

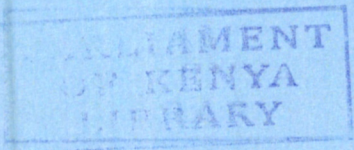
REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND-
KITUI WEST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**





NATIONAL AUDIT OFFICE
EMBU HUB
22 MAY 2017
TEL: 068-303
R. O. BOX 1

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KITUI WEST CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2016**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – KITUI WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (NG-CDF)* was set up under the NG-CDF Act, 2003 now repealed by the NG-CDF Act, 2014. The *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the *Constituencies Development Fund*. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and fight against poverty in the constituency level.

(b) Key Management

The *KITUI WEST 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder (F.A.M)	Nicholas N. Kimanzi
3.	District Accountant	Antony M. Mutwii

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of KITUI WEST 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.

(e) KITUI WEST NG-CDF Headquarters

P.O. Box 244-90205
NGUNSTE HOUSE PG 1
Kabati – Tulia Road
Kabati Market, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUI WEST
CONSTITUENCY**

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

(f) KITUI WEST NG-CDF Contacts

Telephone: (254) 706585534
E-mail: kituiwestcdf@yahoo.com
Website: www.cdf.go.ke

(g) KITUI WEST NG-CDF Bankers

1. Equity Bank
Kitui
0720 262 084 328
Kitui Town

(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 NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

INTRODUCTION

Kitui West Constituency is a new constituency that was carved from the old Kitui west Constituency. It comprises of a population of about 102,316 as with a poverty index of 26.53%.

The NG-CDFC has always dedicated time to ensure prudent allocation of resources received from the NG-CDF Board within the four wards of the constituency. Since its inception, the NG-CDFC has completed several development projects that are geared towards infrastructural development, wealth creation and fighting against poverty in the constituency.

During the financial year 2015/2016, the NG-CDFC was able to utilize 64% of its allocated resources. At the closure of the financial year, the constituency had unutilised fund amounting to Kshs. 55,079,579.18 out of the budgeted allocation of Kshs. 154,045,326.18. The implementation of funded projects was slow due to delay in disbursement of funds by the NG-CDF Board.

2015 /2016 FINANCIAL YEAR ACHIEVEMENTS

During the financial year 2015/2016, NG-CDF contributed towards acquisition of two school buses. The buses are a blessing to the students and neighbouring community as they enable them to travel easily and comfortably whenever they have functions. NG-CDF was able to rehabilitate and construct 82 classrooms which gave learners a conducive learning environment.

EMERGING ISSUES

During the financial year 2015/2016, NG-CDF was unable to proceed with some of the projects it had been engaging in due to devolution of some departments such as health and water. The public confidence in NG-NG-CDF declined due to the court case that was challenging the legality of the fund. The performance contracting that was introduced for NG-CDFCs improved the performance of NG-CDFC to a greater extent.

IMPLEMENTATION CHALLENGES

Political influence from local leaders to some extent became challenges in the allocation of resources within the constituency. Such influence could affect the fair distribution of resources. Failure to involve the technical department in the implementation of NG-CDF projects by the PMCs. This is however prompted by the fact that there are no enough officers in the technical departments.

It is recommended that the learning institutions should invest in water harvesting tanks so that they are able to nurture the seedlings even during the dry spell. The NG-CDFCs should be keen on fair distribution of resources despite the political pressure. The national Government should consider deploying more officers working in the technical departments.



CHAIRMAN NG-CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUI WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

The Accounting Officer in charge of the *Kitui West NG-CDF* is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* for and as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *NG-CDF*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *NG-CDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *Kitui West 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, 2016, and of the *NG-CDF's* financial position as at that date. The Accounting Officer charge of the *Kitui West 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 *Kitui West 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 30th August, 2016.

Fund Account Manager

Chairman- NG-CDFC



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KITUI WEST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the National Government Constituencies Development Fund- Kitui West Constituency set out on pages 5 to 22, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation 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.

Management's Responsibility 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.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

1.0 Non-Compliance with Prescribed Financial Statements Presentation Format

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAs) requires an inclusion of progress on follow – up of auditor recommendations as part of the financial statements.

However, although the Fund had a qualified audit opinion in 2014/2015, no report on the progress on follow up of the issues raised in the audit report was included in the financial statements for the year under review.

Further, the numbering of the notes number 1 to 9 in the financial statements do not agree with the numbering of the respective notes number 1.1.1.1.1.1.1 to 1.1.1.1.1.1.9 in the actual notes as prescribed by the National Treasury.

