

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: REPORT	DAY: <i>Thursday</i>
TABLED BY: <i>LOM</i>	
CLERK-AT THE TABLE: OF	<i>[Signature]</i>

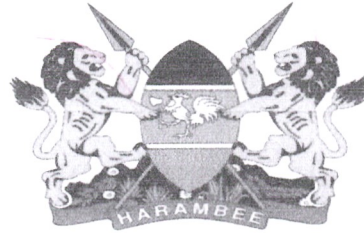
PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**



**NATIONAL GOVERNMENT-CONSTITUENCY DEVELOPMENT FUND-
EMBAKASI CENTRAL 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)**

Table of Content

Pa 

I	BACKGROUND INFORMATION.....	1
III	FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-GDF).....	3
IV	STATEMENT OF NG-CDF MANAGEMENT RESPONSIBILITIES.....	4
V	STATEMENT OF RECEIPTS AND PAYMENTS.....	5
VII	STATEMENT OF CASHFLOW.....	7
VIII	SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	8
IX	SIGNIFICANT ACCOUNTING POLICIES.....	9
X II	NOTES TO THE FINANCIAL STATEMENTS.....	12

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND –
EMBAKASI CENTRAL CONSTITUENCY**

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

(a) Background information

The *Constituencies Development Fund (NG-CDF)* was established under the NG-CDF Act, 2003 amended in 2007 and repealed by the NG-CDF Act, 2013. In 2015, the NGCDF 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 Act (NG-CDF Act) 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.

(a) Key Management

The *EMBAKASI CENTRAL Constituency's* day-to-day management is under the following key organs:

- i. Constituencies Development Fund Board (NG-CDFB)
- ii. NATIONAL GOVERNMENT-CONSTITUENCY DEVELOPMENT FUND Committee (NG-CDFC)

(b) 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	Elias Mutethia Mate
3.	Accountant	Alois Kimuyu

(c) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of EMBAKASI CENTRAL Constituency. The reports and recommendation of ARMC when adopted by the NG-CDF Board are forwarded to the NATIONAL GOVERNMENT-CONSTITUENCY DEVELOPMENT FUND Committee (NG-CDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(d) EMBAKASI CENTRAL NG-CDF Headquarters

P.O. Box 871-00518, Zentrim Plaza

2nd Floor, Spine Road, Kayole

Nairobi, KENYA

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

(f) EMBAKASI CENTRAL NG-CDF Contacts

Telephone: (254) 721 206177

E-mail: cdfembakasaicentral@cdf.go.ke/emate@cdf.go.ke

Website: www.mgcdf.go.ke

(g) EMBAKASI CENTRAL NG-CDF Bankers

Equity Bank, Kayole Branch

Account Number 0650261118528

P.O. Box 45736, Nairobi

(h) Independent Auditor

Auditor General,

Office of the Auditor General,

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(i) Principal Legal Advisor

The Attorney General

State Law Office

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND –
EMBAKASI CENTRAL CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

**I.FORWARD BY THE CHAIRMAN NATIONAL GOVERNEMENT CONSITUENCY DEVELOPMENT
COMMITTEE (NG-CDFC)**

The introduction of the IPSAS mode of preparing Financial Statements is a great milestone in achieving our end goal of ensuring development and proper utilization of funds. Accountability has been enhanced and the committee has been more empowered in decision making with regards to utilization of funds.

The financial year 2016/2017 was generally a good year in terms of achieving the development targets set in the onset. We have been able to utilize at least 70% of the funds allocated and disbursed. The major achievement and most felt project is the Bursary kitty. This year we have issued bursaries to over 2,500 beneficiaries as compared to 2013/2014 where we had around 1,800 beneficiaries. Our target is that as the NG-CDF allocation grows, the bursary beneficiaries also grows and we impact to more and more people in the constituency.

The above success of course has some constraints. Firstly, the allocation to Embakasi Central Constituency has always been one of the least as compared to other constituencies. This has made it a challenge to really show impact in terms of developmental projects within the constituency. We always hope that the allocation criteria is revised so that at least we can have an improvement in that area. Secondly, disbursement of funds from the NG-CDF Board is a challenge. Many projects delay due to the delayed disbursement of these funds. We also hope that this is given some thought so that we can have timely disbursement to ensure timely implementation of projects.

