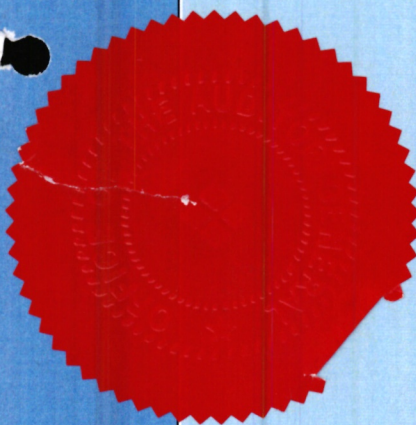


REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- - IGEMBE
SOUTH CONSTITUENCY**

ANNUAL REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IGEMBE SOUTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IGEMBE SOUTH CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (NGCDF)* was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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

(b) Key Management

The Igembe South *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 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Pauline Mwangi
3.	Accountant	Francis Gaiku

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Igembe South Constituency. The reports and recommendation of ARMC when adopted by the CDF 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) Igembe South CDF Headquarters

P.O. Box 98-60600
CDF & Constituency Office
Maua, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IGEMBE SOUTH CONSTITUENCY**

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

(f) Igembe South NGCDF Contacts

Telephone: 254) 0725-779127
E-mail: igembesouthcdf@cdf.go.ke
Website: www.igembesouth.go.ke

(g) Igembe South NGCDF Bankers

1. Co-operative Bank Ltd Maua branch
P.O. Box 565-60600
Maua, 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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IGEMBE SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

The Igembe South NGCDF was allocated a total of Ksh.111, 175,571 in the financial year 2015/2016; in addition we had an unspent balance of Kshs.52, 699,563.40 brought forward from the previous financial year 2014/2015. The amount disbursed to the constituency during the financial year was Kshs. 107,699,992.50. Thus expendable amount was Ksh.109,923,078 which was spent as follows: Employees' salaries Kshs.1,620,629, committee expenses Ksh.12,784,987 transfer to other government entities Kshs.17,740,000,Other transfers Kshs. 77,777,462.

We were able to complete education, health, water, roads and electricity infrastructural projects. Needy students were retained in schools through payment of school fees from bursary and the youth were made productive through involvement in sporting activities, lastly we improved the environment by planting of trees at water catchment areas.

However, there are quite a number of challenges we faced during implementation and they include: Resistance by some members of the community to surrender land for road works, delayed disbursement of funds and lack of knowledge from some project Management committees in project implementation. These challenges can be overcome by involving the local public administration in implementation of roads projects and capacity building of Project Management Committees.

Sign.....

CHAIRMAN CDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IGEMBE SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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 agency shall prepare financial statements in respect of that agency. 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 Igembe South NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the Igembe South NGCDF for and as at the end of the financial year ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Igembe South NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2015, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the Igembe South CDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

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



Chairperson CDFC

IGEMBE SOUTH CONSTITUENCY
FUND ACCOUNT MANAGER
P. O. Box 98-60600, MAUA
Fund Account Manager



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - IGENBE SOUTH FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Igembe South Constituency set out on pages 6 to 16, which comprise statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229 (7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1.0 Presentation of the Financial Statements

The International Public Sector Accounting Standards (cash basis) financial statement presentation format prescribed by the Accounting Standards Board requires the inclusion of a progress report on follow up on the previous year's audit issues. However, although the Fund had a qualified opinion in 2014/2015, this report was not included in the financial statements for the year under review.

Further, the financial statements for the year under review do not include a separate recurrent and a separate development summary statement of appropriation as required by IPSAS (Cash Basis).

Consequently, the presentation of the financial statements for the year under review did not conform to the format prescribed by the Accounting Standards Board under IPSAS (Cash Basis) and the actions taken on the audit issues raised in the 2014/2015 could not be ascertained.

