

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



*Paper laid  
by LOM  
Wednesday 8/11/2017  
Afternoon sitting*

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**REPORT**

TABLE OFFICE  
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PAPER LAID

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**









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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
MWATATE CONSTITUENCY**

**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)**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2015. The Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

**(b) Key Management**

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

- i. 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Amina Ali</b>
3.	Accountant	<b>Elijah Mwazo</b>
4.		

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Mwatate 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) MWATATE NGCDF Headquarters**

NGCDF office building,  
P.O Box 75-80305  
Mwatate.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE  
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For the year ended June 30, 2016**

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**(f) MWATATE NGCDF Contacts**

Telephone: (254) 0727 699 611  
E-mail: [mwatate@ngcdf.go.ke](mailto:mwatate@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) MWATATE NGCDF Bankers**

1. Kenya Commercial Bank  
P.O. BOX  
Wundanyi.

**(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 NATIONAL GOVERNMENT CONSTITUENCY  
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

The NGNGCDFCs 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 MWATATE.

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

The NGNGCDFCs wish that the issues of having the project on going for more than 2years be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.



Sign.....  
CHAIRMAN NGCDFC

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


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

**Approval of the financial statements**

The NGCDF's financial statements were approved and signed by the Accounting Officer on 25<sup>th</sup> August 2016.

  
\_\_\_\_\_  
Fund Account Manager



  
\_\_\_\_\_  
Chairman





## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MWATATE 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 Development Fund - Mwatate Constituency set out on pages 6 to 25, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

#### **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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

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



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.

## **Basis for Disclaimer of Opinion**

### **1. Presentation of the Financial Statements**

The financial statements for the year ended 30 June 2016 submitted for audit reflect different approval and signing dates as follows:

<b>S/No.</b>	<b>Financial Statement</b>	<b>Dates Approved</b>
1	Statement of Receipts and Payments	25 August 2017
2	Statement of Financial Assets and Statement of Cash Flows	25 August 2016

Consequently, the financial statements do not comply with International Public Sector Accounting Standard number 1 on presentation as prescribed by the Public Sector Accounting Standards Board.

### **2. Inaccuracies in the Financial Statements**

The financial statements for the year ended 30 June 2016 submitted for audit review contain the following inaccuracies:

#### **2.1 Casting Errors**

Note 7 to the financial statements reflects other grants and transfers balance of Kshs.69,327,202 while re-cast balance is Kshs.68,927,201, resulting in a variance of Kshs.400,001 which however has not been explained.

#### **2.2 Variances Between Financial Statements and Notes**

There were variances between the financial statement balances and identical account balances reflected in the Notes as shown below:

<b>Component</b>	<b>Note</b>	<b>Financial Statement Figure (Kshs)</b>	<b>Figure as Per Note (Kshs)</b>	<b>Variance (Kshs.)</b>
Transfers to Other Government Units	6	34,327,448	33,827,448	(500,000)
Other Grants and Transfers	7	68,827,202	69,327,202	500,000
<b>Total</b>		<b>103,154,650</b>	<b>103,154,650</b>	<b>-</b>

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



## 2.3 Variances in Opening Balances

Variances between the financial statements opening balances and audited financial statements for year 2014/2015 totaled Kshs.12,463,206 as detailed below:

Component	Note/Annex	Financial Statement Figure (Kshs)	Audited Figure for 2014/2015/Re-casted Figure (Kshs)	Variance (Kshs.)
Committee Expenses	-	0	5,707,700	5,707,700
Social Security Benefits	-	0	113,709	113,709
Net Liabilities – Casting Error	-	6,470,187	5,680,187	(790,000)
Use of Goods and Services	5	1,121,547	6,829,247	5,707,700
Compensation of Employees	4	904,982	1,018,691	113,709
Cash and Cash Equivalents	-	0	1,610,388	1,608,388
<b>Total</b>		<b>8,496,716</b>	<b>20,959,922</b>	<b>12,463,206</b>

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June 2016 cannot be confirmed.

