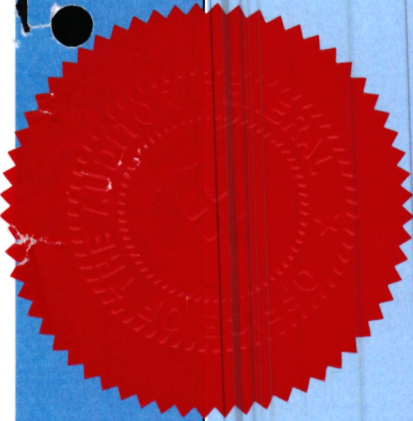


REPUBLIC OF KENYA

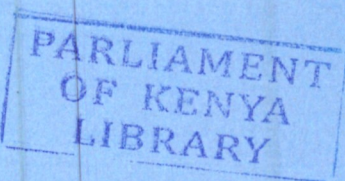


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By Leader of the majority
Party (An Ader
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OFFICE OF THE AUDITOR-GENERAL

REPORT



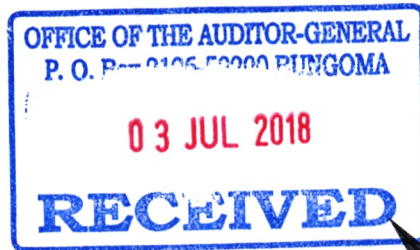
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
FUNYULA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
FUNYULA CONSTITUENCY**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
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The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2015. The National government *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the National government *Constituencies Development Fund*. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

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

- i. National government 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	Moses Oduor Agolla.
3.	Accountant	Daniel Malala.

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Funyula 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) FUNYULA NG CDF Headquarters

P.O. Box 44 funyula
Cdf office opposite funyula police station.
Funyula Nerobia road
Busia, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

(f) Funyula NGCDF Contacts

Telephone: (254) 724514475.
E-mail:cdffunyula@cdf.go.ke

(g) Funyula NGCDF Bankers

Equity bank of Kenya
Busia branch
0780292650348
P.O Box 553-50400
Busia

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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 CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

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

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

The NGCDFCs budget performance against actual amounts for current year was as follows; funds received was 100% of budgeted funds to be received from Ngcdf board, the compensation of employees expenditure item has a utilisation of 104% of budgeted amount, uses of goods and services expenditure item had a utilisation of 158% of budgeted amount, transfer to other government units expenditure item had a utilisation of 111% of budgeted amount, and finally other grants and transfers expenditure item had a utilisation of 88% of the budgeted

The Funyula NGCDF has improved the Education and Security standard of the funyula constituency, since it has constructed several new secondary schools and administration camps in the constituency. This has resulted to increased form leavers in the constituency and reduced cases of robbery with violence.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. To add on that other issues affecting the project implementation process is the late disbursement of funds, late approval of project proposals and projects reallocations by ngcdf board.

The funyula NGCDFCs wish that the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.


CHAIRMAN NGCDFC


CDF FUNYULA
ACCOUNTS MANAGER
SIGN: _____
DATE: _____

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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


The Accounting Officer in charge of the Funyula NGCDF is responsible for the preparation and presentation of the Funyula NGCDF financial statements, which give a true and fair view of the state of affairs of the Funyula 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 Funyula NGCDF 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, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer incharge of the Funyula NGCDF 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 Funyula NGCDF 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.

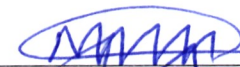
Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 30/9/11 2017.



Chairman - NGCDFC

Stamp: NGCDF FUNYULA ACCOUNTS MANAGER



Fund Account Manager

Stamp: NGCDF FUNYULA ACCOUNTS MANAGER

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- FUNYULA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Funyula Constituency set out on pages 1 to 14, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund- Funyula Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- Funyula Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

*Report of the Auditor General on the Financial Statements of National Government Constituency Development Fund
Funyula Constituency for the Year Ended 30 June 2017*

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 Other Matter section of my report, there were no Key Audit Matters to report in the year under review.

