

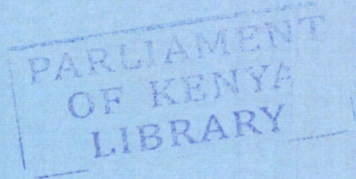
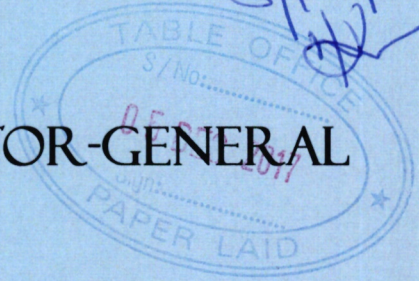
REPUBLIC OF KENYA



*Paper laid
by LOM
5/12/2017*



OFFICE OF THE AUDITOR-GENERAL



REPORT

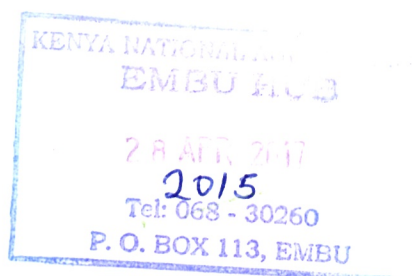
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
CENTRAL IMENTI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
CENTRAL IMENTI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
CENTRAL IMENTI 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The National Government Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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 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 NGCDF CENTRAL IMENTI 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	Kenneth Njagi
3.	Accountant	John Rintari
4.		

(d) Fiduciary Oversight Arrangements

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

NGCDF Office Building.
P.O Bo 1646-60200
Mutego Equator.
Meru

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CENTRAL
IMENTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016**

(f) CENTRAL IMENTI NGCDF Contacts

Telephone: (254) 0722 371972
E-mail: centralimenticdf@NGCDF.go.ke
Website: www.centralimenti.go.ke

(g) CENTRAL IMENTI NGCDF Bankers

1. Equity Bank
P.O Box 402
Nkubu
...
...

(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

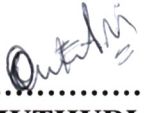
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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

The NGCDFCs 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 CENTRAL IMENTI.

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.....
**FRANK MUTHURI SIMON
CHAIRMAN NGCDFC**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CENTRAL
IMENTI CONSTITUENCY**

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 NGCDF. 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.

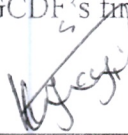
The Accounting Officer in charge of the CENTRAL IMENTI NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This 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 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 CENTRAL IMENTI 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, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the CENTRAL IMENTI NGCDF 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.

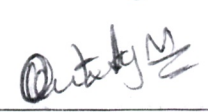
The Accounting Officer in charge of the CENTRAL IMENTI NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes 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 15/9/2016.



KENNETH NJAGI
Fund Account Manager



FRANK MUTHURI
Chairman

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Central Imenti Constituency set out on pages 5 to 19, which comprise the statement of 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. 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

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

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 Fund 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 Cash and Cash Equivalents

The financial statements reflects a cash and cash equivalents balance of Kshs.23,167,199 as at 30 June 2016. However, included in this balance were unrepresented cheques totaling to Kshs.18,123,514 which had ten (10) stale cheques totaling to Kshs. 293,819 that had not been reversed in the cash book as at 30 June 2016 as analyzed below;

Date	Cheque No.	Payee	Amount Kshs
01.09.15	1845	Meru University	60,000
05.11.15	1869	PAYE	43,819
05.11.15	1874	Friends Kamusinga	40,000
19.11.15	1900	Kibirichia Girls	20,000
24.11.15	1936	Materi Girls	20,000
09.12.15	2006	Gikumene Girls	20,000
09.12.15	2028	Mount Kenya University	20,000
23.12.15	2054	Kenyatta University	30,000
23.12.15	2055	Kerugoya University	20,000
23.12.15	2063	Kerugoya Girls	20,000
Total			293,819

Further, both the cash flows statement and note 11 of the notes to the financial statements reflects a prior year adjustment of Kshs.7,064,569 which was not explained or analyzed.

In view of the foregoing, the accuracy and completeness of the cash and cash equivalents balance of Kshs.23,167,199 could not be ascertained.

2.0 Irregular Procurement of Kambao - Equator Road Contract

Note 6 of the notes to the financial statements reflect expenditure of Kshs.35,264,227 in respect to road projects. Included in the amount was Kshs.8,558,000 paid to M/s Jerumbi Contractors for heavy bush clearing, grading, watering, compaction and gravelling of Kambao - Equator Road. However, the Project Management Committee used restricted method of procurement instead of open tendering contrary to Public Procurement and disposal (Amendment) regulations, 2013.