## 2.4 Variances Between Financial Statements and Payment Voucher Amounts

The financial statements contain variances of Kshs.5,435,500 between the financial statements and payment vouchers as shown below:

Component	Financial Statement Figure (Kshs.)	Payment Voucher Amount (Kshs.)	Variance (Kshs.)
<b>Other Grants and Transfers</b>			
- Water Projects	18,280,000	19,775,500	(1,495,500)
- Road Projects	10,956,577	14,456,577	(3,500,000)
- Emergency Projects	1,042,000	1,482,000	(440,000)
<b>Total</b>	<b>30,278,577</b>	<b>35,714,077</b>	<b>(5,435,500)</b>

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June 2016 could not be confirmed.

## 3. Unsupported Transactions

The financial statements submitted for audit had unsupported expenditure amounting to Kshs.47,183,046, as detailed below:



<b>Component</b>	<b>Note</b>	<b>Financial Statement Figure (Kshs.)</b>	<b>Amount Supported (Kshs.)</b>	<b>Variance (Unsupported Amount) (Kshs.)</b>
Use of Goods and Services	5	12,975,804	2,473,706	10,502,098
Transfers to Primary Schools	6	12,452,931	8,052,931	4,400,000
Transfers to Secondary Schools	6	14,792,000	13,510,400	1,281,600
Bursaries – Secondary Schools and Tertiary Institutions	7	24,000,900	0	24,000,900
Electricity Projects	7	7,000,000	3,500,000	3,500,000
Sports Projects	7	2,597,000	800,000	1,797,000
Environment Projects	7	1,850,724	149,276	1,701,448
<b>Total</b>		<b>75,669,359</b>	<b>28,486,313</b>	<b>47,183,046</b>

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June 2016 cannot be confirmed.

#### **4. Bank Balance**

The statement of financial assets as at 30 June 2016 reflects a bank balance of Kshs.47,441,652. However, the bank reconciliation statement availed for audit review reflects un-presented cheques of Kshs.6,738,345, out of which cheques of Kshs.1,044,629 were stale. The bank reconciliation statement also reflects payments in bank statement not recorded in cash book of Kshs.360,000 and receipts in cash book not yet recorded in bank statement of Kshs.529,049.50. However, it was not explained why these payments have not been recorded in cash book and the receipts not banked. Further, subsequent bank statements to confirm when the cheques were cleared by the bank were not availed for audit verification.

Consequently, the accuracy and completeness of the bank balance of Kshs.47,441,652 as at 30 June 2016 cannot be confirmed.

#### **5. Cash Balance**

The statement of assets as at 30 June 2016 reflects a nil cash balance whereas cash book availed for audit review had a balance of Kshs.259,076. Further, the Board of Survey report was not availed for audit review.

Consequently, the accuracy and completeness of the nil cash balance as at 30 June 2016 cannot be confirmed.

#### **6. Outstanding Imprest**

The statement of assets as at 30 June 2016 reflects nil balance while Note 11 to the financial statements reflects a balance of Kshs.259,076. Further, the date when the imprest was issued has not been indicated.

In the circumstance, the accuracy and completeness of the nil imprest balance reflected in the financial statements and recoverability of the un-surrendered imprest of Kshs.259,076 as at 30 June 2016 remains uncertain.

## 7. Other Grants and Transfers

### 7.1 Other Projects

Note 7 to the financial statements reflects other projects valued at Kshs.1,600,000. However, the projects were not in the list approved by the National Constituencies Development Fund Board pursuant to Section 31(1) of the National Constituencies Development Fund (NGCDF) Act, 2015 which states that 'the list of projects received by the Board shall be tabled for review at a Board meeting' and the same 'scrutinized and approved by the NGCDF Board' in accordance with Section 31(2) of the Act.

As such, the Project Management Committee breached the law by incurring unbudgeted expenditure of Kshs.1,600,000 during the year under review.