Other Matter

1. Budgetary Performance

The CDF revenue was budgeted at Kshs.105,737,417 against actual receipt of Kshs.81,896,551 representing an overall under collection of Kshs.23,841,315 representing 22.5%. Further, the Fund spent a total Kshs.105,722,223 against a budget of Kshs.105,737,417 representing under expenditure of Kshs.15,194 as shown in the table below:

Overall Budgetary Performance (Recurrent and Development expenditure)				
Receipt/Expense Item	Budgeted	Actual	Variance	
	Kshs.	Kshs.	Kshs.	%
Receipts				
Transfers from CDF Board	105,737,417	81,896,551	23,841,315	22.5%
Sub-total	105,737,417	81,896,551	23,841,315	22.5%
Payments				
Compensation of Employees	3,624,000	3,792,327	168,327	4.6%
Use of goods and services	5,685,568	5,939,964	254,396	4.5%
Transfers to Other Government Units	39,791,371	39,791,379	(8)	0.0%
Other grants and transfers	56,636,478	56,198,553	437,925	0.8%
Sub-total	105,737,417	105,722,223	15,194	0.0%

2. Project Performance

The Fund was to implement a total of 70 projects/programmes by different sectors during the financial year as shown above. Further analysis indicated that 6% of the projects were still on going and 88 % had been completed as at the time of audit in May 2018.

Funyula NG-CDF								
Sector	Budgeted projects		Ongoing			Completed		
	No	Kshs	No	Kshs	%	No	Kshs	%
Emergency Projects	1	4,094,827			0%	1	4,094,828	100%

Sports Activities	20	1,637,931	-	-	0%	20	1,637,931	100%
Bursary	23	29,254,724	-	-		23	24,663,793	84%
Primary Schools Infrastructure	15	32,391,379	1	2,500,000	7%	14	29,891,379	93%
Secondary schools infrastructure	5	6,100,000	2	3,200,000	40%	3	2,900,000	60%
Environmental Activities	2	3,944,710	-	-	0%	2	3,944,710	100%
Security Activities	4	5,000,000	-	-	0%	4	5,000,000	100%
Total	70	82,423,571	3	5,700,000	6%	67	72,132,641	88%

In the circumstances, the public did not receive services from the planned and budgeted for projects.

3. Delayed Completion of Water Project at Bunandi Primary School

The Fund through the project management committee incurred an expenditure of Kshs.9,250,000 towards the drilling of a borehole at Bunandi Primary School. However, physical verification of the project revealed that it remained incomplete and stalled with the contractor not on site despite having been fully paid. Consequently, value for money has not been achieved due to delayed completion of the project.

4. Delayed Utilization of Water Project at Bunandi Primary School

The Fund through project management committee incurred an expenditure of Kshs.8,700,000 towards water project at Namuduru. Review of records revealed that the project was complete and certified by the Constituency Clerk of Works. However, physical verification of the project revealed that it remained non-operational due mechanical defects arising from vandalism. Further, review of the Fund's project proposals for subsequent years revealed that no allocations were made for repair and completion of the project.

In the circumstances, the public were not served with water as expected and hence no value-for-money had been obtained from the project worth Kshs.8,700,000 as at 30 June 2017.

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

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern/ sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 of Kenya. 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 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 judgment and maintain professional skepticism throughout the audit. I also:

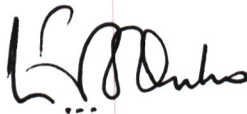
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 as a going concern. 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 consolidated/ 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 as a going concern.

