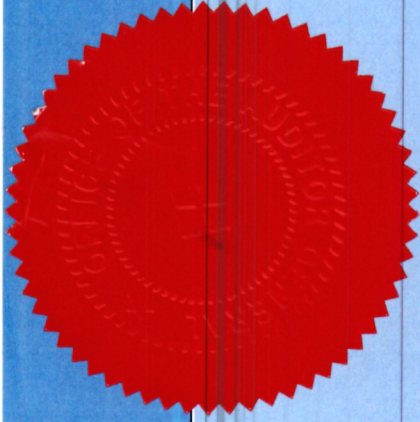


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



PARLIAMENT
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REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 21 NOV 2018	DAY: Wed
TABLED BY:	The Hon. Aden Duale, ECET, MP
CLERK-AT THE-TABLE:	M. Njau

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND OL-KALOU CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI

29 SEP 2017

RECEIVED



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-

OL-KALOU CONSTITUENCY (091)

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)

01/09/2017

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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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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 *Ol-Kalou 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	Ludovick Ngera
3.	Accountant	Monicah Gikeri

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Olkalou Town 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-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) Ol-Kalou CONSTITUENCY NG-CDF

P.O. Box 402-20303 Olkalou
Wariire Building
Olkalou-Nakuru Road
Nyandarua, KENYA

(f) Ol-Kalou NG-CDF Contacts

Telephone: (254)
E-mail:olkalou@NG-CDF.go.ke

(g) Ol-Kalou NG-CDF Bankers

1. Equity Bank
Olkalou Branch
Po box 215-20303
Olkalou

(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

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

The NG-CDFC Ol-Kalou was able to achieve well over 80% of the budget during the financial year under review. This achievement was facilitated by the combined cooperation between all the stakeholders.

The major achievements is witnessed in construction of classrooms, dormitories, security projects, roads grading and massive award of bursaries to needy students in the constituency. Despite several projects having been taken over by the devolved units, a majority of residents feel that some projects like water and health should have remained with the NG-CDFC.

Going forward, we request that funds be disbursed to the NG-CDFCs in one batch to ensure more timely implementation of projects, this will enhance our planning, reduce baggage of piecemeal procurement and help deflate political tensions prevalent in areas that do not get first priority when received partial allocation i.e. received.

However, let me take this this opportunity to thank the NG-CDF Board for effort on funds distribution because this year we have witnessed an improvement from the situation experienced in previous year.

Sign 

CHAIRMAN NG-NG-CDFC

I. 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 NG-CDF shall prepare financial statements in respect of that NG-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.

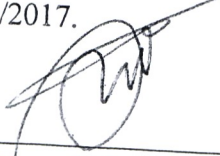
The Accounting Officer in charge of the Ol-kalou NG-CDF is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and as at the end of the financial year (period) ended on June 30, 2017. This 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 Ol-kalou 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 Ol-kalou 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.

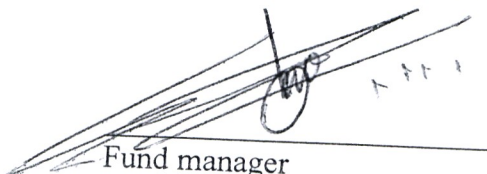
The Accounting Officer in charge of the Ol-kalou NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's funds received during the year under audit were used for the eligible purposes 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 *NG-CDF's* financial statements were approved and signed by the Accounting Officer on 7/7/2017.



Chairman-NG-CDF



Fund manager

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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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 OL-KALOU 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–Ol Kalou Constituency set out on pages 6 to 30, 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, in all material respects, the financial position of National Government Constituencies Development Fund–Ol Kalou 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, except for the matter described in the Other Matter section of my report, based on the procedures performed, 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 – Ol Kalou 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.

