

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
REPORT



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OF THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 DEC 2018	DAY: Wednesday (Pm)
TABLED	Hon. Aden Dugle, m.p. Leader of Majority Party
CLERK-AT THE-TABLE:	Rachel Kain - Principal Clerk Assistant

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
SHINYALU CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 2017**

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



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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
SHINYALU CONSTITUENCY**
Reports and Financial Statements
For the year ended 30 June 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund Act, 2003, amended in 2007 and repealed by the CDF Act of, 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the ministry of Devolution and planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government Constituencies Development agenda at the constituency level.

(b) Key Management

The Shinyalu 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 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Robert G. Nyaundi
3.	Accountant	Hesborn Ayodo

(d) Fiduciary Oversight Arrangements

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

P.O. Box 405-50107
Shinyalu
Next to DCC's Office



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
SHINYALU CONSTITUENCY**

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

(f) Shinyalu NGCDF Contacts

Telephone: (254) 0722483766
E-mail: cdfshinyalu@ngcdf.go.ke
Website: www.cdf.go.ke

(g) Shinyalu CDF Bankers

COOPERATIVE BANK OF KENYA
A/C NO 01120098471300
Kakamega Branch

(h) Independent Auditors

Auditor General
The office of 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 – SHINYALU CONSTITUENCY

Reports and Financial Statements

For the year ended 30 June 2017

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

Shinyalu NG CDFC pledges that all the NG CDFC decisions will be based on and guided by the following values:

- Continuous learning
- Integrity
- Service Culture
- Team Work
- Objectivity
- Good corporate citizenship

Shinyalu NGCDFC comprises of the following members;

- | | |
|------------------------------|-----------|
| 1. Bonface Isalambo | Chairman |
| 2. Elijah Maside Shamalla | Secretary |
| 3. Tekillah Naswa Munyasia | Member |
| 4. Iminza Marion | Member |
| 5. Michael Imbwaga | Member |
| 6. Charles Mutaliani Luhitse | Member |
| 7. Margaret Khalachi | Member |
| 8. Robert Nyaundi | Member |
| 9. Michael Taalam | DCC |
| 10. Vincent Itebete | Member |

The above named committee was given mandate to make decisions concerning Shinyalu NGCDFC after the change of the CDF act. However we managed to improve our operating performance and managed to disburse 50% of the funds received from the Board (2016/17 Budget) to various projects within the year. The last 50% of the funds was still held by the CDF Board as at 30th June, 2017. Despite the challenges we encountered during the year, we managed to construct quite a number of facilities to completion and are now in use.

During the year, we managed to achieve the following:

1. Completed quite a number of facilities in Education, health, security, water, roads and bridges.
2. Started new projects. Some of them are complete while others are ongoing.
3. Trained quite a number of Project Management Committees.

Some of the emerging issues that we underwent include;

1. Overwhelming demand for Bursary
2. No clear guidelines relating to the funding of projects under devolved government and National Government.

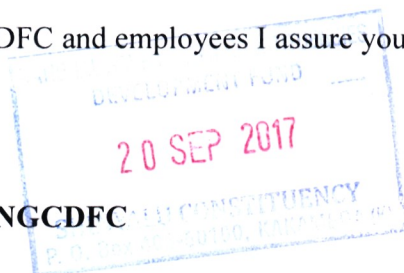
I take this opportunity to sincerely thank the NG CDF Board, NGCDFC and our key stakeholders for continued support.

On behalf of Shinyalu NGCDFC and employees I assure you of our total dedication and commitment in serving the community

Sign.....

Bonface Isalambo

CHAIRMAN SHINYALUNG CDFC



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – SHINYALU CONSTITUENCY

Reports and Financial Statements

For the year ended 30 June 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 NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Shinyalu NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on 30 June 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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.

