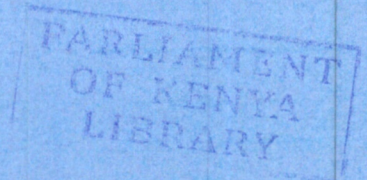
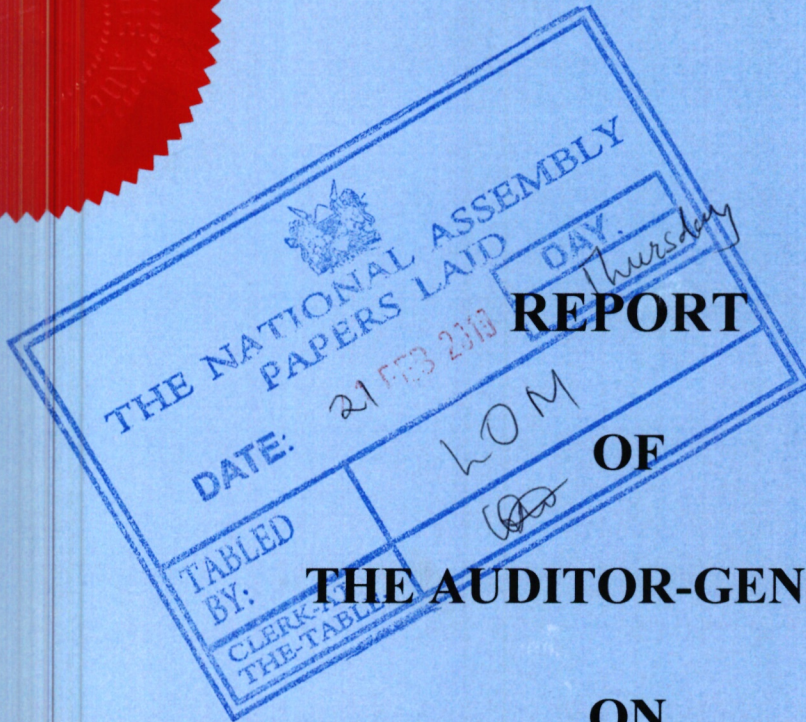


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
MUMIAS WEST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2017**





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MUMIAS WEST
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 –
MUMIAS WEST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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CONSTITUENCY DEVELOPMENT FUND- MUMIAS WEST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003, repealed by the CDF Act, 2013 and now NG CDF (Amendment) Act 2015. The NG *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 NG *Constituencies Development Fund*. The objective of the fund to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The Mumias West constituency's day-to-day management is under the following key organs:

- i. National Government 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 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Winston Lihanda
3.	Accountant	Evans Nyabuto

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG CDF Board provide overall fiduciary oversight on the activities of Mumias West 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) Mumias West NGCDF Headquarters

Mumias West NGCDF Office Building
P. O. Box 1087 - 50102
Mumias - Bungoma Road
Kakamega, Kenya

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MUMIAS WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

(f) Mumias West NGCDF Contacts

Telephone: (254) 0 787 883 580
E-mail: cdfmumiaswest@ngcdf.go.ke
Website: www.cdfmumiaswest.or.ke

(g) Mumias West NGCDF Bankers

Cooperative Bank of Kenya
Mumias Branch
P. O. Box 905 - 50102
Mumias, Kenya

(h) Independent Auditors

Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MUMIAS WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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

Budget Performance

The budget performance against the actual amounts achieved an average of 99.9% utilization for the economic classification and programmes.

Key achievements of the fund

- It has led to the initiation of development projects at the local level thereby availing financial resources at the grassroots level, thus, empowering communities economically.
- It has led to the expansion of education infrastructure through construction of new schools.
- Bursary awards have increased enrolment and retention rates education institutions.
- It has led to the increase in accessibility of clean water.
- It has led to reduced insecurity through establishment of administration police camps and police stations

Emerging issues

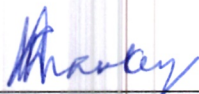
- Piece meal funding of projects leading to its delayed benefit.
- Legal issues.

Challenges

- Insufficient annual allocated budget
- Increased population and poverty
- Insufficient technical support

Way forward

- Strengthening of audit systems and collaboration with investigating agencies i.e. Ethics and Anti-Corruption Commission and Director of Criminal Investigation on cases touching on fraud.
- To intensify Monitoring and Evaluation Unit,
- The NG CDF Board to hire registered Structural Engineers, Quality Surveyors and other staff on full-time basis.