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

Other Matter section, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Construction of Olkalou NG-CDF offices–Tender No. NYA/NGOLK DF/04/2015/2016

Award of Tender

Included in the acquisition of assets figure of Kshs.16,378,523 as disclosed in note 9 to the financial statements is construction of buildings amount of Kshs.15,555,623 out of which Kshs.15,536,265 was paid to a construction company for construction of Olkalou CDF offices. Records indicate that the company was awarded the tender on 11 May 2016 at a contract sum of Kshs.15,337,710 following an open tendering process. However, no contract agreement signed between the contractor and the CDF was provided for audit verification. Information available revealed that the contractor was issued with a local service order to carry out the works instead of contract agreement. Therefore, the terms of payments and contract duration could not be determined.

Progress of works

A review of progress of works carried out in July 2018 revealed that the percentage of works completed was about 60% against actual amount paid to the contractor of Kshs.15,536,265 or 101% of the contract sum equivalent to value of works certified despite the construction being incomplete. The management has not given justification for the apparent and irregular over payment. Further, according to appraisal report on the project prepared by the Ministry of Public Works officials, some unspecified works had been omitted in the original bill of quantities during the tendering process which require additional funding estimated to be more than Kshs.14,000,000 for the project to proceed to completion. It was however not clear why such significant omissions were not taken into account by the technical department before commencement of works. In addition, the CDF management has not provided explanation for the unsatisfactory handling of the project

Consequently, the legality and effectiveness of the expenditure of Kshs.15,536,265 so far spent on the project as at 30 June 2017 could not be confirmed.

2. Water Projects

Included in the other grants and other payments figure of Kshs.93,043,629 as disclosed in note 7 to the financial statements is water projects amount of Kshs.3,200,000. However, no expenditure returns and other relevant documentation in respect of six (6) water projects which received a total of Kshs.2,200,000 listed below for audit verification:

PV No.	Date	Project Name	Amount (Kshs)	Project Activity
68	10/11/2016	Githunguri Water	200,000	Trench Digging and piping
68	10/11/2016	Manyatta Kidawa Water	300,000	Trench Digging and piping
68	10/11/2016	Bosnia Water	200,000	Trench Digging and piping
68	10/11/2016	Kahuho Water Project	500,000	Buying of pipes and digging of trenches
68	10/11/2016	Munyeki Water Project	800,000	Trench Digging & pipping of intake tank
68	10/11/2016	Mwireri Water Project	200,000	Trench Digging and pipping
		Total	2,200,000	

Consequently, the legality and effectiveness of the expenditure of Kshs.3,200,000 for the year ended 30 June 2017, could not be confirmed.

3. Security Projects

Included in the other grants and other payments figure of Kshs.93,043,629 as disclosed in note 7 to the financial statements is security projects amount of Kshs.10,700,000. However, procurement records such as tender opening, evaluation and award minutes and other expenditure returns were not submitted by the project management committees to the CDF office contrary to Section 43(9) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the legality and effectiveness of the expenditure of Kshs.10,700,000 for the year ended 30 June 2017 could not be confirmed.

4. Failure to Consult Relevant Government Departments on Project Costs and Implementation

During the financial year 2016/2017, the Ol'kalou NG CDF disbursed a total of Kshs.98,839,124 for implementation of various projects. However, contrary to Section 36 (1) and 46(1) of the National Government Constituencies Development Fund Act, 2015, no evidence was provided to confirm that the Project Management Committees and the Constituency Development Fund Committee worked hand in hand with the relevant government departments in coming up with project cost estimates and during project implementation. Further, where some supervision and consultation was done by the Ministry of Public works including construction of the Ol'kalou CDF office, technical capacity appear inadequate and unreliable.

