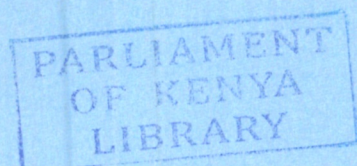


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper laid by Law
Wednesday 8/11/17
Afternoon sitting
Ad's*



REPORT



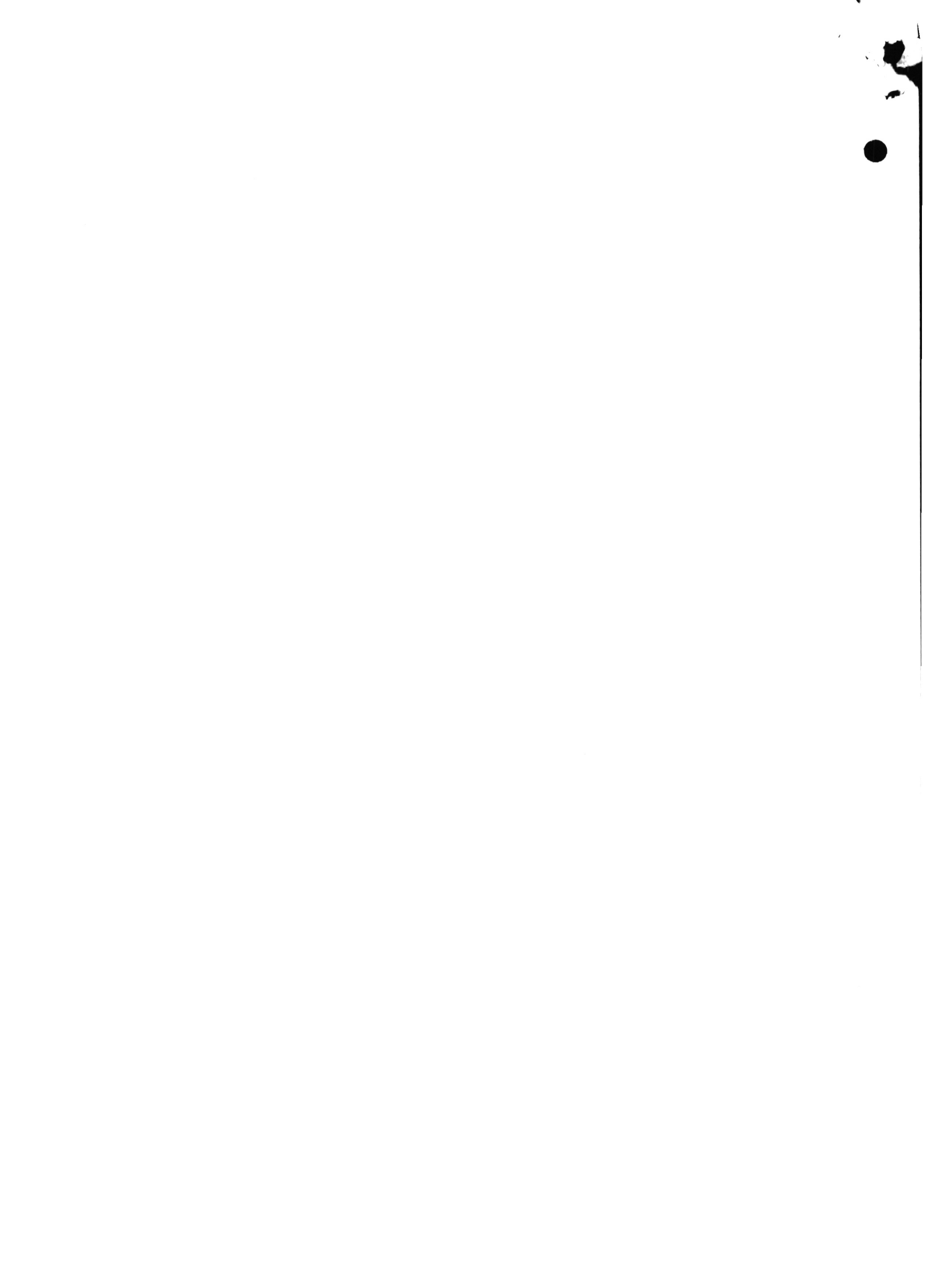
OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**





NG -CONSTITUENCY DEVELOPMENT FUND- NDIA 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)