Iddi Keya
Chairperson - NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MUMIAS WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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 Mumias West 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, 2017. 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 Mumias West 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, 2017, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the Mumias West 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 Mumias West 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 10th July, 2017.



Winston Lihanda
Fund Account Manager



Iddi Keya
Chairperson NGCDFC

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 - MUMIAS WEST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government-Constituencies Development Fund - Mumias West Constituency set out on pages 5 to 17, which comprise the statement of financial assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Mumias West Constituency as at 30 June 2017, and of its 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, based on the procedures performed, except for the matters raised in the Other Matter section of my report, 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 Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund – Mumias West 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no Key Audit Matters to report in the year under review.

*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund
- Mumias West Constituency for the year ended 30 June 2017*

Other Matter

1. Delay in Implementation of Projects

Analysis of the project implementation status report for the Fund revealed that the management had planned to implement four hundred and two (402) projects valued at Kshs.355,081,302 from the 2013/14 financial year to 2016/17. However, as at 30 June 2016, four (4) health projects and two (2) road projects costing Kshs.9,182,759 in aggregate had stalled, sixteen (16) projects valued at Kshs.16,300,000 were ongoing and three hundred and eighty (380) projects valued at Kshs.329,598,543 had been completed as summarized in the table below:

Sector/Status	Stalled/Abandoned		Ongoing		Completed	
	No	Value Kshs.	No	Value Kshs.	No	Value Kshs.
Administration					34	38,942,484
Education			F9	8,500,000	261	210,346,866
Environment					4	6,804,649
Emergency					4	18,827,199
Health	4	6,682,759			12	4,400,000
Roads	2	2,500,000			1	2,500,000
Security			F7	7,800,000	10	5,962,696
Sports					4	6,804,649
Markets/Trade					44	33,250,000
Water					6	1,760,000
Total	6	9,182,759	F16	16,300,000	380	329,598,543

In view of the foregoing, the residents of Mumias West Constituency have not been able to access services due from the planned development projects that are yet to be completed.

No plausible explanation has been provided by management for the failure to complete the projects.

2. Over-Expenditure on Use of Goods and Services

Included in the use of goods and services balance of Kshs.13,277,125 reflected in the statement of receipts and payments for the year under review is an expenditure of Kshs.2,202,800 in respect of committee expenses which however exceeds the approved budget limit of Kshs.1,900,000, resulting in over-expenditure of Kshs.302,800. Similarly, the general supplies and services item reflects over-expenditure of Kshs.9,533,467 resulting from actual expenditure of Kshs.11,074,325 incurred against a budget of Kshs1,540,878.

No plausible explanation has been provided by management for these anomalies.

3. Ineffective Use of Transfers to Other Government Entities

Physical verification of three projects carried out in three primary schools in the constituency revealed the anomalies detailed below:

School	Project Cost	Anomalies in the project
Renovation of 3 Classes in Bumala Primary	1,887,799	<ul style="list-style-type: none">• Glazing, painting electrical works was not done• External walls not hacked but plastering done.• Cracks on newly done floors• Contractor abandoned the works and left the site on July 2017
Renovation of four (4) classrooms at Lusheya Primary School	1,500,000	<ul style="list-style-type: none">• Painting, glazing electrical works not done.• Labeling not done to show project sponsor and owner.• No site meeting minutes and progress reports from the Inspection and Acceptance Committee.
Renovation of 4 Classrooms at Lyabo	1,500,000	<ul style="list-style-type: none">• Electrification was not done• Labeling not done• Cracks and peels on newly done floors - very dusty thus unhealthy for the pupils

In the circumstances the residents of Mumias West Constituency did not obtain true value for the money spent on the three projects.

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 Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management intends to liquidate the Fund or cease its operations or have no realistic alternatives 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

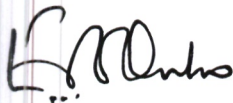
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 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 offering 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 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.
- Perform such other procedures as I consider necessary in the circumstances.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.

