

REPUBLIC OF KENYA



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – MAARA CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE 2016**





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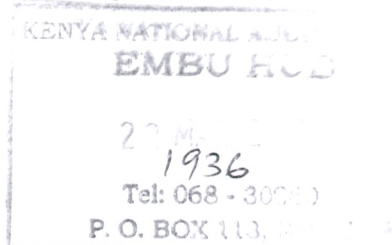
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –  
MAARA CONSTITUENCY**

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (NG-CDF) was set up under the CDF Act, 2003 now repealed by the NGCDF Act, 2015.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 National Government 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 Maara Constituency's day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E Holder	<b>Anthony Muchangi Kariuki</b>
3.	Accountant	<b>Titus Miriti Nabea</b>

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of the NG-CDF Board provide overall fiduciary oversight on the activities of Maara Constituency. The reports and recommendations of ARMC when adopted by the NG-CDF Board are forwarded to the National Government Constituency Development Fund Committee (NG-CDFC) for action. Any matters that require policy guideline are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MAARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016 (Kshs)**

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**(e) Maara NG-CDF Headquarters**

P.O. Box 301-60401  
Youth Empowerment Centre  
Kieganguru kiraro road  
chogoria, KENYA

**(f) MaaraNG- CDF Contacts**

E-mail: [cdfmaara@cdf.go.ke](mailto:cdfmaara@cdf.go.ke)

**(g) Maara NG-CDF Bankers**

1. Equity bank  
Chuka branch  
A/C NO. 0210261751645

**(h) Independent Auditors**

Auditor General  
Office of the Auditor General  
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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MAARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016 (Kshs)**

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**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY  
DEVELOPMENT FUND COMMITTEE(NG-CDFC)**

During the financial year Maara NG-CDF utilised Kshs 117,336,450 out of kshs 124,620,525 available for utilisation representing 94% absorption rate. This comprised compensation of employees at 72%, use of goods and services 60%, transfer to other government units 99%, other grants and transfers 94%

The constituency has greatly benefitted from NG-CDF notably in the sectors of Education, water ,Health, sports, environment conservation, roads and bridges among many other areas.

During implementation of the projects, the constituency has encountered numerous challenges including: lack of proper planning by project management committees, lengthy and cumbersome procurement procedures.

To address these challenges we recommend that: more funds be set aside for monitoring and evaluation to enable NG-CDFC train project management committees on project planning, the NG-CDF Board ensures the category of NG-CDF for procurement purposes is moved upwards and employment of procurement assistants at NG-CDFC level



Njue Njagi Kaithungu  
CHAIRMAN NG-CDFC  
Maara constituency



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MAARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016 (Kshs)**

**III. 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 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

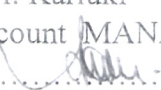
The Fund Account Manager in charge of the Maara *NG-CDF* is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2016. This responsibility 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 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 Maara *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 Maara *NG-CDF* financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2016, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the Maara *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 Maara *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 Maara *NG-CDF* financial statements were approved and signed on 9<sup>th</sup> August 2016.

Anthony M. Kariuki  
Fund Account MANAGER  
Signature.....

DATE.....21/31/2017

Njue Njagi Kaithungu  
CHAIRMAN NG-CDFC  
Signature.....

DATE.....21/31/2017



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MAARA 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 – Maara Constituency set out on pages 5 to 21 which comprise the statement of financial assets and liabilities 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 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 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 Non Acknowledgement of Bursary Funds**

Note 7 to the financial statements reflect bursaries totaling to Kshs.9,108,397 comprising of Kshs.5,314,897; Kshs.3,735,500 and Kshs.58,000 disbursed to Secondary Schools, Tertiary Institutions and Special Schools respectively as at 30 June 2016. However, only bursaries totaling to Kshs.5,069,300 (56%) were acknowledged by the intended beneficiaries through letters of acknowledgement or issue of official receipts leaving a balance of Kshs.4,039,097 (44%) unacknowledged by the beneficiary institutions.

Under the circumstances, it has not been possible to ascertain whether the bursaries amounting Kshs.4,039,097 benefited the intended beneficiaries and were expended as appropriated as at 30 June 2016.

### **2.0 Irregular Expenditure**

During the year under review, the Fund spent Kshs.2,820,603 on Mocks and CATs as reflected under Note 7 to the financial statements. However, the Ministry of Education through two circulars ref MOE/GEN1/11/4 of August 2008 and MOE/GEN1/4 of August 2015 had restricted mock examinations to school based. All joint and cluster of schools examinations were banned.