In the circumstances, the Fund did not comply with IPSAS (Cash Basis) financial presentation format.

2.0 Cash and Cash Equivalents

During the year under review, cash and cash equivalents balance decreased by Kshs.48,965,747 from Kshs.53,348,496 as at 30 June 2015 to Kshs.4,382,749 as at 30 June 2016. However, included in the bank balances of Kshs.4,382,749 were stale cheques totaling to Kshs.5,528 which had not been reversed in the cashbook. Further, board of survey report for 30 June 2016 was not availed for audit verification. In addition, the reconciliation shows a cash book balance of Kshs.4,397,749 while the financial statements reflects a balance of Kshs.4,382,749 occasioning unreconciled variance of Kshs.15,000 as at 30 June 2016.

As a result, the accuracy and completeness of the cash and cash equivalents balance of Kshs.4,382,749 could not be confirmed.

3.0 Irregular Constructions

During the year under review, the fund spent Kshs.5,100,000 on the following five (5) irregular projects.

3.1 Construction of an Administration Block at Kauma Primary School

During the year under review, Kshs.500,000 was spent to construct an administration block at Kauma Primary School. A Physical verification done on 2 February 2017 and review of the project file revealed that a one roomed building had been put up and done up to roofing level. However, the building appeared stalled as it was incomplete as major works like fitting doors, windows, plastering, flooring and painting had not been done and no works were ongoing as the funds allocated had been exhausted. The bill of quantities issued by the sub county works officer indicated an estimated cost of Kshs 1,075,680 therefore resulting to an underfunding of Kshs.575,680.

Consequently, value for money of the expenditure of Kshs.500,000 could not be confirmed.

3.2 Construction of Classrooms at St. Paul Karinditi Secondary School

During the year under review, Kshs.1,000,000 was paid to construct 2 classrooms at St Paul Karinditi Secondary School. A Physical verification done on 03 February 2017 and review of the project file revealed that only building materials including machine cut stones, ballast, sand, and hardcore had been supplied at a total cost of Kshs. 420,500 while no construction works had started. Further, the school had a land boundary dispute with the adjacent primary school. This has therefore led to a delay in project implementation. In addition, the title deed for the land has not been processed.

In consequence, the propriety of the expenditure of Kshs.1,000,000 could not be confirmed.

3.3 Construction of Kauwi Resource Centre

The Fund paid Kshs.600,000 for roofing, plastering, fixing of shutters and painting at Kauwi Resource Centre. However, audit review and field verification done on 02 February 2017 revealed that the facility was neglected and had not been put into intended use.

In the circumstances, the value for money of the expenditure of Kshs 600,000 could not be confirmed.

3.4 Fencing and Construction of Toilets at Kangungi Primary School

During the year under review, Kshs.500,000 was spent on fencing and construction of 2 pit latrines at Kangungi primary school. However, audit review and field verification done on 02 February 2017 revealed that fencing was started but never completed as the Chain link wire and Barbed wire were never bought.

As a result, the propriety of the expenditure of Kshs.500,000 could not be confirmed.

3.5 Construction of a Science Laboratory and a Dormitory at Mikuyumikya Mixed Day Secondary School.

During the year under review, Kshs.2,500,000 was used in the construction of a science laboratory and a dormitory at Mikuyumikya mixed day secondary school. However, audit review and field verification done on 03 February 2017 revealed that the dormitory construction had stalled due to exhaustion of the allocated funds.

In the circumstance, the value for money of the expenditure of Kshs.2,500,000 could not be confirmed.

In view of the foregoing, the Fund may not have gotten value for money in the expenditure of Kshs.5,100,000.

3.6 Construction of a Multi-Purpose Hall at St. Benedict's Secondary School

During the year under review, St. Benedict's Secondary School was funded with a sum of Kshs.2,500,000 towards construction of a multi-purpose hall.

However, an audit review and field verification done on 03 February 2017 revealed that the total cost as at the time of audit was Kshs.3,400,000. Further, advertisement documents in regard to the procurement were not made available for audit review.

In the circumstances, the propriety of the expenditure of Kshs.2,500,000 could not be confirmed.