2.0 Cash and Cash Equivalents

The financial statements reflects a cash and cash equivalents balance of Kshs.4,150,308 as at 30 June 2016 as compared to Kshs.6, 373,393 as at 30 June 2015. However, the bank reconciliation statement reflected payments in bank not in cash book of Kshs.178,364 cash deposit of Kshs.5,000 and receipts in bank account of Kshs.142,990 which had not be adjusted in the cash book.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.4,150,308 could not be ascertained

3.0 Stalled Project- Construction of Kiriru Bridge U-G410678 Road

During the year under review, Rukiba Limited was awarded a Contract for the construction of Kiriru Bridge U-G410678 road vide contract no. IG.S.CDF/TENDER/ROADS/08/14/15 dated 18 August 2015 for a contract price of Kshs. 900,000 and a contract period of 2 months from the commencement date.

However, the project management committee files and bank statements were not made available for audit review. On 18 September 2015, Kenya Rural Roads Authority-Meru

Region issued a final payment certificate no. 1 for payment of Kshs.899,765 for the works done at the bridge. However, the Fund paid Kshs.1,500,000 for the works vide cheque no. 5410 and payment voucher number 207 dated 24 February 2016 to the project account resulting to over payment of Kshs.600,235. Further, physical verification carried on 19 January 2016 revealed that only two beams on both sides of the river had been constructed and the project had stalled. It was therefore not possible to ascertain the criteria used to issue certificate No. 1 for Kshs. 899,765.

In view of the foregoing, the propriety and value for money for the Kshs.1,500,000 expenditure could not be confirmed.

4.0 Unimplemented Water Projects

During the financial year 2014/2015 the Fund budgeted to implement four projects in respect to borehole drilling; namely Akuuru, Murumune, Kiguru and Ugoti at a total cost of Kshs.16,000,000. However, the projects were not undertaken that year as per the budget. Out of the four projects, funds were disbursed to bank accounts of three projects held at co-operative bank through payment voucher number 160 dated 26 October as indicated below;

Project Name	Bank Account	Amount (Kshs)
Akuuru Borehole	01141611395500	4,000,000
Murumune Borehole	01141611398800	4,000,000
Ugoti Borehole	01120611391000	<u>4,000,000</u>
	Total	<u>12,000,000</u>

The Fund awarded the contract for the drilling and equipping the three boreholes to National Water Conservation and pipeline Corporation being the lowest bidder at a contract price of Kshs.12,982,500 on 21 April 2016. The contract required the contractor to start work immediately and not more than fourteen days after the signing of the contract while the completion date of the works was to be four (4) months after signing of contract and full payment of the contract sum. However, as at the time of this audit in January 2017, nine months after signing of the contract, the contractor had not started the works.

In the circumstances, the value for money and propriety of Kshs.12,982,500 could not be ascertained.

5.0 Fixed Asset's Register

Annex 4 of the annexures to the financial statements reflects fixed assets totaling to Kshs.25,907,568 as at 30 June 2016. However, the respective supporting documents including an assets register were not made available for audit verification.

Consequently, it has not been possible to ascertain, the accuracy, ownership and existence of the Fund's fixed assets totaling to Kshs.25,907,568.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund–Igembe South Constituency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Other Matter

1.0 Budgetary Control and Performance

During the financial year under review, Igembe South Constituency had an approved expenditure budget of Kshs.170,271,218. The Constituency had unutilized funds amounting to Kshs.6,373,393 at the beginning of the financial year whereas as at 30 June 2016 funds amounting to Kshs. 4,150,308 had not been spent after receiving fund transfers amounting to Kshs.107,699,993. However, out of the approved budget of Kshs.170, 271,218, only Kshs.109,923,078 (65%) was utilized in funding projects in various sectors within the constituency resulting in unexplained unspent budget of Kshs.60,348,141 as analyzed in the subsequent table.

Expenditure Analysis	Budget Kshs.	Actual Exp. Kshs.	Variance Kshs.	Absorption
Compensation of Employee	3,132,854	1,620,629	1,512,225	52%
Use of Goods and services	11,539,141	12,784,987	(1,245,846)	111%
Transfer to Other Government Unit	63,777,931	17,740,000	46,037,931	28%
Other Grants and Transfers	91,821,293	77,777,462	14,043,831	85%
Total	170,271,218	109,923,078	60,348,141	65%

The residents of Igembe South constituency did not therefore receive expected services equivalent to the Kshs.60,348,141 being the difference between the budgeted and actual expenditure.

