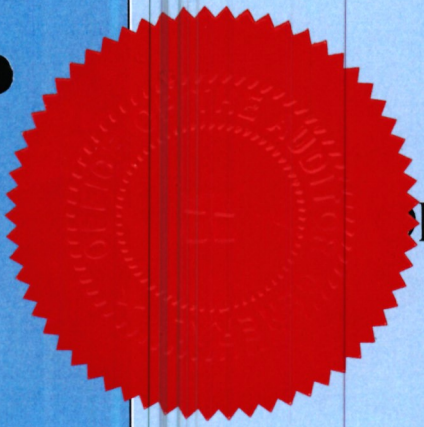


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

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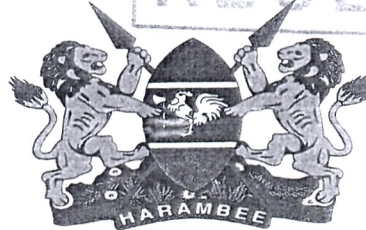
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
KIAMBAA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



RECEIVED

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KIAMBAA 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)

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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, NG-CDF 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 development Agenda at the constituency level.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Alex .M.Kioko
3.	Accountant	Peter Ngige

(d) Fiduciary Oversight Arrangements

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

*NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIAMBAA
CONSTITUENCY*

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

(e) KIAMBAA NG-CDF HEADQUARTERS

P.O. Box 86 Karuri 00219
CDF Building Banana
Behind DO Office Karuri
Kiambu, Kenya.

(f) KIAMBAA NG-CDF Contacts

Telephone: (254) 02045227287
E-mail: Kiambaacdf@gmail.com
Website: www.Kiambaacdf.go.ke

(g) KIAMBAA NG-CDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya.
2. Cooperative Bank of Kenya
Ruaka branch
P.O. Box
Village market 00200
Nairobi, 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- KIAMBAA
CONSTITUENCY*

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

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

IPSAS is a way for providing high-quality transparent financial statements and, more importantly, enabling sound public-finance management and improving operational performance.

Kiambaa NG-CDF had an approved budget of **Kshs. 81,896,552** in the Financial Year 2016/2017. Our budget utilisation stands at 99%. We applaud the NG-CDF Board for the timely disbursement of funds which has been the pillar to our implementation status and we are looking forward to continued support.

Security and education sector related projects constitute our preponderance projects successfully implemented through the NG-CDF Kitty in addition to bursary. These projects have contributed positively to the livelihoods of the Kiambaa residents.

Kiambaa NG-CDF noted improved **Transition Rate** from primary level to secondary level as a result of construction/rehabilitation of new public secondary schools in the constituency and improved **Retention Rate** of students both in secondary schools and tertiary institutions due to timely award of bursaries to the needy and bright students.

However, these have been achieved with a lot of emerging issues such as high expectations from the public versus low NG-CDF funding and continued misconception by the public in regard to NG-CDF funds which they view it as a political fund.

Kiambaa constituency has however experienced some implementation challenges. Key among them, increased incidents of public land grabbing leaving no space for development, inadequate record keeping for the NG-CDFC/PMCs, Low capacity for the NG-CDFC/PMCs which can be curbed by collaboration with the Ministry of Lands to curtail land grabbing and increased funding by the NG-CDF Board to cater for regular trainings for the NG-CDFC/PMCs respectively.

Sign


CHAIRMAN NG-CDFC

*NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIAMBAA
CONSTITUENCY*

Reports and Financial Statements

For the year ended June 30, 2017

III. STATEMENT OF NG-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 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

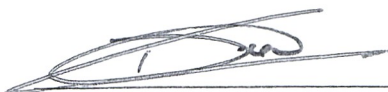
The Accounting Officer in charge of the Kiambaa National Government Constituency Development Fund is responsible for the preparation and presentation of the Kiambaa NG-CDF financial statements, which give a true and fair view of the state of affairs of the Kiambaa NG-CDF for and as at the end of the financial year (period) ended on June 30, 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 *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 the Kiambaa NG-CDF accepts responsibility for the *NG-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 *NG-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, 2017, and of the *NG-CDF*'s financial position as at that date. The Accounting Officer in charge of the Kiambaa NG-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 the Kiambaa NG-CDF confirms that the *NG-CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NG-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 *NG-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 Kiambaa *NG-CDF*'s financial statements were approved and signed by the Accounting Officer on _____ 2017.