In the circumstances, the Fund contravened the Public Procurement and Disposal regulations 2013 and it has not been possible to ascertain that the Fund got value for money in the Kshs. 8,558,000 expenditure.

3.0 Non Acknowledgement of Bursaries

The financial statements and other records maintained at the CDF office indicate that a total of Kshs.24,992,625 had been disbursed as bursaries to various institutions as at 30 June 2016. However, only bursaries totaling to Kshs.8,235,796 (32.95%) were acknowledged by the beneficiaries through letters of acknowledgement or issuance of official receipts leaving a balance of Kshs.16,756,829 (67.05%) unacknowledged.

In the circumstances, it has not been possible to ascertain whether the bursaries totaling to Kshs.16,756,829 benefited the intended beneficiaries and had been accounted 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 – Central Imenti 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, 2013.

Other Matter

1.0 Budgetary Control and Performance

The combined summary statement of appropriation reflected an original budget of Kshs.100,870,223. However, out of the Kshs.100,870,223 approved budget for the year, only Kshs. 98,770,223 (97.9%) was released by the CDF board during the year leading to unreleased amount of Kshs.2,100,000 (2.1%). Further, to the Kshs.100,870,223 approved budget for the year, the Fund had a cash balance of Kshs.30,399,553 brought forward from the 2014/2015. Therefore, the total budget for the Fund during the year was Kshs.131,269,776. However, out of the Kshs.131,269,776 total budget for the year only Kshs 113,067,146 (86.13%) was spent while Kshs.18,202,630 remained unutilized as at 30 June 2016 as shown below;

Item	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable Basis Kshs	Variance Kshs	Performance %
RECEIPTS						
Cash Balance B/F	-	30,399,553	30,399,553	30,399,553	-	100
Transfers from CDF Board	100,870,223	-	100,870,223	98,770,223	2,100,000	97.9
Other Receipts	-	-	-	-	-	
Total Receipts	100,870,223	30,399,553	131,269,776	129,169,776	2,100,000	
PAYMENTS						
Compensation of Employees	2,212,876	-	2,212,876	1,888,880	323,996	85.4

Use of Goods and Services	6,695,445	3,557,524	10,252,969	9,774,299	478,670	95.3
Transfers to Other Government Units	34,000,000	6,442,029	40,442,029	23,612,775	16,829,254	58.4
Other Grants and Transfers	57,291,902	20,400,000	77,691,902	77,624,192	67,710	99.9
Acquisition of Assets	170,000	-	170,000	167,000	3,000	98.2
Other Payments	500,000	-	500,000	-	500,000	
Total Payments	100,870,223	30,399,553	131,269,776	113,067,146	18,202,630	86.1

The unutilized balance of Kshs.18,202,630 represented approved projects that were not implemented thus the residents of Central Imenti Constituency did not receive public services equivalent to the money budgeted but not utilized as at 30 June 2016.

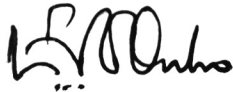
2.0 Project Implementation Status and Management

The approved budget for development project was apportioned among various sectors within the constituency namely Education, Health, Sports, Environment, Security, Road and Others. The funds allocated to development projects amounted to Kshs.70,652,456 which represented 53.8% of the total budget.

Review of the project implementation status report revealed that 54 projects worth Kshs.33,135,052 were completed, 114 projects with a cost of Kshs.19,767,404 were ongoing and 56 projects worth Kshs. 17,750,000 had not started as shown below;

Project Status	Sector	Amount Allocated (Kshs)	Amount disbursed (Kshs)	No of Projects
Completed	Education	4,950,000	4,950,000	13
	Security	350,000	350,000	01
	Roads	19,450,000	19,450,000	36
	Health	200,000	200,000	01
	Sports	2,017,404.46	2,017,404.46	01
	Emergency	5,767,647	5,767,647	01
	Water	400,000	400,000	01
	Sub Total		33,135,052	33,135,052
Ongoing	Education	15,100,000	14,850,000	94
	Environment	2,017,404	2,017,404	12
	Security	2,650,000	2,650,000	08
	Sub Total		19,767,404	19,517,404
Not Started	Health	3,800,000	-	06
	Security	3,200,000	-	10
	Education	9,950,000	-	37
	Water	800,000	-	03
	Sub-Total		17,750,000	-
Grand Total		70,652,456	52,652,456	224

In the circumstance, the residents of Central Imenti Constituency did not get services equivalent to the Kshs.17,750,000 budgeted but not started projects and it was not possible to ascertain that the Fund would implement all projects as budgeted.



