

REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL



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REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
CONSTITUENCY**

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

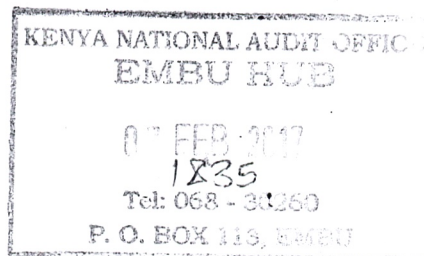


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND -
MAKUENI CONSTITUENCY**

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 – MAKUENI
CONSTITUENCY
Reports and Financial statements
For the year ended June 30, 2016**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
CONSTITUENCY**

**Reports and Financial statements
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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (NGCDF)* was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013. The *National Government 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 *National Government Constituencies Development Fund*. The objective of the fund is to ensure that a specific portion of the annual budget is devoted to the constituencies for the purpose of infrastructural development, wealth creation, and the fight against poverty at the constituency.

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

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

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Daniel M. Maluki
3.	Accountant	Julius Muchohi
4.		

(d) Fiduciary Oversight Arrangements

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

(e) MAKUENI NGCDF Headquarters

P.O. Box 409 – 90300
Wote Town, Makueni
Soi Plaza, Next to Equity Bank

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
CONSTITUENCY**

**Reports and Financial statements
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(f) MAKUENI NGCDF Contacts

Telephone: (254) 720 79 22 24
E-mail: dmaluki@cdf.go.ke
Website: www.go.ke

(g) MAKUENI NGCDF Bankers

1. The Cooperative Bank of Kenya
A/C No: 01120539316700
Wote Branch
P.O Box 537 – 90300
Tel: 020259465
Mob: 0732 520845, 0708223372
Fax: 020-2595465
WOTE, MAKUENI
Email: wotebr@co-opbank.co.ke
2. Equity Bank
A/C No. 06729243898
Wote Branch
P.O Box 450 – 90300
Tel: 044-33576/7
Fax: 044-33578
MAKUENI

(h) Independent Auditors

Auditor General
Kenya National Audit Office
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 – MAKUENI
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II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NGCDFC)

The budget performance against the actual amounts concurred quite reasonably. There were minimal variances occasioned by economic phenomenon particularly the inflation index. Most of shortfalls and excesses are occasioned by the cost of materials budgeted at lower cost and increased by inflation indices by the time of funding.

As few of the shortfalls were due to non – implementation of the project by the Project Management Committees (PMCs) while awaiting perfection of the procurement documents before the end of the financial year.

Some meagre savings on some other projects were precipitated by the mean tenders awarded during procurement exercises by the Project Management Committees (PMCs) which were rather below the budgeted figure.

Some budgeted figures reflected quite minimal variances with the actual due to strict adherence to the budgeted figures by the NGCDFC.

The Makueni NGCDFC has managed to train the Project Management Committees (PMCs) extensively on procurement procedures which has perfected the implementation activities. The NGCDFC has enhanced its efforts in the Monitoring and Evaluation Exercise which has reflected enhanced transparency and accounting in the implementation process on the part of the Project Management Committees (PMCs)

We have had a few cases of Project Management Committees (PMCs) failing to adhere to the procurement strictly preferring to engage local masons and purchase items locally. We have been able to curb the habit by establishment of a system that ensures authorization of all payments of the Project Management Committees (PMCs) by the Fund Account Manager before effecting payments at the local banks.

Sign. 
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
CONSTITUENCY**

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

III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government *NGCDF* shall prepare financial statements in respect of that *NGCDF*. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the *Makueni NGCDF* is responsible for the preparation and presentation of the *NGCDF's* financial statements, which give a true and fair view of the state of affairs of the *NGCDF* for and as at the end of the financial year (period) ended on 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 *NGCDF*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *NGCDF*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The *NGCDF's* financial statements were approved and signed by the Accounting Officer on 30/6/2016.


Fund Account Manager


Chairman NGCDFC

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Makueni Constituency set out on pages 5 to 20, which comprise 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

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

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. Failure of the Financial Statements to Comply with the Format Prescribed

The Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS) requires that a report on progress made in following – up the previous years' auditor recommendations form part of the financial statements presented for audit. However, although the Fund had a qualified audit opinion in 2014/2015, the report on follow-up of the issues raised in that year's audit report has not been included in the financial statements for the year under review.