### 7.2 Strategic Plan

Note 7 to the financial statements reflects untitled balance of Kshs.1,600,000 which relates to strategic plan according to an explanation by management. However, this was not in the approved budget, contrary to Section 31 of the National Constituencies Development Fund Act, 2015 which requires a list of projects to be submitted to the Board for scrutiny and approval. Further, the amount was paid to a consultant for preparing five-year strategic plan for the Mwatate Constituency but the purchase requisition, quotations, tender evaluation and award minutes were not availed for audit verification.

Consequently, the propriety, completeness and value-for-money on the expenditure of Kshs.1,600,000 incurred on the strategic plan during the year under review cannot be confirmed.

## 8. Budgetary Controls and Performance

During the year under review, the Fund had a budget of Kshs.158,766,247 but spent Kshs.117,794,782 or 74.2% of the budget, resulting in net under-expenditure of Kshs.40,971,465 or 25.8% of the budget as shown below:

Item	Budgeted Amount (Kshs)	Actual Expenditure (Kshs)	Over Expenditure (Kshs)	Under Absorption (Kshs)	(%)
Compensation of Employees	2,088,303	1,664,328	0	423,975	20
Use of Goods and Services	10,938,544	12,975,804	(2,037,260)	0	(19)
Transfers to Other Government	32,812,448	34,327,448	(1,515,000)	0	(5)

Units					
Other Grants and Transfers	72,456,675	68,827,202	0	3,629,473	5
<b>Variance</b>	40,470,277	0	0	40,470,277	
<b>Total</b>	<b>158,766,247</b>	<b>117,794,782</b>	<b>(3,552,260)</b>	<b>44,523,725</b>	<b>25.8</b>

As the table shows, the Fund overspent on use of goods by 19% and on transfers to other government units by 5%, and underspent by 20% on compensation of employees and 5% on other grants and transfers. Management attributed this to lack of bank accounts for some projects.

As such, delivery of goods and services to residents of Mwatate Constituency may have been curtailed by the under-expenditure.

## 9. Projects Implementation

The projects implementation report availed for audit review indicated that as at 30 June 2016 the Fund had implemented fifty-seven (57) projects with cumulative disbursements of Kshs.65,706,025 as summarized below:

<b>Sector</b>	<b>Number of Projects Implemented</b>	<b>Amounts Disbursed to 30/06/2016 (Kshs)</b>
Education	32	27,244,931
Health	2	6,582,517
Water	10	18,280,000
Roads & Bridges	5	10,956,577
Other Projects - Boda Boda Sheds	1	1,600,000
Emergency	7	1,042,000
<b>Total</b>	<b>57</b>	<b>65,706,025</b>

However, the names of these the projects, the project activities undertaken, approved budget per project, disbursements, cumulative expenditure and stage of completion of the project were not availed for audit review.

Consequently, it has not been possible to ascertain the nature, activities and implementation and completion status of all the projects financed by the Fund.

## 10. Projects Verification

During the year under review, fifteen (15) projects which received Kshs.27,664,018 were verified in the month of May, 2017, of which expenditures on five (5) projects which received Kshs.13,641,380 had anomalies as detailed below:

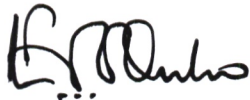


S/No.	Project	Activity	Amount (Kshs)	Anomalies Noted
1.	Ngangu Secondary School	Payment for Construction of 2 Classrooms	1,400,000	It was noted that window grills were not properly welded and aligned and window frames appeared weak and window panes were coming off.
2.	Kwa Mnengwa Dispensary	Construction of a Staff House	2,241,380	Floors had cracks, floor paint was flaking and drainage pipes were exposed.
3.	Mwasinenyi Cooling Plant	Construction of Milk Cooling Plant	2,000,000	No signboard to identify the financier.
4.	Mwemba Secondary School	Construction of 2 Classrooms	2,000,000	No classrooms were built. Instead, a laboratory block constructed using the funds disbursed for construction of the classrooms. However, the re-allocation was not supported with approval of the Board, contrary to Section 6(2) of the National Government Constituencies Development Fund which requires such approval before any re-allocation is made.
5.	Kitivo Primary School	Construction of 4 Classrooms	6,000,000	Roofing had not been done for two classrooms. In addition, backfilling of the foundation was not compacted while the verandah was supported with wooden props instead of concrete pillars or metal tubes.
<b>Total</b>			<b>13,641,380</b>	

