

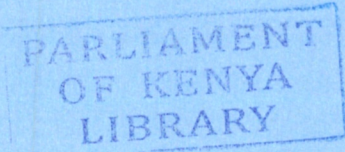
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Paper laid by  
LOM Wednesday  
8/11/17  
Afternoon  
Sitho  
AK*

**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**



[30<sup>TH</sup> SEPTEMBER 2016]



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**CONSTITUENCIES DEVELOPMENT FUND – NAIVASHA**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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

30 SEP 2016

**RECEIVED**



**CONSTITUENCIES DEVELOPMENT FUND – NAIVASHA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs'000)**

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**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs'000)**

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

**(b) Key Management**

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

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Chief Executive Officer	Yusuf Mbuno
2.	Fund Account Manager	Edward W Ratemo
3.	District Accountant	Friciah N Githua

**(d) Fiduciary Oversight Arrangements**

Dr James k maina  
Anne Kiraya  
Samuel Maina  
Peter Njoroge  
Ruth Wadu  
Mutete Ole Kishau  
Fund Accounts Manager-edward waya ratemo  
National Government Representative – Geoffrey Githire

**(e) Entity Headquarters**

**Provide box and physical address of the constituency CDF office**

P.O. Box 1918-20117  
Mama Ngina Road  
Naivasha, Kenya.



**(f) Entity Contacts**

**Provide telephone number and email of the constituency CDF office**

Telephone: 0722750227

E-mail: Naivasha@cdf.go.ke

Website: www.go.ke

**(g) Entity Bankers**

Constituency CDF main banker (provide the bank, branch, account number and address)

1. Bank-Equity Bank  
Branch-Naivasha  
A/C No.0200261809700  
P.O Box

**(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- NAIVASHA\*  
CONSTITUENCY**

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

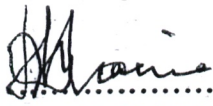
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**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY  
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NG-CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Naivasha constituency.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Projects. Other issues affecting the projects implementation process is the late **disbursement of funds**, late approval of proposals and reallocations.

There is also the need for continuous training of the ng cdf members and pmcs for proper bookkeeping

Sign.....   
CHAIRMAN NGCDFC



## II. STATEMENT OF CONSTITUENCY 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 entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

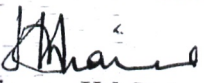
The Fund Account Manager in charge of the Naivasha CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2014. This responsibility 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Fund Account Manager in charge of the Naivasha NG-CDF accepts responsibility for the Constituency'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) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the Naivasha NG-CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2014, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Naivasha NG- CDF further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the Naivasha NG- CDF confirms that the entity has complied fully with applicable Government Regulations and that the Constituency'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 Fund Account Manager confirms that the Constituency'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 Naivasha CDF financial statements were approved and signed on 27/9 | 2016.

  
Dr James K Maina  
Chairman - CDFC

  
Edward waya ratemo  
Fund Account Manager  
P.O. BOX 1918 NAIVASHA  
DATE: \_\_\_\_\_





## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Fund - Naivasha Constituency set out on pages 6 to 20, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information and explanations 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 the 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 audit considers internal control relevant to the entity's preparation and fair presentation of 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 Fund's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the matters described in the Basis of 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. Preparation and Presentation of the Financial Statements**

The presented financial statements were not supported by a trial balance and ledgers. In addition, the financial statements have several arithmetic errors, typing errors, inappropriate headings and inconsistent page numbering. The fixed asset schedule was not attached to the financial statements as required by the reporting template.

The statement of financial assets reflects total assets of Kshs.88,420,411 and net liabilities of Kshs.(4,340,010) leading to unexplained difference of Kshs.92,760,421. In view of this difference, the statement of financial assets does not present a fair financial position of the constituency.

The cash and cash equivalent balance of Kshs.88,420,411 as at 30 June 2016 was at variance with the cash book balance of Kshs.9,415,122.60 that is made up of cash at bank of Kshs.9,168,122.60 and outstanding imprest of Kshs.247,000. Further, the management did not prepare and submit to the CDF Board new proposals for the unspent balance amounting to Kshs.9,168,122.60 as at 30 June 2016.