2.0 Project Implementation and Management

During the period under review Igembe South National Government Constituency Development Fund (NG CDF) allocated Kshs.101,124,771 to projects in various sectors including Primary schools, Secondary schools, Health institutions, water projects, Security, road, sports and environment within the constituency. Analysis as per the project implementation status indicated that One (1) project amounting to Kshs.1,500,000 had

stalled. Further projects amounting to Kshs.44,757,124 were completed and projects amounting to Kshs.13,333,511 had not been started while projects amounting to Kshs.42,267,647 were on-going. A detailed analysis of the project implementation status is as indicated below;

Sector	Project Status	Amount Allocated	Amount disbursed	No. of projects
Environment	Not started	2,233,511.00	2,233,511	1
Sports	Complete	2,233,511.00	2,233,511	1
Emergency	On- going	5,767,647.00	5,767,647	1
Education	On- going	25,200,000.00	25,200,000	35
	Complete	15,323,613.00	13,090,102	5
	Not started	1,000,000.00	1,000,000	1
Water	Complete	400,000.00	400,000	1
Health	Complete	1,400,000.00	1,400,000	1
Roads	Complete	24,950,000.00	24,950,000	14
	On- going	9,400,000.00	10,900,000	8
	Stalled	1,500,000.00	1,500,000	1
Security	Complete	450,000.00	450,000	2
	On-going	1,900,000.00	1,900,000	4
	Not-Started	1,500,000.00	1,500,000	1
Purchase of Motor Vehicles	Not-Started	8,600,000.00	8,600,000	1
	Grand Total	101,124,771.00	101,124,771	77

In view of the foregoing, the Fund did not implement the 4 projects worth Kshs.13,333,511 included in the budget for the year under review. As a result, the residents of Igembe South constituency did not get expected services equivalent to the budgeted but not implemented projects as at 30 June 2016 totaling to Kshs.13,333,511.



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

Nairobi

04 October 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IGEMBE SOUTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015-2016 Kshs	2014-2015 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	107,699,993	89,449,695
TOTAL RECEIPTS		107,699,993	89,449,695
PAYMENTS			
Compensation of Employees	2	1,620,629	958,085
Use of goods and services	3	12,784,987	5,147,850
Transfers to Other Government Units	4	17,740,000	44,160,690
Other grants and transfers	5	77,777,462	46,425,797
TOTAL PAYMENTS		109,923,078	96,692,427
SURPLUS/DEFICIT		(2,223,085)	(7,020,470)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Igembe South NGCDF financial statements were approved on 25th August 2016 and signed by:



Chairman - CDFC



Fund Account Manager.....

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
IGEMBE SOUTH CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2016


VI. STATEMENT OF ASSETS

	Note	2015-2016 Kshs	2014-2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	6	4,150,308	6,373,393
REPRESENTED BY			
Fund balance b/fwd	7	6,373,393	13,616,125
Surplus/Deficit for the year		(2,223,085)	(7,242,732)
Prior year adjustments		-	-
NET LIABILITIES		4,150,308	6,373,393

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Igembe South NGCDF financial statements were approved on 25th August 2016 and signed by:



Chairman - CDFC



Fund Account Manager

IGEMBE SOUTH CONSTITUENCY
FUND ACCOUNT MANAGER
P.O. Box 98-80600 MADA

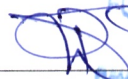
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –**IGEMBE SOUTH CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2016****VII. STATEMENT OF CASHFLOW**

		2015-2016	2015	2014 -
Receipts for operating income				
Transfers from CDF Board	1	107,699,993		89,449,695
		107,699,993		89,449,695
Payments for operating expenses				
Compensation of Employees	2	(1,620,629)		(958,085)
Use of goods and services	3	(12,784,987)		(5,147,855)
Transfers to Other Government Units	4	(17,740,000)		(44,160,690)
Other grants and transfers	5	(77,777,461)		(46,425,797)
		(109,923,078)		96,692,427
Adjusted for:				
Adjustments during the year		-		-
Net cash flow from operating activities		(2,223,085)		(7,242,732)
CASHFLOW FROM INVESTING ACTIVITIES				
Acquisition of Assets	8	-		
Net cash flows from Investing Activities				00.00
NET INCREASE IN CASH AND CASH EQUIVALENT				
Cash and cash equivalent at BEGINNING of the year	10	6,373,393		13,616,125
Cash and cash equivalent at END of the year	9	4,150,308		6,373,393

