchase of soft ware	-	-
3130101	Acquisition of Land	-	-
		-	-
	<b>Total</b>	<b>-</b>	<b>618,693</b>

10A: Bank Balances (cash book bank balance)			
Name of Bank, Account No. & currency	Account Number	2015 - 2016 Kshs (30/6/2016)	2014 - 2015 Kshs (30/6/2015)
Equity Bank, Changamwe Branch A/C no.	1200260404078	29,049,719.76	56,874,731.76
		-	-
		-	-
<b>Total</b>		<b>29,049,719.76</b>	<b>56,874,731.76</b>

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<b>10B: CASH IN HAND)</b>			
		2015 - 2016	2014 - 2015
		Kshs (30/6/2015)	Kshs (30/6/2015)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
<b>Total</b>		-	-

<b>13 BALANCES BROUGHT FORWARD</b>			
		2015 - 2016	2014 - 2015
		Kshs (1/7/2015)	Kshs (1/7/2014)
Bank accounts		56,874,731.76	69,420,482.20
Cash in hand		-	-
Imprest		-	-
<b>Total</b>		<b>56,874,731.76</b>	<b>69,420,482.20</b>

<b>15.2: PENDING STAFF PAYABLES (See Annex 2)</b>			
		Kshs	Kshs
Senior management		-	-
Middle management		1,070,000	-
Unionisable employees		-	-
Others (specify)		-	-
		<b>1,070,000</b>	-



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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2,015	2,014	
		a	b	c	d=a-c		
<b>Middle Management</b>							
1. Lilian Jumwa		140,000	March 2016	0	140,000		
2. Geoffrey Gechuki		160,000	March 2016	0	160,000		
3. Lilian Majala		100,000	March 2016	0	100,000		
4. Susan Akinyi		60,000	March 2016	0	60,000		
5. Vivian Wanjiku		60,000	March 2016	0	60,000		
6. Maurice Ochieng		120,000	March 2016	0	120,000		
7. Noor Omar		120,000	March 2016	0	120,000		
8. Ramadhan Omar		80,000	March 2016	0	80,000		
9. Samwel Omondi		140,000	March 2016	0	140,000		
<b>Sub-Total</b>		<b>1,070,000</b>			<b>1,070,000</b>		
<b>Unionisable Employees</b>							
7.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
<b>Sub-Total</b>							

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Buildings and structures		0
Transport equipment		
ICT Equipment, Software and Other ICT Assets	355,510.00	183,980.00
Office furniture & fittings	556,148.00	108,985.00
Other Machinery and Equipment	135,000.00	135,000.00
Total	1,046,658.00	427,965.00