- 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 of the entities or business activities 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 to 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

17 July 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board-AIEs' Received	1	81,896,551	114,838,949
TOTAL RECEIPTS		81,896,551	114,838,949
PAYMENTS			
Compensation of employees	2	3,792,327	3,209,104
Use of goods and services	3	5,939,964	4,049,364
Transfers to Other Government Units	4	38,491,379	69,937,930
Other grants and transfers	5	57,498,553	48,394,533
TOTAL PAYMENTS		105,722,223	125,590,930
SURPLUS/DEFICIT		(23,825,672)	(10,751,981)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Funyula NGCDF financial statements were approved on 30/9/ 2017 and signed by:



Chairman - NGCDF

CDF FUNYULA
ACCOUNTS MANAGER
SIGN:
DATE:



Fund Account Manager



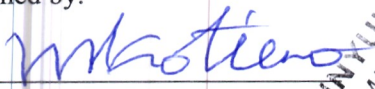
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

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

V. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	15,194	23,840,866
TOTAL FINANCIAL ASSETS		15,194	23,840,866
REPRESENTED BY			
Fund balance b/fwd 1st July...	6.	23,840,866	34,592,847
Surplus/Defict for the year		(23,825,672)	(10,751,981)
NET LIABILITIES/ASSETS		15,194	23,840,866

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The FUNYULA NGCDF financial statements were approved on 30/9/ 2017 and signed by:


Chairman - NGCDFC

DF FUNYULA
ACCOUNTS MANAGER
 SIGN:.....
 DATE:.....


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

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

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from NGCDF Board	1	81,896,551	114,838,949
		81,896,551	114,838,949
Payments for operating expenses			
Compensation of Employees	2	(3,792,327)	3,209,104
Use of goods and services	3	(5,939,964)	4,049,364
Transfers to Other Government Units	4	(38,491,379)	69,937,930
Other grants and transfers	5	(57,498,553)	48,394,533
		105,722,223	(125,590,930)
Net cash flow from operating activities		(23,825,672)	(10,751,981)
CASHFLOW FROM INVESTING ACTIVITIES			
Net cash flows from Investing Activities		00	00
NET INCREASE IN CASH AND CASH EQUIVALENT		(23,825,672)	(10,751,981)
Cash and cash equivalent at BEGINNING of the year	6	23,840,866	34,592,847
Cash and cash equivalent at END of the year		15,194	23,840,866

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Funyula NGCDF financial statements were approved on 30/9/ 2017 and signed by:


Chairman NGCDFC

UDF FUNYULA
ACCOUNTS MANAGER
SIGN:
DATE:


Fund Account Manager


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 a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	81,896,551	23,840,866	105,737,417	105,737,417	0	100%
TOTALS	81,896,551	23,840,866	105,737,417	105,737,417	0	100%
PAYMENTS						
Compensation of Employees	3,624,000	-	3,624,000	3,792,327	(168,327)	104%
Use of goods and services	3,746,090	1,939,478	5,685,568	5,939,964	(254,396)	104%
Transfers to Other Government Units	38,491,371	1,300,000	39,791,371	38,491,379	1,299,992	97%
Other grants and transfers	36,035,090	20,601,388	56,636,478	57,498,553	(862,075)	102%
TOTALS	81,896,551	23,840,866	105,737,417	105,722,223	15,194	99%

- i. Uses of goods and services has over utilisation due to under budgeting for the expense item.
- ii. Compensation of employees has over utilisation due to under budgeting for the expense item

The Funyula NGCDF financial statements were approved on 30/9/2017 and signed by:


Chairman NGCDF


Fund Account Manager

NGCDF FINANCIAL STATEMENTS
ACCOUNTS MANAGER
DATE: _____



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.