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 management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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

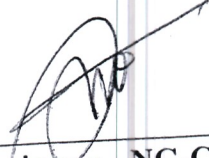
Nairobi

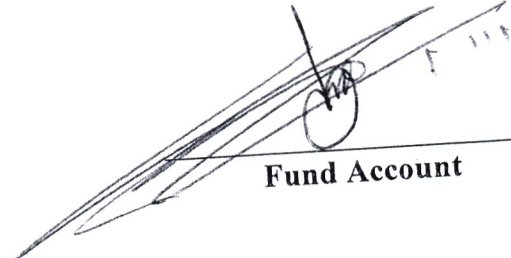
23 October 2018

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017	2015-2016
		Kshs	Kshs
RECEIPTS			
Transfers from Other Government Entities	1	137,203,347.00	107,293,274.00
Proceeds from Sale of Assets	2	0.00	0.00
Other Receipts	3	0.00	23000.00
TOTAL RECEIPTS		137,203,347.00	107,316,274.00
PAYMENTS			
		2016-2017	2015-2016
		Kshs	Kshs
Compensation of Employees	4	3,056,300.00	2,309,000.00
Use of goods and services	5	10,045,684.00	4,352,652.00
Transfers to Other Government Units	6	50,375,398.00	22,801,412.00
Other grants and transfers	7	93,043,629.00	39,931,834.00
Acquisition of Assets	9	16,378,523.00	12,601,952.00
Other Payments	10	0.00	0.00
TOTAL PAYMENTS		172,899,534.00	81,971,495.00
SURPLUS/DEFICIT		(35,696,187.00)	25,319,424.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The OL-KALOU NG-CDF financial statements were approved on 17/7/2017 and signed by:

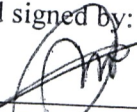

Chairman - NG-CDFC
Manager

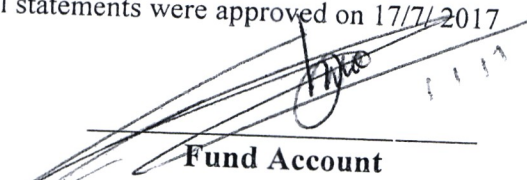

Fund Account

V. STATEMENT OF ASSETS

	Note	2016-2017	2015-2016
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	11A	9,554,115.00	45,250,302.00
Cash Balances (cash at hand)	11B	0.00	0.00
Outstanding Imprests	11C	0.00	0.00
TOTAL FINANCIAL ASSETS		9,554,115.00	45,250,302.00
REPRESENTED BY			
Retention			
Fund balance b/fwd	12	45,250,302.00	19,930,878.00
Surplus/Deficit for the year		(35,696,187.00)	25,319,424.00
Prior year adjustments	13	0.00	0.00
NET FINANCIAL POSITION		9,554,115.00	45,250,302.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ol-Kalou NG-CDF financial statements were approved on 17/7/2017 and signed by:


 Chairman - NG-CDFC
 Manager

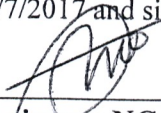

 Fund Account

**REGIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- OL-KALOU
CONSTITUENCY
Reports and Financial Statements
for the year ended June 30, 2017**

I. STATEMENT OF CASHFLOW

		2016 - 2017	2015-2016
Receipts for operating income			
Transfers from NG-CDF Board	1	137,203,347.00	107,293,274.00
Proceeds from sale of assets	2	0.00	0.00
Other Receipts	3	0.00	23,000.00
Payments for operating expenses			
Compensation of Employees	4	3,056,300.00	2,309,000.00
Use of goods and services	5	10,045,684.00	4,352,652.00
Transfers to Other Government Units	6	50,375,398.00	22,801,412.00
Other grants and transfers	7	93,043,629.00	39,931,834.00
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities		(19,317,664.00)	37,921,376.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds From Sale Of Assets		-	-
Acquisition Of Assets	9	16,378,523.00	12,601,952.00
Net cash flows from Investing Activities		(16,378,523.00)	(12,601,952.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		(35,696,187.00)	25,319,424.00
Cash and cash equivalent at BEGINNING of the year	12	45,250,302.00	19,930,878.00
Cash and cash equivalent at END of the year		9,554,115.00	45,250,302.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ol-Kalou NG-CDFC financial statements were approved on 17/7/2017 and signed by:



**Chairman NG-CDFC
Manager**



Fund Account

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	81,896,552	100,557,097	182,453,648	182,453,648	-	100%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
	81,896,552	100,557,097	182,453,648	182,453,648		100%
PAYMENTS						
Compensation of Employees	2,738,012	451,040	3,189,052	3,056,300	132,752	96%
Use of goods and services	4,234,051	8,925,002	13,159,053	10,045,684	3,113,369	76%
Transfers to government	29,886,990	21,607,408	51,494,398	50,375,398	1,119,000	98%
Institutions	42,437,499	52,573,647	95,011,146	93,043,629	1,967,517	98%
Other grants and transfers	2,600,000	17,000,000	19,600,000	16,378,523	3,221,477	84%
Acquisition of Assets	81,896,552	100,557,097	182,453,648	172,899,534	9,554,114	95%
TOTALS						

The Ol-Katoy NG-CDF Financial statements were approved on 17/7/2017 and signed by


Chairman NG-CDF


Fund Account Manager

III. 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-CDFC* 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-CDFC*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

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-CDFC* 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-CDFC'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-CDFC's* actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016-2017 Ksh.	2015-2016 Ksh.
NG-CDF Board		
AIE A825942	55,306,795.00	
AIE A829977	4,094,827.60	
AIE A855130	36,853,449.00	
AIE A855518	36,158,275.10	
AIE A839714	4,790,000.00	
AIE NO.724042		52,293,274.00
AIE 820522		25,000,000.00
AIE 8207777		30,000,000.00
TOTALS	137,203,346.70	107,293,274.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	3,056,300.00	2,309,000.00
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity	-	-
Other personnel payments	-	-
Total	3, 056,300.00	2,309 000.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2016-2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	632,277.00	130,930
Communication, supplies and services	6,960.00	6,960
Domestic travel and subsistence	161,000.00	0.0
Printing, advertising and information supplies & services	425,446.00	84,599
Rent	360,000.000	360,000
Training expenses	0.00	516,960
Hospitality supplies and services	185,000.00	43,080
Insurance costs	734,610.00	0.00
Specialized materials and services	764,000.00	
Electricity cost	82,091.00	0.00
Office and general supplies and services	252,360.00	215,380
Other operating expenses	550,000	
Routine maintenance – vehicles and other transport equipment	759,500.00	74,250
Routine maintenance – other assets	0.00	4,170
Fuel	1,750,000.00	438,468.0
Committee allowances	3,382,440.00	2,477,855
TOTAL	<u>10,045,684.00</u>	<u>4,352,652.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016-2017	2015 - 2016
	Kshs	Kshs
Transfers to National Government entities	0.00	11,458,653
Transfers to primary schools (see attached list)	37,648,699	5,700,000
Transfers to secondary schools (see attached list)	12,726,699	1,160,000
Transfers to tertiary institutions (see attached list)	0.00	0.0
Transfers to health institutions (see attached list)	0.00	4,482,759
TOTAL	50,375,398	22,801,412.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2016-2017	2015 - 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	44,579,903	9,775,000
Bursary – tertiary institutions (see attached list)	0.00	4,845,000
Bursary – allowances (see attached list)	0.00	561,500
Driving schools	0.00	897,600
Water projects (see attached list)	3,200,000	6,400,000
Agriculture projects (see attached list)	400,000	0.0
Security projects (see attached list)	10,700,000	3,421,734
Roads projects (see attached list)	17,726,726	10,016,000
Sports projects (see attached list)	5,091,000	0.0
Environment projects (see attached list)	1,000,000	0.0
Emergency projects (see attached list)	10,346,000	2,855,000
Shades	0.00	1,160,000
Total	93,043,629	39,931,834