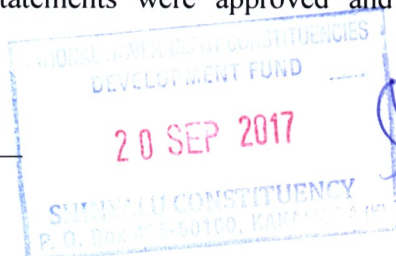
The Accounting Officer in charge of the Shinyalu NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). 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 30 June 2017, and of the NGCDF's financial position as at that date. The Accounting Officer charge of the Shinyalu 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 Shinyalu 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 20/9/ 2017.


Fund Account Manager




Chairman

REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Shinyalu Constituency set out on pages 1 to 29, which comprise the statement of assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Shinyalu 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 (Accrual 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 has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective manner.

Basis for Qualified Opinion

1. Unpresented Cheques

As at 30 June 2017, there were unpresented cheques totaling Kshs.6,573,779 all of which were stale but had not been reversed in the cash book.

In the circumstance, the cash book and bank balance of Kshs.6,573,779 did not disclose the correct cash position of NGCDF- Shinyalu as at 30 June 2017.

2. Use of Goods and Services

2.1 Committee Expense Variance

Included in the use of goods and services figure of Kshs.9,932,281 is Kshs.3,241,023 incurred on committee expenses. However, the balance does not tally with the item's aggregate figure of Kshs.3,706,000 derived from payment vouchers resulting to a variance of Kshs.464,977 as shown in the table below:

Date	P.V No.	Schedule Kshs.	Payment Vouchers Kshs.	Variance Kshs.
27/07/2016	11	388,000	400,000	12,000
	32	303,000	320,000	17,000
24/11/2016	47	276,730	320,000	43,270
28/12/2016	59	216,000	355,000	139,000
28/12/2016	57	354,000	410,000	56,000
3/1/2017	84	489,000	510,000	21,000
30/3/2017	96	216,000	231,000	15,000
6/7/2017	125	434,773	500,000	65,227
23/06/2017	127	285,260	340,000	54,740
23/06/2017	128	278,260	320,000	41,740
Total		3,241,023	3,706,000	464,977

No plausible explanation has been provided by management for the discrepancy.

2.2 Unsupported Expenditure

Payment vouchers totaling Kshs.312,000 shown below were not made available for audit verification.

Item	Date	Payee	P.V No	Amount Kshs.
Hospitality, Supplies and Services	30/3/2017	Robert Nyaundi	93	4,000
Hospitality, Supplies and Services	7/6/2017	Robert Nyaundi	110	8,000
Hospitality, Supplies and Services	23/6/2017	Robert Nyaundi	127	50,000
Fuel, Oil and Lubricants				250,000
Total				312,000

In the circumstance, the occurrence, accuracy, validity and propriety of the expenditures totaling Kshs.9,932,281 incurred on use of goods and services during the year under review cannot be confirmed.

3. Failure to Provide Expenditure Returns on Environmental and Agricultural Projects

Included in the other grants and transfers balance of Kshs.74,448,161 is Kshs.1,000,000 reportedly incurred on environmental and agricultural projects. However, no expenditure returns were availed for audit verification to confirm how the monies were utilized and accounted for.

In the absence of the returns, it is not possible to confirm the occurrence, validity and valuation of the expenditure amounting to Kshs.1,000,000 reported to have been incurred on environmental and agricultural projects during the year under review.

4. Uninspected and Certified Sports Items

Included in the other grants and transfers balance of Kshs.74,448,161 is expenditure amounting to Kshs.414,500 incurred on assorted sports items procured by the Fund from a local supplier. However, there was no inspection report or certificate issued to confirm that the goods delivered were of the right quality and quantity.