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 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

18 January 2019

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MUMIAS WEST
CONSTITUENCY**

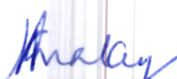
Reports and Financial Statements

For the year ended June 30, 2017

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017	2015 - 2016
		Kes	Kes
RECEIPTS			
Transfers from NG CDF board-AIE's Received	1	82,396,551.70	106,662,024.00
TOTAL RECEIPTS		<u>82,396,551.70</u>	<u>106,662,024.00</u>
PAYMENTS			
Compensation of employees	2	2,141,770.55	2,124,051.85
Use of goods and services	3	13,277,125.35	6,542,210.20
Transfers to Other Government Units	4	43,500,000.00	61,420,000.00
Other grants and transfers	5	31,011,232.00	60,278,796.00
Acquisition of Assets	8	-	3,460,715.20.00
Other Payments	9	-	975,904.80
TOTAL PAYMENTS		<u>89,930,127.90</u>	<u>134,801,678.05</u>
SURPLUS/DEFICIT		<u>(7,533,576.20)</u>	<u>(28,139,654.05)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mumias West NGCDF financial statements were approved on 10th July, 2017 and signed by:



Iddi Keya
Chairperson - NGCDFC



Winston Lihanda
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MUMIAS WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

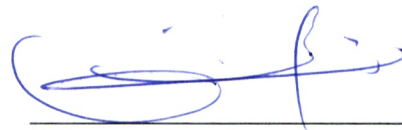
V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2016 - 2017	2015 - 2016
		Kes	Kes
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	6	64,219.80	7,597,796.00
Total		64,219.80	7,597,796.00
TOTAL FINANCIAL ASSETS		<u>64,219.80</u>	<u>7,597,796.00</u>
REPRESENTED BY			
Fund balance b/fwd 1 st July, 2016	7	7,597,796.00	35,737,450.05
Surplus/Deficit for the year		(7,533,576.20)	(28,139,654.05)
NET LIABILITIES		<u>64,219.80</u>	<u>7,597,796.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mumias West NGCDF financial statements were approved on 10th July, 2017 and signed by:



Iddi Keya
Chairperson - NGCDFC



Winston Lihanda
Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - MUMIAS WEST
CONSTITUENCY**

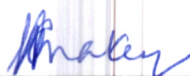
Reports and Financial Statements

For the year ended June 30, 2017

VI. STATEMENT OF CASHFLOW

Receipts for operating income	Note	2016 – 2017	2015 – 2016
		Kes	Kes
Transfers from CDF Board	1	82,396,551.70	106,662,024.00
		82,396,551.70	106,662,024.00
Payments for operating expenses			
Compensation of Employees	2	2,141,770.55	2,124,051.85
Use of goods and services	3	13,277,125.35	6,542,210.20
Transfers to Other Government Units	4	43,500,000.00	61,420,000.00
Other grants and transfers	5	31,011,232.00	60,278,796.00
Acquisition of Assets	6	-	3,460,715.20.00
Other Payments	7	-	975,904.80
		89,930,127.90	131,340,962.85
Net cash flow from operating activities		(7,533,576.20)	(24,678,938.85)
NET INCREASE IN CASH AND CASH EQUIVALENT		(7,533,576.20)	(28,139,654.05)
Cash and cash equivalent at BEGINNING of the year	8	7,597,796.00	35,737,450.05
Cash and cash equivalent at END of the year		64,219.80	7,597,796.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mumias West NGCDF financial statements were approved on 10th July, 2017 and signed by:



Iddi Keya
Chairperson - NGCDFC



Winston Lihanda
Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MUMIAS WEST CONSTITUENCY

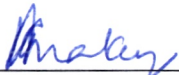
Reports and Financial Statements

For the year ended June 30, 2017

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kes	Kes	Kes	Kes	Kes	Kes
RECEIPTS						
Transfers from NG CDF Board	81,896,551.70	8,097,796.00	89,994,347.70	89,994,347.70	-	100%
TOTAL	<u>81,896,551.70</u>	<u>8,097,796.00</u>	<u>89,994,347.70</u>	<u>89,994,347.70</u>	<u>-</u>	100%
PAYMENTS						
Compensation of Employees	2,072,119.80	69,650.75	2,141,770.55	2,141,770.55	-	100%
Use of goods and services	10,649,318.25	2,692,026.90	13,341,125.35	13,277,125.35	64,219.80	99.5%
Transfers to Other Government Units	38,642,935.35	4,857,064.65	43,500,000.00	43,500,000.00	-	100%
Other grants and transfers	30,532,178.30	479,053.70	31,011,232.00	31,011,232.00	-	100%
Acquisition of Assets	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-
TOTAL	<u>81,896,551.70</u>	<u>8,097,796.00</u>	<u>89,994,347.70</u>	<u>89,930,127.90</u>	<u>64,219.80</u>	99.9%

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mumias West NG CDF financial statements were approved on 10th July, 2017 and signed by:


 Iddi Keya
 Chairperson - NGCDFC


 Winston Lihanda
 Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MUMIAS WEST
CONSTITUENCY**

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

VIII. 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 CONSTITUENCIES DEVELOPMENT FUND MUMIAS WEST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

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, 2017.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1) Transfers from other government entities

Description		2016 – 2017	2015 - 2016
NG CDF Board	AIE NO.	Kes	Kes
	796291		10,000,000.00
	796492		10,000,000.00
	796341		10,000,000.00
	820604		10,000,000.00
	820909		13,000,000.00
	825632		26,662,024.00
	825572		27,000,000.00
	829942	4,094,827.60	
	855066	36,853,449.00	
	855224	40,948,275.10	
	855533	500,000.00	
Total		<u>82,396,551.70</u>	<u>106,662,024.00</u>

2) Compensation of Employees

Description	2016 – 2017	2015 - 2016
	Kes	Kes
Basic wages of contractual employees	2,141,770.55	2,124,051.85
Total	<u>2,141,770.55</u>	<u>2,124,051.85</u>

3) Use of goods and services

Description	2016 - 2017	2015 - 2016
	Kes	Kes
Committee Expenses	2,202,800.00	451,000.00
Utilities, supplies and services	451,585.75	713,740.30
Communication, supplies and services	383,400.00	174,200.00

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Description	2016 - 2017	2015 - 2016
	Kes	Kes
Domestic travel and subsistence	143,300.00	810,280.00
Printing, advertising and information supplies & services	1,589,465.60	7,500.00
Rentals of produced assets	520,000.00	127,000.00
Hospitality supplies and services	4,520,490.00	2,962,126.00
Specialized materials and services	252,880.00	35,165.00
Office and general supplies and services	1,572,360.00	414,869.00
Fuel ,oil & lubricants	604,000.00	489,205.90
Other operating expenses	244,690.00	19,000.00
Routine maintenance - vehicles and other transport equipment	398,194.00	237,959.00
Routine maintenance - other assets	393,960.00	100,165.00
Total	<u>13,277,125.00</u>	<u>6,542,210.20</u>

4) Transfers to Other Government Units

Description	2016 - 2017	2015 - 2016
	Kes	Kes
Transfers to primary schools (see attached list)	38,500,000.00	37,120,000.00
Transfers to secondary schools (see attached list)	3,000,000.00	18,650,000.00
Transfers to tertiary institutions (see attached list)	2,000,000.00	2,800,000.00

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Description	2016 - 2017	2015 - 2016
	Kes	Kes
Transfers to health institutions (see attached list)	-	2,850,000.00
Total	<u>43,500,000.00</u>	<u>61,420,000.00</u>

5) Other grants and other payments

Description	2016 - 2017	2015 - 2016
	Kes	Kes
Bursary - secondary schools (see attached list)	8,791,000.00	6,858,000.00
Bursary - tertiary institutions (see attached list)	13,425,000.00	5,121,000.00
Bursary - special schools (see attached list)	120,000.00	130,000.00
Mock & CAT (see attached list)	699,370.00	1,040,000.00
Water (see attached list)	-	1,300,000.00
Security projects (see attached list)	3,000,000.00	36,443,316.00
Sports projects (see attached list)	1,637,931.00	2,143,240.00
Environment projects (see attached list)	1,637,931.00	2,143,240.00
Emergency projects (see attached list)	1,700,000.00	4,500,000.00
Boda Boda	-	600,000.00
Total	<u>31,011,232.00</u>	<u>60,278,796.00</u>

6) Acquisition of Assets

Description	2016 - 2017	2015 - 2016
	Kes	Kes
Refurbishment of Buildings	-	2,951,515.20
Purchase of Bicycles & Motorcycles	-	509,200.00
Total	<u>=</u>	<u>3,460,715.20</u>

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7) Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kes	Kes
<i>Co-operative Bank-Mumias Branch, 01141498664400, Kes</i>	64,219.80	6,128,145.25
Total	<u>64,219.80</u>	<u>6,128,145.25</u>

8) Balances brought forward

Description	2016 - 2017	2015 - 2016
	Kes	Kes
<i>Bank accounts</i>	7,597,796.00	35,737,450.05
Total	<u>7,597,796.00</u>	<u>35,737,450.05</u>

9) PMC account balances (see attached list)

Description	2016 - 2017	2015 - 2016
	Kes	Kes
PMC account balances	131,926.05	6,066,355.85
Total	<u>131,926.05</u>	<u>6,066,355.85</u>