Otherwise the impact of the NG-CDF kitty is felt countrywide and we hope and pray that the fund lives longer and longer in order to impact more and more lives in Kenya.

Sign



CHAIRMAN NG-CDFC

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMBAKASI CENTRAL 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 - Embakasi Central Constituency set out on pages 5 to 23, 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 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 - Embakasi Central 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, nothing 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. Cash and Cash Equivalents

The statement of financial assets reflects a bank balance of Kshs.5,590,863.34 as at 30 June 2017. A review of bank reconciliation statement for June 2017 revealed that un-presented cheques amounted to Kshs.2,484,442 out of which cheques amounting to Kshs.698,526.84 were stale but had not been reversed in the cashbook as at 30 June 2017. Further, a bank confirmation certificate was not provided for audit verification.

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

The fund also maintained eight project management committee (PMC) bank accounts as disclosed at annex 5 with a total of Kshs. 10,054,971 whose certificates of bank balances were not produced for audit review.

In the circumstances, the accuracy of the bank balance of Kshs. 5,590,863.34 as at 30 June 2017 cannot be confirmed.

2. Acquisition of Assets

The statement of receipts and payments as at 30 June, 2017 reflects acquisition of assets expenditure of Kshs.68,000,000 as disclosed in Note 8 to the financial statements. The expenditure includes payment of Kshs. 58,000,000 made during the year under review for acquisition of land.

Though the payment was made in through RTGS: RTO065635037 of 29 September 2016 - Kshs. 28,500,000, RTGS: RTO065700100 of 7 December 2016 - Kshs.15,500,000 and RTGS: RTO065764767 of 10 February 2017 - Kshs.14,000,000. The payment of Kshs.15,500,000 was not supported by a payment voucher to confirm if all payment processes were followed and documented.

In addition, valuation by the Ministry of Lands indicated the value of the same land L.R. No.209/9642 to be Kshs. 54,000,000 although the Fund paid Kshs.58,000,000, resulting in an extra payment of Kshs. 4,000,000 above the Ministry's valuation amount. Further, although the title document had been transferred to the Fund, receipts to confirm payment of Government rates and ground rents by the seller were not produced for audit review. The land has also not been fenced off to avoid possible encroachment.

3. Transfer to Other Government Entities

Transfer to other government entities expenditure of Kshs.35,468,448 reflected in the statement of receipts and payments includes an amount of Kshs.10,030,000 spent on roofing repairs at Kayole 1 Primary School in Kayole North Ward. However, a visit to the site revealed that the ceiling works appeared substandard. Tender documents, bills of quantities and works officer certificates were also not produced for audit review. In the circumstances, the validity of expenditure of Kshs.10,030,000 incurred in respect of Kayole 1 Primary School cannot be confirmed.

4. Other Grants and Other Payments

Other grants and other payments expenditure of Kshs.23,667,212 reflected in the statement of receipts and payments includes an amount of Kshs.16,040,000 on bursaries to secondary and tertiary institutions. However, by the end of the year, cheques amounting to Kshs.1,687,000 had not been presented for payment by the recipients. The unrepresented bursary cheques totalling Kshs.398,000 were stale but had not been reversed in the cashbook as at 30 June 2017.

The management did not explain satisfactorily why the cheques had not been presented for payment or why the stale cheques had not been reversed in the cash book and re-issued. The un-presented bursary and stale cheques may be an indicator that the evaluation process and final disbursement was not done appropriately and fairly. In the circumstance, the validity of expenditure incurred on other grants and transfers cannot be confirmed.

5. Fixed Assets

The summary of fixed assets register at annex 4 to the financial statements reflects total assets balance of Kshs.71,345,148 as at 30 June 2017 which differs with the assets register balance of Kshs.1,103,000 as at the same date, resulting in an un-explained difference of Kshs.70,242,148. Consequently, the accuracy of the fixed assets balance as at 30 June 2017 cannot be confirmed.

