

REPUBLIC OF KENYA



*Paper laid by
Leader of Majority
Party
Tuesday 7/8/2018*

OFFICE OF THE AUDITOR-GENERAL

REPORT



PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BUURI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2017



KENYA NATIONAL AUDIT OFFICE
EMBU HUB

07 JUN 2018

2467

Tel: 068 - 30260

P. O. BOX 113, EMBU

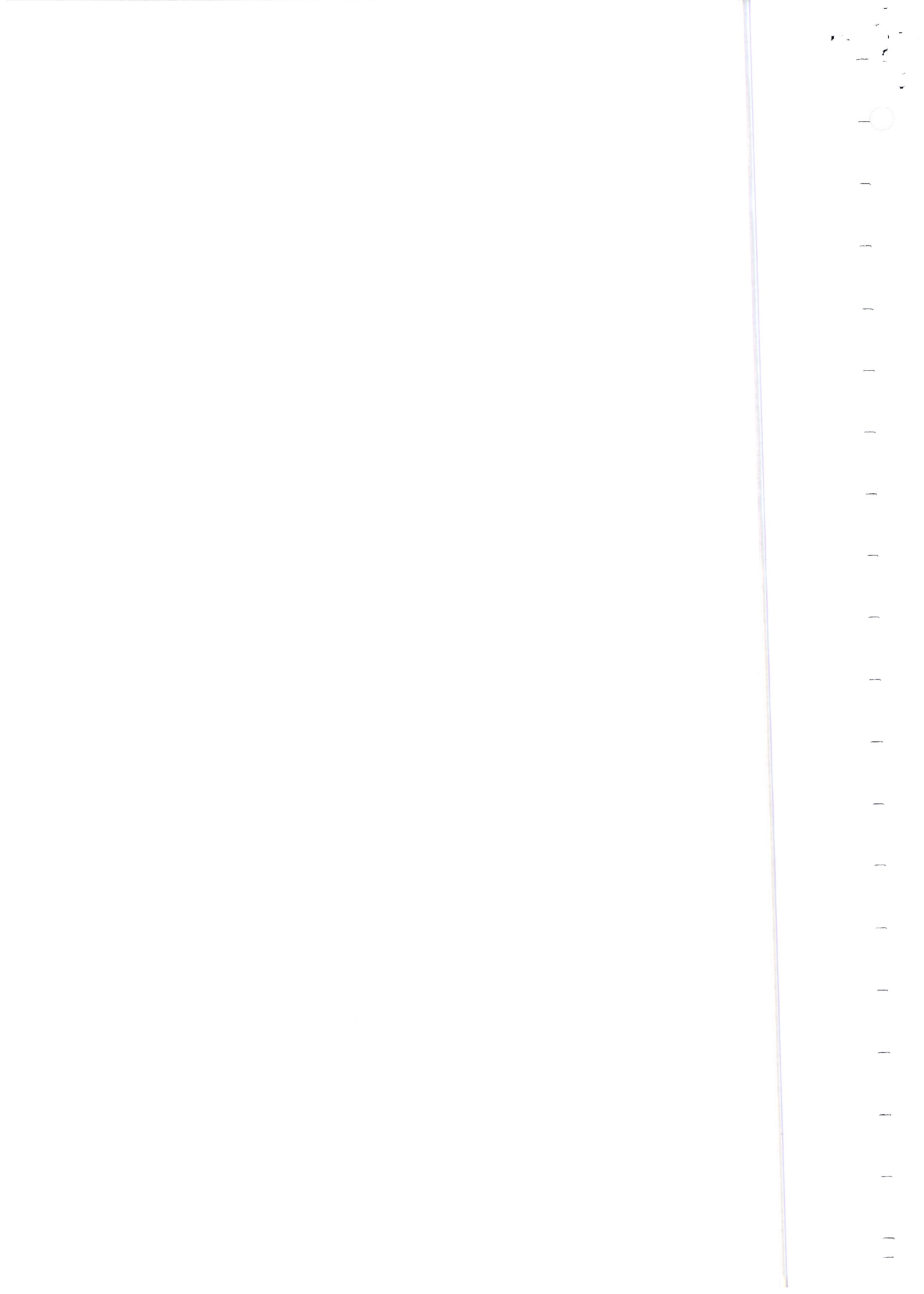


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
BUURI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – BUURI
Reports and Financial Statements
For the year ended June 30, 2017