In the circumstance, the valuation and propriety of the expenditure of Kshs.414,500 incurred on other grants and transfers during the year under review cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Shinyalu 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 requirements applicable to performing audits of financial statements in Kenya. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matter described in the Basis for Qualified Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Budget Analysis

The Fund's approved budget reflected receipts of Kshs.200,681,983, with Kshs.118,785,431 of the balance being brought forward from 2015/16, but only received in Kshs.159,733,708 as shown below. In addition, the approved expenditure budget was for Kshs.200,681,983 but actual expenditure was Kshs.154,060,185 resulting on under-expenditure of Kshs.46,621,798. However, in five components namely compensation of employees, use of goods and services, transfers to other government units, other grants and transfers and acquisition of assets had unexplained unfavorable variances of between 32% and 79% as in the table below:

Receipt/Expense Item	Original Budget Kshs.	Adjustments Kshs.	Final Budget Kshs.	Actual on Comparable Basis Kshs.	Budget Utilization Difference Kshs.	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfers from CDF Board	81,896,552	118,785,431	200,681,983	159,733,708	40,948,275	79
Total	81,896,552	118,785,431	200,681,983	159,733,708	40,948,275	79
Payments						
Compensation of Employees	977,221	1,944,006	2,921,227	929,803	1,991,424	32
Use of goods and services	6,393,468	6,226,472	12,619,940	9,932,281	2,687,659	79
Transfers to Other Government Units	32,800,000	52,653,000	85,453,000	66,753,000	18,700,000	78
Other grants and transfers	41,725,863	55,961,953	97,687,816	74,448,161	23,239,655	76
Acquisition of Assets	0	2,000,000	2,000,000	1,996,940	3,060	99.8
Total	81,896,552	118,785,431	200,681,983	154,060,185	46,621,798	77

Management has not provided a plausible explanation for the under-expenditure.

2. Transfers to Other Government Units

2.1 Poor Implementation of Projects – Madioli Primary School

Included in the transfers to other Government units balance of Kshs.66,753,000 reflected in the statement of receipts and payments is kshs.1,000,000 disbursed to Madioli Primary School for construction of two standard classrooms. However, physical verification of the project revealed that the newly completed floor had pot holes in most of the areas, walls were poorly done and dirty, window glasses were broken or missing in some places and external walls were not completed.

No explanation has been provided by management for the poor workmanship.

3. Undisclosed Scope of Projects and Poor Quality Works

Included in the other grants and transfers balance of Kshs.74,448,161 is Kshs.3,800,000 incurred on security projects implemented by the Fund in various Wards of the Constituency during the year under review. However, no bills of quantities were availed to show the scope of the projects.

In addition, works on Virhembe Police Post, contracted at a price of Kshs.891,379, and which was fully paid for and reported as complete and in use, had no status report and was not operational. Further, the works were poorly done and the walls were not plastered.

In view of the poor workmanship evident and failure to disclose the scope of works, it is not possible to confirm that value-for-money was obtained from the investment of Kshs.891,379 spent on the project.

4. Missing Records on Procurement of Motor Vehicle

The acquisition of assets balance of Kshs.1,996,940 reflected in the statement of receipts and payments for the year under review was incurred on procurement of a motor vehicle. However, documentation on the expenditure and the fixed assets register were not availed for audit verification.

Consequently, it is not possible to confirm whether the vehicle was procured competitively and value-for-money was obtained on its purchase.

5. Project Implementation and Management

The Fund had budgeted to implement a total number of 65 projects valued at Kshs.87,275,017. However, the project implementation report indicates that only 24 projects valued at KShs. 23,078,465 had been completed as at 30 June 2017 while 41 projects valued at Kshs.64,196,552 were ongoing as outlined below:

Sector/Status	Budget		Completed		On going	
	No.	Kshs.	No.	Kshs.	No.	Kshs.
Sports	1	1,637,931	1	1,637,931	-	-
Primary Schools	40	28,000,000	7	2,500,000	33	25,500,000
Secondary Schools	10	7,400,000	5	3,100,000	5	4,300,000
Roads	2	3,376,965	2	3,376,965	-	-
Environment	1	1,637,931	-	-	1	1,637,931
Administration	1	4,913,793	1	4,913,793	-	-
M & E	1	2,456,897	1	2,456,897	-	-
Bursary	1	28,663,793	-	-	1	28,663,793
Emergency	1	4,094,828	-	-	1	4,094,828
Security	7	5,092,879	7	5,092,879	-	-
Total	65	87,275,017	24	23,078,465	41	64,196,552
% Implementation over Budget			37	26	63	74

In view of the foregoing, the Fund did not achieve its objectives for the year under review and thus failed to deliver all the services expected by the Shinyalu constituents.