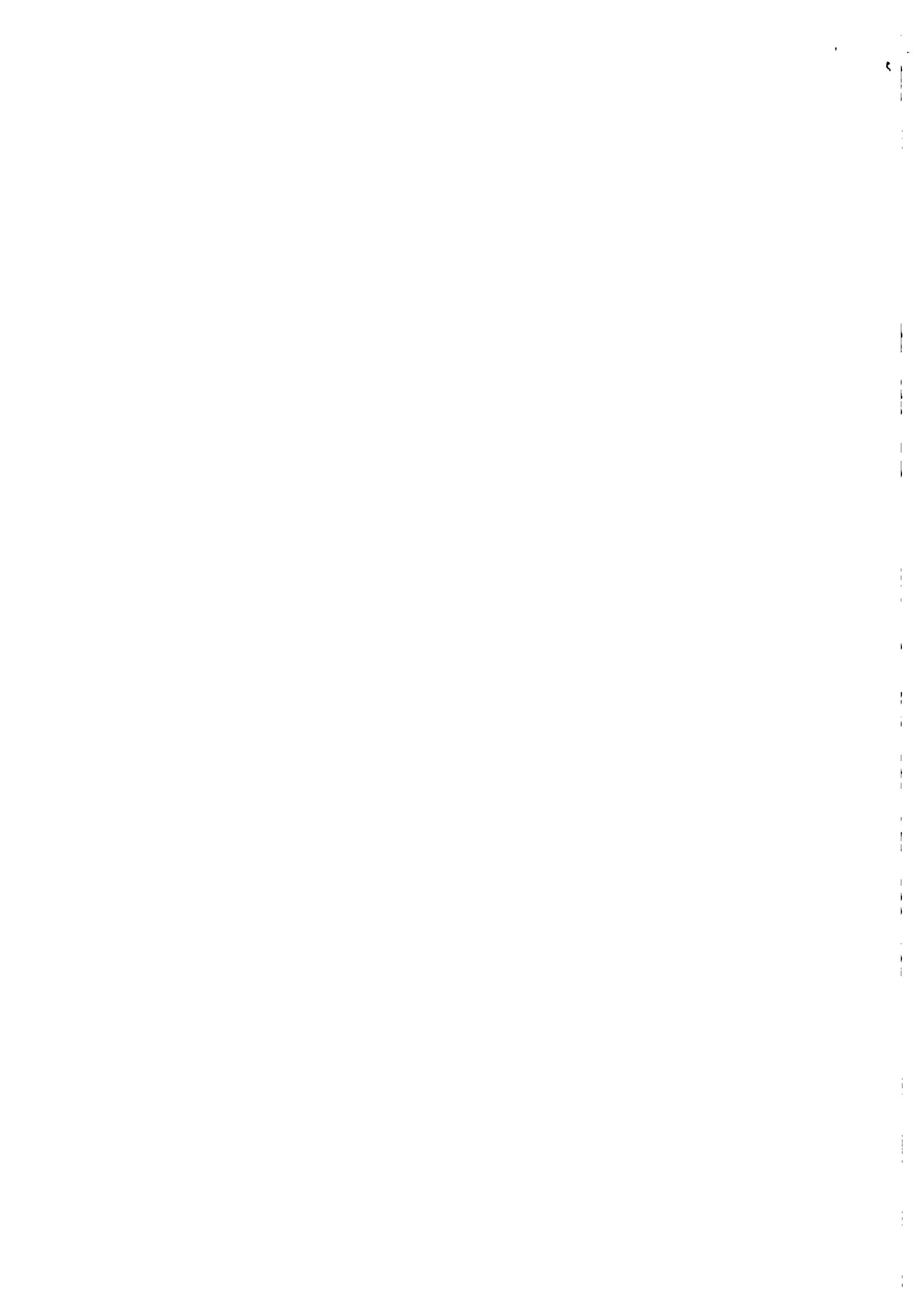
The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *NGCDF*.

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.



Reports and Financial Statements

For the year ended June 30, 2017 (Kshs)

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.

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 *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, 2017.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND FUNYULA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs)

IX NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 - 2017		2015 - 2016	
	Kshs		Kshs	
AIE NO A829545	4,094,827.0			
AIE NO A8551648	36,853,449			
AIE NO A855672	40,948,275			
AIE NO A724078			10,000,000	
AIE NO A820877			27,000,000	
AIE NO A724216			10,000,000	
AIE NO A820551			10,000,000	
AIE NO A825775			57,838,949	
TOTAL	81,896,551.00		114,838,949	

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2. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	2,695,912	3,086,091
Gratuity	1,096,415	0
Other personnel payments (NSSF)	0	123,013
Total	3,792,327	3,209,104

3. USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Committee Expenses	2,134,500	2,820,679
Utilities, supplies and services	1,970,964	1,228,685
Training expenses	1,834,500	0
Total	5,939,964	4,049,364

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to primary schools (see attached list)	32,391,379	47,537,930
Transfers to secondary schools (see attached list)	6,100,000	22,400,000
TOTAL	38,491,379	69,937,930

5. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary secondary schools (see attached list)	22,707,724	11,588,996
Bursary tertiary institutions (see attached list)	6,547,000	2,390,500

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Mock & CAT (see attached list)	540,700	1,059,300
Water projects (see attached list)	10,700,000	7,600,000
Agriculture projects (see attached list)	700,000	2,000,000
Electricity projects (see attached list)	325,661	1,150,860
Security projects (see attached list)	5,000,000	4,798,098
Roads projects (see attached list)	0	13,500,000
Sports projects (see attached list)	1,637,931	2,306,779
Environment projects (see attached list)	3,944,710	0
Other projects	1,300,000	2,000,000
Emergency projects	4,094,827	0
Total	57,498,553	48,394,533.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	23,080,866.	34,592,847
Imprest	760,000	-
Total	23,840,866	34,592,847

7. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017 Kshs	2015 - 2016 Kshs
Equity bank of Kenya Busia branch 0780292650348	15,194	23,080,866
Total	15,194	23,080,866.



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X PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
BUS/C DF/INS P/2/(4 1) page 2.	Budgetary control performance. The fund had an approved budget of ksh. 149,431,797 and spent ksh. 125,590,931 resulting to under expenditure of ksh. 23,840,866 which translate into 16% budget underutilization. Further some budgetary expenditure items registered absorption rating of below 90%. This include use of goods and services, other grants and transfers and acquisition of assets with absorption level at 59%, 70%, and 0% respectively. Consequently the budget target was not met and various projects budgeted were not done within the financial year. It is not clear how the CDF intended to clear this backlog of the projects implementation as they affect service delivery to the constituency.	The 16% budget underutilisation was due to late disbursement of funds by ngcdf board hence leading to funyula ngcdf not implementing all projects within the year resulting to under absorption of budgetary expenditure. However the project were implement when the funds were received from ngcdf board.	FAM	Not resolved	By 30/12/2017
BUS/C DF/INS P/2/(4 1) page 2	Project implementation status The fund was to implement a total of 33 projects/programmes by different sectors during the financial year. Further analysis indicated that 2or 6% of the project had not started 5or 15% of the projects were still ongoing and 26 or 79% of the project had been completed. Therefore the fund did not fully meet	Non completion of project was beyond control of funyula ngcdf since by end of the year; all budgeted funds had not been received from NGCDF Board. The projects that	FAM	Not resolved	By 30/12/2017



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the budget target and effective delivery of services.	are ongoing are partly because of being funded in phases and partly due to late receipt of budgeted funds.			
BUS/C DF/INS P/2/(4 1) page 3	<p>Non involvement of technical departments in project executions</p> <p>The fund implemented various projects with a total cost of ksh 24,402,000 and did not involve the relevant government departments in supervision and generation of interim certificate of work done to be used for payments. Consequently, this might lead to poor project executions, poor service delivery to members of the public and risk of payment for services not rendered.</p>	<p>Funyula ngcdf has employed a clerk of works who is accredited by nation construction authority to supervise building works who normally supervise ngcdf projects. But FAM has taken note of auditor's recommendation.</p>	FAM	Not resolved.	By 30/12/2017

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XI ANNEX 1. SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	N/A	N/A
Buildings and structures	17,240,068	17,240,068
Transport equipment	3,713,200	3,713,200
Office equipment, furniture and fittings	469,500	469,500
ICT Equipment, Software and Other ICT Assets	378,650	378,650
Total	21,801,418	21,801,418



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ANNEX 2 PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
-	equity	-	-	-
-	equity	-	-	-
Total		-	-	-

