

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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WITH MP  
BENJAMIN WASHIAH  
ON 27-9-2017

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**







OFFICE OF THE AUDITOR GENERAL  
25 JUL 2017  
RECEIVED  
COAST HUB



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
GALOLE 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-GALOLE  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**TABLE OF CONTENTS**

TABLE OF CONTENTS.....	1
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	2
II. FORWARDE BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND COMMITTEE (CDFC).....	4
III. STATEMENT OF CDF MANAGEMENT RESPONSIBILITIES.....	5
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	6
V. STATEMENT OF FINANCIAL ASSETS.....	7
VI. STATEMENT OF CASHFLOW AS AT JUNE 30,2016.....	8
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	9
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	10
IX. NOTES TO THE FINANCIAL STATEMENTS.....	11
ANNEX 1 – ANALYSIS OF PENDING ACCOUNTS PAYABLE.....	17
ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER.....	18



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government *Constituencies Development Fund (NG-CDF)* was set up under the NG-CDF Act, 2003 now repealed by the NG-CDF Act, 2015.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

**(b) Key Management** The GALOLE Constituency's day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended June 30, 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Hussein Abdullahi
3.	Accountant	SospeterThukuKiboko

**(d) Fiduciary Oversight Arrangements**

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

**(e) GALOLECDF Headquarters**

P.O. Box 921,  
70105 Hola, Kenya.  
NG-CDF Building,  
GALOLE Town,  
Off CDF Junction Road.







**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
CONSTITUENCY**

**Reports and Financial Statements**

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

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**(f) GALOLECDF Contacts**

Telephone: (254) 720020647

E-mail: [habdullahi@cdf.go.ke](mailto:habdullahi@cdf.go.ke)

Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**(g) GALOLECDF Bankers**

Kenya Commercial Bank

Hola Branch

Account no: 1108807879

P.O Box 129 - 70105

Hola, Kenya.

**(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 CONSTITUENCY DEVELOPMENT FUND –  
GALOLE CONSTITUENCY**

**Reports and Financial Statements**

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

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

The entity has utilised its allocated budget for undertaking the slotted projects for the financial year. More than 68% of the fund has been utilised despite receiving the final disbursements towards the end of the financial year. Over the years, the entity improved water, sanitation, education, access road through distilling of dams in various villages, construction of various public toilets, construction of primary and secondary schools, payment of fees for over 13,000 needy and vulnerable students across the constituency.

**EMERGING ISSUES RELATED TO CDF**

- x Increasing Population
- x Increasing school enrolment

**IMPLEMENTATION CHALLENGES**

- x Security Threat
- x Lack of clear boundary

For the fund to thrive, there should be minimal interference from political figures and no project should be undertaken in a boundary conflict zone without the involvement of the concerned organs of government.



**Sign.....**  
**IDRIS TUNA**  
**CHAIRMAN NG-CDFC**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
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 CDF shall prepare financial statements in respect of that CDF. 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 *Galole Constituency NG-CDF* is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and 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 *NG-CDF*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *NG-CDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of *Galole Constituency NG-CDF* accepts responsibility for the *CDF's* financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 2016, and of the *CDF's* financial position as at that date. The Accounting Officer in-charge of *Galole Constituency CDF* further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The *NG-CDF's* financial statements were approved and signed by the Accounting Officer on  
25-08 2016.

  
\_\_\_\_\_  
**Chairman-CDFC**

  
\_\_\_\_\_  
**Fund Account Manager**





005684	Transfer to various PMC accounts	2,000,000	Nil	2,000,000
<b>Total misstatement</b>		<b>5,400,000</b>	<b>340,000</b>	<b>5,060,000</b>

In addition, the Fund management re-allocated funds meant for planting trees amounting to Kshs.900,000 to construct a security house. No approval was availed for audit review to support the re-allocation. Further, amounts totalling Kshs.2,103,582 were spent on projects which were not in the approved list as detailed below:

	<b>Activity Name</b>	<b>Amount (Kshs)</b>
1	Environmental Project	494,000
2	Agriculture	109,582
3	Administration Block – Guturi Primary School	1,500,000
<b>Total</b>		<b>2,103,582</b>

In the circumstances, the regularity and completeness of transfer to other government entities amount of Kshs.61,777,769.17 for the year ended 30 June 2016 cannot be confirmed.