Consequently, expenditure on projects totalling Kshs.13,641,380 for the year ended 30 June 2016 cannot 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**

**11 September 2017**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**V. STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE ,2016**

	Note	2015-2016	2014-2015
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	158,766,247	83,752,605
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>158,766,247</b>	<b>83,752,605</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	1,664,328	904,982
Use of goods and services	5	12,975,804	1,121,547
Transfers to Other Government Units	6	34,327,448	39,334,462
Other grants and transfers	7	68,827,202	34,034,835
Acquisition of Assets	8		
Other Payments	9		
<b>TOTAL PAYMENTS</b>		<b>117,794,782</b>	<b>75,395,826</b>
<b>SURPLUS/(DEFICIT )</b>		<b>40,971,465</b>	<b>8,356,779</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MWATATE NG-CDF financial statements were approved on **25/8/ 2017** and signed by:

  
  
**Fund Account Manager**

  
**Chairperson – NG-CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE  
CONSTITUENCY**

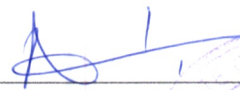
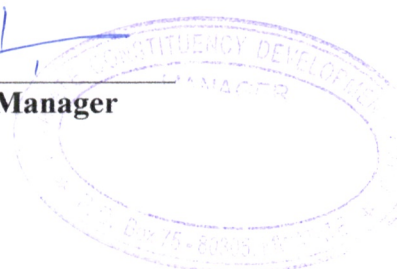
**Reports and Financial Statements**


**For the year ended June 30, 2016**

**VI. STATEMENT OF FINANCIAL ASSETS  
AS AT 30<sup>TH</sup> JUNE, 2016**

	Note	2015-2016	2014-2015
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	10 A	47,441,652	5,700,187
Cash Balances (cash at hand)	10 B	-	-
Outstanding Imprests	11		770,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>47,441,652</b>	<b>6,470,187</b>
<b>REPRESENTED BY</b>			
Retention	12		-
Fund balance b/fwd 1 <sup>st</sup> july, 2015	13	6,470,187	1,572,408
Surplus/Deficit for the year		40,971,465	4,107,779
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		<b>47,441,652</b>	<b>6,470,187</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MWATATE NG-CDF financial statements were approved on **25/8/2016** and signed by:

  
  
**Fund Account Manager**

  
**Chairperson – NG-CDFC**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE  
CONSTITUENCY**

**Reports and Financial Statements**


**For the year ended June 30, 2016**

**VI. STATEMENT OF FINANCIAL ASSETS  
AS AT 30<sup>TH</sup> JUNE, 2016**

	Note	2015-2016	2014-2015
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per cash book)	10 A	47,441,652	5,700,187
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<b>REPRESENTED BY</b>			
Retention	12		-
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MWATATE NG-CDF financial statements were approved on **25/8/2016** and signed by:

  
  