In the circumstances, the accuracy of the financial statements cannot be confirmed.

### **2. Unaccounted for Transfer Funds**

The management made a transfer of Kshs.10,000,000 on 23/09/2015 vide RTGS: RTOO20349060 to Kabete Technical Training Institute. However, the respective payment voucher detailing the payee, authorization by the CDF acknowledgement of receipt of the funds by the Institute were not provided for audit. In addition, there was no budget provision for the transfer. The management did not explain the purpose of the transfer or present the respective CDFC minutes that discussed and approved the disbursement. Further, there was no agreement between Naivasha CDF and Kabete Technical Training Institute spelling out the terms and specific activities to be undertaken including detailed work plans. Under the circumstances, it has not been possible to confirm that the funds were utilized for the benefit of Naivasha Constituency residents.

### **3. Unaccounted for Kinamba Primary School Expenditure**

In financial year 2015/2016 Kinamba Primary School was allocated Kshs.11,000,000 but Kshs.13,000,000 was disbursed leading to unauthorized extra funding of



Kshs.2,000,000. The disbursed funds were not accounted for through expenditure returns as required. Physical verification revealed that construction of the classrooms and offices was on going but were not being certified at different stages of construction to confirm that the works done met technical standards. The school has so far admitted 324 pupils from class one to six paying fees at a rate of Kshs.700 per pupil per month and teachers are employed and paid by the school not by the Teachers Service Commission. This implies that the school is being run as a private institution. Further, the CDFC disbursed Kshs.7,000,000 to the school for purchase of land but no evidence was provided to indicate that the purchased land was sourced competitively.

In the circumstance, the CDF breached procurement laws.

#### **4. Unsupported Bursary Expenditure**

The bursaries for secondary schools, tertiary institutions, examinations and driving schools approved in 2015/2016 amounted to Kshs.13,000,000, Kshs.7,000,000, Kshs.2,000,000 and Kshs.1,000,000 respectively totaling Kshs.23,000,000. Records examined indicated that expenditure of Kshs.18,921,889 was incurred but were not supported by official acknowledgements. Besides, schedules of the beneficiaries, the criteria that was used to identify the respective students were not stated and the bursary application register was not maintained. It was therefore not possible to ascertain if the bursary funds were indeed issued to needy students and received by the institutions cited in the disbursement documents.

#### **5. Unaccounted for Environmental Expenditure**

Naivasha Constituency Development Fund Committee allocated Kshs.1,000,000 towards environmental projects. Records examined indicated cash amounting to Kshs.250,000 and Kshs.150,000 were withdrawn on January 5 and 8 2016 respectively but were not documented or accounted for in expenditure returns. Although, the management explained that the expenditure was incurred on planting of trees around Naivasha Constituency, no details were given in respect to the number, cost and nature of tree seedlings purchased, and the location they were planted. Further, the environment project management committee file presented for audit was not relevant to 2015/2016 transactions but those for 2014/2015 and prior years.

#### **6. Unsupported Emergency Expenditure**

A sum of Kshs.5,767,647 was set aside in the year under review to cater for emergency activities but only Kshs.3,238,482 was spent. Of the expenditure incurred, Kshs.1,750,000 was in regard to various projects/services but the payment vouchers were not supported with work plans/programs, monitoring and evaluation reports, CDFC approval minutes and project files. Included in Kshs.1,750,000 expenditure was Kshs.150,000 disbursed to Karai Police Post which however has never been in operation. Enquiries revealed that the initial construction did not meet the specifications of a Police Post. A further Kshs.582,482 was paid vide PV.Nos.276 and 277 dated 15/12/15 to M/s Josmart Auto Garage for repair of two Land Rovers vehicles namely,



GK A483N and GK P864. However, no work tickets, repairs log books and inspection reports before and after the repairs were attached for the payment vouchers, or provided for audit verification. In addition, the expenditures did not meet the emergency threshold set by the National Government Constituencies Development Fund Act No 30 of 2015.