### **3. Other Grants and Transfers**

The statement of receipts and payments for the year ended 30 June 2016 reflects other grants and transfers amount of Kshs.18,454,479.70 as detailed in Note 5 to the financial statements. Included in this figure are emergency projects amounting to Kshs.3,784,230. However, documents availed for audit review indicated that the actual expenditure was incurred on renovation of Dayate Primary School at Kshs.1,300,437, Wayu Primary School at Kshs.1,153,265 and Kiesi Primary School at Kshs.1,151,628 and in addition VAT of Kshs.178,900. The renovations did not qualify as emergency as per Section 8(3) of the National Government Constituency Development Fund Act, 2015 which classifies an emergency as an urgent, unforeseen need for expenditure and that cannot be delayed until the following financial year without harming the public interest of the constituents.

As a result, the regularity of the emergency projects amount of Kshs.3,784,229.95 for the year ended 30 June 2016 cannot be ascertained.

### **4. Budgetary Controls and Performance**

During the year under review, the Fund was allocated Kshs.108,740,065 by the Board. The Fund also had an opening balance of Kshs.25,712,935 reflected the audited financial statements for 2014/2015. The Fund therefore had a final budget of Kshs.134,453,000 available for the year but incurred total expenditure of Kshs.90,972,015.25 resulting in an under-absorption of Kshs.43,480,985 or 32% as summarized below:



Receipt/Expense item	Final budget (Kshs)	Actual on comparable basis (Kshs)	Budget utilization difference (Kshs)	% of utilization
Compensation of employees	2,954,404	2,018,670	935,734	68
Use of goods and services	8,799,961	8,721,096	78,865.00	99
Transfer to other Government units	84,991,949	61,777,769	23,214,180	73
Other grants and transfers	37,706,686	18,454,480	19,252,206	49
<b>Totals</b>	<b>134,453,000</b>	<b>90,972,015</b>	<b>43,480,985</b>	<b>32</b>

The under-absorption indicates poor budgeting or project execution mechanisms with funds remaining idle while citizens of Galole Constituency lack quality facilities and services.

### 5. Project Implementation Status

The project status report made available for audit review indicated that Kshs.92,540,812 was allocated and disbursed to ninety two (92) projects out of which ten(10) projects costing Kshs.20,350,000 were not implemented as summarized below:

No.	Project Name	Project description	Amount (Kshs)
1	Did-Ade Village	Excavation and construction of a dam	7,000,000
2	Matagala Dam	De-silting of Dam	600,000
3	Wenje Secondary School	Purchase of a 15-seater bus	3,500,000
4	Rafiki Primary School	Construction of 1Admin block	1,500,000.00
5	Rafiki Primary School	Construction of Dining Hall	1,700,000.00
6	Mau Mau Secondary School	Construction of dining Hall	1,500,000.00
7	Hola Secondary School	Construction of 1Admin block	1,500,000.00
8	Gharamani Primary School	Modern Kitchen	800,000.00
9	Rebai ECD	Construction of 1 Class room	750,000
10	Hakoka Primary School	Construction of 2 Class room	1,500,000

No.	Project Name	Project description	Amount (Kshs)
<b>Total</b>			<b>20,350,000</b>

Non-implementation of the ten (10) approved projects meant that the residents of Galole Constituency were denied the expected facilities which could have improved their standards of living through delivery of better goods and services.