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

Nairobi

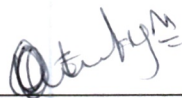
23 October 2017

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CENTRAL
 IMENTI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2016**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	98,770,223	128,693,719
Other Receipts	2	-	950,000
TOTAL RECEIPTS		98,770,223	129,643,719
PAYMENTS			
Compensation of employees	3	1,888,880	1,405,596
Use of goods and services	4a	9,774,299	5,157,648
Committee Expenses	4b	-	4,140,500
Transfers to Other Government Units	5	23,612,775	18,897,000
Other grants and transfers	6	77,624,192	74,657,385
Acquisition of Assets	7	167,000	1,828,740
TOTAL PAYMENTS		113,067,147	106,086,869
SURPLUS/DEFICIT		(14,296,923)	23,556,850

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The CENTRAL IMENTI NGCDF financial statements were approved on 15/9/2016 and signed by:



Chairman - NGCDFC



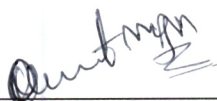
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CENTRAL
 IMENTI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2016**

V. STATEMENT OF ASSETS

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9.0	23,167,199	30,399,553
Cash Balances (cash at hand)		-	-
Outstanding Imprests		-	
TOTAL FINANCIAL ASSETS		23,167,199	30,399,553
REPRESENTED BY			
Retention			
Fund balance b/fwd 1st July...	10.0	30,399,553	6,842,703
Surplus/Deficit for the year		(14,296,923)	23,556,850
Prior year adjustments	11.0	7,064,569	
NET LIABILITIES		23,167,199	30,399,553

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The CENTRAL IMENTI NGCDF financial statements were approved on 15/9/2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CENTRAL
 IMENTI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2016**

VI. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
		Kshs	Kshs
Transfers from CDF Board	1	98,770,223	128,693,719
Other Receipts	2	-	950,000
		98,770,223	129,643,719
Payments for operating expenses			
Compensation of Employees	3	(1,888,880)	(1,405,596)
Use of goods and services	4a	(9,774,299)	(5,157,648)
Committee Expenses	4b	-	(4,140,500)
Transfers to Other Government Units	5	(23,612,775)	(18,897,000)
Other grants and transfers	6	(77,624,192)	(74,657,385)
Other Payments		-	-
		(112,900,146)	(104,258,129)
Adjusted for:			
Adjustments during the year	11	7,064,569	
Net cash flow from operating activities		(7,065,354)	25,385,590
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(167,000)	(1,828,740)
Net cash flows from Investing Activities		(167,000)	(1,828,740)
NET INCREASE IN CASH AND CASH EQUIVALENT		(7,232,354)	23,556,850
Cash and cash equivalent at BEGINNING of the year	10	30,399,553	6,842,703
Cash and cash equivalent at END of the year	9	23,167,199	30,399,553

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The CENTRAL IMENTI NGCDF financial statements were approved on 15/9/2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CENTRAL
IMENTI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

**VII: SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND
DEVELOPMENT COMBINED**

Revenue/Expense Item	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable Basis Kshs	Variance Kshs	Performance %
RECEIPTS						
Cash Balance B/F	-	30,399,553	30,399,553	30,399,553	-	100
Transfers from CDF Board	100,870,223	-	100,870,223	98,770,223	2,100,000	97.9
Other Receipts	-	-	-	-	-	
Total Receipts	100,870,223	30,399,553	131,269,776	129,169,776	2,100,000	
PAYMENTS						
Compensation of Employees	2,212,876	-	2,212,876	1,888,880	323,996	85.4
Use of Goods and Services	6,695,445	3,557,524	10,252,969	9,774,299	478,670	95.3
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Other Grants and Transfers	57,291,902	20,400,000	77,691,902	77,624,192	67,710	99.9
Acquisition of Assets	170,000	-	170,000	167,000	3,000	98.2
Other Payments	500,000	-	500,000	-	500,000	
Total Payments	100,870,223	30,399,553	131,269,776	113,067,146	18,202,630	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The CENTRAL IMENTI NGCDF financial statements were approved on 15/9/2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- CENTRAL
IMENTI CONSTITUENCY**

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For the year ended June 30, 2016

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2016.