4.0 Security Projects

4.1 Construction of Mutulu Administration Police Line

During the year under review, Kshs.1,000,000 was spent to construct Mutulu AP line. A Physical verification of the project done on 02 February 2017 revealed that a seven (7) roomed building had been constructed to lintel level. However, no works were on going at the time as the funds so disbursed had been exhausted. The bill of quantities issued by the Sub County Works Officer showed that the construction was estimated to cost Kshs.1,650,413. The project had therefore been under funded by Kshs.650,413.

In the circumstances, the propriety and value for money of the expenditure of Kshs 1,000,000 could not be confirmed.

4.2 Construction of Kyaani Administration Police Line

During the year under review, Kshs.500,000 was paid for the construction of Kyaani AP Line. A review of the project file and physical verification done on 02 February 2017 revealed that the building had four single rooms and had been done to roofing. However, it appeared to have been abandoned as vegetation had grown around the building. Further, there were no inspection reports and the bill of quantities required the walling to be done using natural stones but instead bricks were used and no authority for the said changes were availed for audit review.

In the circumstances, the propriety of the expenditure of Kshs.500,000 could not be confirmed.

4.3 Construction of Kauma Administration Police Line

During the year under review, Kshs.300,000 was spent in the construction of Kauma AP Line. A review of the project file and physical verification done on 02 February 2017 revealed that the construction of three single rooms had been completed alongside four other rooms allegedly done earlier by the community. However, there were no inspection reports including the practical completion certificate. Also, the title deed for the land on which the building was constructed was not made available for audit review.

In the circumstances, the propriety of the expenditure of Kshs.300,000 could not be confirmed.

4.4 Construction of an Office Block for Matinyani Police Headquarters

During the year under review, Kshs.400,000 was utilized in the construction of office block at Matinyani police headquarters. However, the Sub County Works Officer had estimated the project to cost Kshs.4,481,196 as per the bill of quantities. A review of the project documentation and physical verification done on 02 February 2017, revealed that the building had been constructed to lintel level. However, it appeared abandoned and not attended to for some time. Vegetation had grown both around and inside the building. In addition, no quotations and inspection reports for the project were availed for audit review.

In the circumstances, the propriety of the expenditure of Kshs 400,000 could not be confirmed.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respect, the financial position of the National Government Constituencies Development Fund – Kitui West Constituency as at 30 June 2016, 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 do comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budgetary Control and Performance

During the year under review, the Kitui West CDF approved a budget of Kshs.100,696,830. In addition to this budget were cash balances for the year 2014/2015 of Kshs 53,348,496 bringing the total funds for the year to Kshs.154,045,326. However, the actual expenditure for the year totaled Kshs.98,965,747 (64.2%) leading to unutilized funds totaling to Kshs.55,079,579.

The summary is as shown below;

Receipt/ Expense Item	Original Budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Variance (Kshs)	Performance %
Receipts						
Transfers from CDF Board	100,696,830	53,348,496	154,045,326	103,348,496	50,696,830	67%
Total Receipts	100,696,830.00	53,348,496	154,045,326	103,348,496	50,696,830	
Compensation of Employees	1,224,000	1,445,500	2,669,500	1,322,683	1,346,817	50%
Use of goods and services	7,838,715	3,297,566	11,136,281	6,371,444	4,764,837	57%
Transfer to other Government Units	60,000,000	15,137,931	75,137,931	57,437,931	17,700,000	76%
Other grants and transfers	24,900,046	32,220,065	57,120,111	32,086,255	25,033,856	56%
Acquisition of Assets	6,234,069	316,000	6,550,069	316,000	6,234,069	5%
Other Payments	500,000	931,434	1,431,434	1,431,434	-	100%
Total	100,696,830	53,348,496	154,045,326	98,965,747	55,079,579	

In the circumstances, the residents of Kitui West Constituency did not get promised and expected services equivalent to Kshs.55,079,579 being the difference between the budgeted expenditure and the actual expenditure as at 30 June 2016.

