

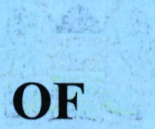
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT



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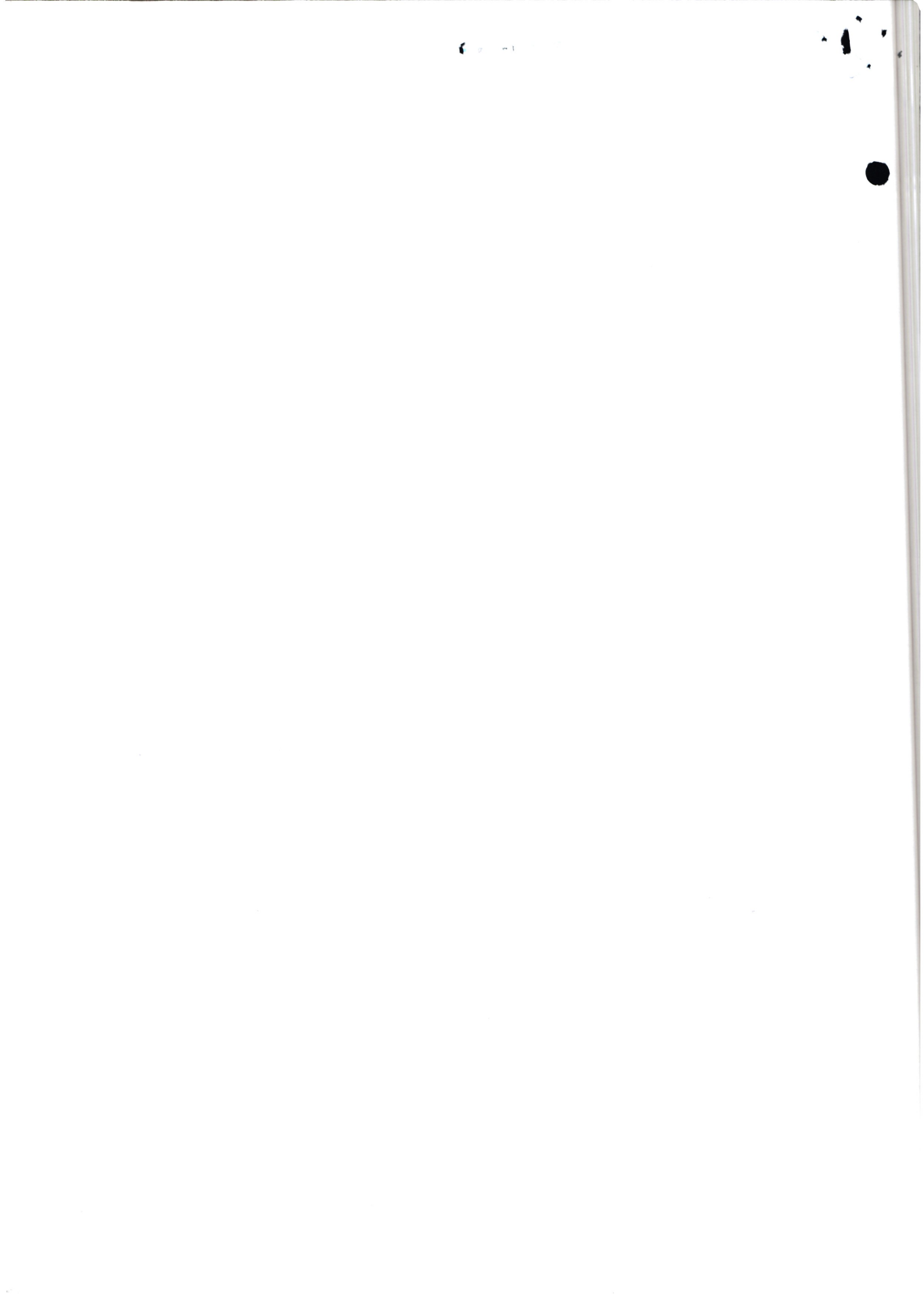
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
SOUTH MUGIRANGO CONSTITUENCY


FOR THE YEAR ENDED  
30 JUNE 2018

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	24 JUL 2019
	DAY.
TABLED BY:	
CLIENT REPRESENTATIVE:	







 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE:</b> 24 JUL 2019	<b>DAY:</b> Wednesday
<b>TABLED BY:</b>	Hassan Aden Duale, MP (Lom)
<b>ASSISTANT SPEAKER:</b>	Hadiya Ahmed



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-  
SOUTH MUGIRANGO CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018**