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.ACQUISITION OF ASSETS

Non Financial Assets

	2016-2017	2015 - 2016
		Kshs
Purchase of Buildings	0.00	0.00
Construction of Buildings	15,555,623	210,752
Refurbishment of Buildings	0.00	0.00
Purchase of Vehicles and Other Transport Equipment	0.00	12,391,200
Overhaul of Vehicles and Other Transport Equipment	0.00	0.00
Purchase of Household Furniture and Institutional Equipment	0.00	0.00
Purchase of Office Furniture and General Equipment	0.00	0.00
Purchase of ICT Equipment, Software and Other ICT Assets	124,900	0.0
Purchase of Specialised Plant, Equipment and Machinery	0.00	0.00
Rehabilitation and Renovation of Plant, Machinery and Equip.	0.00	0.00
Acquisition of Land	0.00	0.00
Acquisition of Intangible Assets	698,000	0.0
Total	16,378,523	12,601,952

11A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
Equity bank-Ol-kalou branch	9,554,114.00	45,205,302.00
Total	9,554,114.00	45,250,302.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. BALANCES BROUGHT FORWARD

	2016-2017	2015 - 2016
	Kshs	Kshs
Bank accounts	45,250,302	19,930,878
Cash in hand	0.00	0.00
Imprest	0.00	0.00
Total	45,250,302	19,930,878

13. RETENTION

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

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

15.3: OTHER PENDING PAYABLES (See Annex 3)

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

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	4,411,004.10	0.00
	4,411,004.10	0.00

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2016 d=a-c	Outstanding Balance 2014	Comments
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						

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	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						

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	0	0
Buildings and structures	15,555,623.00	0
Transport equipment	22,220,521.00	22,220,521.00
Office equipment, furniture and fittings	565,847.00	440,947.00
ICT Equipment, Software and Other ICT Assets	1,161,940.00	1,037,030.00
Other Machinery and Equipment	275,703.00	275,703.00
Heritage and cultural assets	0	0
Intangible assets	698,000.00	0
Total	40,352,724.00	23,974,201.00

ANNEX 5 ○ MC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
PRIMARY SCHOOLS				
Bahat Primary school NG-CDF A/C	Equity Bank olkalou branch	06202998347913	397	
Captain primary school-NG-CDF A/C	Equity Bank olkalou branch	0620299773319	727.5	
Ciira primary school	Equity Bank olkalou branch	0620263142962	2,834.00	
Dundori CCM primary school-NG-CDF ACCOUNT	Equity Bank olkalou branch	0620263264489	1,930.00	
Gachwe primary school NG-CDF ACCOUNT	Equity Bank olkalou branch	0620263180562	170,560.00	
Gatarwa primary school -NG-CDF A/C	Equity Bank olkalou branch	0620299769137	400,285.50	
Gathima primary school	Equity Bank olkalou branch	0620262532234	1,730.00	
Gichungo primary school-NG-CDF A/C	Equity Bank olkalou branch	0620297273561	3,060.50	
Gitamba primary school -NG-CDF A/C	Equity Bank olkalou branch	0620262894359	1,090.00	
Harambee primary school	Equity Bank olkalou branch	0620262886531	65	
Highlands primary school	Equity Bank olkalou branch	0160291474108	660	
Kahigu Primary School	Equity Bank olkalou branch	0620292895193	16.9	
Kahonge primary school-NG-CDF A/C	Equity Bank olkalou branch	0620262899407	350	
Kamande primary school NG-CDF ACCOUNT	Equity Bank olkalou branch	0620261817488	1,087.50	
Kianduba primary school-NG-CDF A/C	Equity Bank olkalou branch	0620298919924	917.5	
Kibendera primary school	Equity Bank olkalou branch	0130199315278	49,730.10	