Under the circumstance, the Fund has not complied with IPSAS (Cash Basis) financial statements presentation format prescribed by the Accounting Standards Board.

2.0. Prior-year Adjustments

The statements of assets and cash flow reflects a prior-year adjustment of Kshs.35,448,235 made during the year under review. However, no supporting documents for the adjustments were availed for audit review. Consequently, it has not been possible to ascertain the accuracy and validity of the prior-year adjustment of Kshs.35,448,235 reported in the statement of cash flow for the year under review.

3.0. Construction of Kivani Earth Dam Project

Note 7 of the notes to the financial statements reflects an expenditure of Kshs.28,264,636 in respect of water projects. Included in the amount is Kshs.1,000,000 disbursed for the construction of Kivani earth dam. However, no contract agreements and evaluation reports were made available for audit review.

In the circumstance, the propriety and value-for-money for the expenditure of Kshs.1,000,000 as at 30 June 2016 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 respects, the financial position of the National Government Constituencies Development Fund – Makueni 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 comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budgetary Control and Performance

The approved budget for the year was Kshs.148,444,838 while the summary statement of appropriation indicates that the approved budget was Kshs.191,447,005 thus leading to an unreconciled variance of Kshs.43,002,167.

Further, the summary statement shows that the Fund incurred total expenditure of Kshs.123,806,465 against the approved budget of Kshs.191,447,005 leaving out an unspent balance of Kshs.67,640,536 which translates to 16.6% of the approved budget as shown below:

Component	Budgeted Expenditure (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Compensation to Employees	2,955,979	1,169,307	1,786,673	40
Use of Goods and Services	14,274,251	16,007,198	-1,732,947	112
Transfer to Other Government Units	68,734,410	23,655,725	45,078,685	34
Other Grants and Transfers	105,482,364	82,974,236	22,508,128	79
Total	191,447,005	123,806,465.60	67,640,539	81

Further, actual receipts totalled Kshs.107,348,481 against the approved budget of Kshs.148,444,838 leading to an unreleased fund variance of Kshs.41,096,357 due from the NG-CDF Board.

As a result, Makueni Constituents did not enjoy the envisaged and promised services that the unspent funds totaling Kshs.24,638,371 could have yielded.

2.0 Project Implementation and Management

During the year under review, the Fund allocated Kshs.287,010,505 to projects in various sectors within the constituency namely Education, Health, Roads, Environment, Sport, Security, Emergencies, Bursary and Water.


Review of the project implementation status report for 2015/2016 revealed that 184 projects were completed, 158 had not started and 23 projects were ongoing as shown below:

Sector	Project Status	Amount Allocated (Kshs)	Amount Disbursed (Kshs)	No. of projects
Education	Completed	58,837,605	58,837,605	97
	Ongoing	0	0	7
	Not started	44,459,821	44,459,821	94
	Sub Total	103,297,426	103,297,426	198
Health	Completed	8,202,759	8,202,759	8

	Ongoing	0		0
	Not started	5,400,000	5,400,000	5
	Sub Total	13,602,759	13,602,759	13
Water	Completed	17,997,271	17,997,271	28
	Ongoing	21,000,000	21,000,000	2
	Not started	15,729,636	15,729,636	22
	Sub Total	54,726,907	54,726,907	52
Roads Bridges	Completed	7,900,000	7,900,000	16
	Ongoing	1,947,908	1,947,908	3
	Not started	9,600,000	9,600,000	17
	Funds Not disb	500,000	500,000	
	Sub Total	19,947,908	19,947,908	36
Environment	Completed	830,429	830,429	3
	Ongoing	3,444,896	3,444,896	3
	Not started	1,672,893	1,672,893	7
	Sub Total	5,948,218	5,948,218	13
Electricity	Completed	1,800,000	1,800,000	2
	Ongoing	0	0	0
	Not started	0	0	0
	Sub Total	1,800,000	1,800,000	2
Bursary Cats & Mocks	Completed	25,809,300	25,809,300	3
	Ongoing	15,000,000	15,000,000	3
	Not started	0	0	0
	Sub Total	40,000,000	40,000,000	6
Sport	Completed	2,867,700	2,867,700	13
	Ongoing	5,767,647	5,767,647	1
	Not started	0	0	0
	Sub Total	8,635,347	8,635,347	14
Emergency	Completed	5,400,259	5,400,259	1
	Ongoing	1,967,345	1,967,345	1
	Not started	0	0	0
	Sub Total	7,367,604	7,367,604	2
Security	Completed	3,500,000	3,500,000	10
	Ongoing	1,000,000	1,000,000	2
	Not started	2,650,000	2,650,000	9
	Sub Total	7,150,000	7,150,000	21
Others	Completed	3,301,550	3,301,550	3
	Ongoing	12,100,000	12,100,000	4
	Not started	2,235,000	2,235,000	4
	Relocated	500,000	500,000	1
	Funds Not disb	300,000	300,000	1
	Pending	6,097,786	6,097,786	2
	Sub Total	24,534,336	24,534,336	15
	Grand Total	287,010,505	287,010,505	365