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

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

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Government intends to liquidate the Fund or 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

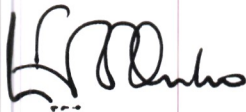
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

7 November 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
SHINYALU CONSTITUENCY**

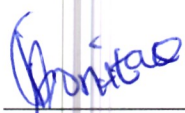
Reports and Financial Statements

For the year ended 30 June 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	109,421,013	121,092,136
TOTAL RECEIPTS		109,421,013	121,092,136
PAYMENTS			
Compensation of employees	2	929,803	693,994
Use of goods and services	3	9,932,281	8,974,195
Transfers to Other Government Units	4	66,753,000	16,504,430
Other grants and transfers	5	74,448,161	48,572,725
Acquisition of assets	6	1,996,940	5,626,000
TOTAL PAYMENTS		154,060,185	80,371,344
SURPLUS/DEFICIT		(44,639,172)	40,720,792

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The ShinyaluNGCDF financial statements were approved on 20/9/ 2017 and signed by:


Chairman - NGCDFC




Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
SHINYALU CONSTITUENCY**
Reports and Financial Statements
For the year ended 30 June 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	5,673,524	49,912,695
Total		5,673,524	49,912,695
Outstanding imprest		-	400,000
TOTAL FINANCIAL ASSETS		5,673,524	50,312,695
REPRESENTED BY			
Fund balance b/fwd 1st July...	8	50,312,695	9,591,903
Surplus/Deficit for the year		(44,639,172)	40,720,792
NET LIABILITIES		5,673,523	50,312,695

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Shinyalu NGCDF financial statements were approved on 20/9/ 2017 and signed by:



Chairman - NGCDFC





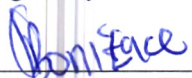
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017**

VI. STATEMENT OF CASHFLOW

		2016-2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	109,421,013	121,092,136
		109,421,013	121,092,136
Payments for operating expenses			
Compensation of Employees	2	(929,803)	(693,994)
Use of goods and services	3	(9,932,281)	(8,974,195)
Transfers to Other Government Units	4	(66,753,000)	(16,504,430)
Other grants and transfers	5	(74,448,161)	(48,572,725)
		(152,063,245)	(74,745,344)
Net cash flow from operating activities		(42,642,232)	46,346,792
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of assets	6	(1,996,940)	5,626,000
Net cash flows from Investing Activities		(1,996,940)	5,626,000
NET INCREASE IN CASH AND CASH EQUIVALENT		(44,639,172)	(40,720,792)
Cash and cash equivalent at BEGINNING of the year	8	50,312,695	9,591,903
Cash and cash equivalent at END of the year	7	5,673,523	50,312,695

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The ShinyaluNGCDF financial statements were approved on 20/9/ 2017 and signed by:



Chairman NGCDFC



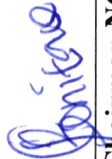


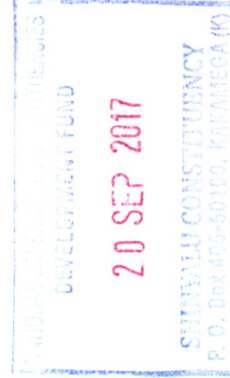
Fund Account Manager

Reports and Financial Statements
For the year ended 30 June 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	118,785,431	200,681,983	159,733,708	40,948,275	79
TOTAL	81,896,552	118,785,431	200,681,983	159,733,708	40,948,275	79
PAYMENTS						
Compensation of Employees	977,221	1,944,006	2,921,227	929,803	1,991,424	32
Use of goods and services	6,393,468	6,226,472	12,619,940	9,932,281	2,687,659	79
Transfers to Other Government Units	32,800,000	52,653,000	85,453,000	66,753,000	18,700,000	78
Other grants and transfers	41,725,863	55,961,953	97,687,816	74,448,161	23,239,655	76
Acquisition of Assets	-	2,000,000	2,000,000	1,996,940	3,060	99.8
TOTAL	81,896,552	118,785,431	200,681,983	154,060,185	46,621,798	77


Chairman NGCDF





Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the NGCDF and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the NGCDF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the NGCDF includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

CONSTITUENCIES DEVELOPMENT FUND – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

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 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 30 June, 2017.