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

Reports and Financial Statements

For the year ended June 30, 2016

The constituencies development fund (CDF) was established under the constituencies development fund Act, 2003, amended in 2007 and repealed by the CDF Act 2013. In 2015, the CDF Act of 2014 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 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 NG *Ndia Constituency's* day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Patrick Gitonga Njiru
3.	Accountant	Cecily Wambui

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG CDF Board provide overall fiduciary oversight on the activities of Ndia Constituency. The reports and recommendation of ARMC when adopted by the NG CDF Board are forwarded to the NG 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) NG - NDIA CDF Headquarters

P.O. Box 70
Ndia CDF Building
Along Baricho /Kerugoya/Road/Highway
Baricho, KENYA

(f) NG NDIA CDF Contacts

Telephone: (254) 726759676

E-mail: cdndia@cdf.go.ke

(g) NG NDIA CDF Bankers

1. EQUITY BANK LIMITED
KAGIO
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(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

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

Detail key achievements for the NG CDF

- Uplifted the unfortunate in society through the bursary funding.
- Improved security through provision of offices and houses to AP posts, police post & chiefs camps.
- Development of day secondary schools and improving learning and health institutions.
- Eradicating poverty at grass root level.

List emerging issues related to the NG CDF

- ✓ The court battle through the constitution to abolish the CDF fund.
- ✓ County Government want Cdf fund to be under their control.



Fund Account Manager

III. STATEMENT OF 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 NG *NDIA 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 2015/2016 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 CDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and 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 NG *NDIA 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 NG *NDIA 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 NG *NDIA 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.

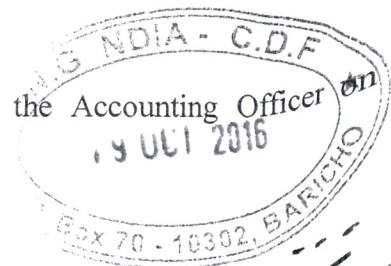
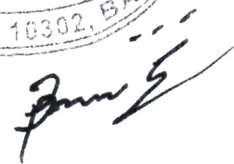
Approval of the financial statements

The NG *CDF's* financial statements were approved and signed by the Accounting Officer on 2016.

Chairman -CDFC



Fund Account Manager





OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund –Ndia Constituency set out on pages 6 to 38, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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 judgement, 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 controls 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

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

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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1.0 Accuracy, Completeness and Presentation of Financial Statements

1.1 Statement of Receipts and Payments

The statement of receipts and payments reflects use of goods and services balance of Kshs.12,118,379 as explained by note five (5) to the financial statements. Confirmation of the numerical casting of the total items making up the Kshs.12,118,379 figure on note five (5) shows a total sum is Kshs.11,626,000, resulting to unexplained difference of Kshs.492,379. Consequently, the accuracy of use of goods and services balance of Kshs.12,118,379 could not be confirmed.

1.2 The Summary Statement of Appropriation: Recurrent and Development Combined

Acquisition of assets and other payments as reported in the statement of receipts and payments for the year ended 30 June 2016 of Kshs.1,085,272 and Kshs.604,562.25 respectively are missing from the summary statement of appropriation: recurrent and development combined. Consequently, the accuracy of summary statement of appropriation: recurrent and development combined could not be confirmed.

1.3 Non Compliance to IPSAS Cash Basis Reporting Template

Note 15 to the financial statements provide for other important disclosures with note 15.1 disclosing pending accounts payables of Kshs.7,800,000 consisting of Kshs.5,300,000 as Construction of buildings and Kshs.2,500,000 as construction of civil works as explained in annex 1. However, annex 1, 2 and 3 of the financial statements provide no balances on accounts payables. Contrary to requirements of the IPSAS cash basis template.

2.0 Other Grants and Other Payments

2.1 Unsupported Balances

The statement of receipts and payments reflects other grants and transfers balance of Kshs.47,928,624 for the year ended 30 June 2016. However, the following items expenditure items amounting to Kshs.11,278,000 included in the balance were not supported:



OFFICE OF THE AUDITOR-GENERAL

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

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I have audited the accompanying financial statements of National Government Constituencies Development Fund –Ndia Constituency set out on pages 6 to 38, which comprise the statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

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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.