Out of the 365 projects, 158 allocated Kshs.88,845,136 had not commenced as at 30 June 2016. The delay in commencement of the projects denied the residents services promised to them.

In the circumstance, it has not been possible to confirm that the Fund will implement all projects it had budgeted for.



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

Nairobi

03 October 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
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 NGCDF board-AIES' Received	1	107,348,480.80	107,538,801.20
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		107,348,480.80	107,538,801.20
PAYMENTS			
Compensation of Employees	4	1,169,306.50	917,526.00
Use of goods and services	5	16,007,198.60	11,892,782.03
Transfers to Other Government Units	6	23,655,725.00	49,840,062.80
Other grants and transfers	7	82,974,235.50	52,590,030.17
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		123,806,465.60	115,240,401.00
SURPLUS/DEFICIT		(16,457,984.80)	(7,701,600.00)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MAKUENI NGCDF financial statements were approved on 30/6/2016 and signed by:


Chairman - NGCDFC


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
CONSTITUENCY**

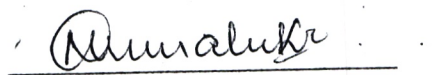
**Reports and Financial statements
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V. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	10A	22,744,182.50	3,753,932.00
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprest	11	-	-
		<hr/>	<hr/>
TOTAL FINANCIAL ASSETS		22,744,182.50	3,753,932.00
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1 st July...	13	3,753,932.00	11,455,532.00
Surplus/Deficit for the year		(16,457,984.50)	(7,701,600.00)
Prior year adjustments	14	35,448,235.00	-
NET LIABILITIES		<hr/> 22,744,182.50 <hr/>	<hr/> 3,753,932.00 <hr/>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MAKUENI NGCDF financial statements were approved on 30/6/ 2016 and signed by:


Chairman - NGCDF


Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
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VI. STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	107,348,480.80	107,538,801.20
Other Receipts	3	-	-
Payments for operating expenses			
Compensation of Employees	4	(1,169,306.50)	(917,526.00)
Use of goods and services	5	(16,007,198.60)	(11,892,782.03)
		(23,65	
Transfers to Other Government Units	6	5,725.00)	(49,840,062.80)
Other grants and transfers	7	(82,974,235.50)	(52,590,030.17)
Other Payments	9	-	-
		(123,806,465.30)	(115,240,401.00)
Adjusted for:			
Adjustments during the year	14	35,448,235.00	-
Net cash flow from operating activities		18,990,252.00	(7,701,600)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		18,990,252.00	(7,701,600)
Cash and cash equivalent at BEGINNING of the year	13	3,753,932.00	11,455,532.00
Cash and cash equivalent at END of the year		22,744,182.50	3,753,932.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MAKUENI NGCDF financial statements were approved on 30/6/ 2016 and signed by:

Chairman NGCDFC

Fund Account Manager

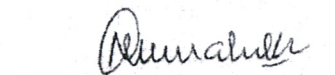
Reports and Financial statements
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VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	152,244,838.00	39,202,167.00	191,447,005.00	107,348,480.80	84,0985.00	56.1%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTAL	152,244,838.00	39,202,167.00	191,447,005.00	107,348,480.80	84,0985.00	56.1%
PAYMENTS						
Compensation of Employees	2,350,690.00	605,289.11	2,955,979.11	1,169,306.50	1,786,672.61	39.6%
Use of goods and services	11,351,345.42	2,922,905.92	14,274,251.34	16,007,198.60	(1,732,947.26)	112%
Transfers to Other Government Units	54,659,821.82	14,074,588.61	68,734,410.43	23,655,725.00	45,078,685.43	34.4%
Other grants and transfers	83,882,980.76	21,599,383.36	105,482,364.12	82,974,235.50	22,508,128.62	78.7%
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTAL	152,244,838.00	39,202,167.00	191,447,005.00	123,806,465.30	67,640,539.40	64.7%