In the circumstance, the emergency expenditure did not appear as proper charge to the public funds.

#### **7. Weaknesses in Accounting and Internal Control Systems**

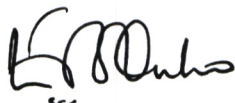
During the period under review, payment vouchers for expenditure totalling Kshs.20,000,000 were not presented for audit and therefore the propriety of the expenditures could not be confirmed. In addition, replacement cheques valued at Kshs.2,559,000 were made but the corresponding cancelled cheques were not taken-on- charge in the register and further some of the replacements were not made to the original payees. In addition, control over issuance, accountability and surrender of imprests remained weak and as a result, Kshs.100,800 paid in respect of night-outs to Mr. Arthur K. Karogi (former Fund Manager) and Mr. Joseph Magu Kahra at Kshs.50,400 each was not accounted for properly.

#### **8. Weaknesses in Project Implementation**

Budgetary allocations to projects increased from Kshs.57,507,931 in 2014/2015 to Kshs.76,800,000 in 2015/2016. However, the respective project management committees did not submit expenditure returns to account for funds disbursed to them and further there was no evidence to show that procurement procedures were followed in awarding contracts. In addition, the projects were not certified as having met the required standards and further payments were made to contractors without withholding retention funds as required.

#### **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**

**21 September 2017**

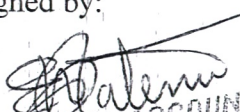
I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	118,708,067	86,075,112
<i>Proceeds from Sale of Assets</i>	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>118,708,067</b>	<b>86,075,112</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,185,534	1,624,905
Use of goods and services	5	6,502,855	6,835,485
Transfers to Other Government Units	6	76,619,759	87,325,376
Other grants and transfers	7	44,611,294	48,435,106
Acquisition of Assets	8	-	11,625,500
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>129,919,442</b>	<b>155,846,372</b>
<b>SURPLUS/DEFICIT</b>		<b>(11,211,375)</b>	<b>(69,771,260)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The naivasha NGCDF financial statements were approved on 27/9/16 2015 and signed by:

  
chairman

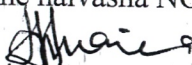
  
fund account manager  
FUND ACCOUNT MANAGER  
P.O. BOX 1916 NAIVASHA  
DATE: -----



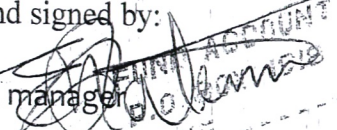
		2015 - 2016	2014 - 2015
<b>Receipts for operating income</b>			
Transfers from CDF Board	1	118,708,067	86,075,112
Other Receipts	3	-	-
		<b>118,708,067</b>	
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,185,534	1,624,905
Use of goods and services	5	6,502,855	6,835,485
Transfers to Other Government Units	6	76,619,759	87,325,376
Other grants and transfers	7	44,611,294	48,435,106
Other Payments	9	-	-
		<b>129,919,442</b>	<b>144,220,872</b>
<b>Adjusted for:</b>			
Adjustments during the year	14	-	501,642
<b>Net cash flow from operating activities</b>		<b>(11,211,375)</b>	<b>(143,719,230)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(11,625,500)
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(11,625,500)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
		<b>(11,211,375)</b>	<b>(155,344,730)</b>
Cash and cash equivalent at BEGINNING of the year	13	6,871,365	76,142,625
Cash and cash equivalent at END of the year		<b>(4,340,010)</b>	<b>6,871,365</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The naivasha NGCDF financial statements were approved on 27/9 2015 and signed by:

  
chairman

fund account manager

  
FUND ACCOUNT MANAGER  
DATE \_\_\_\_\_  
NAIVASHA

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II. STATEMENT OF FINANCIAL ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	88,420,411	6,871,365
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>88,420,411</b>	<b>6,871,365</b>
<b>REPRESENTED BY</b>			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	6,871,365	76,140,982
Surplus/Deficit for the year		(11,211,375)	(69,771,260)
Prior year adjustments	14	-	501,642
<b>NET LIABILITIES</b>		<b>(4,340,010)</b>	<b>6,871,364</b>
		<b>92,760,421</b>	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Naivasha NGCDF financial statements were approved on 27/4 2016 and signed by:

*[Signature]*  
chairman

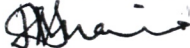
*[Signature]*  
fund account manager  
FUND ACCOUNT MANAGER  
P.O. BOX 1918 NAIVASHA  
DATE: -----

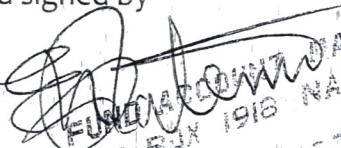


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	105,845,355	6,871,365	112,716,720	98,001,772	14,714,948	86.9%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
<b>TOTAL</b>	<b>105,845,355</b>	<b>6,871,365</b>	<b>112,716,720</b>	<b>98,001,772</b>	<b>14,714,948</b>	<b>86.9%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,667,797	22,775	2,690,572	2,185,534	505,038	81.2%
Use of goods and services	6,502,855	22,477	6,525,332	6,502,855	22,477	99.7%
Transfers to Other Government Units	72,119,759	5,694,624	77,814,383	76,619,759	1,194,624	98.5%
Other grants and transfers	56,419,202	(2,869)	56,416,333	44,611,294	11,805,039	79.1%
Acquisition of Assets	1,202,113	1,004,500	2,206,613	-	2,206,613	0.0%
Other Payments	-	-	-	-	-	-
<b>TOTAL</b>	<b>138,911,726</b>	<b>6,741,507</b>	<b>145,653,233</b>	<b>129,919,442</b>	<b>15,733,791</b>	<b>89.2%</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The naivasha NGCDF financial statements were approved on 27/9/16 2016 and signed by

  
chairman

  
fund account manager

FUND ACCOUNT MANAGER  
P.O. BOX 1918 NAIVASHA  
DATE: -----

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NAIVASHA  
CONSTITUENCY

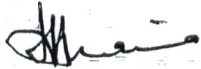
Reports and Financial Statements

For the year ended June 30, 2016

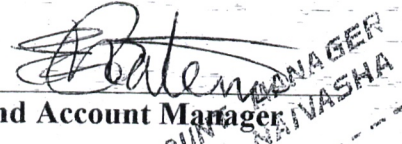
- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

- i. XXXX
- ii. XXXX
- iii. XXXX
- iv. XXXX

The NAIVASHA NGCDF financial statements were approved on 27/9 2016 and signed by:



Chairman NGCDF



Fund Account Manager

FUND ACCOUNT MANAGER  
P.O. BOX 1918 NAIVASHA  
DATE \_\_\_\_\_



## VII. 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 imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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FUND ACCOUNT MANAGER  
P.O. BOX 1918 NAIVASHA  
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – NAIVASHA  
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.

FUND ACCOUNT MANAGER  
P.O. BOX 1918 NAIVASHA  
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I. NOTES TO THE FINANCIAL STATEMENTS				
GFS CODES				
<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>				
	<b>Description</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs</b>
<b>1330407</b>	Normal Allocation	796186	1,300,000.00	24,268,778
		790846	29,396,580.05	14,561,267
		724135	10,000,000.00	9,707,511
		724014	28,011,487.00	-
		820625	10,000,000.00	3,500,000
		820760	20,000,000.00	28,268,778
		820960	20,000,000.00	5,768,778
<b>1330408</b>	Conditional grants			-
		AIE NO...	-	
<b>1330409</b>	Receipt from other Co	AIE NO...	-	
	<b>TOTAL</b>		<b>118,708,067</b>	<b>86,075,112</b>
<b>3510000 2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>				
	<b>Description</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs</b>
<b>3510202</b>	Receipts from the		-	-
<b>3510601</b>	Receipts from the		-	-
<b>3510801</b>	Receipts from the		-	-
<b>3510803</b>	Receipts from the		-	-
			-	-
	<b>Total</b>			
<b>1400000 3 OTHER RECEIPTS</b>				
	<b>Description</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs</b>
1410107	Interest Received		-	-
1410405	Rents		-	-
1420601	Interest Received		-	-
1450207	Other Receipts Not		-	-
	<b>Total</b>		-	-
<b>2110000 4 COMPENSATION OF EMPLOYEES</b>				
	<b>Description</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>