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



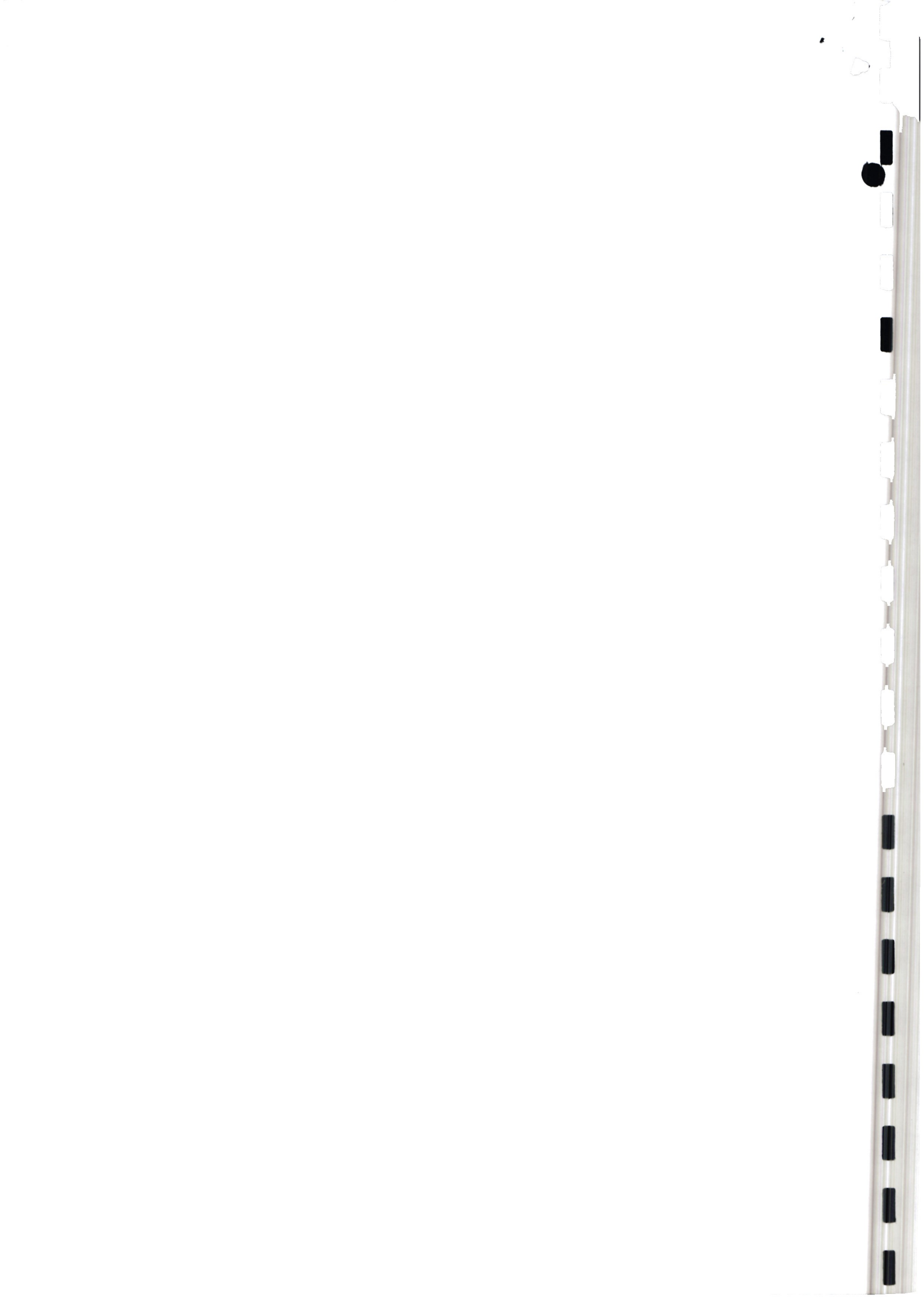


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
SOUTH MUGIRANGO CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2018**

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**CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013. The Constituencies Development Fund is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the Constituencies Development Fund. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituency for the purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

**(b) Key Management**

The SOUTH MUGIRANGO 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 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	<b>Yusuf Mbuno</b>
2.	A.I.E holder	<b>Francis O.Onyango</b>
3.	Accountant	<b>Lucas Atinda</b>
4.		

**(d) Fiduciary Oversight Arrangements**

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

NGCDF Office complex,  
P.O Box 991-40200,  
Kisii



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

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**(f) SOUTH MUGIRANGO NGCDF Contacts**

Telephone: (254) 0725912723  
E-mail: south mugirango@NGCDF.go.ke  
Website: www.southmugirango.com.ke