The MAKUENI NGCDF financial statements were approved on 30/6/2016 and signed by:


Chairman NGCDF


Fund Account Manager

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest 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 – MAKUENI
CONSTITUENCY**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
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VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 – 2016		2014 – 2015
	Kshs		Kshs
NGCDF Board			
AIE NO A790795	31,348,480.80	AIE NO 750354	7,300,000
AIE NO A796487	10,000,000.00	AIE NO 750489	28,546,267
AIE NO A796324	10,000,000.00	AIE NO 796605	15,507,766
AIE NO A820606	10,000,000.00	AIE NO 796816	20,338,507
AIE NO A820841	20,000,000.00	AIE NO 796174	35,846,267
AIE NO A825539	26,000,000.00		
TOTAL	107,348,480.80		107,538,801

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. COMPENSATION OF EMPLOYEES		
Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	843,309.70	608,946.00
Basic wages of casual labourers	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	307,596.80	280,980.00
Employer contribution to NSSF	18,400.00	27,600.00
Gratuity	-	-
Total	1,169,306.50	917,526.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	-	-
Office rent	-	-
Communication, supplies and services	86,960.00	66,000.00
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	4,983,000.00	3,342,000.00
Hospitality supplies and services	-	-
Other committee expenses	5,513,000.00	2,235,400.00
Committee allowance	2,677,871.60	3,161,000.00
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	2,056,367.00	2,671,918.00
Fuel, oil & lubricants	-	-
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	690,000.00	416,464.03
Routine maintenance – other assets	-	-
Total	16,007,198.60	11,892,782.03

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 – 2016 Kshs	2014 - 2015 Kshs
Transfers to National Government entities	-	-
Transfers to primary schools	9,312,966.00	15,140,062.80
Transfers to secondary schools	8,300,000.00	33,400,000.00
Transfers to tertiary institutions	-	500,000.00
Transfers to health institutions	6,042,759.00	800,000.00
TOTAL	23,655,725.00	49,840,062.80

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016 Kshs	2014- 2015 Kshs
Bursary – secondary schools	12,896,706.00	6,190,909.00
Bursary – tertiary institutions	11,257,332.20	4,547,071.85
Bursary – special schools	165,000.00	52,000.00
Mocks & CATs	-	-
Water projects	28,264,636.00	24,889,513.80
Agriculture projects	-	-
Electricity projects	1,800,000.00	-
Security projects	15,045,482.30	914,295.52
Roads projects	8,349,908.00	4,490,000.00
Sports projects	932,500.00	1,514,140.00
Environment projects	2,789,671.00	1,400,000.00
Emergency projects	1,473,000.00	8,592,100.00
Total	82,974,235.50	52,590,030.17

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non- Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

2015 - 2016	2014 - 2015
Kshs	Kshs

-	-
-	-

10A: Bank Accounts (cash book/ bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
<i>The Cooperative Bank of Kenya A/C No. 01120539316700 Wote Branch</i>		3,753,932.00
Total	22,744,182.50	3,753,932.00
10B: CASH IN HAND		
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts (certificate balance)	22,744,182.50	3,753,932.00
Cash in hand	-	-
Imprest	-	-
Total	22,744,182.50	3,753,932.00

14. PRIOR YEAR ADJUSTMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	22,744,182.50	35,448,235.00
Cash in hand	-	-
Imprest	-	-
Total	22,744,182.50	35,448,235.00

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15. OTHER IMPORTANT DISCLOSURES

15.3: PENDING PAYABLES (See Annex 1)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Amounts due to other Government entities	-	-
Amounts due to other grants and other transfers	-	4,497,786.00
Others (<i>specify</i>)	-	-
	-	<u>4,497,786.00</u>

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ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Outstanding Balance 2016
		a	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.			
7.			
Sub-Total			
Sub-Total			
Others (specify)			
8.			
9.			
10.			
Sub-Total			
Grand Total			

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAKUENI
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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical cost (Kshs) 2015/ 16	Historical cost (Kshs) 2014/ 15
Land	-	-
Buildings and structures		-
Transport equipment		-
Office equipment, furniture and fittings	600,000.00	600,000.00
ICT equipment, Software and other ICT Assets		
Other machinery and equipment		
Heritage and cultural assets		
Intangible		
TOTAL	600,000.00	600,000.00