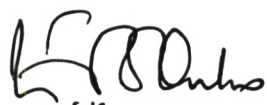
2.0 Project Implementation and Management

The approved budget for development projects totaling to Kshs.76,948,961 was apportioned among various sectors within the Constituency namely primary schools, secondary schools, health institutions, sports, roads, security, bursary, emergency projects and administration and committee expenses. However, out of the one hundred and eleven (111) projects that were budgeted to be undertaken during the year, 55 projects costing Kshs.32,850,342 were completed during the year, while 55 projects costing Kshs.43,798, 619 were ongoing and one security project costing Kshs.300,000 had not started as at 30 June 2016. The analyses of the Project Implementation status as made available is analyzed in the table below:

Sector	Project Status	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	No. of Projects
Education	Completed	25,437,931.00	25,437,931.00	36
	Not Started	0	-	
	On going	30,200,000.00	30,200,000.00	46
	Sub-Total	55,637,931.00	55,637,931.00	82
Health	Completed	700,000.00	700,000.00	1
	Not Started	-	-	
	On going	500,000.00	500,000.00	1

	Sub-Total	1,200,000.00	1,200,000.00	2
Tertiary	Completed	0.00	-	0
	Not Started	-	-	0
	On going	600,000.00	600,000.00	1
	Sub-Total	600,000.00	600,000.00	1
Sports	Completed	1,902,411.00	1,902,411.00	1
	Sub-Total	1,902,411.00	1,902,411.00	1
Water	Completed	1,000,000.00	1,000,000.00	2
	Not Started	-	-	0
	On going	10,498,619.00	10,498,619.00	2
	Sub-Total	11,498,619.00	11,498,619.00	4
Roads Projects	Completed	700,000.00	700,000.00	1
	Sub-Total	700,000.00	700,000.00	1
Security	Completed	1,150,000.00	1,150,000.00	4
	Not Started	300,000.00	300,000.00	1
	On going	2,000,000.00	2,000,000.00	5
	Sub-Total	3,450,000.00	3,450,000.00	10
Emergency	Completed	1,960,000.00	1,960,000.00	10
Sub – Total		1,960,000	1,960,000	10
Grand Total		76,948,961	76,948,961	111

In the circumstances, it has not been possible to ascertain that the Fund would implement all the projects as budgeted for the benefit of the Kitui West residents.



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

Nairobi

04 October 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUI WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	50,000,000.00	95,120,567.90
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		50,000,000.00	95,120,567.90
PAYMENTS			
Compensation of Employees	4	1,322,683.00	655,167.00
Use of goods and services	5	6,371,444.00	5,720,864.22
Transfers to Other Government Units	6	57,437,931.00	40,142,759.00
Other Grants and transfers	7	32,086,255.00	30,463,780.00
Acquisition of Assets	8	316,000.00	0
Other Payments	9	1,431,434.00	690,000.00
TOTAL PAYMENTS		98,965,747.00	77,672,570.22
SURPLUS/DEFICIT		(48,965,747.00)	17,447,997.68

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI WEST NG-CDF financial statements were approved on 30th August, 2016 and signed by:


Chairman - NG-CDFC


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUI WEST
CONSTITUENCY**

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

V. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	10A	4,382,749.18	53,348,496.18
Cash Balances (cash at hand)	10B	0	0
Outstanding Imprests	10C	0	0
TOTAL FINANCIAL ASSETS		4,382,749.18	53,348,496.18

REPRESENTED BY

Fund balance b/fwd	11	53,348,496.18	35,900,498.50
Surplus/Deficit for the year		(48,965,747.00)	17,447,997.68
Prior year adjustments	12	0	0
NET FINANCIAL POSITION		4,382,749.18	53,348,496.18

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI WEST NG-CDF financial statements were approved on 30th August, 2016 and signed by:


Chairman - NG-CDFC


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KITUI WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1	50,000,000.00	95,120,567.90
Other Receipts	3	0	0
Payments for operating expenses			
Compensation of Employees	4	1,322,683.00	655,167.00
Use of goods and services	5	6,371,444.00	5,720,864.22
Transfers to Other Government Units	6	57,437,931.00	40,142,759.00
Other grants and transfers	7	32,086,255.00	30,463,780.00
Other Payments	9	1,431,434.00	690,000.00
Adjusted for:			
Adjustments during the year		0	0
Net cash flow from operating activities		(48,649,747.00)	17,447,997.68
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	316,000.00	0
Net cash flows from Investing Activities		(316,000.00)	0
NET INCREASE IN CASH AND CASH EQUIVALENT		(48,965,747.00)	17,447,997.68
Cash and cash equivalent at BEGINNING of the year	11	53,348,496.18	35,900,498.50
Cash and cash equivalent at END of the year	10	4,382,749.18	53,348,496.18

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The KITUI WEST NG-CDF financial statements were approved on 30th August, 2016 and signed by:



Chairman NG-CDFC



Fund Account Manager

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

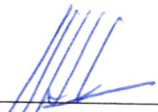
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
RECEIPTS	a	b	c=a+b	d	e=c-d	f=d/c %
Transfers from NG-CDF Board	100,696,830.00	53,348,496.18	154,045,326.18	103,348,496.18	50,696,830.00	67
Proceeds from Sale of Assets						
Other Receipts						
Total Receipts	100,696,830.00	53,348,496.18	154,045,326.18	103,348,496.18	50,696,830.00	67
PAYMENTS						
Compensation of Employees	1,224,000.00	1,445,500.00	2,669,500.00	1,322,683.00	1,346,817.00	50
Use of goods and services	7,838,715.00	3,297,566.18	11,136,281.18	6,371,444.00	4,764,837.18	57
Transfers to Other Government Units	60,000,000.00	15,137,931.00	75,137,931.00	57,437,931.00	17,700,000.00	76
Other grants and transfers	24,900,046.00	32,220,065.00	57,120,111.00	32,086,255.00	25,033,856.00	56
Acquisition of Assets	6,234,069.00	316,000.00	6,550,069.00	316,000.00	6,234,069.00	5
Other Payments	500,000.00	931,434.00	1,431,434.00	1,431,434.00	-	100
TOTALS	100,696,830.00	53,348,496.18	154,045,326.18	98,965,747.00	55,079,579.18	64

(a) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

i. Acquisition of Assets

The Kshs. 6,234,069.00 was allocated for acquisition of a CDF Motor Vehicle in the Financial Year 2015/2016. The Committee had prioritized the project in its second tranche which was delayed by the NG-CDF Board. The AIE for the second tranche was received in July, 2016 after the end of the financial year 2015/2016.

The KITUI WEST NG-CDF financial statements were approved on 30th August, 2016 and signed by:



Chairman NG-CDF



Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NG-CDF* 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 CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
CONSTITUENCY**

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the *NG-CDF* at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NG-CDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *NG-CDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
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Reports and Financial Statements

For the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

1.1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
NG-CDF Board			
AIE NO A724111	30,000,000.00		
AIE NO A796306	20,000,000.00		
		50,000,000.00	95,120,567.90
TOTAL		50,000,000.00	95,120,567.90

DISCLOSURE

Kshs. 50,696,830.00 was wired into Kitui West NG-CDF bank account on 29th June, 2016 while the AIE NO. A825795 was received on 11th July, 2016

1.1.1.1.1.1.2 PROCEEDS FROM SALE OF ASSETS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.3 OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	0	0

1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,044,083.00	616,667.00
Basic wages of casual labour	38,000.00	29,700.00
Employer contribution to NSSF	12,600.00	8,800.00
House allowance	135,000.00	
Transport allowance	93,000.00	
Total	1,322,683.00	655,167.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
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Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.5 USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	84,869.00	70,129.92
Office Rent	300,000.00	258,000.00
Communication, supplies and services	101,000.00	158,780.00
Domestic travel and subsistence	1,160,300.00	967,300.00
Printing, advertising and information supplies & services	0	0
Training expenses	375,000.00	500,000.00
Hospitality supplies and services	550,791.00	358,798.00
Other committee expenses	2,267,400.00	2,532,350.00
Committee allowance	604,000.00	564,000.00
Office and general supplies and services	918,844.00	301,633.80
Other operating expenses	9,240.00	9,872.50
TOTAL	6,371,444.00	5,720,864.22

1.1.1.1.1.1.6 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools (see attached list)	32,337,931.00	21,200,000.00
Transfers to secondary schools (see attached list)	23,300,000.00	12,080,000.00
Transfers to tertiary institutions (see attached list)	600,000.00	400,000.00
Transfers to health institutions (see attached list)	1,200,000.00	6,462,759.00
TOTAL	57,437,931.00	40,142,759.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.7 OTHER GRANTS AND OTHER PAYMENTS

	2015- 2016	2014 - 2015
	Kshs	Kshs
Bursary – Secondary schools	6,732,000.00	5,665,000.00
Bursary – Tertiary institutions	5,823,225.00	4,020,000.00
Bursary – Special schools	20,000.00	50,000.00
Water projects	11,498,619.00	1,500,000.00
Security projects	3,450,000.00	6,317,101.00
Roads projects	700,000.00	2,760,000.00
Sports projects	1,902,411.00	1,244,634.00
Environment projects	0	3,147,045.00
Emergency projects	1,960,000.00	5,760,000.00
Total	32,086,255.00	30,463,780.00