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VIII. NOTES TO THE FINANCIAL STATEMENTS

1.0 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	A796265 / A750147	10,000,000	33,410,803
	A796319 /A750325	10,000,000	7,300,000
	A796467 /A7500426	10,000,000	16,520,729
	A797219/A796529	20,000,000	14,292,437
	A825719/A796972	48,770,223	23,820,729
	A796715		9,528,292
	A796078		23,820,729
TOTAL		98,770,223	128,693,719

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.0 OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
	-	950,000
Total	-	950,000

3.0 COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,385,102	1,405,596
Basic wages of casual labour	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	249,720	-
Employer contribution to NSSF gratuity	254,058	-
Total	1,888,880	1,405,596

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.0 a: USE OF GOODS AND SERVICES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Utilities, supplies and services	1,405,000	69,340
Communication, supplies and services	56,170	212,968
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	967,000	586,000
Hospitality supplies and services	-	492,515
Other committee expenses	2,000,000	-
Committee allowance	4,331,129	-
Office and general supplies and services	965,000	2,723,515
Fuel ,oil & lubricants	-	888,560
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	50,000	-
Routine maintenance – other assets	-	184,750
Total	9,774,299	5,157,648

4b: Committee allowance

-

4,140,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5.0 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016 Kshs	2014 - 2015 Kshs
Transfers to National Government entities	-	987,000
Transfers to primary schools (see attached list)	13,447,414	3,200,000
Transfers to secondary schools (see attached list)	6,740,000	12,810,000
Transfers to tertiary institutions (see attached list)	300,000	700,000
Transfers to health institutions (see attached list)	3,125,361	1,200,000
-TOTAL	23,612,775	18,897,000

6.0 OTHER GRANTS AND OTHER PAYMENTS

	2015 – 2016 Kshs	2014 -2015 Kshs
Bursary – secondary schools (see attached list)	9,437,335	4,554,320
Bursary – tertiary institutions (see attached list)	15,415,090	13,818,200
Bursary – special schools (see attached list)	140,200	105,600
Mock & CAT (see attached list)	1,545,960	-
Water projects (see attached list)	2,180,130	6,075,643
Agriculture projects (see attached list)	-	-
Electricity projects (see attached list)	-	-
Security projects (see attached list)	4,500,000	3,000,000
Roads projects (see attached list)	35,264,227	34,100,848
Sports projects (see attached list)	1,645,000	2,987,000
Environment projects (see attached list)	1,890,250	2,224,000
Other Projects (see attached list)	-	-
Emergency Projects (specify)	5,606,000	7,791,774
Total	77,624,192	74,657,385

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OTES TO THE FINANCIAL STATEMENTS (Continued)

7.0 ACQUISITION OF ASSETS

Non-Financial Assets

	2015 – 2016	2014 – 2015
	Kshs	Kshs
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	-	716,776
Purchase of ICT Equipment, Software and Other ICT Assets	167,000	1,111,964
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	167,000	1,828,740

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.0 Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 – 2016	2014 – 2015
	Kshs	Kshs
Equity Bank Nkubu Branch AC/ No. 0370261971374	23,167,199	30,399,553
	-	-
	-	-
	-	-
	23,167,199	30,399,553

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.0 BALANCES BROUGHT FORWARD

	2015 – 2016	2014 – 2015
	Kshs	Kshs
Bank accounts	30,399,553	6,842,703
Cash in hand	-	-
Imprest	-	-
Total	30,399,553	6,842,703

11.0 PRIOR YEAR ADJUSTMENTS


	2015 – 2016	2014 – 2015
	Kshs	Kshs
Bank accounts		
Cash in hand	7,064,569	-
Imprest	-	-
Total	7,064,569	

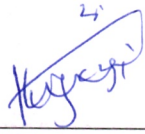
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12.0 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Unsupported Bursary Funds	Follow up being done with beneficiary institutions	FAM Central Imenti CDF	Partly Resolved	Yearly
Other Matters					
i)	Budgetary Control and Performance	CDF Board to release Funds in time	FAM Central Imenti CDF and PMCs	Resolved	
ii)	Project Implementation Status	All projects have been implemented	FAM and PMCs	Resolved	
iii)	Idle Projects	All the projects are now in use	PMCs	Resolved	


FRANK MUTHURI
Chairman NGCDF


KENNETH NJAGI
Fund Account Manager

13.0 OTHER IMPORTANT DISCLOSURES

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Buildings and Structures	14,996,345	14,996,345
Transport Equipment	21,005,520	21,005,520
Office Equipment, Furniture and Fittings	2,637,066	2,637,066
ICT Equipment, Software and Other ICT Assets	5,293,039	5,126,039
Total	43,931,970	43,764,970