CONSTITUENCIES DEVELOPMENT FUND – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

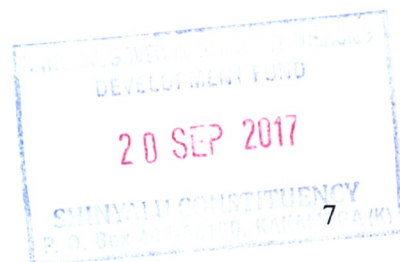
Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal allocation	839554	64,832,736.00	
	829995	4,094,828.00	
	839580	3,640,000.00	
	839660	36,853,449.00	
	790848		44,580,649
	724016		12,511,487
	820938		32,000,000
	825595		32,000,000
TOTAL		109,421,013.00	121,092,136.00

2. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	798,960	693,994
Gratuity	130,843	-
Total	929,803	693,994

3. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	270,356	-
Office rent	112,000	44,000
Communication, supplies and services		44,810
Hospitality supplies and services	820,873	-
Other committee expenses	1,041,000	882,030
Committee allowance	6,162,363	6,268,449
Office and general supplies and services	460,689	
Fuel ,oil & lubricants	900,000	650,000
Routine maintenance – vehicles and other transport equipment	165,000	-
Total	9,932,281	8,974,195



CONSTITUENCIES DEVELOPMENT FUND – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 -2016
	Kshs	Kshs
Transfers to primary schools	47,977,000	9,100,00
Transfers to secondary schools	12,700,000	4,200,000
Transfers to health institutions	6,076,000	3,204,430
-TOTAL	66,753,000	16,504,430

5. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary – secondary schools	30,275,000	583,300
Bursary – tertiary institutions	10,681,000	5,907,000
Bursary – special schools	330,000	20,000
Mocks & CAT	500,000	1,000,000
Water	4,500,000	-
Electricity projects	0	1,500,000
Agriculture projects	1,000,000	400,000
Security projects	4,691,379	2,000,000
Roads projects	12,138,498	31,542,683
Sports projects	2,493,100	2,318,788
Other capital grants and transfer-ENVIRONMENT	1,000,000	-
Emergency Projects	6,839,184	3,300,954
Total	74,448,161	48,572,725

6. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2016 - 2017	2015- 2016
	Kshs	Kshs
Purchase of Vehicles	1,996,940	5,626,000
Total	1,996,940	5,626,000



7: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015- 2016
	Kshs	Kshs
Cooperative Bank of Kenya A/c No. 01120098471300	5,673,524	49,912,695
	5,673,524	49,912,695

CONSTITUENCIES DEVELOPMENT FUND – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2016 - 2017 Kshs	2015 - 2016 Kshs
Bank accounts	49,912,695	9,141,903
Imprest	400,000	450,000
Total	50,312,695	9,591,903

9. OTHER IMPORTANT DISCLOSURES

9.1: OTHER PENDING PAYABLES

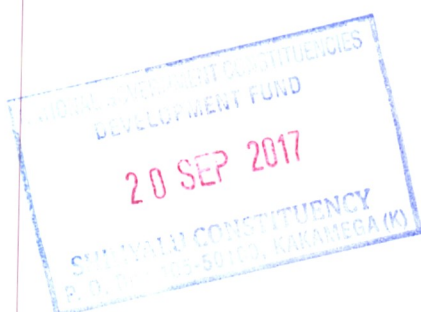
	Kshs 2016-2017	Kshs 2015-2016
Amounts due to other Government entities (Annex 2)	22,086,106	56,039,106
Amounts due to other grants and other transfers (Annex 2)	20,563,127	53,285,425
	42,649,233	109,324,531

9.2: PMC account balances)

	Kshs 2016-2017	Kshs 2015-2016
PMC account Balances(See Annex 3)	15,064,259.92	-
	15,064,259.92	-