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FUND ACCOUNT MANAGER  
 P.O. BOX 1918 NAIVASHA  
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			Kshs	Kshs
2110201	Basic wages of		1,748,089.00	923,390
2110202	Basic wages of casual		-	-
	<b>Personal allowances</b>		-	154,375
2110301	House allowance		-	-
2110314	Transport allowance		158,100	-
2110320	Leave allowance		-	-
2110326	Other personnel		255,345.00	-
2120101	Employer		24,000.00	17,680
2710120	gratuity		-	529,460
	<b>Total</b>		<b>2,185,534</b>	<b>1,624,905</b>
<b>2200000</b>	<b>5 USE OF GOODS AND SERVICES</b>			
	<b>Description</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs</b>
2210100	Utilities, supplies and		15,984	5,500
2210104	Office rent		-	120,000
2210200	Communication,		191,960	6,960
2210300	Domestic travel and		-	-
2210500	Printing, advertising		200,000	17,500
2210600	Rentals of produced		-	-
2210700	Training expenses		-	-
2210800	Hospitality supplies		-	73,785
2210802	Other committee		1,016,100.00	-
2210809	Committee allowance		4,891,018	5,472,462
2210900	Insurance costs		-	-
2211000	Specialised materials		92,101	-
2211100	Office and general		11,192	34,615
2211200	Fuel ,oil & lubricants		84,500	400,000
2211300	Other operating		-	61,798
2220100	Routine maintenance		-	392,865
2220200	Routine maintenance		-	250,000
	<b>Total</b>		<b>6,502,855</b>	<b>6,835,485</b>
<b>2630200</b>	<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>			
	<b>Description</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs</b>
2630204	Transfers to		34,020,000.00	28,006,724
2630205	Transfers to		28,600,000.00	34,662,085
2630206	Transfers to Tertiary		11,150,000.00	8,032,608

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FUND ACCOUNT MANAGER  
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2630207	Transfers to Health		2,849,759.00	16,623,960
	<b>TOTAL</b>		<b>76,619,759</b>	<b>87,325,376</b>
<b>2640000</b>	<b>7 OTHER GRANTS AND OTHER PAYMENTS</b>			
	<b>Description</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs</b>
2640101	Bursary -Secondary		8,622,000.00	10,165,301
2640102	Bursary -Tertiary		6,023,000.00	-
2640104	Bursary-Special		3,921,500.00	-
2640105	Mocks & CAT		339,000	-
2640504	water		2,650,000.00	1,800,000
2640505	Agriculture (food			592,799
2640506	Electricity projects		-	-
2640507	Security		6,300,000.00	6,000,087
2640508	Roads		7,716,700.00	26,336,049
2640510	Environment		1,000,000.00	-
2640509	Sports		1,500,000.00	1,270,435
2640511	Motor bike sheds		1,000,000.00	-
2640510	Other capital grants		81,206	2,270,435
2640200	Emergency Projects		5,457,888.00	-
	<b>Total</b>		<b>44,611,294</b>	<b>48,435,106</b>
<b>3100000</b>	<b>8 ACQUISITION OF ASSETS</b>			
	<b>Non Financial Assets</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs</b>
3110102	Purchase of Buildings		-	-
3110202	Construction of		-	4,227,500
3110302	Refurbishment of		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles &		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of office		-	498,000
3111002	Purchase of		-	-
3111005	Purchase of		-	-
3111009	Purchase of other		-	-
3111112	Purchase of soft ware		-	-
3130101	Acquisition of Land		-	6,900,000
	<b>Total</b>		<b>-</b>	<b>11,625,500</b>