**Fund Account Manager**

  
**Chairperson – NG-CDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE  
CONSTITUENCY**

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

**VII. STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

		<b>2015-2016</b>	<b>2014 - 2015</b>
<b>Receipts for operating income</b>			
Transfers from Other Government Entities	1	158,766,247	83,752,605
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
		<b>158,766,247</b>	<b>83,752,605</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,664,328	904,982
Use of goods and services	5	12,975,804	1,121,547
Committee Expenses			5,707,700
Transfers to Other Government Units	6	34,327,448	39,334,462
Other grants and transfers	7	68,827,202	34,034,835
Other Payments social security Benefits	9		113,709
<b>Total cash outflow from operating activities</b>		<b>117,794,782</b>	<b>81,217,235</b>
<b>Adjusted for:</b>			
Adjustments during the year			
<b>Net cash flow from operating activities</b>		<b>40,971,465</b>	<b>2,535,370</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		
Acquisition of Assets	8	-	
<b>Net cash flows from financing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>40,971,465</b>	<b>2,535,370</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>10A</b>	<b>6,470,187</b>	
<b>Cash and cash equivalent at END of the year</b>	<b>10A</b>	<b>47,441,652</b>	<b>6,470,187</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The MWATATE NG-CDF financial statements were approved on **25/8/2016** and signed by:

  
\_\_\_\_\_  
**Fund Account Manager**



  
\_\_\_\_\_  
**Chairperson NG-CDFC**

**VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2016**

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	158,766,247	-	158,766,247	117,794,782	40,971,465	25
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
<b>TOTAL</b>	<b>158,766,247</b>	<b>-</b>	<b>158,766,247</b>	<b>117,794,782</b>	<b>40,971,465</b>	<b>25</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,088,303	-	2,088,303	1,664,328	423,975	80
Use of goods and services	10,938,544	-	10,938,544	12,975,804	(2,037,260)	118
Transfers to Other Government Units	32,812,448	-	32,812,448	34,327,448	(1,515,000)	104
Other grants and transfers	72,456,675	-	72,456,675	68,827,202	3,629,473	95
<b>TOTAL</b>	<b>158,766,247</b>	<b>-</b>	<b>158,766,247</b>	<b>117,794,782</b>	<b>501,188</b>	<b>99</b>



## **IX. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of compliance and basis of preparation**

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

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

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

### **2. Recognition of revenue and expenses**

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

### **3. In-kind contributions**

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

### **4. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.



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**Reports and Financial Statements**

**For the year ended June 30, 2016**

*SIGNIFICANT ACCOUNTING POLICIES (Continued)*

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**5. Pending bills**

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

**6. Budget**

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

**7. Comparative figures**

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

**8. Subsequent events**

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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**For the year ended June 30, 2016**

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
<b>Normal allocation</b>			
	A724052	10,000,000	34,484,487
	A 790763	24,634,059	24,634,059
	A796227	14,634,058.60	14,780,435
	A820519	20,000,000	9,853,624
	A820757	20,000,000	
	A825544	12,000,000	
	A825691	2,973,257	
	A825691	48,344,872	
<b>TOTAL</b>		<b>158,766,2467</b>	<b>83,752,605</b>

**2. PROCEEDS FROM SALE OF ASSETS**

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

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**For the year ended June 30, 2016**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**4. COMPENSATION OF EMPLOYEES**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,547,388	904,982
Basic wages of casual labour	-	-
<b>Personal allowances paid as part of salary</b>		
House allowance		
Transport allowance		
Leave allowance		
Gratuity	-	-
Other personnel payments NHIF	81,900	-
Employer contribution to NSSF	35,040	
Gratuity	-	-
<b>Total</b>	<b>1,664,328</b>	<b>904,982</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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**For the year ended June 30, 2016**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	249,780	1,121,547
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services		
Rentals of produced assets	-	
Training expenses		-
Hospitality supplies and services	-	
Insurance costs	-	
Fuel ,oil and lubricants		-
Office and general supplies and services		-
Other operating expenses	1,600,000	-
Routine maintenance – vehicles and other transport equipment		-
Routine maintenance – other assets	1,123,926	-
Other committee expenses		5,707,700
Committee allowances	10,002,098	
<b>Total</b>	<b>12,975,804</b>	<b>6,829,247</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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**Reports and Financial Statements**

**For the year ended June 30, 2016**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. TRANSFERS TO OTHER GOVERNMENT UNITS**