1.1.1.1.1.1.8 ACQUISITION OF ASSETS

Non-Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	131,000.00	0
Purchase of photocopier	185,000.00	0
Total	316,000.00	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.1.9 OTHER PAYMENTS

	2015 – 2016	2014 - 2015
	Kshs	Kshs
Kitui west TSC office	0	300,000.00
Kitui west constituency office	0	390,000.00
Constituency Strategic Plan	1,431,434.00	0
	1,431,434.00	690,000.00

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
<i>Equity Bank, 0720 262 084 328.</i>	4,382,749.18	53,348,496.18
Total	4,382,749.18	53,348,496.18

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B: CASH IN HAND

	2015 - 2016 Kshs	2014 – 2015 Kshs
Location 1	0	0
Total	0	0

10C: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
N/A	N/A	0	0	0
Total				0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
CONSTITUENCY**

• Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	53,348,496.18	35,900,498.50
Total	53,348,496.18	35,900,498.50

12. PRIOR YEAR ADJUSTMENTS

	2014 - 2015	2012 - 2014
	Kshs	Kshs
Bank accounts	0	-
Cash in hand	0	-
Imprest	0	-
Total	0	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST
CONSTITUENCY**

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

13. OTHER IMPORTANT DISCLOSURES

15.3: OTHER PENDING PAYABLES (See Annex 3)	2015-2016	2014-2015
	Kshs	Kshs
Amounts due to other Government entities	17,700,000.00	18,200,000.00
Amounts due to other grants and other transfers	23,033,856.00	30,918,996.00
Compensation of employees	1,346,817.00	1,353,768.94
Use of goods and services	4,764,837.18	2,268,497.42
Acquisition of Assets	6,234,069.00	607,234.00
Total	55,079,579.18	53,348,496.36

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KITUI WEST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs'000)

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		a	b	c	d=(a+e)-c	e	
Amounts due to other Government entities		60,000,000.00		57,437,931.00	17,700,000.00	15,137,931.00	
Sub-Total		60,000,000.00		57,437,931.00	17,700,000.00	15,137,931.00	
Amounts due to other grants and other transfers		24,900,046.00		32,086,255.00	25,033,856.00	32,220,065.00	
Sub-Total		24,900,046.00		32,086,255.00	25,033,856.00	32,220,065.00	
Others (specify)							
Compensation of employees		1,224,000.00		1,322,683.00	1,346,817.00	1,445,500.00	
Use of goods and services		7,838,715.00		6,371,444.00	4,764,837.18	3,297,566.18	
Acquisition of Assets		6,234,069.00		316,000.00	6,234,069.00	316,000.00	
Other Payments		500,000.00		1,431,434.00	0	931,434.00	
Sub-Total		15,796,784.00		9,441,561.00	12,345,723.18	5,990,500.18	
Grand Total		100,696,830.00		98,965,747.00	55,079,579.18	53,348,496.18	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- KITUI WEST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

a. FIXED ASSETS REGISTER

Asset class	Historical Cost (Kshs)	
	2015/16	2014/15
3 Wooden Coffee Tables	60,000.00	60,000.00
8 Assorted Curtains	80,000.00	80,000.00
3 Steel Reception Chairs	90,000.00	90,000.00
6 Leather High Back Chairs	90,000.00	90,000.00
1 Wooden Conference Table	70,000.00	70,000.00
8 Leather Conference Chairs	80,000.00	80,000.00
7 Leather Visitors Chairs	70,000.00	70,000.00
1 Wooden Workstation	25,000.00	25,000.00
1 Wooden Round Table	20,000.00	20,000.00
2 Wooden Tables	43,000.00	43,000.00
2 Wooden Book Cabinets	30,000.00	30,000.00
1 Watchman's Leather Chair	5,000.00	5,000.00
2 Wooden Coat Hungers	10,000.00	10,000.00
4 Steel Cabinets	80,000.00	80,000.00
2 Executive Wooden Tables	120,000.00	120,000.00
2 Executive Wooden Chairs	80,000.00	80,000.00
1 Secretarial Velvet Chair	12,000.00	12,000.00
1 Wooden Reception Unit	25,000.00	25,000.00
10 Hardened Steel Padlocks	20,000.00	20,000.00
2 HP Printers	40,000.00	40,000.00
1 Kyocera Photocopier	80,000.00	80,000.00
1 Canon Scanner	15,000.00	15,000.00
2 Dell Desktop Computers	100,000.00	100,000.00
2 Mercury UPS	30,000.00	30,000.00