## 6. Project Verification

During the month of May 2017, twenty three (23) projects costing Kshs.28,300,000 were inspected and the following observations made;

No.	Project Name	Project details	Disbursements as at 30 June 2016	Remarks
1	County Commandant office	Construction of office	2,000,000	Ongoing
2	Koticha Primary School	Administration Block	1,000,000	Ongoing. Plastering remaining
3	Ndura secondary	Purchase and Supply of 60 Beds	500,000	Delivered but only 15 are in Use.
4	Zubaki Chief Office	Construction of office – Zubaki Location	3,000,000	Complete and in Use
5	Chifiri Primary School	Construction of 1 Class Room and Modern Kitchen	1,800,000	Complete and in Use
6	Butomilito ECD	Construction of 1 Class Room	750,000	Complete and in Use
7	Gururui Primary School	Construction of 2 Class Rooms	1,500,000	Complete and in Use
8	Wataomara ECD	Construction of 1 Class Room	750,000	Complete and in Use
9	Bohoni Primary School	Construction of 2 Class Rooms	1,500,000	Complete and in Use
10	Koticha Primary School	Construction of 2 Class Rooms	1,500,000	Complete and in Use
11	Koticha Primary School	Renovation of 2 Class Rooms	400,000	Complete and in Use
12	Wayu Primary School	Construction of 2 Class Rooms	1,500,000	Complete and in Use
13	Wayu Primary School	Renovation of 2 class rooms	400,000	Complete and in Use

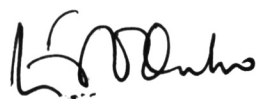


14	Daba Primary School	Construction of Staff Houses	3,200,000	Complete and in Use
15	Daba Primary School	Construction of Twin Toilets	400,000	Complete and in Use
16	Wayu Boro Primary School	Construction of 2 Class Rooms	1,500,000	Complete and in Use
17	Wayu Boro Primary School	Renovation of 4 Class Rooms	600,000	Complete and in Use
18	Waldena Sec. School	Construction of 6 Toilets	1,600,000	Complete and in Use
19	Waldena Sec. School	Construction of 2 Class Rooms	1,500,000	Complete and in Use
20	Hola Youth Polytechnic	Construction of 1 Lecture Hall	1,300,000	Complete and in Use
21	Matagalum Dam	De-silting of Dam	600,000	Complete and in Use
22	Mau Mau Sec.School	Renovation of computer Lab	500,000	Complete and in Use
23	Hola Youth Polytechnic	Construction of 4 Toilets	500,000	Complete and in Use
	<b>Total</b>		<b>28,300,000</b>	

From the above table, two projects were still undergoing completion while for one project (Ndura Secondary School), full use of provided facility has not been achieved. It is upon the CDFC to ensure that all projects are completed in time and facilities are fully utilized for the benefit of the residents.

### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

**Nairobi**

**15 August 2017**



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – GALOLE 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 - Galole Constituency set out on pages 6 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 and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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

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

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



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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

## **Basis for Disclaimer of Opinion**

### **1. Cash and Cash Equivalent**

#### **1.1 Bank Balances**

The statement of financial assets reflects bank balances of Kshs.43,480,985.05 as at 30 June 2016. However, the bank reconciliation statements and bank balance confirmation certificate for the period under review were not availed for audit review.

Consequently, the accuracy and completeness of bank balance of Kshs.43,480,985.05 as at 30 June 2016 cannot be confirmed.

#### **1.2 Cash Balance**

The statement of financial assets as at 30 June 2016 reflects a nil cash balance. However, Board of Survey Certificate on cash was not availed for audit review.

As a result, the accuracy of the nil cash balance as at 30 June 2016 cannot be confirmed.