Consequently, the Fund contravened and disregarded the ministerial directives by spending Kshs.2,820,603 on mocks and CATs as at 30 June 2016 and the amount remains unaccounted for.

## **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund – Maara 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.



## Other Matter

### 1.0 Budget Control and Performance

The combined summary statement of appropriation reflect a final budget of Kshs.124,620,525 comprising of Kshs.99,648,544 approved budget for the year and a cash balance of Kshs.24, 971,981 brought forward from 2014/2015 financial year. However, out of the Kshs.124,620,525 final budget for the year only Kshs.117,336,450 (94%) was spent during the year while Kshs.7,278,075 remained unutilized as at 30 June 2016 as follows;

Revenue/Expense Item	Original Budget (Kshs.)	Adjustments (Kshs.)	Final Budget (Kshs.)	Actual on Comparable Basis (Kshs.)	Variance (Kshs.)	Performance %
<b>RECEIPTS</b>						
Cash Balance B/F	-	24,971,981	24,971,981	24,971,981	-	100
Transfers from CDF Board	99,648,544	-	99,648,544	99,648,544	-	100
<b>Total Receipts</b>	<b>99,648,544</b>	<b>24,971,981</b>	<b>124,620,525</b>	<b>124,620,525</b>	<b>-</b>	
<b>PAYMENTS</b>						
Compensation of Employees	1,802,000	492,930	2,294,930	1,655,524	639,406	72
Use of Goods and Services	7,008,897	1,219,907	8,228,804	4,933,926	3,294,878	60
Transfers to Other Government Units	46,970,000	14,206,859	61,176,859	60,770,000	406,859	99
Other Grants and Transfers	43,867,647	9,046,285	52,913,932	49,977,000	2,936,932	94
<b>Total Payments</b>	<b>99,648,544</b>	<b>24,965,981</b>	<b>124,614,525</b>	<b>117,336,450</b>	<b>7,278,075</b>	

The residents of Maara Constituency did not therefore, get expected services worth Kshs.7,278,075 being the difference between the budgeted and actual expenditure as at 30 June 2016.

### 2.0 Unimplemented Projects

The approved budget for development projects which of Kshs.90,837,647 (71% of the total budget) was apportioned among various sectors within the constituency namely primary schools, secondary schools, bursary, health institutions, water projects, security, roads & bridges, agriculture, sports, environmental activities and emergencies. However, only Kshs.90,597,000 was disbursed to the Fund.

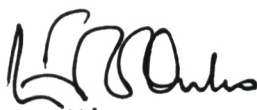
Review of the project implementation status report as at 30 June 2016 revealed that out of the Kshs.90,837,647 allocated to the Fund for projects only forty four (44) projects worth Kshs.35,496,647 (39.08%) were completed, four (4) had not started worth Kshs.1,571,000 while one hundred and seventeen (117) projects worth Kshs.53,770,000 were on going as shown below;



<b>Sector</b>	<b>Project Status</b>	<b>Amount Allocated Kshs</b>	<b>Amount Disbursed Kshs</b>	<b>No. of projects</b>
<b>Education</b>	Complete	2,700,000	2,700,000	7
	Ongoing	35,970,000	35,970,000	87
	Not Started		-	
		<b>38,670,000</b>	<b>38,670,000</b>	<b>94</b>
<b>Bursary</b>	Complete	11,929,000	11,929,000	1
	Ongoing			
	Not Started	71,000.00	-	1
		<b>12,000,000</b>	<b>11,929,000</b>	<b>2</b>
<b>Health</b>	Complete	2,500,000	2,500,000	4
	Ongoing	5,800,000	5,800,000	6
	Not Started			
		<b>8,300,000</b>	<b>8,300,000</b>	<b>10</b>
<b>Electrification</b>	Complete	3,000,000	3,000,000	6
	Ongoing			
	Not Started	1,500,000	1,500,000	3
		<b>4,500,000</b>	<b>4,500,000</b>	<b>9</b>
<b>Sports</b>	Complete	1,500,000	1,500,000	1
	Ongoing			
	Not Started			
		<b>1,500,000</b>	<b>1,500,000</b>	<b>1</b>
<b>Security</b>	Complete			
	Ongoing	1,900,000	1,900,000	8
	Not Started			
		<b>1,900,000</b>	<b>1,900,000</b>	<b>8</b>
<b>Water</b>	Complete			
	Ongoing	10,100,000	10,100,000	16
	Not Started			
		<b>10,100,000</b>	<b>10,100,000</b>	<b>16</b>