X. ANNEXURES

Annex 1 - Summary of fixed asset register

Asset class	Historical Cost (Kes) 2016 - 17	Historical Cost (Kes) 2015 - 16
Land	2,000,000.00	2,000,000.00
Buildings and structures	14,651,515.20	14,651,515.20
Transport equipment	6,330,760.00	6,330,760.00
Office equipment, furniture and fittings	2,000,000.00	2,000,000.00
ICT Equipment, Software and Other ICT Assets	1,000,000.00	1,000,000.00

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Asset class	Historical Cost (Kes) 2016 - 17	Historical Cost (Kes) 2015 - 16
Other Machinery and Equipment	167,995.00	167,995.00
Intangible assets	494,000.00	494,000.00
Total	<u>26,644,270.20</u>	<u>26,644,270.20</u>

Annex 2 - PMC account balances

PMC	Bank	Account number	Bank Balance 2016 -17 (Kes)	Bank Balance 2015 -16 (Kes)
Ahong'injo Primary School	Equity Bank - Mumias.	0680295283314	50,548	50,548
Emaungu Primary School	Cooperative Bank - Mumias.	01141067544000	5,850.75	1,389.10
Emukhuwa Primary School	Cooperative Bank - Mumias.	01141067546400	5,850.75	700,236.35
Emulaka Primary. School	Cooperative Bank - Mumias.	01141498955500	1,527.10	330,460.85
Lukongo Primary School	Equity Bank - Mumias.	0680295254833	1,463.75	-
Lukoye Community ECD School	Cooperative Bank - Mumias.	01141498097300	1,463.75	1,361,763.55
Mumias Central Primary School	Cooperative Bank - Mumias.	01141234298100	1,350.00	900.00
Mumias West Technical Training Institute	Cooperative Bank - Mumias.	01141499091500	15,398.70	1,986,948.70
Shibale ACK Secondary School	Cooperative Bank - Mumias.	01141498667900	32,278.95	1,037,462.50
St. Andrew's Eshikalame Secondary School	Cooperative Bank - Mumias.	01141068419600	1,601.35	1,601.35
St. Cyrilla Emulembwa Primary School	Cooperative Bank - Mumias.	01141499495700	870.70	86,859.10
St. Peter's Boy's Primary School	Equity Bank - Mumias.	0680295062334	164.00	164.00
St. Romano's Matawa Secondary School	Cooperative Bank - Mumias.	01141234424300	13,558.25	508,022.35
Total			<u>131,926.05</u>	<u>6,066,355.85</u>

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Annex 3 - Trial Balance as at 30th June, 2017

		DR	CR
		Kes	Kes
Cash and Cash equivalents			
	Bank Balances	64,219.80	
Payments			
	Compensation of Employees	2,141,770.55	
	Use of goods and services	13,277,125.35	
	Transfers to Other Government Units	43,500,000.00	
	Other grants and transfers	31,011,232.00	
Receipts			
	Transfers from the Board		82,396,551.70
	Fund Balance b/f		7,597,796.00
	Total	89,994,347.70	89,994,347.70

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MUMIAS WEST
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Reports and Financial Statements

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XI. 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)
1.1	Mocks and Continuous Assessment Tests (CATs)	-Approved budget, minutes, payment vouchers and lists of beneficiaries are available.	Winston Lihanda – FAM	Resolved	Immediately
1.2	Water	- Project photos, NG CDFC minutes and estimates are available.	Winston Lihanda – FAM	Resolved	Immediately
1.3	Security	- There were no readily available natural quarry stones in the area and as a result the change to concrete blocks in order to avoid delays in implementation of the project. -The bills of quantities provided for both the wrot mahogany hardwood and steel doors to be fitted. -The ceiling specification is 6mm chip board and not 12mm as indicated.	Winston Lihanda – FAM	Resolved	Immediately
2.0	Acquisition of Assets	-Management has requested the NG CDF Board to ratify the reallocation.	Winston Lihanda – FAM	Resolved	Immediately
3.1	Budget Performance	-The variance of Kes. 500,000 was money that had not been received as at the end of the financial year under review. The same has since been received.	Winston Lihanda – FAM	Resolved	Immediately
3.2	Project Implementation	-Mumias West NG CDFC has allocated sufficient fund to the projects to ensure their completion and immediate usage in 2017-18 & 2018-19 FY's.	Winston Lihanda – FAM	Resolved	Immediately