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CABINET SECRETARY.....	3
III.STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES	4
IV.STATEMENT OF RECEIPTS AND PAYMENTS	5
V. STATEMENT OF ASSETS	6
VI.STATEMENT OF CASHFLOW.....	7
VII.SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT	9
VIII.SIGNIFICANT ACCOUNTING POLICIES.....	9
IX. NOTES TO THE FINANCIAL STATEMENTS.....	11



1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 amended in 2007 and repealed by the CDF Act of 2013.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

(b) Key Management

The Buuri 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	Chief Executive Officer	Yusuf Mbuno
2	Fund Account Manager	Lucy NyakeruNdong'o
3	District Accountant	John Karimi

(d) Fiduciary Oversight Arrangements

List of CDFC as gazette

Morris KirimiMwiti	Chairman
Lucy NyakeruNdong'o	Fund Account Manager, Buuri/Ex-officio Member
Purity Nkatha	Member/Secretary
Pius Murithi	Member
Thomas Kithinji	Member
AnitahKinanu	Member
Stanley Gitonga	Member
Margret kanyua	Member
Stephen Mbaabu	Member



Vertical text or markings along the right edge of the page, possibly bleed-through from the reverse side.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUURI
Reports and Financial Statements
For the year ended June 30, 2017

(e) Entity Headquarters

Box and physical address of the constituency NGCDF office

P. O Box 130-10406, Timau.
CDF Offices DCC-Offices Buuri
Meru County

(f) Entity Contacts

Telephone: (+254) 0722861117
E-mail: cdfbuuri@cdf.go.ke
Website: www.go.ke

(g) Entity Bankers

Constituency NGCDF main banker
Equity Bank Limited
Meru branch
Bank account number: 0140261996107
P. O Box 75104, Nairobi.

(h) Independent Auditors

Office of Auditor General
Kenya National Audit Office
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

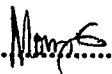
Q

| | | | | | | | | | | | | | | | | | | | | |

**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 Buuri.

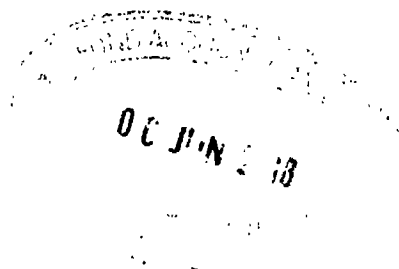
However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations



.....
Morris KirimiMwiti
Chairman – NGCDFC



.....
Lucy NyakeruNdong'o
Fund Account Manager





Vertical text or markings along the right edge of the page, possibly bleed-through from the reverse side.

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.

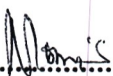
The Accounting Officer in charge of the BuuriNGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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 Buuri 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 charge of the BuuriNGCDF 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 BuuriNGCDF 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 20th July 2017.


.....

Morris Kirimi Mwiti
Chairman – NGCDFC


.....


FUND ACCOUNT MANAGER
06 JUN 2017

Lucy Nyakeru Ndong'o
Fund Account Manager

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

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 - BUURI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund– Buuri Constituency set out on pages 5 to 22, which comprise the statement of financial assets as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation : recurrent and development 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Buuri Constituency as at 30 June 2017, 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.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Presentation of the Financial Statements

The International Public Sector Accounting Standards (Cash Basis) reporting template prescribed by the Public Sector Accounting Standards Board requires that related party disclosures and list of projects implemented by the entity be included in the financial statements. However, a review of the financial statements revealed that the related party disclosures and the list of projects were not included in the financial statements for the year under review.