### **2. Transfers to Other Government Entities**

Note 4 to the financial statements reflects transfer to other government entities amount of Kshs.61,777,769.17 for the year ended 30 June 2016. However, schedules supporting the amount had variances aggregating to Kshs.5,060,000 as detailed below:

<b>Cheque Number</b>	<b>Payee</b>	<b>Amount in Support Documents (Kshs)</b>	<b>Amount in Financial Statement Schedule (Kshs)</b>	<b>Difference (Kshs)</b>
005688	Transfer to various PMC accounts	3,400,000	340,000	3,060,000




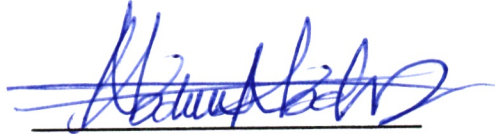
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	108,740,065.00	103,259,615.00
Other Receipts		-	-
<b>TOTAL RECEIPTS</b>		<b>108,740,065.00</b>	<b>103,259,615.00</b>
<b>PAYMENTS</b>			
Compensation of Employees	2	2,018,670.00	1,987,161.00
Use of goods and services	3	8,721,096.00	8,924,298.90
Transfers to Other Government Units	4	61,777,769.17	57,026,747.80
Other grants and transfers	5	18,454,479.70	28,200,222.45
Acquisition of Assets	6	-	1,840,000.00
Other Payments		-	-
<b>TOTAL PAYMENTS</b>		<b>90,972,015.25</b>	<b>97,978,430.15</b>
<b>SURPLUS/DEFICIT</b>		<b>17,768,049.75</b>	<b>5,281,184.85</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GALOLE NG-CDF financial statements were approved on 25-08- 2016 and signed by:

  
\_\_\_\_\_  
Chairman - CDFC

  
\_\_\_\_\_  
Fund Account Manager



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

**V. STATEMENT OF FINANCIAL ASSETS**

	Note	2015-2016 Kshs	2014-2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	7	43,480,985.05	25,570,435.30
Outstanding Imprests	8	-	142,500.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>43,480,985.05</b>	<b>25,712,935.30</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd.		25,712,935.30	20,431,750.45
Surplus/Deficit for the year		17,768,049.75	5,281,184.85
Prior Year Adjustments			-
<b>NET FINANCIAL POSITION</b>		<b>43,480,985.05</b>	<b>25,712,935.30</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GALOLE NG-CDF financial statements were approved on 25-08- 2016 and signed by:

  
 \_\_\_\_\_  
 Chairman -CDFC

  
 \_\_\_\_\_  
 Fund Account Manager





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

**VI. STATEMENT OF CASHFLOW AS AT JUNE 30, 2016**

	2015-2016 Kshs	2014-2015 Kshs
<b>Cash Flows From Operating Activities</b>		
<b>Receipts for operating income</b>		
Transfers from CDF Board	108,740,065.00	103,259,615.00
Other Receipts	-	-
	<b>108,740,065.00</b>	<b>103,259,615.00</b>
<b>Payments for operating expenses</b>		
Compensation of Employees	2,018,670.00	1,963,161.00
Use of goods and services	8,721,096.00	3,869,086.00
Transfers to Other Government Units	61,777,769.17	57,026,747.80
Other grants and transfers	18,454,480.00	28,200,222.45
Other Payments	0	-
	<b>90,972,015.25</b>	<b>96,138,430.15</b>
<b>Adjusted for:</b>		
Adjustments during the year		-
<b>Net cash flows from operating activities</b>	<b>17,768,049.75</b>	<b>7,121,184.85</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of Assets	-	(1,840,000.00)
<b>Net cash flows from Investing Activities</b>	<b>-</b>	<b>(1,840,000.00)</b>
<b>Net Increase In Cash and Cash Equivalent</b>	<b>17,768,049.75</b>	<b>5,281,184.85</b>
<b>Cash and cash equivalent at Start of the year</b>	<b>25,712,935.30</b>	<b>20,431,750.45</b>
<b>Cash and cash equivalent at END of the year</b>	<b>43,480,985.05</b>	<b>25,712,935.30</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GALOLENG-CDF financial statements were approved on 25-08 2016 and signed by:

  
Chairman -CDFC

  
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	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	108,740,065	25,712,935	134,453,000.00	134,452,998.00	2.00	100
			-		-	
<b>PAYMENTS</b>						
Compensation of Employees	2,954,404	-	2,954,404.00	2,018,670	935,734.00	68
Use of goods and services	6,677,202	2,122,759	8,799,961.00	8,721,096.00	78,865.00	99
Transfers to Other Government Units	65,440,812	19,551,137	84,991,949.00	61,777,769.00	23,214,180.00	73
Other grants and transfers	33,667,647	4,039,039.00	37,706,686.00	18,454,480.00	19,252,206.00	49
<b>TOTALS</b>	<b>108,740,065.00</b>	<b>25,712,935.00</b>	<b>134,453,000.00</b>	<b>90,972,015.00</b>	<b>43,480,985.00</b>	<b>68</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GALOLE NG-CDF financial statements were approved on 25-08- 2016 and signed by:

  
\_\_\_\_\_  
**Chairman CDFC**

  
\_\_\_\_\_  
**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 *NG-CDF*. 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 recognizes transactions and events only when cash is received or paid by the *NG-CDF*.

**2. Recognition of revenue and expenses**

The *CDF* recognizes 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* recognizes 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 *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.





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
CONSTITUENCY**

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

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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, 2016.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
CONSTITUENCY**

**Reports and Financial Statements**

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

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>2015-2016</b>		<b>2014-2015</b>	
<b>Description</b>	<b>Amount</b>	<b>Description</b>	<b>Amount</b>
<b>2015/2016 Transfers from CDF Board</b>	<b>Kshs</b>	<b>2014/2015 Transfers from CDF Board</b>	<b>Kshs</b>
AIE No. 724079	10,000,000.00	AIE No. A750215	140,000.00
AIE No. 724217	10,000,000.00	AIE No. A750334	7,300,000.00
	10,000,000.00	AIE No. A750441	18,479,903.75
	24,000,000.00	AIE No. A796551	14,467,942.25
AIE No. 825558	27,000,000.00	AIE No. A796732	11,311,961.50
AIE No. 825671	27,740,065.00	AIE No. A797027	25,779,903.50
		AIE No. A796092	25,779,903.50
<b>TOTAL</b>	<b>108,740,065.00</b>		<b>103,259,614.50</b>

**2. COMPENSATION OF EMPLOYEES**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Gross salary of Contractual Employees	1,645,530.00	1,963,161.00
Basic Wages of Casual Labour	-	-
Personal Allowances Paid as part of Salary	-	-
House Allowance	-	-
Transport Allowance	-	-
Leave Allowance	-	-
Gratuity	-	-
Other Personal Payments	-	-
NSSF	373,140.00	24,000.00
<b>Total</b>	<b>2,018,670.00</b>	<b>1,987,161.00</b>





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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

	<b>2015-2016 Kshs.</b>	<b>2014– 2015 Kshs</b>
Utilities, supplies and services	-	0
Communication, supplies and services	-	0
Domestic travel and subsistence	-	0
Printing, advertising and information supplies & services	573,613.70	395,070.00
Training expenses	-	970,000.00
Hospitality supplies and services	-	0
Insurance Costs	-	0
Specialized materials and services	-	0
Office and general supplies and services	-	27,976.00
Fuel, oil & Lubricants	15,000.00	2,200,040.00
Other operating expenses	8,123,311.48	5,155,212.90
Routine maintenance – vehicles and other transport equipment	9,170.70	176,000.00
Routine maintenance – other assets	-	0
<b>Total</b>	<b>8,721,095.88</b>	<b>8,924,298.90</b>

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2015-2016 Kshs</b>	<b>2014 – 2015 Kshs</b>
Transfers to primary schools	58,781,436.27	38,800,794.60
Transfers to secondary schools	1,396,332.90	5,902,242.70
Transfers to tertiary institutions	1,600,000.00	5,353,710.50
Transfers to health institutions	0	6,970,000.00
<b>Total</b>	<b>61,777,769.17</b>	<b>57,026,747.80</b>