<b>Agriculture</b>	Complete	1,600,000	1,600,000	8
	Ongoing			
	Not Started			
		<b>1,600,000</b>	<b>1,600,000</b>	<b>8</b>
<b>Roads</b>	Complete	5,000,000	5,000,000	5
	Ongoing			
	Not Started			
		<b>5,000,000</b>	<b>5,000,000</b>	<b>5</b>
<b>Environmental activities</b>	Complete	1,500,000	1,500,000	1
	Ongoing			
	Not Started			
		<b>1,500,000</b>	<b>1,500,000</b>	<b>1</b>
<b>Emergency</b>	Complete	5,767,647	5,598,000	11
	Ongoing			
	Not Started			
		<b>5,767,647</b>	<b>5,598,000</b>	<b>11</b>
<b>Grand Total</b>		<b>90,837,647</b>	<b>90,597,000</b>	<b>155</b>

It has not been possible to confirm that the Fund will implement all the planned and budgeted for projects to deliver service to the Constituencies.



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

**Nairobi**

**03 October 2017**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MAARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016 (Kshs)**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2015-2016	2014-2015
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	99,648,544	94,139,056
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	6,000
<b>TOTAL RECEIPTS</b>		<b>99,648,544</b>	<b>94,145,056</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,655,524	1,277,602
Use of goods and services	5	4,933,926	6,428,953
Transfers to Other Government Units	6	60,770,000	32,063,881
Other grants and transfers	7	49,977,000	42,495,062
<b>TOTAL PAYMENTS</b>		<b>117,336,450</b>	<b>82,265,498</b>
<b>SURPLUS/DEFICIT</b>		<b>(17,687,906)</b>	<b>11,879,558</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Maara NG-CDF financial statements were approved on 9<sup>th</sup> August 2016 and signed by:

Anthony M. Kariuki  
Fund Account MANAGER  
Signature.....

DATE..... 21/3/2017

Njue Njagi Kaithungu  
CHAIRMAN NG-CDFC  
Signature.....

DATE..... 21/3/2017

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MAARA  
CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs)**

**V. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

	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	7,284,075	24,971,941
Cash Balances (cash at hand)	10B	-	40
Outstanding Imprests	11	-	
<b>TOTAL FINANCIAL ASSETS</b>		<b>7,284,075</b>	<b>24,971,981</b>
<b>REPRESENTED BY</b>			
Retention	12		
Fund balance b/fwd 1st July...	13	24,971,981	12,092,423
Surplus/Deficit for the year		(17,687,906)	11,879,558
Prior year adjustments	14	-	1,000,000
<b>NET LIABILITIES</b>		<b>7,284,075</b>	<b>24,971,981</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Maara NG-CDF financial statements were approved on 9<sup>th</sup> August 2016 and signed by:

Anthony M. Kariuki  
Fund Account MANAGER  
Signature.....

DATE..... 21/8/2017

Njue Njagi Kaithungu  
CHAIRMAN NG-CDFC  
Signature.....

DATE..... 21/8/2017



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MAARA  
CONSTITUENCY**

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

**VI. CASHFLOW STATEMENT**

<b>Receipts for operating income</b>		<b>2015 - 2016</b>	<b>2014 - 2015</b>
Transfers from NG-CDF Board	1	99,648,544	94,139,056
Other Receipts	3	-	6,000
		<b>99,648,544</b>	<b>94,145,056</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,655,524	1,277,602
Use of goods and services	5	4,933,926	6,428,953
Transfers to Other Government Units	6	60,770,000	32,063,881
Other grants and transfers	7	49,977,000	42,495,062
		<b>117,336,450</b>	<b>82,265,498</b>
Adjustments during the year	14	-	1,000,000
<b>Net cash flow from operating activities</b>		<b>(17,687,906)</b>	<b>12,879,558</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		
Acquisition of Assets	9	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(17,687,906)</b>	<b>12,879,558</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	13	<b>24,971,981</b>	<b>12,092,423</b>
<b>Cash and cash equivalent at END of the year</b>		<b>7,284,075</b>	<b>24,971,981</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Maara NG-CDF financial statements were approved on 9<sup>th</sup> August 2016 and signed by:

Anthony M. Kariuki  
Fund Account MANAGER  
Signature.....

DATE..... 21/8/2017

Njue Njagi Kaithungu  
CHAIRMAN NG-CDFC  
Signature.....