In view of the foregoing, the presentation of the financial statements for the year under review did not conform to the International Public Sector Accounting Standards (Cash Basis) as prescribed by the reporting template.

2.0 Irregular Procurement of Office and General Supplies

During the financial year under review, the Fund paid Kshs.84,760 to Julies Bureau services vide payment voucher No. 205 dated 31 March, 2017 for the supply of stationery. However, the supplier was directly sourced contrary to Section 91 of the Public Procurement and Asset Disposal (PPAD) Act, 2015. The management failed to float quotations hence denying the Fund an opportunity of fair, equitable, transparent, competitive and cost effective acquisition of goods as required by Section 227 of the Constitution.

In the circumstances, the Fund was in breach of the Constitution.

3.0 Transfers to Primary Schools

Note 6 to the financial statements reflects transfers to primary schools of Kshs.35,910,000 which included Kshs.2,000,000 paid to Kanthungu Primary School for construction of piped water and installation of a 10,000 litre water tank. However, although, the piping was completed, physical verification carried out on 16 May, 2018 revealed that the school had not received water since the construction of the water pipe. No explanation was provided as to why the Fund implemented a project that was not offering benefits to the community. Further, feasibility report showing the route the pipe ought to have followed to enable flow of water to the school was not provided for audit review.

In the circumstances, it was not possible to ascertain that the Fund got value for money for Kshs.2,000,000 expenditure as at 30 June 2017.

4.0 Transfer to Secondary Schools

Note 6 to the financial statements reflects transfer to secondary schools of Kshs.10,300,000 which included Kshs.1,000,000 paid to Subuiga secondary school project management committee (PMC) for the construction of one classroom. However, project files containing project management committee minutes, bank statements, tenders/quotations, bill of quantities and completion certificates were not provided for audit review. Further, a physical verification carried out on 16 May 2018 revealed that the project had not been done. No explanations were provided for failure to complete the project.

In addition, included in the Kshs.10,300,000 was Kshs.200,000 paid out to Ontulili secondary school for roofing plastering, floor and paintwork at the school. The school paid Kshs.107,000 from the Kshs.200,000 to Buuri Youngster Youth Group on 8 August 2016 vide invoice No. 15 for the supply and delivery of 1100 pieces of machine cut stones and 400 pieces of quarry stones. However, the respective quotations, evaluation committee minutes, inspection and acceptance committee minutes were not provided for audit review. Further, the planned works did not factor the use of building stones and no explanation was provided why the stones were purchased.

In the circumstances, the regularity and value for money of the Kshs.1,000,000 and Kshs.107,000 paid to Subuiga and Ontulili Secondary Schools respectively all totaling to Kshs.1,107,000 could not be ascertained.

5.0 Emergency Fund

Note 7 to the financial statements reflected an expenditure of Kshs.2,985,253 expenditure on emergency. However, applications showing the nature of emergency and evaluation to determine whether they met the threshold for an emergency as set out in Section 8(3) of the National Government Constituencies Development Fund Act, 2015 was not provided for audit review.

In the circumstances, it was not possible to ascertain that Kshs.2,985,253 expenditure as at 30 June 2017 qualified as an emergency in line with the NG-CDF Act, 2015.

6.0 Transfers to Tertiary Institutions

Note 7 to the financial statements reflect a transfer to tertiary institutions of Kshs.16,150,000. The transfer was to be used for construction of proposed Timau College to its completion and the disbursements to the college were as follows:

Date	Supplier/Payee	Voucher No	Amount (Kshs)	Cheque No
2/3/2017	Timau College	176	6,800,000	3828
17/11/2016	Timau College	92	5,000,000	3409
29/9/2016	Timau College	53	4,350,000	3144
	Total		16,150,000	

The contract for the construction of the college was awarded to Nkingo Contractors Company Ltd. However, contract documents showing how the tender was awarded were not provided for audit review. Further, during physical verification of the project, it was observed that walls in four (4) rooms had cracked in the middle.

In the circumstance, the regularity of Kshs.16,150,000 expenditure could not be confirmed.