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – Secondary schools, Tertiary School, Special Schools	6,584,335.90	7,446,080.00
Mock & CAT	0	0
Water projects	0	4,102,508.70
Agriculture Projects	109,582.00	6,923,232.80
Electricity projects	0	0
Security projects	7,332,331.85	0
Roads projects	0	3,083,613.00
Sports projects	150,000.00	686,000.00
Environment projects	494,000.00	1,013,000.00
Emergency projects	3,784,229.95	4,945,787.95
Other Current Grants and Transfers	0	0
<b>Total</b>	<b>18,454,479.70</b>	<b>28,200,222.45</b>

**6. ACQUISITION OF ASSETS**

**Non-Financial Assets**

	<b>2015-2016</b>	<b>2014-2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishments of Buildings	-	-
Purchase of Vehicles and other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	640,000.00
Rehabilitation and Renovation of Plant, Machinery and Equipment	-	1,200,000.00
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>-</b>	<b>1,840,000.00</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – GALOLE  
CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**7. BANK ACCOUNTS (cash book bank balance)**

<b>Name of Bank, Account No. &amp; currency</b>	<b>2015-2016 Kshs</b>	<b>2014-2015 Kshs</b>
Kenya Commercial Bank AC/No. 1108807879	43,480,985.05	25,570,435.30
<b>Total</b>	<b>43,480,985.05</b>	<b>25,570,435.30</b>

**8. OUTSTANDING IMPREST**

<b>Name of Officer</b>	<b>2015-2016 Kshs</b>	<b>2014-2015 Kshs</b>
Robert M. Kidanda	-	142,500.00
Imprest Outstanding from Other Officers	-	-
<b>Total</b>	<b>-</b>	<b>142,500.00</b>

Mr Robert M. Kidanda 2014/2015 outstanding imprest was surrendered.

**9. OTHER IMPORTANT DISCLOSURES**

**11.1. OTHER PENDING PAYABLES (See Annex 1)**

<b>Details</b>	<b>2015-2016 Kshs</b>	<b>2014 – 2015 Kshs</b>
Amount Due to Other Government Entities	30,480,985.05	19,751,137.00
Amounts due to other Grants and Other Transfers		4,039,039.20
Others	13,000,000.00	1,922,579.1
<b>Total</b>	<b>43,480,985.05</b>	<b>26,266,730.06</b>