6. Net Financial Position

The statement of assets as at 30 June 2017 reflects net liabilities instead of net financial position of Kshs.5,590,803.34, being the difference between the brought forward fund balance of Kshs.14,723,446.64 and the deficit for the year of Kshs.9,132,638.30. No explanation has been provided for this anomaly.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Embakasi Central Constituency management 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 judgement, were of most significance to the audit of the financial statements for the current year. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no key audit matters to communicate in my report.

Other Matter

Budget and Budgetary Controls

During the year under review, the fund budgeted to spend Kshs.143,193,103.34. However, overall actual expenditure for the year amounted to Kshs.137,602,295 resulting in an under expenditure of Kshs.5,590,295.34, which is equivalent to about 4% of the total budget. The under investment was mainly on transfers to other government units - Kshs.799,102 and other grants and transfers - Kshs. 4,178,650.

Further, analysis of the budget against actual expenditure indicate that out of the development budget of Kshs.132,113,412, an amount of Kshs.127,135,660 was spent resulting in under expenditure of Kshs.4,977,752 or a 4% shortfall.

The under expenditure is an indication that approved programs were not fully implemented and this impacted negatively on service delivery to the constituents.

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 applicable basis of accounting unless the management either intends 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:

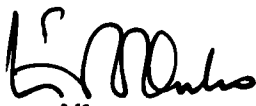
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

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 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 sustaining 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 activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I also 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

21 September 2018

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY**

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

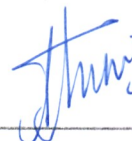
III. STATEMENT OF RECEIPTS AND PAYMENTS

	NOTE	2016-2017	2015-2016
		KSH	KSH
RECEIPTS			
Transfers from CDF board-AIEs' received	1	128,469,656.70	46,000,000.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		128,469,656.70	46,000,000.00
PAYMENTS			
Compensation of employees	4	3,379,200.00	2,473,624.00
Use of goods and services	5	7,087,435.00	6,021,775.00
Transfers to Other Government Units	6	35,468,448.00	15,648,331.10
Other grants and transfers	7	23,667,212.00	35,023,660.72
Acquisition of Assets	8	68,000,000.00	2,299,148.00
Other Payments	9	-	-
TOTAL PAYMENTS		137,602,295.00	61,466,538.82
SURPLUS/DEFICIT		(9,132,638.30)	(15,466,538.82)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI CENTRAL NG-CDF financial statements were approved on 15/08/2017 2017 and signed by:



Chairman-NG-CDFC



Fund Account Manager

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY**

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

II. STATEMENT OF FINANCIAL ASSETS			
	NOTE	2016-2017	2015-2016
		Kshs	Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	5,590,808.34	14,723,446.64
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests		5,590,808.34	14,723,446.64
TOTAL FINANCIAL ASSETS		5,590,808.34	14,723,446.64
REPRESENTED BY			
Fund balance b/fwd 1 st July...	11	14,723,446.64	30,189,985.46
Surplus /Deficit for the year		(9,132,638.30)	(15,466,538.82)
Prior Year adjustments	12	-	-
NET LIABILITIES		5,590,808.34	14,723,446.64

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI CENTRAL NG-CDF financial statements were approved on 15/08/17 2017 and signed by:



Chairman-NG-CDFC



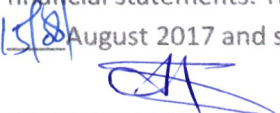
Fund Account Manager

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

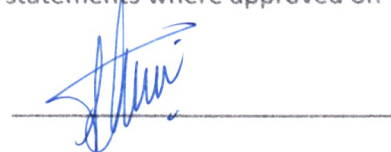
IV. STATEMENT OF CASHFLOW

CASH FLOW STATEMENT		2016 -2017	2015-2016
Receipts for operating income		kshs	ksh
Transfers from CDF board	1	128,469,656.70	46,000,000.00
Other receipts	3		
		128,469,656.70	46,000,000.00
Payment for operating expenses			
Compensation of employees	4	3,379,200.00	2,473,624.00
Use of goods and services	5	7,087,435.00	6,021,775.00
Transfer to other government units	6	35,468,448.00	35,023,660.72
Other payments	9		
Adjusted for :			
Adjustments during the year			
Net cash flow from operating activities		58,867,361.70	(13167390.82)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of assets	2		
Acquisition of assets	8	68,000,000.00	2,299,148.00
Net cash flows from investing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(9,132,638.30)	(15,466,538.82)
Cash and cash equivalent at BEGINNING of the year	15	14,723,446.64	30,189,985.46
Cash and cash equivalent at END of the year		5,590,808.34	14,723,466.64