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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 judgement, 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 controls 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.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I am not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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1.0 Accuracy, Completeness and Presentation of Financial Statements

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Note 15 to the financial statements provide for other important disclosures with note 15.1 disclosing pending accounts payables of Kshs.7,800,000 consisting of Kshs.5,300,000 as Construction of buildings and Kshs.2,500,000 as construction of civil works as explained in annex 1. However, annex 1, 2 and 3 of the financial statements provide no balances on accounts payables. Contrary to requirements of the IPSAS cash basis template.

2.0 Other Grants and Other Payments

2.1 Unsupported Balances

The statement of receipts and payments reflects other grants and transfers balance of Kshs.47,928,624 for the year ended 30 June 2016. However, the following items expenditure items amounting to Kshs.11,278,000 included in the balance were not supported:

Expenditure item	Financial Statement Balance (Kshs)
sports projects	2,029,000
Environment projects	2,869,000
Emergency Projects	6,380,000
Total	11,278,000

In the circumstances, the accuracy and completeness of other grants and transfers balance of Kshs.47,928,624 for the year ended 30 June 2016 could not be confirmed.

2.2 Roads and Bridges Projects

In addition other grants and transfers balance of Kshs.47,928,624 includes a balance on roads projects expenditure reflected as Kshs.4,200,000. Further, records maintained by CDF management indicated that the amount of Kshs.4,200,000 was paid to various Project Management committees for various roads improvements which would mainly include Culverts and gravelling. However, procurement records, expenditure returns, joint measurement committee reports and bills of quantity (BQs) prepared by the Ministry of Works were not presented for audit verification. In the circumstances, the propriety and accuracy of other grants and transfers balance of Kshs.47,928,624 for the year ended 30 June 2016 could not be ascertained.

3.0 Acquisition of Assets

The statement of receipts and payments reflects Kshs.1,085,272 as acquisition of assets balance for the year ended 30 June 2016 comprising of Kshs.185,272 and Kshs.900,000 in respect of purchase of office furniture and acquisition of Land respectively. However, documents supporting the purchase of office furniture of Kshs.185,000 were not availed. Further, acquisition of Land figure of Kshs.900,000 was also not supported. Consequently, the accuracy and completeness of acquisition of assets balance of Kshs.1,085,272 for the year ended 30 June 2016 could not be confirmed.

4.0 Unsupported Bursary Awards and Disbursements

Other grants and other payments balance for the year ended 30 June 2016 includes Kshs.12,757,500 and Kshs.10,699,000 for bursary-secondary schools and bursary-tertiary institutions respectively totaling to Kshs.23,456,500 to various schools and colleges. However, no acknowledgement letters/receipts from institutions who received total of Kshs.13,080,050 in bursary awards to confirm the bursaries was received and accounted for. Consequently, it has not been possible to ascertain whether the bursaries awarded reached the intended beneficiaries and were properly accounted for as at 30 June 2016.

5.0 Accuracy of Cash and Cash Equivalents

5.1 Unreconciled Balances

The statement of assets reflect bank balances of Kshs.49,601,380.90 as at 30 June 2016. Review of the cash book showed a balance of Kshs.49,661,721.65 as at 30 June 2016 resulting to unexplained variance of Kshs.60,340.25. Consequently, the accuracy of bank balances of Kshs.49,601,380.90 as at 30 June 2016 could not be ascertained.

5.2 Long Outstanding Reconciling Items (Unpresented Cheques)

A review of the bank reconciliation statement, indicates that un-presented cheques totaling to Ksh.352,752, with some of the Cheques dating back to the financial year 2012/2013 were stale as at 30 June 2016, and could not be presented in the bank for payment. No reason was provided for the failure to reverse the cheques into the cashbook.

Consequently the accuracy of bank balances of Kshs.49,601,380.90 as at 30 June 2016 could be confirmed.

5.3 Unaccounted for Cash Withdrawal

The statement of assets as at 30 June 2016, reflects a nil balance for outstanding imprest. However, records availed for audit revealed that the District cashier, on behalf of the fund manager, made cash withdrawals amounting to Kshs.19,748,000 for CDF Ndia Office use. However, the total amount surrendered was Kshs.9,552,000, resulting to unaccounted cash withdrawals amounting to Kshs.10,196,000 as 30 June 2016. Consequently, the propriety of the nil balance for outstanding imprest as at 30 June 2016, could not be ascertained.