DATE..... 21/8/2017

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MAARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016 (Kshs)**

**VII: 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 Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	99,648,544	24,971,981	124,620,525	124,620,525	-	100
<b>TOTAL</b>	99,648,544	24,971,981	124,620,525	124,620,525	-	100
<b>PAYMENTS</b>						
Compensation of Employees	1,802,000	492,930	2,294,930	1,655,524	639,406	72
Use of goods and services	7,008,897	1,219,907	8,228,804	4,933,926	3,294,878	60
Transfers to Other Government Units	46,970,000	14,206,859	61,176,859	60,770,000	406,859	99
Other grants and transfers	43,867,647	9,046,285	52,913,932	49,977,000	2,936,932	94
<b>TOTAL</b>	99,648,544	24,965,981	124,614,525	117,336,450	7,278,075	94

The Maara NG-CDF financial statements were approved on 9<sup>th</sup> August 2016 and signed by:

Anthony M. Kariuki  
Fund Account **MANAGER**  
Signature.....

DATE 21/8/2017

Njue Njagi Kaithungu  
CHAIRMAN NG-CDFC  
Signature.....

DATE 21/8/2017



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MAARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2016 (Kshs)**

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**VIII. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) 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 and relevant legal framework of the Government of Kenya. 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 Constituency and all values are rounded to the nearest thousand. 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 Constituency.

**b) Recognition of revenue and expenses**

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

**c) In-kind contributions**

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

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**d) 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 various commercial banks at the end of

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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.

**e) 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 receipt or payment of cash in the reporting period, they are recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**f) 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 Constituency’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 Constituency’s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**g) Comparative figures**

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

**h) 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, 2015.



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<b>I. NOTES TO THE FINANCIAL STATEMENTS</b>			
<b>GFS CODES</b>			
	<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		
	AIE NO...A724121/A750353	10,000,000	7,300,000
	AIE NO.....A 769320/A759592	10,000,000	16,234,764
	AIE NO.....A 820603/A796604	10,000,000	14,120,858
	AIE NO.....A 820840/A796813	19,000,000	9,413,906
	AIE NO.....A 825659/A797149	25,000,000	25,534,764
	AIE NO.....A 825761/A796128	25,648,544	25,534,764
	<b>TOTAL</b>	<b>99,648,544</b>	<b>94,139,056</b>

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1400000	3 OTHER RECEIPTS		
	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
1450207	sale of tender documents	-	6,000
	<b>Total</b>	-	<b>6,000</b>

2110000	4 COMPENSATION OF EMPLOYEES		
	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,427,372	1,256,802
2120101	Employer contribution to NSSF	20,000	20,800
2710120	gratuity	208,152	
	<b>Total</b>	<b>1,655,524</b>	<b>1,277,602</b>



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2200000	5 USE OF GOODS AND SERVICES		
	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2210100	Utilities, supplies and services	54,000	100,120
2210104	Office rent	-	
2210200	Communication, supplies and services	165,000	273,540
2210300	Domestic travel and subsistence	152,400	206,000
2210500	Printing, advertising and information supplies & services		69,600
2210600	Rentals of produced assets	-	-
2210700	Training expenses	339,000	180,000
2210800	Hospitality supplies and services	37,110	331,800
2210802	Other committee expenses	2,415,200	2,912,850
2210809	Committee allowance	712,000	664,000
2210900	Insurance costs	183,764	234,197
2211000	Specialised materials and services	16,000	71,000

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2211100	Office and general supplies and services	239,480	283,380
2211200	Fuel ,oil & lubricants	362,000	562,625
2211300	Other operating expenses		109,773
2220100	Routine maintenance – vehicles and other transport equipment	180,572	336,468
2220200	Routine maintenance – other assets	77,400	93,600
		-	
	<b>Total</b>	<b>4,933,926</b>	<b>6,428,953</b>
2630200	<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 primary schools	29,370,000	13,237,981
2630205	Transfers to secondary schools	12,100,000	5,800,000
2630206	Transfers to Tertiary institutions	10,300,000	1,100,000
2630207	Transfers to Health institutions	9,000,000	11,925,900
	<b>TOTAL</b>	<b>60,770,000</b>	<b>32,063,881</b>