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMBAKASI CENTRAL NG-CDF financial statements were approved on 15/8/2017 August 2017 and signed by:



Chairman NG –CDFC



Fund Account Manager

NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017

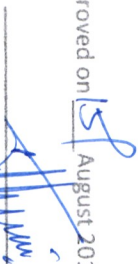
SUMMARY STATEMENTS OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipts/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	C=a+b	d	e=c+d	F=d/c%
RECEIPTS						
Transfers from CDF Board	81,896,551.70	61,296,551.64	143,193,103.34	143,193,103.34		100%
Proceeds from Sale of Assets						
Other Receipts						
	81,896,551.70	61,296,551.64	143,193,103.34	143,193,103.34		100%
PAYMENTS						
Compensation of Employees	2,158,400.00	1,500,000.00	3,658,400.00	3,379,200.00	279,200.00	92.4%
Use of goods and services	5,212,289.63	2,209,001.45	7,421,291.08	7,087,435.00	333,856.08	95.5%
Transfers to Other Government Units	28,680,000.00	7,587,550.19	36,267,550.19	35,468,448.00	799,102.19	97.8%
Other grants and transfers	27,845,862.07		27,845,862.07	23,667,212.00	4,178,650.07	85.0%
Acquisition of Assets	18,000,000.00	50,000,000.00	68,000,000.00	68,000,000.00		100.0%
Other payments						
TOTAL	81,896,551.70	61,296,551.64	143,193,103.34	137,602,295.00	5,590,808.34	96.1%

The EMBAKASI CENTRAL NG-CDF financial statements were approved on 15 August 2017 and signed by:



Chairman NG –CDF



Fund Account Manager

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 *NG-CD*. 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 *NG-CDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *NG-CDF* 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 *NG-CDF* 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

***NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY***

Reports and Financial Statements

For the year ended June 30, 2017

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 – EMBAKASI
CENTRAL CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

VII. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES			
	1	TRANSFERS FROM OTHER GOVERNMENT AGENCIES	
	Description	2016 - 2017	2015 - 2016
		Kshs	Kshs
133040 7	Normal Allocation	46,573,105.00	10,000,000.00
		4,094,827.60	10,000,000.00
	839587	36,853,449.00	10,000,000.00
	855182	40,948,275.10	16,000,000.00
133040 8	Conditional grants		-
		-	-
133040 9	Receipt from other Constituency		-
	TOTAL	128,469,656.70	46,000,000.00
351000 0	2	PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS	
	Description	2016 - 2017	2015 - 2016
		Kshs	Kshs
351020 2	Receipts from the Sale of Buildings	-	-
351060 1	Receipts from the Sale of Vehicles and Transport Equipment	-	-
351080 1	Receipts from the Sale Plant Machinery and Equipment	-	-
351080 3	Receipts from the Sale of office and general equipment		-
			-
			-
	Total		-
140000	3	OTHER RECEIPTS	

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL 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 *NG-CDF* 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 *NG-CDF'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 *NG-CDF'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.