Fund Account Manager



Chairman NG-CDFC

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KIAMBAA 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 - Kiambaa Constituency set out on pages 5 to 22, which comprise the statement of assets as at 30 June 2017, 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. 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 National Government Constituencies Development Fund - Kiambaa 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 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 sections 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 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 - Kiambaa 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 Constituencies Development Fund
- Kiambaa 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 matter described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Bank Balances – Stale Cheques

The statement of assets reflects a bank balance of Kshs.1,387,953 as at 30 June 2017. However, a review of bank reconciliation statements showed that included as part of reconciling items are un-presented cheques totalling to Kshs.1,538,469 out of which cheques amounting to Kshs.236,000 were already stale as at 30 June 2017, and could not be presented to the bank for payment. No reason was provided why it has taken so long to reverse these cheques into the cashbook. Consequently, the accuracy of bank balances of Kshs.1,387,953 as at 30 June 2017 could be confirmed.

2. Over Expenditure on Projects

Note 6 to the financial statements reflects transfer to other government entities figure of Kshs.52,500,000 out of which Kshs.43,800,000 was disbursed to thirteen (13) primary schools. The balance of Kshs.43,800,000 incurred includes Kshs.10,423,055 for construction of projects in Gatatha and Kingothua primary schools.

However, scrutiny of records revealed that the CDF management awarded the contracts at the cost of Kshs.3,968,795 and Kshs.6,454,260 against approved budget provision of Kshs.3,000,000 and Kshs.5,500,000 respectively resulting in an over expenditure of Kshs.1,923,055 above the budget ceiling. No documentary evidence for the over expenditure was provided indicating that the CDF management obtained prior approval from the NG-CDF Board as stipulated in Section 6(2) of the National Government Constituencies Development Fund Act, 2015. The CDF was therefore in breach of the law.

3. Unverified Procurement and Award of Contracts

Records maintained by the Kiambaa CDF during the year under review, indicated that thirteen (13) primary school projects were implemented at a total cost of Kshs.43,800,000, out of which a total of Kshs.20,700,095 was towards four (4) projects in Gatatha, Muongoiya, Kibubuti and Kingothua primary schools. However, tender opening and evaluation minutes and original bills of quantities (BQs) in respect of the four (4) projects were not presented for audit verification. As a result, it has not been possible to establish how the contractors were identified, contracts awarded and cost determined for the following projects:

Project Name	Project Activity	Contract Sum Kshs.
Gatatha Primary School	Construction of 15 door aqua exhaustible toilets, terrazzo flooring and painting of 15 classrooms	6,454,260
Muongoiya Primary School	Construction of 15 door aqua exhaustible toilets, terrazzo flooring and painting of 15 classrooms	6,637,170
Kibubuti Primary School	Renovation and compound gravelling/murraming	3,639,870
Kingothua Primary School	Renovation and compound murraming	3,968,795
Total		20,700,095

As a result, the regularity of the expenditure of Kshs.20,700,095 incurred on the projects during the year ended 30 June 2017, could not be confirmed.

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 the Government 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. 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.

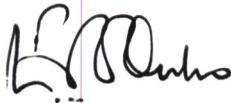
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 to 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 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

07 November 2018

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIAMBAA
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 CDF board-AIEs' Received	1	81,896,552	101,274,040
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		81,896,552	101,274,040
PAYMENTS			
Compensation of employees	4	2,599,828	1,300,000
Use of goods and services	5	7,325,500	3,895,438
Transfers to Other Government Units	6	52,500,000	61,750,040
Other grants and transfers	7	41,275,302	24,501,520
Acquisition of Assets	8	-	8,800,000
Other Payments	9	-	1,300,000
TOTAL PAYMENTS		103,700,630	101,546,998
SURPLUS/DEFICIT		(21,804,078)	(272,958)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kiambaa NG-CDF financial statements were approved on _____ 2017 and signed by:



Chairman – NG-CDFC



Fund Account Manager

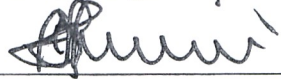
*NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIAMBAA
CONSTITUENCY*

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

V. STATEMENT OF ASSETS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	1,387,953	23,192,031
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		1,387,953	23,192,031
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	23,192,031	23,464,989
Surplus/Deficit for the year		(21,804,078)	(272,958)
Prior year adjustments	14	-	-
NET LIABILITIES		1,387,953	23,192,031

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kiambaa NG-CDF financial statements were approved on _____ 2017 and signed by:


Chairman – NG-CDFC


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KIAMBAA
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 CDF Board	1	81,896,552	101,274,040
Other Receipts	3	-	-
		81,896,552	101,274,040
Payments for operating expenses			
Compensation of Employees	4	2,599,828	1,300,000
Use of goods and services	5	7,325,500	3,895,438
Transfers to Other Government Units	6	52,500,000	61,750,040
Other grants and transfers	7	41,275,302	24,501,520
Other Payments	9	-	1,300,000
		103,700,630	92,746,998
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(21,804,078)	8,527,042
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	8,800,000
Net cash flows from Investing Activities		-	(8,800,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		(21,804,078)	(272,958)
Cash and cash equivalent at BEGINNING of the year	13	23,192,031	23,464,989
Cash and cash equivalent at END of the year		1,387,953	23,192,031

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kiambaa NG-CDF financial statements were approved on _____ 2017 and signed by:


Chairman NG-CDFC


Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KIAMBAA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 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	23,192,031	105,088,583	105,088,583	(0)	100%
Proceeds from Sale of Assets			-	-	-	
Other Receipts			-	-	-	
TOTAL	81,896,552	23,192,031	105,088,583	105,088,583	(0)	100%
PAYMENTS						
Compensation of Employees	2,000,000	600,000	2,600,000	2,599,828	172	100%
Use of goods and services	4,901,724	2,423,276	7,325,000	7,325,500	(500)	100%
Transfers to Other Government Units	38,800,000	13,700,000	52,500,000	52,500,000	-	100%
Other grants and transfers	36,194,828	6,468,755	42,663,583	41,275,302	1,388,281	97%
Acquisition of Assets	-	-	-	-	-	
Other Payments	-	-	-	-	-	
TOTAL	81,896,552	23,192,031	105,088,583	103,700,630	1,387,953	99%

The Kiambaa NG-CDF financial statements were approved on 2017 and signed by:


 Fund Account Manager

Chairman CDF

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* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

*NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KIAMBAA
CONSTITUENCY*

Reports and Financial Statements

For the year ended June 30, 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

7. Comparative figures

Where necessary comparative figures for the previous financial year have been amended and 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 – KLAMBAA
CONSTITUENCY

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	AIE NO.	2016 - 2017	2015 - 2016
		Kshs	Kshs
Normal Allocation	AMOUNT		
	A829595	4,094,828	
	A839599	36,853,449	
	A855220	35,348,275	
	A855610	5,600,000	
	A796276		10,000,000
	A724240		10,000,000
	A820573		10,000,000
	A820808		20,000,000
	A825729		51,274,040
Conditional grants			-
Receipt from other Constituency		-	
TOTAL		81,896,552	101,274,040

2. PROCEEDS FROM SALE OF ASSETS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2016-2017	2015 - 2016
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	2,599,828	1,300,000
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport Allowance	-	-
Leave Allowance	-	-
Other Personnel Payments	-	-
Employer Contribution To NSSF	-	-
Gratuity	-	-
Total	2,599,828	1,300,000

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5. USE OF GOODS AND SERVICES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	290,690	250,000
Office rent	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	139,493	120,000
Printing, advertising and information supplies & services	108,617	93,438
Rentals of produced assets	-	-
Training expenses	1,000,000	200,000
Hospitality supplies and services		
Other committee expenses	2,098,500	1,677,000
Committee allowance	3,480,200	1,376,000
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	208,000	179,000
Fuel ,oil & lubricants	-	-
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
Total	7,325,500	3,895,438

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools	43,800,000	44,100,000
Transfers to secondary schools	7,600,000	17,650,000
Transfers to Tertiary institutions	1,100,000	
Transfers to Health institutions	-	
TOTAL	52,500,000	61,750,000

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2016- 2017	2015 - 2016
	Kshs	Kshs
Bursary -Secondary	10,720,981	7,000,000
Bursary -Tertiary	5,241,368	3,320,000
Bursary-Special Schools	7,862,053	308,000
Mocks & Cat		
Water	-	
Agriculture (Food Security)	-	
Electricity Projects	-	
Security	8,800,000	600,000
Roads	-	6,300,000
Sports	2,625,450	
Environment	2,025,450	1,913,000
Other Capital Grants And Transfer	-	
Kiambaa Registrar Of Persons And Treasury Project	2,500,000	
Cianda High School	300,000	
Muchatha High School	300,000	
ST. Andrew Ndenderu Secondary School	300,000	
Kiambaa Mixed Secondary School	300,000	
Thimbigua Secondary School	300,000	5,060,000
Total	41,275,302	24,501,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2016 - 2017	2015 - 2016
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	8,800,000
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of Office furniture and fittings	-	-
Purchase of computers ,printers and other IT equipment	-	-
Purchase of photocopier	-	-
Purchase of other office equipment	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
Total	-	8,800,000