6.0 Irregular Procurement of Goods and Services

6.1 Installation of Power masts

The NG-CDF awarded a contract for installation of power masts in kianyage, kiangai and Kiburu markets each for Kshs.2,000,000 totaling Kshs.6,000,000 to Geocapital Construction Co. Ltd during the financial year under audit. However, the following observations were noted:

- i. The three (3) contracts for installation of power masts were similar in nature and it appears the contract was split to avoid open tendering.
- ii. Further, the Bill of quantities, expenditure returns and the project files were not availed for audit verification.

In the circumstances, the propriety of payments of Kshs.6,000,000 spent on this project could not be confirmed.

6.2 Training of Motorcycle Riders

During the year under audit, Ndia NG-CDF contracted Shatel driving School to give 300 people driving lessons at the rate of Kshs.500 per person giving a total sum of Kshs.1,500,000. However, the service provider was not identified through a competitive process contrary to the provisions of the Public Procurement and Disposal Act, 2015. Further, it is not clear how the 300 people were identified to undertake the training since details to show the selection or recruitment of the beneficiaries, admission of the same, and finalization of the training undertaken were not availed for audit. Further, license documents which ought to have been issued to the beneficiaries at the end of the training were not availed. Consequently, the propriety of the expenditure of Kshs.1,500,000 could not be confirmed.

6.3 Irregularities in Tender Awarding for Construction Services

Our review of various construction tenders awarded during the year revealed the following:

- i. Bidders for the erection and completion of 8 No. exhaustible toilets in Karimaini Primary school included Pateri General merchant, Murika Construction Company Ltd and Anwaka enterprises, but was awarded to Oriental wise Ltd who was not evaluated according to the evaluation report provided for audit.
- ii. The construction of 8No.exhaustible toilets in Kiangoma Primary attracted four (4) bidders with Anwaka enterprises having not quoted a contract price, but awarded at Kshs.849,658.53 leaving SkyDrive Ventures who quoted Kshs.849,493 and was the lowest bidder.
- iii. Construction of 2No. classrooms at Upper Baricho mixed secondary school attracted four (4) bidders with Betern Logistics International Ltd quoting the lowest contract price of Kshs.1,268,303.40 but the contract was awarded to Taureck Engineering Co. Ltd at Kshs.1,298,217.48. The evaluation minutes did not provide an evaluation report to explain why the lowest bidder was not awarded the contract.

In the circumstances, the NG-CDF was in breach of the Public Procurement and Disposal Act, 2015 and value for money for these projects could not be ascertained.

6.4 Irregularities in Procurement of Construction Works and Other Services

Review of the process used to procure services by Ndia NG-CDF during the financial year revealed that projects worth Kshs.3,480,237.80 were procured through quotations instead of restricted tendering. The CDF was issuing quotations to only three firms rather ten firms as required in restricted tendering as provided for in the Public Procurement and Disposal Act, 2015. Analysis done (see the table below) on the payments made revealed that the amount paid ranged between Kshs.500,000 and Kshs.3,999,999 which required the use of restricted tendering.

Project	Budget Kshs.	Bidders	Amount Kshs.
Construction of 1 classroom at Kiandangae Primary School	750,000.00	1. Don Valley Enterprise Ltd 2. Territorial Contractors and Electrical Services Ltd 3. Mutei Building and Construction Company Ltd	1,339,932.00 749,435.00 749,170.80
Construction of Administration Block at Kathaka Secondary School	1,500,000.00	1. Licado Roads and Building Construction Ltd 2. Four Weeks Enterprises 3. Territorial Contractors and Electrical Services Ltd	1,602,191.50 1,489,317.12 1,485,317.00
Construction of 2 classrooms at Kiandangae Secondary School	1,250,000.00	1. Push Agencies 2. Territorial Contractors and Electrical Services Ltd 3. JosNjem Enterprises Ltd	1,743,445.00 1,248,751.20 1,245,751.00

It was also observed that Ndia NG-CDF did not maintain an approved list of prequalified contractors and therefore, it was not clear how the three contractors whose quotations were sought were identified. In the circumstances, the NG-CDF was in breach of the Public Procurement and Disposal Act, 2015 and value for money for these projects could not be ascertained.