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Kihoto primary school	Equity Bank olkalou branch	0620292840923	148	
Kio primary school-NG-CDF A/C	Equity Bank olkalou branch	0620262248658	1,932.50	
Kirathimo primary school	Equity Bank olkalou branch	0620299279053	2,630.00	
Kirimaini Primary School	Equity Bank olkalou branch	0620292867360	890.25	
Malan primary school	Equity Bank olkalou branch	0620299271526	496.5	
Manyatta primary school NG-CDF A/C	Equity Bank olkalou branch	0620299245595	2,902.50	
Mathakwa primary school-NG-CDF A/C	Equity Bank olkalou branch	0620299790868	49,701.50	
Matura primary school-NG-CDF A/C	Equity Bank olkalou branch	0620262491281	2,560.00	
Mawingu primary school-NG-CDF ACCOUNT	Equity Bank olkalou branch	0620261955889	6,867.50	
Mbora primary school-NG-CDF A/C	Equity Bank olkalou branch	0620298881206	783.45	
Micharage primary school-NG-CDF A/C	Equity Bank olkalou branch	0620297242492	409.65	
Mlimani primary school	Equity Bank olkalou branch	0620299293110	4,645.00	
Muiri primary school	Equity Bank olkalou branch	0620264463757	105.65	
Mukindu primary school-NG-CDF A/C	Equity Bank olkalou branch	0620297284724	2,205.00	
Mundi primary school-NG-CDF A/C	Equity Bank olkalou branch	0620294972148	301,610.00	
Munyekei primary school NG-CDF ACCOUNT	Equity Bank olkalou branch	0620263144623	1,645.00	
Murindati primary school	Equity Bank olkalou branch	0620293791606	18,737.50	
Ngorika primary school NG-CDF A/C	Equity Bank olkalou branch	0620263861954	51,554.00	

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Nyaituga primary school NG-CDF ACCOUNT	Equity Bank olkalou branch	0620262018069	157.5	
Nyakiami Primary School NG-CDF A/C	Equity Bank olkalou branch	0620299427429	635	
OL Kalou primary school-NG-CDF PROJECT	Equity Bank olkalou branch	0620298740078	13,510.00	
Rumathi primary school NG-CDF A/C	Equity Bank olkalou branch	0620297242650	1,770.00	
Rutara primary school	Equity Bank olkalou branch	0620261812107	117.1	
ST.Joseph primary school-NG-CDF ACCOUNT	Equity Bank olkalou branch	0620294029521	1,461.10	
Tumaini primary school-NG-CDF A/C	Equity Bank olkalou branch	0620262473157	9,185.00	
Umoja primary school NG-CDF ACCOUNT	Equity Bank olkalou branch	0620263658870	2,005.00	
Wagatabuthi primary school NG-CDF ACCOUNT	Equity Bank olkalou branch	0620262834334	533	
Wiyumiririe primary school NG-CDF ACCOUNT	Equity Bank olkalou branch	0620261817179	2,232.50	
SECONDARY SCHOOLS				
Huhoini Primary School	Equity Bank olkalou branch	0620299790677	1,114.00	
Huruma secondary school-NG-CDF ACCOUNT	Equity Bank olkalou branch	0620261942130	3,012.50	
Kaimbaga secondary school	Equity Bank olkalou branch	0620292845505	2,426.50	
Kanjuiri secondary school-NG-CDF A/C	Equity Bank olkalou branch	0620262629963	3,325.00	
Karugutu Primary School NG-CDF A/C	Equity Bank olkalou branch	0620265756978	1,620.00	
Kiganjo secondary school -NG-CDF A/C	Equity Bank olkalou branch	0620297399052	30,433.50	