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9. OTHER PAYMENTS

9 Other Payments	2016 - 2017	2015 - 2016
Muchatha market	-	
Muchatha boda boda sheds	-	
Kiambaa playing field	-	1,300,000
TOTAL	-	1,300,000

10A. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs (30/6/2017)	Kshs (30/6/2016)
<i>Cooperative Bank, Ruaka Branch A/C No.01141475527500</i>	1,387,953	23,192,0
	-	
Total	1,387,953	23,192,0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B. CASH IN HAND

	2016 - 2017	2015 - 2016
	Kshs (30/6/2017)	Kshs (30/6/2016)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
Total	-	-

11. OUTSTANDING IMPRESTS

Name of Officer	Date imprest taken	Amount Taken	Amount Surrendered	Balance (30/6/2017)
		Kshs	Kshs	Kshs
			-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. RETENTION

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	

13. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs (1/7/2016)	Kshs (1/7/2016)
Bank accounts	23,192,031	23,464,980
Cash in hand	-	
Imprest		
Total	23,192,031	23,464,980

14. PRIOR YEAR ADJUSTMENTS

	2016-2017	2015 - 2016
	Kshs	Kshs
Bank accounts	-	
Cash in hand	-	
Imprest	-	
Total	-	

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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2016- 2017	2015 - 2016
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	-	-

15.3: OTHER PENDING PAYABLES (See Annex 3)

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

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	2,852,635	-
	2,852,635	-

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2016	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to other grants and other transfers							
4.							
5.							
6.							
Sub-Total							
Sub-Total							
Others (specify)							
7.							
8.							
9.							
Sub-Total							
Grand Total							

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	-	-
Buildings and structures	26,476,000.00	26,476,000
Transport equipment	-	-
Office equipment, furniture and fittings	1,912,000.00	1,912,000
ICT Equipment, Software and Other ICT Assets	738,000.00	738,000
Other Machinery and Equipment		
Heritage and cultural assets		
Intangible assets		
Total	29,126,000.00	29,126,000

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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17
Kiambaa Mixed secondary school	Co-operative	01141475674500	37,897.80
St. Andrews Ndenderu secondary school	Co-operative	01141475610200	450,008.00
Muchatha Zone primary school project	Co-operative	01141700514700	12,678.00
Gatono primary school	Co-operative	01141700585900	234,898.00
Kibubuti Primary School	Co-operative	01141475645800	4,800.00
Kawaida primary school	Co-operative	01141475563200	3,898.00
Gachie Primary school	Co-operative	01141475673400	120,898.90
Karura Primary school	Co-operative	01141475861800	4918.50
Gacharage Primary school	Co-operative	01141475622900	179,980.00
Kamuiru primary school	Co-operative	01141475762200	1,195.00
Muongoiya Primary school	Co-operative	01141475837000	7743.50
Gatatha Primary school	Co-operative	01141475852500	851.50
Kibathi primary school	Co-operative	01141470065700	718,000.00
Kingothua primary school	Co-operative	01141475853600	1231.50
KMTC Karuri	Co-operative	01141475643200	48,981.50
Kiambaa CDF Environment Programme	Co-operative	01141475664800	30,593.00
Kiambaa Football league	Co-operative	01141475837200	580.70
Kirienye AP Post	Co-operative	01141700538600	3775.00
Kiambaa Chief Office	Co-operative	01141700782200	450,218.00
Karuri Police Post	Co-operative	01141475397600	501,590.00
Kiambaa Mixed secondary school	Co-operative	01141475674500	37,897.80
Total			2,852,635.00

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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)
1	Accuracy and completeness of financial statements as at 30 th June 2015, since it didn't not include a statement of cashflow, statement of comparative budget and trial balance as required by IPSAS	The initial format didn't include the statements but later the cashflow, statement of comparative budget and trial balance was done	Fund Account Manager	resolved	
2	Unsupported expenditure totalling to 11,888,443 could not be confirmed	Corrected schedules was done	Fund Account Manager	resolved	
3	Understatement of Acquired assets amounting to 1,905,300	Corrected financial statement was done	Fund Account Manager	resolved	
4	Project implementation without technical supervision	The project had been implemented through material labour method but when it didn't work full contracting was adopted and public works officer issued completion certificate	Public works department	resolved	