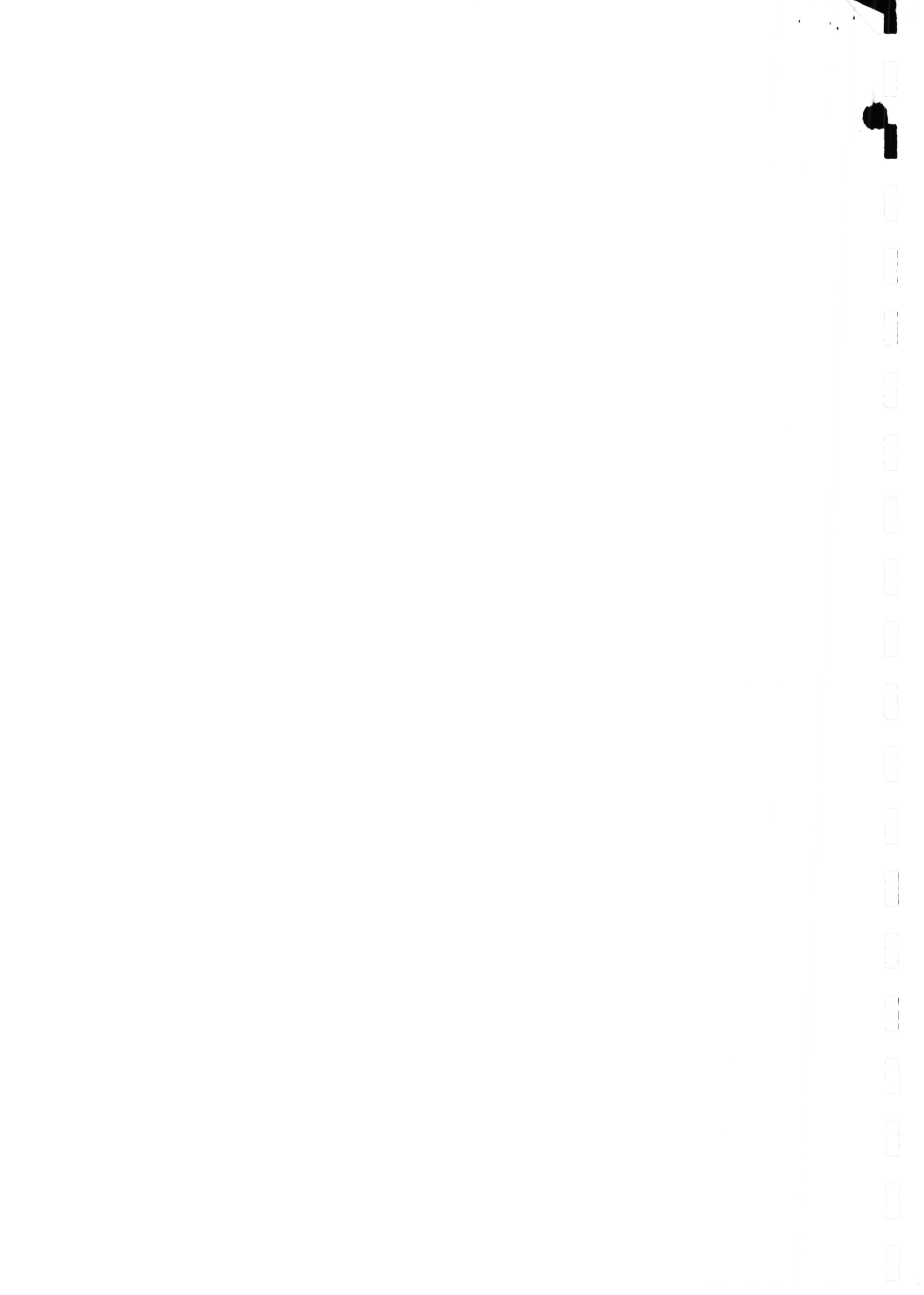
**CONSTITUENCY DEVELOPMENT FUND – GALOLE CONSTITUENCY**

**Reports and Financial Statements**

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

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amounts Paid to Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
<b>Amounts Due to Other Government Entities</b>							
1. Amount Due to Educational institutions	Projects for Primary Schools					19,751,137	
2. Amounts Due to Tertiary Institutions							
3. Amounts Due to Health Projects							
	<b>Sub-Total</b>	<b>30,480,985.05</b>				<b>19,751,137</b>	
<b>Amounts due to Other Grants and Other Transfers</b>							
4. Bursaries		8,500,000.00				3,362,355	
5. Water Projects							
6. Road Projects							
7. Emergency		3,500,000.00				676,684.2	
	<b>Sub-Total</b>	<b>12,000,000</b>				<b>4,039,039.2</b>	
	<b>Sub-Total</b>					<b>23,790,176.2</b>	
<b>Others (Specify)</b>							
8. Galole CDF Office						491,627	
9. M&E& Administration		1,000,000.00				934,525	
10. Galole Farmers						1,200,000	
11. Audit Fees						500,000	
	<b>Sub-Total</b>	<b>1,000,000.00</b>				<b>3,126,152</b>	
<b>Grand Total</b>		<b>43,480,985.05</b>				<b>26,916,328.2</b>	





**CONSTITUENCY DEVELOPMENT FUND – GALOLE CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2015**

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2015/16</b>	<b>Historical Cost (Kshs) 2014/15</b>
Land	-	-
Building and Structures	8,000,000.00	8,000,000.00
Transport Equipment	-	-
Office Equipment, Furniture and Fittings	1,940,000.00	1,940,000.00
ICT Equipment, Software and other ICT Assets	2,400,000.00	2,400,000.00
Other Machinery and Equipment	16,000,000.00	16,000,000.00
Heritage and Cultural Assets	-	-
Intangible Assets	-	-
<b>Total</b>	<b>28,340,000.00</b>	<b>28,340,000.00</b>