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2640000	7 OTHER GRANTS AND OTHER PAYMENTS		
	Description	2015 - 2016	2014 - 2015
		Kshs	Kshs
2640101	Bursary -Secondary	5,314,897	5,507,500
2640102	Bursary -Tertiary	3,735,500	3,522,000
2640104	Bursary-Special schools	58,000	25,000
2640105	Mocks & CAT	2,820,603	1,814,000
2640504	water	11,400,000	9,800,000
2640505	Agriculture (food security)	2,100,000	2,000,000
2640506	Electricity projects	4,500,000	3,750,000
2640507	Security	2,050,000	2,150,000
2640508	Roads	9,400,000	5,600,000
2640509	Sports	1,500,000	1,882,781
2640510	Other capital grants and transfer	1,500,000	1,382,781
2640200	Emergency Projects (specify)	5,598,000	5,061,000

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	<b>Total</b>	<b>49,977,000</b>	<b>42,495,062</b>
	<b>10A: Bank Balances (cash book bank balance)</b>		
	<b>Name of Bank, Account No. &amp; currency</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Kshs (30/6/2016)</b>	<b>Kshs (30/6/2015)</b>
	<i>Equity bank, chuka branch A/C NO 0210261751645</i>	7,284,075	24,971,941
	<b>Total</b>	<b>7,284,075</b>	<b>24,971,941</b>
	<b>10B: CASH IN HAND)</b>		
		<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Kshs (30/6/2015)</b>	<b>Kshs (30/6/2015)</b>
	cash for office use	0	40
	<b>Total</b>	<b>-</b>	<b>40</b>



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	<b>13 BALANCES BROUGHT FORWARD</b>		
		<b>2015 - 2016</b>	<b>2014 - 2015</b>
		<b>Kshs (1/7/2015)</b>	<b>Kshs (1/7/2014)</b>
	Bank accounts	24,971,981	12,092,423
	Cash in hand	-	-
	Imprest		-
	<b>Total</b>	24,971,981	12,092,423
	<b>14. PRIOR YEAR ADJUSTMENTS</b>		
		<b>2015 - 2016</b>	<b>2014 - 2015</b>
	Bank accounts	<b>Kshs</b>	<b>Kshs</b>
	Cash in hand	-	1,000,000
	Imprest	-	-
		-	-
	<b>Total</b>	-	1,000,000

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**15. OTHER IMPORTANT DISCLOSURES**

15.2 PENDING STAFF PAYABLES(See annex 2)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
CDFC Staff gratuity	181,413	175,844
	181,413	175,844
	181,413	175,844

**16. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: ( <i>Resolved</i> / <i>Not Resolved</i> )	Timeframe
1.0	Cash and Cash Equivalent.  No reversal of stale cheques of Kshs.183,340	The stale cheques have been reversed in the cashbook	Accountant	Resolved	




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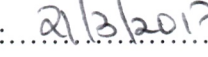
2.0	<b>Project Implementation and Payments</b>	Capacity to implement all projects as budgeted and planned to ensure service delivery to the constituents	PMCs and FAM	Resolved	
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The Maara NG-CDF financial statements were approved on 9<sup>th</sup> August and signed by:

Anthony M. Kariuki  
FUND ACCOUNT MANAGER  
Signature:..........

Date:..........

Njue Njagi Kaithungu  
CHAIRMAN NG-CDFC  
Signature:..........

Date:..........

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**ANNEX I: BREAKDOWN OF UNSPENT FUNDS**

SECTOR/PROJECT	AMOUNT KSHS
OFFICE ADMINISTRATION	2,977,239
M&E	1,307,043
EMERGENCY	1,272,372
BURSARY	1,214,560
AUDIT	500,000
TENDER DOCUMENTS	6,000
HEALTH	6,861
<b>TOTAL</b>	<b>7,284,075</b>

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

NAME	EMPLOYMENT DATE	JOB GROUP	BASIC PAY	NO. OF MONTHS WITH UNPAID GRATUITY	RATE	TOTAL
GENESIUS KITHINJI	Oct-13	J	25,895	9	20%	46,611
ANN MWENDE	Oct-13	G	21,711	9	20%	39,080
NELLYJOY MURUGI	NOV 2014	G	20,835	7	20%	29,169
WYCLIFF MAWIRA	Feb-15	J	25,895	4	20%	20,716
JACOB MUNENE	Aug-14	G	20,835	11	20%	45,837
<b>TOTAL</b>						<b>181,413</b>



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**ANNEX 3: SUMMARY OF FIXED ASSETS REGISTER**

<b>Asset class</b>	<b>Historical Cost 2015/2016 Kshs</b>	<b>Historical Cost 2014/2015 Kshs</b>
Transport Equipment	4,279,939	4,279,939
Total Kshs	4,279,939	4,279,939