9.3: Pending disbursement from the CDF Board

	Kshs 2016-2017	Kshs 2015-2016
Amount owed	40,948,275	68,472,736
	40,948,275	68,472,736



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Transport equipment	11,702,190.00	9,705,250.00
Office equipment, furniture and fittings	18,600.00	18,600.00
ICT Equipment, Software and Other ICT Assets	424,600.00	424,600.00
Other Machinery and Equipment	47,000.00	47,000.00
Total	12,192,390.00	10,195,450.00

SHINYALU CONSTITUENCY DEVELOPMENT FUND
 20 SEP 2017
 SHINYALU CONSTITUENCY
 P.O. BOX 305-50100, KARAMEGA (K)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

ANNEX 2 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1. Mashindu primary		300,000.00	-	-	300,000.00	-	Still with Board
2. Handindi primary		200,000.00	-	-	200,000.00	-	Still with Board
3. Ivono primary		1,000,000.00	-	-	1,000,000.00	-	Still with Board
4. Shina primary		300,000.00	-	-	300,000.00	-	Still with Board
5. Irobo primary		500,000.00	-	-	500,000.00	-	Still with Board
6. Shanyinya primary		500,000.00	-	-	500,000.00	-	Still with Board
7. Ishieyu Primary		1,000,000.00	-	-	1,000,000.00	-	Still with Board
8. St. Augustine Mukumu Boys Boarding primary		500,000.00	-	-	500,000.00	-	Still with Board
9. Shidodo primary		200,000.00			200,000.00		Still with Board
10. Shipalo primary		500,000.00			500,000.00		Still with Board
11. Iloro primary		500,000.00			500,000.00		Still with Board
12. Ivuyi primary		300,000.00			300,000.00		Still with Board
13. Shitsava primary		1,000,000.00			1,000,000.00		Still with Board
14. Wanzalala Primary		1,000,000.00			1,000,000.00		Still with Board
15. Murhanda primary		1,000,000.00			1,000,000.00		Still with Board
16. Shivakala primary		600,000.00			600,000.00		Still with Board
17. Lirhanda Mixed primary		600,000.00			600,000.00		Still with Board
18. Senyende primary		300,000.00			300,000.00		Still with Board
19. Injira primary		200,000.00			200,000.00		Still with Board
20. Mukango primary		600,000.00			600,000.00		Still with Board
21. Bulovi secondary		1,000,000.00			1,000,000.00		Still with Board
22. St.Philips Inolomosio Secondary		500,000.00			500,000.00		Still with Board
23. St. Joseph Malimili Secondary		300,000.00			300,000.00		Still with Board

NATIONAL GOVERNMENT ENTITY –SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017(Kshs'000)

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
24. Musingu Day Mixed Secondary		800,000.00			800,000.00		Still with Board
25. St.Gabriel Mundulu Secondary		1,000,000.00			1,000,000.00		Still with Board
26. Friends School Likhovero Secondary		200,000.00			200,000.00		Still with Board
27. Friends School Shitochi Secondary		300,000.00			300,000.00		Still with Board
28. Lugala Secondary School		500,000.00			500,000.00		Still with Board
29. Ivakale Secondary school		2,000,000.00			2,000,000.00		Still on CDFC account
30. Khayega primary		1,000,000.00			1,000,000.00		Still on CDFC account
Sub-Total		18,700,000			18,700,000		
Amounts due to other grants and other transfers							
31. Ilesi Assistant Chief's Office		850,000.00			850,000.00		Still with Board
32. Murhanda Assistant Chief Office		850,000.00			850,000.00		Still with Board
33. Khayega Assistant chief office		850,000.00			850,000.00		Still with Board
34. Kambiri Assistant Chief's Office		850,000.00			850,000.00		Still with Board
35. Ivihiga Assistant Chief's Office		800,000.00			800,000.00		Still with Board
36. Sports		1,637,931.00			1,637,931.00		Still with Board
37. Environment		637,931.00			637,931.00		Still with Board
38. Social security programme		2,800,000.00			2,800,000.00		Still with Board
39. Bursary		13,963,793.00			13,963,793.00		Still with Board
Sub-Total		23,239,655.00			23,239,655.00		
Grand Total		41,939,655.00			41,939,655.00		