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Igembe South CDF financial statements were approved on 25th August 2016 and signed by:



Chairman CDFC



Fund Account Manager

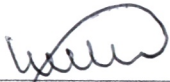
IGEMBE SOUTH CONSTITUENCY
 FUND ACCOUNT MANAGER
 P. O. Box 88-80600, MALA

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	111,175,571.00	59,095,647.90	170,271,218.90	107,699,993	62,571,226	63%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
TOTAL	111,175,571.00	59,095,647.90	170,271,218.90	107,699,993	56,175,571.00	63%
PAYMENTS						
Compensation of Employees	1,900,000	1,232,854	3,132,854	1,620,629	1,512,225	52%
Use of goods and services	8,150,800	3,388,341	11,539,141	12,784,987	(1,245,846)	111%
Transfers to Other Government Units	30,100,000	33,677,931	63,777,931	17,740,000	46,037,931	28%
Other grants and transfers	71,024,771	20,796,522	91,821,293	77,777,462	14,043,831	85%
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTAL	111,175,571.00	59,095,648	170,271,218	109,923,078	60,348,141	65%

CONSTITUENCIES DEVELOPMENT FUND – Igembe South CDF CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2015

The IGEMBE SOUTH NG-CDF financial statements were approved on 25th August 2016 and signed by:



Chairman NG-CDF



Fund Account Manager

DATE: 25/08/2016
FUND ACCOUNT MANAGER
P.O. BOX 99-00013, MALI

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 *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 Co-operative Bank Ltd Maua branch 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.

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.

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015-2016 Kshs	2014 - 2015 Kshs
AIE NO	2014/2015/1178	26,349,996	-
AIE NO	2014/2015/1286	26,349,996	-
AIE NO	2015/2016/483	20,000,000	-
AIE NO	2015/2016/333	20,000,000	-
AIE NO	2015/2016/611	15,000,000	-
NGCDF Board		-	89,449,695
TOTAL		107,699,993	89,449,695

2. COMPENSATION OF EMPLOYEES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Basic wages of contractual employees	1,606,229	958,085
Employer contribution to NSSF gratuity	14,400	-
Total	1,620,629	958,085

3. USE OF GOODS AND SERVICES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	108,304	3,219,450
Communication, supplies and services	658,440	-
Domestic travel and subsistence	18,730	-
Printing, advertising and information supplies & services	537,876	-
Other committee expenses	7,992,233	-
Committee allowance	3,234,800	1,928,400
Fuel ,oil & lubricants	209,084	-
Routine maintenance – vehicles and other transport equipment	20,520	-
Routine maintenance – other assets	5,000	-
Total	12,784,987	5,147,850

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IGEMBE SOUTH
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools	11,300,000	19,937,931
Transfers to secondary schools	5,040,000	18,740,000
Transfers to tertiary institutions	-	5,482,759
Transfers to health institutions	1,400,000	-
TOTAL	17,740,000	44,160,690

5. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools	9,411,573	2,507,700
Bursary – tertiary institutions	11,507,372	5,065,100
Water projects	16,250,000	300,000
Agriculture projects	-	5,000,000
Electricity projects	-	1,900,000
Security projects	3,450,000	20,021,720
Roads projects	31,350,000	641,000
Sports projects	2,758,000	1,670,000
Environment projects	1,108,000	5,850,000
Emergency projects	1,942,517	900,000
Other grants	-	2,570,277
Total	77,777,462	46,425,797

6. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cooperative Bank (01120024818000)	4,150,307.95	6,395,655.50
Total		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IGEMBE SOUTH
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. BALANCES BROUGHT FORWARD

	2016	2015 -	2015	2014 -
		Kshs		Kshs
Bank accounts		6,373,393	13,416,125	
Total		6,373,393	13,416,125	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IGEMBE SOUTH
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Buildings and structures	16,665,384	16,665,384
Transport equipment	4,394,264	4,394,264
Office equipment, furniture and fittings	4,627,920	4,627,920
ICT Equipment, Software and Other ICT Assets	220,000	220,000
Total	25,907,568	25,907,568