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PMC		Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Kihoto secondary school(NG-CDF A/C)	Equity Bank olkalou branch		0620298914381	2,852.50	
Mawingo Secondary school-NG-CDF ACCOUNT	Equity Bank olkalou branch		0620261955889	6,867.50	
Mukindu secondary school -NG-CDF A/C	Equity Bank olkalou branch		0620299799648	29.75	
Munyeki secondary school (NG-CDF A/C)	Equity Bank olkalou branch		0620298846943	502,093.00	
Mwihoti secondary school-NG-CDF A/C	Equity Bank olkalou branch		0620262527027	0	
Ngorika Secondary School NG-CDF A/C	Equity Bank olkalou branch		0620261945352	5,552.50	
Nyaituga secondary school-NG-CDF A/C	Equity Bank olkalou branch		0620262540767	1,330.00	
OL Kalou secondary school-NG-CDF A/C	Equity Bank olkalou branch		0620293904308	268	
Passenga secondary school	Equity Bank olkalou branch		0160191417213	1,037.15	
Rutara secondary school-NG-CDF ACCOUNT	Equity Bank olkalou branch		0620261945114	325	
Sabugo day secondary school-NG-CDF A/C	Equity Bank olkalou branch		0620262272190	305	
Silanga Secondary School	Equity Bank olkalou branch		0620292832618	708	
SECURITY PROJECTS					
OL Kalou chief office	Equity Bank olkalou branch		0620297371074		
Kandutura police post	Equity Bank olkalou branch		0620262468110	1,882.50	
Kanjau asst chief's office	Equity Bank olkalou branch		0620262473888	0	
Karugutu chief office	Equity Bank olkalou branch		0620262472177	830	
				770	

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
Mukindu chief office	Equity Bank olkalou branch	0620262479379	445	
Nyaituga chief office	Equity Bank olkalou branch	0620262527761	595	
Passenga Chiefs Office NG-CDF A/C	Equity Bank olkalou branch	0620270900311	1,005.00	
Passenga AP post	Equity Bank olkalou branch	0620262472887	1,220.00	
Ngorika AP Line NG-CDF A/C	Equity Bank olkalou branch	0620276843917	480	
Tumaini police station	Equity Bank olkalou branch	0160101245969	454.4	
<u>WATER PROJECTS</u>				
Bosnia water project	Equity Bank olkalou branch	0620262583969	280,003.35	
Munyeki water projects	Equity Bank olkalou branch	0160101246312	297.55	
Kahuho borehole	Equity Bank olkalou branch	0620262589366	350.9	
Muiri water project	Equity Bank olkalou branch	0160191161841	721.15	
Ngorika water project	Equity Bank olkalou branch	0620264721832	1,610.00	
Kahurire water project	Equity Bank olkalou branch	0620193036628	4,002.85	
Kaimbaga water project	Equity Bank olkalou branch	0620191804490	608.45	
Gatarwa water project	Equity Bank olkalou branch	0620298903007	1,162.50	
<u>OTHERS</u>				

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PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
OL Kalou constituency sports committee-NG-CDF A/C	Equity Bank olkalou branch	0620262600621	4,440.00	
OL Kalou constituency environment committee-NG-CDF A/C	Equity Bank olkalou branch	0620262600581	551.85	
OL Kalou constituency roads committee-NG-CDF A/C	Equity Bank olkalou branch	0620262393931	1,787.50	
OL Kalou constituency stage shades committee-NG-CDF A/C	Equity Bank olkalou branch	0620263500075	4,750.00	
OL Kalou constituency bursary committee-NG-CDF A/C	Equity Bank olkalou branch	0620271327525	2,421,218.00	
Pasimu produce marketing C.B.O NG-CDF ACCOUNT	Equity Bank olkalou branch	0620263303011	675	
Upper gilgil welfare self group	Equity Bank olkalou branch	0160190622990	971.5	
TOTAL			4,411,004.10	

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ANNEX 6- 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	Variances between financial statements and supporting schedules.	This was as a result of splitting of figures following introduction of new items in the financial statements	Fund manager	Resolved	The county government has since taken over the project with view of deepening the borehole
2	Wasteful expenditure on drilling of borehole-plot eleven water project	Hydrological survey carried out before drilling had shown that the borehole would yield water but on drilling there was no water.	Fund Manager	The balance of unspent funds in the pcm bank account has since been re-allocated to plot eleven water project.	
3.	Stalled projects- Olkalou conference hall and Gichungo Dispensary	Olkalou conference hall stalled due to land ownership dispute after the slab and pillars were completed. Gichungo dispensary is complete but could not be handed over due to land ownership dispute. The project has	NG-CDFC		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>since been taken over by county government and they are pursuing the issue with a view to compensate the owner of land and hence operationalise the facility.</p>			