7.0 Delay in Projects Implementation

During the financial year under review, the Fund paid Kshs.13,000,000 in respect to four (4) projects as follows:

Name of school	Date	Amount Deposited by the Fund (Kshs)	Balance at the Bank (Kshs)
Muuti –o-Nthunguri primary school	11/01/2017	3,500,000	3,309,835
Kamuketha primary school	09/03/2017	3,500,000	3,500,000
Munanda primary school	11/01/2017	3,500,000	3,500,000
Buuri Secondary School	10/03/2017	2,500,000	2,500,000
	Total	13,000,000	12,809,835

However, a physical verification done on 17 May 2018 revealed that the projects had not started and no explanation was provided as to why the projects had not been implemented even as the funds remained unutilized in the bank.

In the circumstances, the Fund did not get value for money for Kshs.13,000,000 disbursement as at 30 June 2017.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- Buuri Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1. Budgetary Control and Performance

During the financial year under review, Buuri NG- CDF approved an expenditure budget of Ksh.81,896,550 with a further adjustment of Kshs.62,439,483 thus raising the final total budget to Kshs.144,336,033. However, only Kshs.125,995,230 (88%) was spent resulting in an under expenditure of Kshs.18,340,803 (13%)

In the circumstances, the residents of Buuri Constituency did not receive services equivalent to the Kshs.18,340,803 under expenditure as at 30 June 2017.

2. Project Implementation Status

The financial statements for the year under review reflected transfers to other government entities and other grants/other payment of Kshs.66,360,000 and Kshs.45,908,574 respectively both totaling Kshs.112,268,574 as at 30 June 2017 being transfers to National Government Institutions to implement various projects.

However, the project implementation status report in respect to the Kshs.112,268,574 projects could not be analyzed since vital details such as name of project, location of projects, fund allocated, funds disbursed and date of completion were not provided.

In the circumstance, it has not been possible to ascertain the project implementation status of projects worth Kshs.112,268,574 as at 30 June 2017.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Funds ability to continue as a going concern disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material

uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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

Nairobi

13 July 2018

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUURI
Reports and Financial Statements
For the year ended June 30, 2017

STATEMENT OF RECEIPTS AND PAYMENTS

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	128,405,961	101,737,425
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		128,405,961	101,737,425
PAYMENTS			
Compensation of employees	4	2,217,250	1,016,466
Use of goods and services	5	7,589,406	6,583,630
Transfers to Other Government Units	6	66,360,000	11,364,931
Other grants and transfers	7	45,908,574	103,140,683
Acquisition of Assets	8	3,920,000	697,400
Other Payments	9	-	-
TOTAL PAYMENTS		125,995,230	122,803,110
SURPLUS/DEFICIT		2,410,731	(21,065,686)

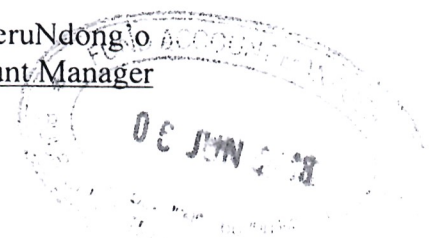
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BuuriNGCDF financial statements were approved on ___ 1st July ___ 2017 and signed by:

.....


Morris Kirimi Mwiti
 Chairman – NGCDFC

.....


Lucy Nyakeru Ndongo
 Fund Account Manager





A vertical line of small, faint marks or characters running down the right edge of the page, possibly representing a binding or scanning artifact.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUURI
Reports and Financial Statements
For the year ended June 30, 2017

II. STATEMENT OF FINANCIAL ASSETS

	Note	2016- 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	11,059,813	5,172,143
Cash balances (cash at hand)	10B	-	-
Sub total		11,059,813	5,172,143
Outstanding Imprests/Receivables	11		
TOTAL FINANCIAL ASSETS		<u>11,059,813</u>	<u>5,172,143</u>