7.0 Kiamucuku Water Project

Records availed for audit indicated that the NG-CDF awarded M/s Spire General contractors Co. Ltd for Kshs.1,000,000 for the Kiamucuku water project during the financial year under audit. However, procurement method used for this project including details as to how many firms tendered, at how much and the awarding criteria used could not be confirmed. In addition, expenditure returns relating to the project were not availed for audit verification. Consequently, the propriety of the expenditure incurred on pipes in the year of Kshs.1,000,000 could not be confirmed.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.



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

Nairobi

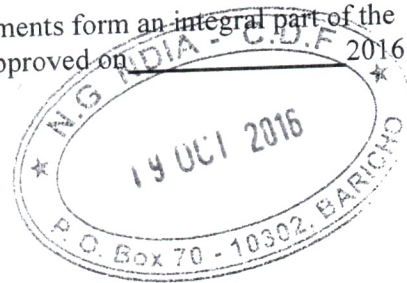
18 September 2017

NG NDIA CONSTITUENCY DEVELOPMENT FUND- NG -NDIA 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	96,226,930.5	80,364,122.5
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	682,659.5	39,000
TOTAL RECEIPTS		96,909,590 .0	80,403,122.5
PAYMENTS			
Compensation of Employees	4	871,697.00	993,116.00
Use of goods and services	5	12,118,379.00	4,203,810.00
Transfers to Other Government Units	6	46,050,427.00	15,274,168.00
Other grants and transfers	7	47,928,624.00	23,208,190.00
Acquisition of Assets	8	1,085,272	0
Other Payments	9	604,562.25	0
TOTAL PAYMENTS		108,658,961.25	43,679,284.00
SURPLUS/DEFICIT		(11,749,371.25)	36,723,838.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG NDIA CDF financial statements were approved on 19 OCT 2016 and signed by:



Chairman - CDFC

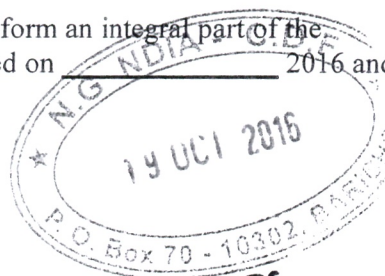
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Fund Account Manager

V. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	10A	49,601,380.9	61,330,751.9
Cash Balances (cash at hand)	10B	0	0
Outstanding Imprests	11	0	0
Retention	12	0	0
TOTAL FINANCIAL ASSETS		49,601,380.9	61,330,751.9
REPRESENTED BY			
Fund balance b/fwd	13	61,330,751.9	24,626,913.4
Deficit for the year		11,749,371.25	36,723,838.5
Prior year adjustments	14	20,000.00	(20,000.00)
NET FINANCIAL POSITION		49,601,380.65	61,330,751.9

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG NDIA CDF financial statements were approved on _____ 2016 and signed by:



[Handwritten Signature]

Fund Account Manager

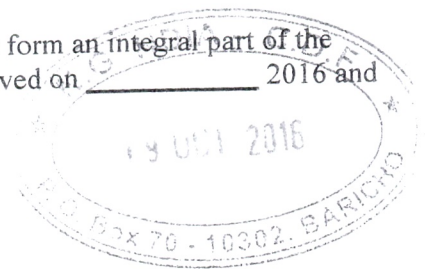
Chairman - CDFC

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STATEMENT OF CASHFLOW

		2015 - 2016	2014 - 2015
Receipts for operating income	1	96,226,930.5	80,364,122.5
Transfers from CDF Board	3	682,659.5	39,000.00
Other Receipts			
Payments for operating expenses			
Compensation of Employees	4	871,697.00	993,116.00
Use of goods and services	5	12,118,379.00	4,203,810.00
Transfers to Other Government Units	6	46,050,427.00	15,274,168.00
Other grants and transfers	7	47,928,624.00	23,208,190.00
Acquisition of Assets	8	1,085,272	0
Other Payments	9	604,562.25	0
Adjusted for:			
Adjustments during the year		20,000.00	(20,000.00)
		(11,729,371.25)	36,703,838.5
Net cash flow from operating activities			
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	0	0
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year	15	<u>61,330,751.9</u>	24,626,913.4
Cash and cash equivalent at END of the year	16	<u>49,601,380.65</u>	<u>61,330,751.9</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG - NDIA CDF financial statements were approved on _____ 2016 and signed by:



[Handwritten Signature]

Fund Account Manager

Chairman CDFC

[Handwritten Signature]

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 Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from CDF Board	96,226,930.5	61,330,751.9	157,557,682.4	96,226,930.5	61,330,751.9	61%
Other Receipts	682,659.5	0	682,659.5	682,659.5	0	100%
	96,909,590.00	61,330,751.9	158,240,341.9	96,909,590.00	61,330,751.9	
PAYMENTS						
Compensation of Employees	1,217,649	0.00	1,139,889	871,697.00	268,192.00	76%
Use of goods and services	6,752,775.00	6,150,000.00	12,802,775	12,118,379.00	399,396.00	95%
Transfers to Other Government Units	38,177,000.00	10,000,000.00	48,177,000.00	46,050,427.00	2,126,573.00	95%
Other grants and transfers	50,809,444.5	9,418,989.00	60,228,434.5	47,928,624.00	12,299,810.5	79%

The NG NDIA CDF financial statements were approved on _____ 2016 and signed by:



[Signature]
 Fund Account Manager

Chairman CDF

[Signature]

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 *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 *CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

KEY FINANCIAL 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 *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 *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 *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.

IX. NOTES TO THE FINANCIAL STATEMENTS

1.1.1.1.1.1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
CDF Board			
AIE NO	820921	47,226,930.5	33,137,192
AIE NO	825780	49,000,000.0	47,226,930.5
AIE NO		0	0
(other constituency e.g, parent constituency)		0	0
TOTAL		96,226,930.5	80,364,122.5

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

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	54,000.00	39,000.00
Other Receipts Not Classified Elsewhere(ATTACHED NOTE3)	628,659.50	0
Total	682,659.5	39,000.00

1.1.1.1.1.1.4 COMPENSATION OF EMPLOYEES

	2015 - 2016	2014- 2015
	Kshs	Kshs
Basic wages of contractual employees	653,567.00	754,506.00
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	121,000.00	143,000.00
Transport allowance	0	0
Leave allowance	0	0
National social security fund	71,280.00	78,960.00
Other personnel payments NHIF	25,850.00	16,650.00
Total	871,697.00	993,116.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

USE OF GOODS AND SERVICES

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	0	43,500.00
Communication, supplies and services	244,750.00 ✓	0
Domestic travel and subsistence	666,500 ✓	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets	0	2,161,000.00
Training expenses	5,298,500.00 ✓	32,400.00
Hospitality supplies and services	321,750.00 ✓	0
Insurance costs	3,000.00 ✓	37,000.00
Specialized materials and services	387,580.00 ✓	378,910
Office and general supplies and services	749,020.00	0
Other operating expenses	1,547,500.00 ✓	0
Routine maintenance – vehicles and other transport equipment	90,400.00	0
Routine maintenance – other assets	0	43,500.00
Committee allowances	1,366,000.00 ✓	1,000,000.00
Other committee expenses	951,000.00 ✓	551,000.00
TOTAL	12,118,379	4,203,810.00

492,379

IN THE FINANCIAL STATEMENTS (Continued)

1.1.1.1.1.6 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities	10,000,000.00	0
Transfers to primary schools (see attached list)	11,386,067.00	6,732,608.00
Transfers to secondary schools (see attached list)	18,731,067.00	6,744,651.00
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	5,932,759.00	896,909.00
TOTAL	46,050,427.00	15,274,168.00

1.1.1.1.1.1.7 OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,757,500.00	2,998,000.00
Bursary – tertiary institutions (see attached list)	10,699,000.00	2,302,000.00
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Water projects (see attached list)	1,950,000.00	6,528,174.00
Agriculture projects (see attached list)	0	250,000.00
Electricity projects (see attached list)	6,000,000.00	0
Security projects (see attached list)	1,044,124.00	4,795,714.00
Roads projects (see attached list)	4,200,000.00	3,973,302.00
Sports projects (see attached list)	2,029,000.00	125,000.00
Environment projects (see attached list)	2,869,000.00	1,166,000.00
Emergency projects (see attached list)	6,380,000.00	1,070,000.00
Total	47,928,624.00	23,208,190.00

1.1.1.1.1.1.8 ACQUISITION OF ASSETS

Non Financial Assets

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	185,272	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	900,000.00	0
Acquisition of Intangible Assets	0	0
	0	
Total	1,085,272.00	0