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

			Kshs	Kshs
1410107	Interest Received		-	-
1410405	Rents		-	-
420601	Sale of tender documents		-	-
1450207	Other Receipts Not Classified Elsewhere (specify)		-	-
	Total		-	-
2110000	4 COMPENSATION OF EMPLOYEES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2110201	Basic wages of contractual employees		2,155,902.00	2,422,924.00
2110202	Basic wages of casual labour			
	Personal allowances paid as part of salary			
2110301	House allowance			
2110314	Transport allowance			
2110320	Leave allowance			
2110320	Employer contribution to NSSF		31,600.00	50,700.00
2110326	Other personnel payments			
2710120	gratuity		1,191,698.00	
	Total		3,379,200.00	2,473,624.00
2200000	5 USE OF GOODS AND SERVICES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2210100	Utilities, supplies and services		400,000.00	877,500.00
2210104	Office rent		486,000.00	81,000.00
2210200	Communication, supplies and services		300,000.00	290,000.00
2210300	Domestic travel and subsistence		200,000.00	228,000.00
2210500	Printing, advertising and information supplies & services		600,000.00	487,500.00
2210600	Rentals of produced assets			

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

2210700	Training expenses		1,148,000.00	
2210802	Other committee expenses		690,000.00	1,650,000.00
2210809	Committee allowance		2,117,000.00	1,248,000.00
2210800	Hospitality supplies and services			
2210900	Insurance costs			
2211000	Specialised materials and services			
2211100	Office and general supplies and services		991,500.00	978,000.00
2211200	Fuel ,oil & lubricants			
2211300	Other operating expenses		154,935.00	181,775.00
2220100	Routine maintenance – vehicles and other transport equipment			
2220200	Routine maintenance – other assets			
	Total		7,087,435.00	6,021,775.00
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs
2630204	Transfers to primary schools		28,468,448.00	7,663,000.00
2630205	Transfers to secondary schools		7,000,000.00	6,485,331.10
2630206	Transfers to Tertiary institutions			
2630207	Transfers to Health institutions			1,500,000.00
	TOTAL		35,468,448.00	15,648,331.10
2640000	7 OTHER GRANTS AND OTHER PAYMENTS			
	Description		2016 - 2017	2015 - 2016
			Kshs	Kshs

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

2640101	Bursary -Secondary		8,020,000.00	17,654,551.72
2640102	Bursary -Tertiary		8,020,000.00	
2640104	Bursary-Special schools			
2640105	Mocks & CAT			
2640504	water			
2640505	Agriculture (food security)			
2640506	Electricity projects			
2640507	Security			
2640508	Roads			11,601,462.00
2640509	Sports		3,537,212.00	
2640510	Environment			
2640510	Other capital grants and transfer			
2640200	Emergency Projects (specify)		4,090,000.00	5,767,647.00
	Total		23,667,212.00	35,023,660.72
3100000	8 ACQUISITION OF ASSETS			
	<u>Non Financial Assets</u>		2016 - 2017	2015 - 2016
			Kshs	
3110102	Purchase of Buildings		-	-
3110202	Construction of Buildings		10,000,000.00	-
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of Office furniture and fittings			-
3111002	Purchase of computers ,printers and other IT equipments			-
3111005	Purchase of photocopier		-	-
3111009	Purchase of other office equipments		-	-
3111112	Purchase of soft ware		-	499,148.00
3130101	Acquisition of Land		58,000,000.00	-
	OTHERS- STRATEGIC PLAN			1,800,000.00
	Total		68,000,000.00	2,299,148.00

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

			2016 - 2017	2015 - 2016
	9			
	specify	Other Payments	-	-
	specify		-	-
	specify		-	-
	TOTAL		-	-
10A: Bank Balances (cash book bank balance)				
	Name of Bank, Account No. & currency		2016 - 2017	2015 - 2016
		Account Number	Kshs (30/6/2017)	Kshs (30/6/2016)
	EQUITY BANK		5,590,808.34	14,723,446.64
	Total		5,590,808.34	14,723,446.64
10B: CASH IN HAND)				
			2016 - 2017	2015 - 2016
			Kshs (30/6/2016)	Kshs (30/6/2015)
	Location 1		-	-
	Location 2		-	-
	Location 3		-	-
	Other receipts (specify)		-	-
	Total		-	-
			[Provide cash count certificates for each]	
10C: OUTSTANDING IMPRESTS				

**NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017**

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>
	Date imprest taken	Kshs	
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
11 BALANCES BROUGHT FORWARD			
		2016 - 2017	2015 - 2016
		Kshs (1//7/2017)	Kshs (1//7/2016)
Bank accounts		14,723,446.64	30,189,985.46
Cash in hand		-	-
Imprest		-	-
Total		14,723,446.64	30,189,985.46
	<i>[Provide short appropriate explanations as necessary]</i>		
	12		
PRIOR YEAR ADJUSTMENTS			
		2016 - 2017	2015 - 2016
		Kshs	Kshs
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
		-	-
Total		-	-

**NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI
CENTRAL CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2017

13			
OTHER IMPORTANT DISCLOSURES			
13.1: PENDING ACCOUNTS PAYABLE (See Annex 1)			
		2016 - 2017	2015 - 2016
		Kshs	Kshs
Construction of buildings		-	-
Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	-
TOTAL		-	-
13.2: PENDING STAFF PAYABLES (See Annex 2)			
		2016 - 2017	2015 - 2016
		Kshs	Kshs
Senior management			
Middle management		-	-
Unionisable employees		-	-
Others (specify)		-	-
		-	-
13.3: OTHER PENDING PAYABLES (See Annex 3)			
		2016 - 2017	2015 - 2016
		Kshs	Kshs
Amounts due to other Government entities (see attached list)			
Amounts due to other grants and other transfers (see attached list)		-	
Others (specify)		-	
		-	
14: PMC Account Balances (See Annex 5)			
		2016 - 2017	2015 - 2016
		Kshs	Kshs
PMC Account balances (see attached list)		10,054,971.00	314,466.40

NATIONAL GOVERNMENT - CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2017 d=a-c	Outstanding Balance 2014	Comments
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	58,000,000.00	
Buildings and structures	10,000,000.00	
Transport equipment		
Office equipment, furniture and fittings	782,000.00	782,000.00
ICT Equipment, Software and Other ICT Assets	763,148.00	763,148.00
Other Machinery and Equipment		
Heritage and Cultural assets		
Intangible assets	1,800,000.00	1,800,000.00
Total	71,345,148.00	3,345,148.00

NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (K.shs'000)

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

PMC	Bank	Account number	Bank Balance	
			2016/17	2015/16
MWANGAZA PRIMARY SCHOOL	Equity Bank -Kayole	0650270821899	54,971.00	-
KAYOLE 1 PRIMARY SCHOOL	Equity Bank -Kayole	0650264173117	-	82,222.40
KOMAROCK PRIMARY SCHOOL	Equity Bank -Kayole	0650164666814	-	4,780.00
EMBAKASI CENTRAL ROADS	Equity Bank -Kayole	0650263595346	-	10,174.00
MWANGAZA SECONDARY SCHOOL	Equity Bank -Kayole	0650116946322	-	9,780.00
IMARA PRIMARY SCHOOL	Equity Bank -Kayole	0650264080100	-	199,615.00
EMBAKASI CRNTRAL HALLS & OFFICES	Equity Bank -Kayole	0650270926120	10,000,000.00	-
MEDICAL STAFF HOUSES	Equity Bank -Kayole	0650263493061	-	7,895.00
Total			10,054,971.00	314,466.40

NATIONAL GOVERNMENT -CONSTITUENCIES DEVELOPMENT FUND – EMBAKASI CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2017 (Kshs'000)

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:	Timeframe:
				(Resolved / Not Resolved)	(Put a date when you expect the issue to be resolved)
1.	Accuracy of the Financial Statements	The cdf did not maintain primary books of account which include ledgers, cashbook, trial balance and other supportive schedules during the year.	ELIAS MATE- Fund Account Manager	Resolved	Resolved
2.	Compensation of employees	The statement of receipts and payments reflects an amount of Kshs 663,915 under compensation of employees which did not include an amount of Kshs 143,700 to staff relating to commuter and medical allowances	ELIAS MATE- Fund Account Manager	Resolved	Resolved
3.	Financial statement presentations and Disclosure	The figures in the financial statements have been rounded off to the nearest Kshs thousands, while the figures presented in the financial statements are not rounded as stated under the significant accounting policies note VI (a) hence the notes are misleading	ELIAS MATE- Fund Account Manager	Resolved	Resolved