REPRESENTED BY

Fund balance b/fwd 1st July...	12	5,172,143	26,237,828
Surplus/Deficit for the year		2,410,731	(21,065,686)
Prior year adjustments	13	<u>3,476,939</u>	
NET LIABILITIES		<u>11,059,813</u>	<u>5,172,143</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BuuriNGCDF financial statements were approved on ___ 1st July ___ 2017 and signed by:



Morris Kirimi Mwiti
 Chairman – NGCDFC



Lucy Nyakeru Ndong'o
 Fund Account Manager


06 JUN 2017

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUURI
Reports and Financial Statements
For the year ended June 30, 2017


IV. STATEMENT OF CASHFLOW

Receipts for operating income		2016 - 2017	2015 - 2016
Transfers from CDF Board	1	128,405,961	101,737,425
Other receipts	3	-	-
TOTAL RECEIPTS		128,405,961	101,737,425
Payments for operating expenses			
Compensation of Employees	4	2,217,250	1,016,466
Use of goods and services	5	7,589,406	6,583,630
Transfers to Other Government Units	6	66,360,000	11,364,931
Other grants and transfers	7	45,908,574	103,140,683
Other Payments	9	-	-
		122,075,230	122,105,710
Adjusted for:			
Adjustments during the year		3,476,939	
Net cash flow from operating activities		9,807,670	(20,368,286)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	3,920,000	697,400
Net cash flows from Investing Activities		(3,920,000)	(697,400)
NET INCREASE IN CASH AND CASH EQUIVALENT		5,887,670	(21,065,686)
Cash and cash equivalent at BEGINNING of the year	16	5,172,143	26,237,828
Cash and cash equivalent at END of the year	17	11,059,813	5,172,143

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The BuuriNGCDF financial statements were approved on ___ 1st July ___ 2017 and signed by:

.....


Morris KirimiMwiti

.....

 Lucy NyakeruNdong'o
 08 JUN 17

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BUURI CONSTITUENCY

Reports and Financial Statements
For the year ended June 30, 2017

V. 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						
Balance b/f		5,172,143	5,172,143	5,172,143		
Transfers from CDF Board	81,896,550	53,347,340	135,243,890	128,405,961	6,837,929	95%
TOTALS	81,896,550	58,519,483	140,416,033	133,578,104	6,837,929	95%
PAYMENTS						
Compensation of Employees		2,217,250	2,217,250	2,217,250	0	100.0%
Use of goods and services	7,370,689	6,477,404	13,848,093	7,589,406	6,258,688	54.8%
Transfers to Other Government Units	38,810,000	31,300,000	70,110,000	66,360,000	3,750,000	94.7%
Other grants and transfers	35,715,860	20,742,079	56,457,939	45,908,574	10,549,365	81.3%
Acquisition of Assets		3,920,000	3,920,000	3,920,000	-	100.0%
Other Payments-audit fee						0.0%
TOTALS	81,896,550	62,439,483	144,336,033	125,995,230	18,340,803	87.3%

VI. 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

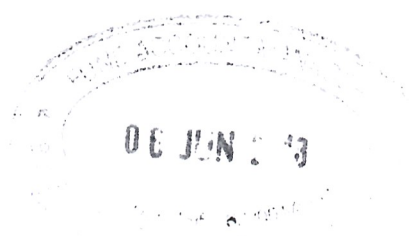
In-kind contributions are donations that are made to the NGCDF in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, 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.

.....
Morris Kirimi Mwati

Morris Kirimi Mwati
Chairman – NGCDFC

.....
Lucy Nyakeru Ndong'o

Lucy Nyakeru Ndong'o
Fund Account Manager



SIGNIFICAN ACCOUNTING POLICIES (Continued)

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.