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FUND ACCOUNT MANAGER  
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	<b>9 Other Payments</b>			
	specify		-	-
	specify		-	-
	specify		-	-
	<b>TOTAL</b>		-	-
	<b>10A: Bank Balances (cash book bank balance)</b>			
	<b>Name of Bank,</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Account N</b>	<b>Kshs</b>	<b>Kshs (30/6/2015)</b>
	Equity Bank Naivasha branch	,110276385	88,420,410.95	6,871,365
			-	-
			-	-
	<b>Total</b>		<b>88,420,411</b>	<b>6,871,365</b>
	<b>10B: CASH IN HAND)</b>			
			<b>2015 - 2016</b>	<b>2014 - 2015</b>
			<b>Kshs</b>	<b>Kshs (30/6/2015)</b>
	Location 1		-	-
	Location 2		-	-
	Location 3		-	-
	Other receipts		-	-
	<b>Total</b>		-	-
	<b>[Provide cash count certificates for each]</b>			
	<b>11: OUTSTANDING IMPRESTS</b>			
	<b>Name of Officer</b>		<b>Amount Taken</b>	<b>Amount Surrendered</b>
		<b>Date imprest</b>	<b>Kshs</b>	<b>Kshs</b>
	<b>12 Retention</b>			
	<b>Supplier/Contractor</b>	<b>PV no</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>

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FUND ACCOUNT MANAGER  
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13 BALANCES BROUGHT FORWARD				
		2015 - 2016	2014 - 2015	
		Kshs (1/7/2015)	Kshs (1/7/2014)	
Bank accounts		88,420,411	76,140,983	
Cash in hand		-	-	
Imprest		-	-	
<b>Total</b>		88,420,411	76,140,983	
<i>[Provide short appropriate explanations as</i>				
<i>]</i>				
14				
PRIOR YEAR ADJUSTMENTS				
		2015 - 2016	2014 - 2015	
		Kshs	Kshs	
Bank accounts		-	501,642	
Cash in hand		-	-	
Imprest		-	-	
<b>Total</b>		-	501,642	
15				
OTHER IMPORTANT DISCLOSURES				
15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)				
		2015 - 2016	2014 - 2015	
		Kshs	Kshs	
Construction of		-	-	
Construction of civil		-	-	
Supply of goods		-	-	
Supply of services		-	-	
<b>TOTAL</b>		-	-	
15.2: PENDING STAFF PAYABLES (See Annex 2)				
		Kshs	Kshs	
Senior management		-	-	
Middle management		-	-	
Unionisable		-	-	
Others (specify)		-	-	
15.3: OTHER PENDING PAYABLES (See Annex 3)				
		Kshs	Kshs	
Amounts due to other		-	-	

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UNIT ACCOUNT MANAGER  
 10, BOX 1918 NAIROBI  
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ANNEX 1- ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
		b	c	2,015	2,014	
Construction of	a			d=a-c		
1.						
2.						
3.						
<b>Sub-Total</b>						
Construction of civil						
4.						
5.						
6.						
<b>Sub-Total</b>						
Supply of goods						
7.						
8.						
9.						
<b>Sub-Total</b>						
Supply of services						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

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FUND ACCOUNT MANAGER  
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 NAWASHA

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
		a	b	c	2,015	2,014
					d=a-c	
<b>Senior Management</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Middle Management</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Non-Management Employees</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Others (specify)</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

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FUND ACCOUNT MANAGER  
 P.O. BOX 1918  
 DATE:



ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
		a	b	c	2,015	2,014
					d=a-c	
<b>Amounts due to other Government</b>						
	1.					
	2.					
	3.					
	<b>Sub-Total</b>					
<b>Amounts due to other grants and</b>						
	4.					
	5.					
	6.					
	<b>Sub-Total</b>					
<b>Others (specify)</b>						
	7.					
	8.					
	9.					
	<b>Sub-Total</b>					
	<b>Grand Total</b>					

FUND ACCOUNT MANAGER  
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