GOVERNMENT OF KENYA
 DEPARTMENT OF FINANCE
 20 SEP 2017
 SHINYALU CONSTITUENCY
 P. O. Box 405-50100, KAKAMEGA (K)

NATIONAL GOVERNMENT ENTITY – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017 (Kshs'000)

ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2017

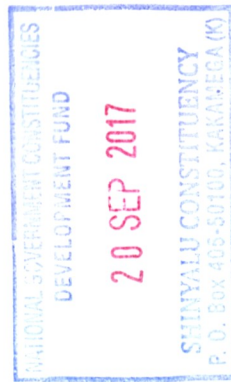
PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Busulwa Primary School	Cooperative	01139165040800	800	0
Friends School Lukusi Secondary	Cooperative	01100033619500	3,000	0
Friends School Shilyalyo	Cooperative	01139165359202	500,000	0
Ihondolo Primary School	Cooperative	01139631733100	1,000,900	0
Iloro Primary School	Cooperative	01100165626000	2,000	0
Itenyi Primary School	Cooperative	01141165048100	94,810	0
Ivakale Primary School	Cooperative	01109165107100	1,000	0
Lirhanda Mixed Primary School	Cooperative	01139167559901	4,5000	0
Lugango Primary School	Cooperative	01109023471300	1,000	0
Luvini PAG Primary School	Cooperative	01139631627602	1,000	0
Lwanda Secondary School	Cooperative	01139167256501	2,000	0
Madioli Primary School	Cooperative	01139165666900	1,000	0
Mukhonje Primary School	Cooperative	01139165074201	1,000	0
Magakha PAG Primary School	Cooperative	0113963264400	2,000	0
Muleche Primary School	Cooperative	01139165051000	1,000	0
Mundulu Primary School	Cooperative	01139165050601	1,000	0
Murhanda Secondary School	Cooperative	01139545688902	75	0
Shanda Primary School	Cooperative	01139166529300	1,000	0

NATIONAL GOVERNMENT ENTITY –SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017(Kshs'000)

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Shanderema Primary School	Cooperative	01109165042100	2,000	0
Shavirotisi Primary School	Cooperative	01139165058101	4,742	0
Shilyalyo Primary School	Cooperative	01139165080900	2,000	0
Shinyalu Constituency Environment PMC	Cooperative	01141632733800	1,000,000	0
Shinyalu Constituency Health PMC	Cooperative	01141632683800	6,076,000	0
Shinyalu Constituency Water PMC	Cooperative	01141632683900	4,500,000	0
Shinyalu Security PMC	Cooperative	0113463223600	489,000	0
Shitochi Primary School	Cooperative	01100033917500	92,066.35	0
Solyo Primary School	Cooperative	01141545043300	427,612.07	0
St. Albert Shanjero Primary School	Cooperative	0113902357900	3,790	0
St. Annes Ikuywa Secondary School	Cooperative	0113902357900	1,000	0
St. Gerald Shanjero Secondary School	Cooperative	01139165032901	700,000	0
St. Joseph's Mukulusu Secondary School	Cooperative	01139165082400	1,000	0
Irobo Primary School	Cooperative	01139632241100	6,462.50	0
St. Monica Lubao Secondary School	Equity	0500263316847	1,000	0
St. Monica Lugose Secondary School	Cooperative	01139632639600	1,000	0
St. Paul's Shibuye Boys Primary School	Cooperative	01120098471300	2,000	0
St. Peter's Shirulu Primary School	Cooperative	01139165820500	1,000	0
Virhembe Police Post	Cooperative	011200098471300	90,000	0

NATIONAL GOVERNMENT ENTITY –SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017(Kshs'000)

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Wakukha Primary School	Cooperative	011396326390600	2,000	0
Wanzalala Primary School	Cooperative	01139632628100	2,000	0
Shikulu Primary School	Cooperative	01109165043300	1,000	0
			15,064,257.92	