1.1.1.1.1.1.9 OTHER PAYMENTS (SEE ATTACHED LIST)

		2015 - 2016 Kshs	2015 - 2016 Kshs
Specify			
BANK CHARGES)	114,752		0
RETENTION FEE	<u>489,810.25</u>	604,562.25	

604,562.25	0
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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015- 2016	2014 - 2015
	Kshs	Kshs
<i>EQUITYKAGIO BRANCH</i> <i>Account No. 0420294874971</i>	49,601,380.65	24,626,913.4
Total	49,601,380.65	24,626,913.4

10B: CASH IN HAND

	2015 - 2016	2014- 2015
	Kshs	Kshs
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
	0	0
Total	0	0

[Provide cash count certificates for each]

11: 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	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
Total				N/A

[Include an annex of the list if longer than 1 page.]

12: RETENTION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015- 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	49,601,380.65	61,330,751.9
Cash in hand	0	0
Imprest	0	0
Total	49,601,380.65	61,330,751.9

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS (see attached note)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	20,000.00	(20,000.00)
Cash in hand	0	0
Imprest	0	0
Total	20,000.00	(20,000.00)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings	5,300,000.00	5,300,000.00
Construction of civil works	2,500,000.00	2,500,000.00
Supply of goods	0	0
Supply of services	0	0
	7,800,000.00	7,800,000.00

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others (<i>specify</i>)	0	0
	0	0

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	0	0
Amounts due to other grants and other transfers (see attached list)	0	0
Others (<i>specify</i>)	0	0
	0	0

Reports and Financial Statements

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.	0	0	0	0	0	
2.	0	0	0	0	0	
3.	0	0	0	0	0	
Sub-Total	0		0	0	0	
Construction of civil works						
4.	0	0	0	0	0	
5.	0	0	0	0	0	
6.	0	0	0	0	0	
Sub-Total	0		0	0	0	
Supply of goods						
7.	0	0	0	0	0	
8.	0	0	0	0	0	
9.	0	0	0	0	0	
Sub-Total	0		0	0	0	
Supply of services						
10.	0	0	0	0	0	
11.	0	0	0	0	0	
12.	0	0	0	0	0	
Sub-Total	0		0	0	0	
Grand Total	0		0	0	0	

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.	N/A	N/A	N/A	N/A	N/A	N/A	
2.	N/A	N/A	N/A	N/A	N/A	N/A	
3.	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Middle Management							
4.	N/A	N/A	N/A	N/A	N/A	N/A	
5.	N/A	N/A	N/A	N/A	N/A	N/A	
6.	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Unionisable Employees							
7.	N/A	N/A	N/A	N/A	N/A	N/A	
8.	N/A	N/A	N/A	N/A	N/A	N/A	
9.	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Others (specify)							
10.	N/A	N/A	N/A	N/A	N/A	N/A	
11.	N/A	N/A	N/A	N/A	N/A	N/A	
12.	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Grand Total	N/A	N/A	N/A	N/A	N/A	N/A	

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities	N/A	N/A	N/A	N/A	N/A	N/A	
1.	N/A	N/A	N/A	N/A	N/A	N/A	
2.	N/A	N/A	N/A	N/A	N/A	N/A	
3.	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Amounts due to other grants and other transfers							
4.	N/A	N/A	N/A	N/A	N/A	N/A	
5.	N/A	N/A	N/A	N/A	N/A	N/A	
6.	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Others (specify)							
7.	N/A	N/A	N/A	N/A	N/A	N/A	
8.	N/A	N/A	N/A	N/A	N/A	N/A	
9.	N/A	N/A	N/A	N/A	N/A	N/A	
Sub-Total	N/A	N/A	N/A	N/A	N/A	N/A	
Grand Total	N/A	N/A	N/A	N/A	N/A	N/A	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	0	0
Buildings and structures	4,294,872	4,294,872
Transport equipment	4,328,326	4,328,326
Office equipment, furniture and fittings	1,881,088	1,881,088
ICT Equipment, Software and Other ICT Assets	334,444	334,444
Other Machinery and Equipment	60,792	60,792
Heritage and cultural assets	69,239	69,239
Intangible assets	0	0
Total	10,968,761	10,968,761