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

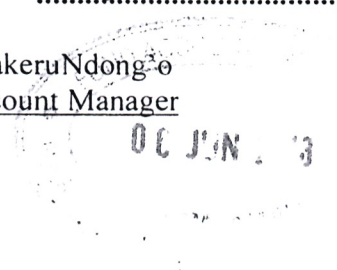
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

.....
Morris

Morris KirimiMwiti
Chairman – NGCDFC

.....
Lucy

Lucy NyakeruNdong'o
Fund Account Manager



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUURI
Reports and Financial Statements
For the year ended June 30, 2017

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -BUURI
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. NOTES TO THE FINANCIAL STATEMENTS				
GFS CODES				
	1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
	Description		2016- 2017	2015 -2016
			Kshs	Kshs
1330407	Normal Allocation	AIE NO...A790830		49,737,425
		AIE NO...A724203		10,000,000
		AIE NO...A820537		10,000,000
		AIE NO...A820709		20,000,000
		AIE NO...A820944		12,000,000
		A825841	52,847,340.00	
		A825955	500,000.00	
		A829521	4,094,827.60	
		A855009	36,853,449.00	
		A855543	34,110,344.10	
1330408	Conditional grants			-
			-	
1330409	Receipt from other Constituency		-	
	TOTAL		128,405,961	101,737,425
3510000	2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS			
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
3510202	Receipts from the Sale of Buildings		-	
3510601	Receipts from the Sale of Vehicles and Transport Equipment		-	-
3510801	Receipts from the Sale Plant Machinery and Equipment		-	
3510803	Receipts from the Sale of office and general equipment		-	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUURI
Reports and Financial Statements
For the year ended June 30, 2017

			-	-
		Total	-	-
1400000	3 OTHER RECEIPTS			
	Description		2015 - 2016	2014 - 2015
			Kshs	Kshs
1410107	Interest Received			-
1410405	Rents		-	-
1420601	Interest Received		-	-
1450207	Other Receipts Not Classified Elsewhere (Reversals)		12,487,098	-
	Total		12,487,098	-
2110000	4 COMPENSATION OF EMPLOYEES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2110201	Basic wages of contractual employees		790,848	732,666
2110202	Basic wages of casual labour		83,000	15,000
	Personal allowances paid as part of salary		165,000	-
2110301	House allowance		138,900	100,800
2110314	Transport allowance		144,000	168,000
2110320	Leave allowance			-
2110326	Other personnel payments		298,113	-
2710120	gratuity		597,389	
	Total		2,217,250	1,016,466
2200000	5 USE OF GOODS AND SERVICES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2210200	Communication, supplies and services		101,700	290,784
2210300	Domestic travel and subsistence		450,733	370,300
2210500	Printing, advertising and information			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUURI
Reports and Financial Statements
For the year ended June 30, 2017

	supplies & services		150,800	149,000
2210600	Rentals of produced assets		0	
2210700	Training expenses		1,055,000	756,800
2210800	Hospitality supplies and services		0	128,000
2210900	Insurance costs		250,000	
2211000	Specialised materials and services		0	
2211100	Office and general supplies and services		1,090,289	581,039
2211200	Fuel ,oil & lubricants		1,172,233	1,284,747
2211300	Other operating expenses		49,480	7,040
2220100	Routine maintenance – vehicles and other transport equipment		182,694	98,700
2220200	Routine maintenance – other assets		26,200	75,100
2210802	Other committee expenses		1,907,277	1,083,120
2210809	Committee allowances		1,153,000	1,759,000
	Total		7,589,406	6,583,630
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description		2016 - 2017	2015- 2016
			Kshs	Kshs
2630204	Transfers to primary schools		35,910,000	5,337,931
2630205	Transfers to secondary schools		10,300,000	5,027,000
2630206	Transfers to Tertiary institutions		16,150,000	600,000
2630207	Transfers to Health institutions		0	400,000
2640511	Social halls		4,000,000	
	TOTAL		66,360,000	11,364,931
2640000	7 OTHER GRANTS AND OTHER PAYMENTS			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2640101	Bursary -Secondary		18,850,580	21,431,801
2640102	Bursary -Tertiary		9,138,519	5,348,117
2640104	Bursary-Special schools		246,617	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUURI
Reports and Financial Statements
For the year ended June 30, 2017