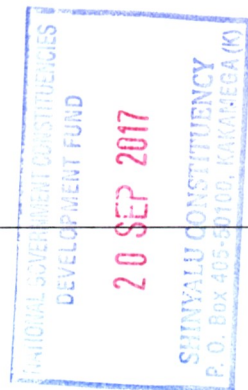


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017

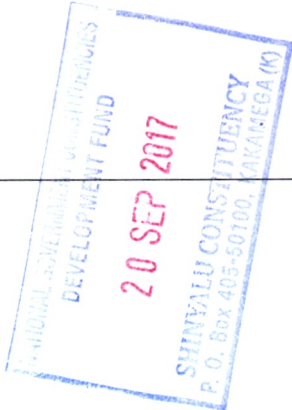
ANNEX 3: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)
	As at May 2015, five projects allocated kshs.5, 200,000.00 were either abandoned or had stalled while the implementation of twenty four others allocated kshs.8, 900,000.00 had not actually commenced	The Project Implementation Status report was erroneously captured since there is no any project that is abandoned or stalled. We clarify that there was delay in the disbursement of funds from the CDF Board but now the projects have been funded and implemented	Fund Account Manager	Resolved	Resolved
	Unexplained variance of Kshs.2, 711,687.00 on committee Expenses	It is true the fund spent a total of kshs 7,991,687.00 on committee expenses and the expenditure was fully supported	Fund Account Manager	Resolved	Resolved
	The NG-CDF Shinyalu Constituency had three (3) number of employees, all earning gross salary ranging between Kshs. 15,000 to 21,000 per month and eligible for	It is true that the NHIF contributions we were remitting for our employees was Kshs.180.00 this is because we had not received communication from the NHIF regarding the new rates. However, immediately we	Fund Account Manager	Resolved	Resolved



NATIONAL GOVERNMENT ENTITY –SHINYALU CONSTITUENCY
Reports and Financial Statements
For the year ended 30 June 2017(Kshs'000)

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)
	<p>deduction of National Hospital Insurance Fund (NHIF) of Kshs. 600 and Kshs. 750 respectively. However, it was noted that the Fund deducts only Kshs. 180 across board on three staff thus going against the NHIF regulations 2015 legal notice No. 14, which states that effective 1st April 2015 any employee earning a gross income ranging from Kshs. 15,000 to 19,999 should pay a premium of Kshs. 600 per month and those earning a gross income between Kshs. 20,000 and Kshs. 24,999 be deducted Kshs. 750 per month. In the circumstances, the fund is in breach of the law which will attract avoidable expenses in terms of penalties.</p>	<p>received their circular we effected the new rates as from 1st August, 2016. Employees have been getting adequate services.</p>			



NATIONAL GOVERNMENT ENTITY –SHINYALU CONSTITUENCY

Reports and Financial Statements

For the year ended 30 June 2017(Kshs'000)

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)
	<p>Stale cheques totalling Kshs. 4,683,108 which have not been reversed back to cash book as at end of 30th June, 2016 as required in good book keeping practice. In the circumstances, it was not possible to ascertain accuracy of the cash and cash equivalents balance reported in the financial statements as at 30 June 2016.</p>	<p>It is true NGCDF Shinyalu had stale cheques amounting to Kshs.7, 020, 108.00 as at the end of 30th June, 2016.NGCDF Shinyalu convened a NGCDF meeting on 30th December,2016 in which the bursary stale cheques was among the agendas. The NGCDFC made a resolution vide Min No.SHY/CDF/11/30/12/2016 regarding the same, where members resolved to award bursaries to the new needy cases . We further, clarify that we implemented the NGCDFC resolution</p>	Fund Account Manager	Resolved	Resolved

Prepared by:



Robert G. Nyaundi
(Fund Account Manager)
Shinyalu Constituency



THE NATIONAL TARIFF BOARD GENERAL RECEIPT	
DATE RECEIVED 1918	BY [Signature]
TO [Name]	OF [Address]
FOR [Description]	VALUE [Amount]
RECEIVED BY [Signature]	OFFICIAL [Signature]