<b>Description</b>	<b>2015- 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools	12,452,931	8,450,000
Transfers to secondary schools	14,792,000	26,884,462
Transfers to tertiary institutions		
Transfers to health institutions	6,582,517	4,000,000
<b>TOTAL</b>	<b>33,827,448</b>	<b>39,334,462</b>

**7. OTHER GRANTS AND TRANSFERS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – secondary schools	15,810,400	23,811,111
Bursary – tertiary institutions	8,190,500	
Bursary – special schools		
Mock & CAT		634,000
Water projects	18,280,000	1,800,000
Agriculture projects		
Electricity projects	7,000,000	
Security projects		800,000
Roads projects	10,956,577	
Sports projects	2,597,000	100,000
Environment projects	1,850,724	1,939,724
Other Projects	1,600,000	
Emergency projects	1,042,000	4,950,000
	1,600,000	
<b>Total</b>	<b>69,327,202</b>	<b>34,034,835</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
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		
<b>Total</b>	<b>-</b>	<b>-</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9. OTHER PAYMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
	-	-
Social security fund		113,709
<b>Total</b>	<b>-</b>	<b>113,709</b>

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

<b>Name of Bank, Account No. &amp; currency</b>	<b>2015- 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
<i>Kenya Commercial Bank A/C 110927838</i>	47,441,651.58	5,700,187
<b>Total</b>	<b>47,441,652</b>	<b>5,700,187</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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**For the year ended June 30, 2016**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10B: CASH IN HAND**

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

**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>
Boniface Otieno		259,076.00	-	259,076.00
			-	-
<b>Total</b>				<b>259,076</b>

**12. Retention**

<i>Supplier / Contractor</i>	PV No.	2015-2016	2014 -2015
		<i>Kshs</i>	<i>Kshs</i>
		-	-
<b>Total</b>			

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**13. BALANCES BROUGHT FORWARD**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	47,441,651.58	5,700,187
Cash in hand		-
Imprest		770,000
<b>Total</b>	<b>47,441,652</b>	<b>6,470,187</b>

**14. PRIOR YEAR ADJUSTMENTS**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	-	-
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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**For the year ended June 30, 2016**

**XI. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

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

**15.3: OTHER PENDING PAYABLES (See Annex 3)**

	<b>Kshs</b>	<b>Kshs</b>
Amounts due to other Government entities (see attached list)	-	-
Amounts due to other grants and other transfers (see attached list)	-	-
Others ( <i>Audit fee</i> )	500,000	500,000
	<b>500,000</b>	<b>500,000</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE  
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**Reports and Financial Statements**

**For the year ended June 30, 2016**

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**ANNEX 3 – PENDING PAYABLES**

**OTHER PAYMENTS**

NO	NAME OF PROJECT	AMOUNT
1	AUDIT FEE	500,000
	<b>TOTAL</b>	<b>500,000</b>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-MWATATE CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		A	b	c	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>Unionisable Employees</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
10.							
11.							
12.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MWATATE CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
		A	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1. Audit	Audit fee	500,000	-	-	500,000		
2.							
3.							
	<b>Sub-Total</b>						
<b>Amounts due to other grants and other transfers</b>							
4.							
5.							
6.							
	<b>Sub-Total</b>						
	<b>Sub-Total</b>						
<b>Others (specify)</b>							
7.							
8.							
9.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MWATATE CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016**

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost (Kshs) 2015/2016</b>	<b>Historical Cost (Kshs) 2014/2015</b>
Land	-	-
Buildings and structures	750,000	750,000
Transport equipment and overhaul of vehicles	984,214	984,214
Refurbishment of Buildings	2,700,000	2,700,000
Office equipment, furniture and fittings	20,000	20,000
ICT Equipment, Software and Other ICT Assets	-	-
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets		
<b>Total</b>	<b>4,454,214</b>	<b>4,454,214</b>

Prepared by:-

**AMINA ALI**  
**Funds Account Manager**  
**Mwatate Constituency.**