				1,000,000
2640105	Mocks & CAT		2,497,805	2,511,000
2640504	water		0	34,039,877
2640506	Electricity projects		500,000	
2640507	Security		7,300,000	2,600,000
2640508	Roads		0	25,730,000
2640509	Sports		1,846,400	1,746,733
2640510	Environment		2,543,400	1,854,733
2640200	Emergency Projects		2,985,253	6,878,422
	Total		45,908,574	103,140,683
3100000	8 ACQUISITION OF ASSETS			
	Non Financial Assets		2016 - 2017	2015 - 2016
			Kshs	Kshs
3110202	Construction of Buildings		3,000,000	
3110801	Overhaul of Vehicles			359,600
3111002	Purchase of computers ,printers and other IT equipments		920,000	-
3111009	Purchase of other office equipments			337,800
	Total		3,920,000	697,400
	9 Other Payments		-	
	Monitoring and evaluation			
	fee			-
	TOTAL			-
	10. Bank Balances (cash book bank balance)			
			11,059,813	5,172,143
	Name of Bank, Account No. & currency		2016 - 2017	2015- 2016
		Account Number	Kshs (30/6/2017)	Kshs (30/6/2016)
	<i>Equity bank, Meru Branch</i>	0140261996107	11,059,813	5,172,143
			-	-
	Total		11,059,813	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUURI
Reports and Financial Statements
For the year ended June 30, 2017

				5,172,143
	11 Outstanding Imprest			
	Outstanding Imprests/Receivables		-	-
	12 BALANCES BROUGHT FORWARD			
			2016 - 2017	2015 - 2016
			Kshs (1/17/2016)	Kshs (1/17/2015)
	Bank accounts		5,172,143	26,237,828
	Cash in hand		-	-
	Imprest		-	-
	Total		5,172,143	26,237,828

	13. PRIOR YEAR ADJUSTMENTS			
			2016 - 2017	2015 - 2016
			Kshs	Kshs
	Bank accounts		3,476,939	-
	Cash in hand		-	-
	Imprest		-	-
	Total		3,476,939	-
		OTHER IMPORTANT DISCLOSURES		
	13.4 PMC account balances (see annex 5)			
			2016 - 2017	2015 - 2016
			Kshs	Kshs
	PMC account balances		17,204,026.15	12,546,661.40
	Total		-	-
	13.5 Amount due from the Board			
			2016 - 2017	2015 - 2016

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUURI
Reports and Financial Statements
For the year ended June 30, 2017

			Kshs	Kshs
	Amount due from the Board		6,837,929.00	53,347,340.00
	Total		6,837,929.00	53,347,340.00

NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land		N/A	N/A
Buildings and structures	3,000,000		
Transport equipment			
Office equipment, furniture and fittings		337,800	
ICT Equipment, Software and Other ICT Assets	920,000		
Other Machinery and Equipment		359,600	4,620,976
Heritage and cultural assets			
Intangible assets			
Total	9,238,376	5,318,376	4,620,976

Prepared by:

Lucy N Ndong'o
Fund Account Manager
Buuri

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BUURI
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17 30.6.17	Bank Balance 2015/16 31.12.16
Kiirua girls	Equity meru	0140270660085	65,136.60	500,000.00
Mburugiti secondary	Equity meru	1040262640237	6,385.65	9,524.00
Subuiga day secondary	Equity meru	0140264528893	456.00	9,061.00
Mugae day secondary	Equity meru	01402700178168	75.00	253,340.00
Subuiga day secondary	Equity meru			
Ontulili day secondary	Equity meru	0140264528893	456.00	9,061.00
Angaine day secondary	Equity meru	0140264517746	3,581.00	211,560.00
Mutunyi police post	Equity meru	0270268905157	515.00	7,422.00
Buuri high borehole	Equity meru	0140266593097	362.85	362.85
Marurui day secondary	Equity meru	0140271023625	2,500,000.00	00.00
Marere primary	Equity meru	0140270372595	1,408.00	500,000.00
Kairune primary	Equity meru	0140270243413		
Marurui primary	Equity meru	0140270372595	35,350.00	600,000.00
			1,408.00	0

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BUURI
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

PMC	Bank	Account number	Bank Balance 2016/17 30.6.17	Bank Balance 2015/16 31.12.16
Marinya a ruibi primary	Equity meru	1040270317307	19,730.00	19,730.00
Kiborione primary	Equity meru	0140269139267	1,618.00	17,428.00
Mitoone primary	Equity meru	1040271074383	305.00	454,470.00
Tutua primary	Equity meru	0140270127887	00.00	00.00
Runkuru primary	Equity meru	0140271232369	1,210.00	00.00
Ruibi primary	Equity meru	0140271020306	1,220.00	00.00
DEB Nkandone primary	KcbNanyuki	1149457678	410	0
Matuuru primary	Equity meru	0140262468070	199,825.00	45.00
Nkando primary	Equity meru	0140271225124	3,170.00	00.00
Nchoroiboro primary	Equity meru	0140271255961		
Muuti o nthunguri primary	Equity meru	0140271301440	2,953,000.00	00.00
Munanda primary	Equity meru	0140271294100	3,309,835.00	00.00
DEB Kiranga primary	Equity meru	0270271840775	3,500,000.00	00.00
Mckndunyubarikui primary	Equity meru	0140272153601	20.00	00.00
Kithuene primary	Equity meru	1040262419773	1,456.00	00.00
Nkando primary	Equity meru	0140271225124	2,520,000.00	00.00
			3,170.00	00.00

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BUURI
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

PMC	Bank	Account number	Bank Balance 2016/17 30.6.17	Bank Balance 2015/16 31.12.16
Buuri high school	Equity meru	0140270386514	76,575.00	600,000.00
Kamiti primary	Equity meru	0140262436711	0	0
Kanthingu primary	Equity meru	1040262384704	13,544.55	9.55
Kianda primary	Equity meru	0140264517577	505	29,835.00
Mugae secondary	Equity meru	0140270178168	253,340.00	75.00
Nchoroiboro chiefs office	Equity meru	0140272077276	149500.00	
Maitai chiefs office	Equity meru			
Mutethia chiefs office	Equity meru	1040271559214	192,620.00	00.00
Mailisabaap line	Equity meru	0270271072042	500,000.00	00.00
Timau college	Equity meru	0140265324391	4,753.00	22,718.00
Naari multipurpose hall	ABC Meru	0140268936882	719,055.40	8,858,200.00
Kiirua multipurpose hall	ABC Meru	006233001000067	2074.75	0
Buuri multipurpose hall	ABC Meru	006233001000068	1443.75	0
Ex lewa multipurpose hall	ABC Meru	006233001000072	1917.75	0
Mt Kenya multipurpose hall	ABC Meru	006233001000066	283.75	0
Ngusishi multipurpose hall	ABC Meru	006233001000069	12805.75	0
DCC Headquarters	KCB Nanyuki	006233001000070	143787.75	0
		1205642293	70.00	0

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BUURI
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

PMC	Bank	Account number	Bank Balance 2016/17 30.6.17	Bank Balance 2015/16 31.12.16
Buuri administration police	KCB Nanyuki	1205616241	70	0
Cdf office	ABC Meru	00623300100007	1137.75	0
TOTAL			17,204,026.15	12,546,661.4

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 (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
EH/AUD/BUURI CDF/2013-2014/8	Accuracy and completeness of financial statements.	Variances in compensation of employees, committee allowances and cash and bank balance.	Lucy ndong'o FAM	resolved	April 2015
	Cash and cash equivalents	Overstatement of cash book balance, bursary cheques not posted to cash book and no cdfc minutes authorizing payments.	Lucy ndong'o FAM	resolved	April 2015
	Undisbursed project funds	Failure of cdfc to disburse kshs.34,495,560 to projects.	CDFCs	resolved	April 2015
	Non response to audit queries and draft report	Failure to respond to audit queries raised on 18 th	Lucy ndong'o FAM	resolved	April 2015

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - BUURI
Reports and Financial Statements
For the year ended June 30, 2016 (Kshs'000)

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		December 2014.			