**(g) SOUTH MUGIRANGO NGCDF Bankers**

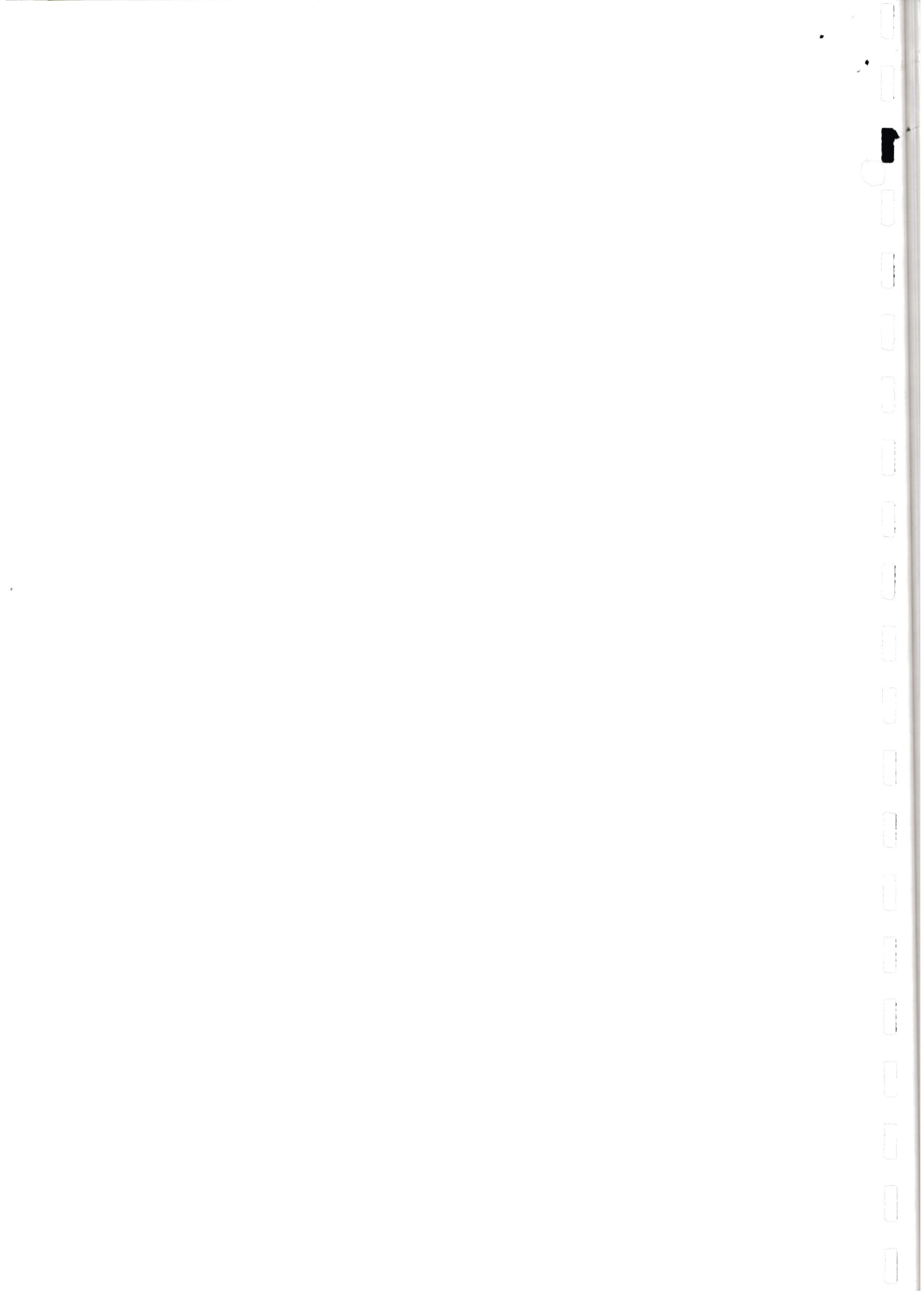
Cooperative Bank of Kenya  
Rongo

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

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

It is my pleasure to present to you SOUTH MUGIRANGO CDF's annual report and financial statements for the financial year 2017/2018

The actual amounts utilised by the constituency in its various expense items were less than 100% of its budget performance, however the target should be 100% if funds are availed in time during the financial year.

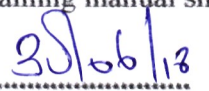
**Key achievements for the CDF**

- By providing funds directly to each constituency for fighting poverty, CDF assists in ironing out regional imbalances due to patronage.
- In the education sector, CDF funding of schools has assisted in increasing student enrolment, the CDF bursary has helped retain in school's students from low income families.

**Implementation challenges and recommended way forward**

- Late disbursement of funds, lead to rise in project costs due to factors like inflation due to time value of money and also the public do not get the value of the funds in time, a good case is in late bursary awards, to remedy this, funds should be released by NGCDF Board in time.
- Frequent development forums and awareness forums should be held to intuit the public with information concerning the development initiatives, from various funding agencies and stakeholders an NG CDF, County Government and other development stakeholders plan together to avoid duplication of projects
- Lack of a simple but standardized practical curriculum for training PMC's in order to enhance their capacity to implement the projects, hence a PMC training manual should be operationalized.

NCDFC Chairperson.....

  
.....



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

**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 SOUTH MUGIRANGO NG-CDF 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, 2018. 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 SOUTH MUGIRANGO 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, 2018, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the SOUTH MUGIRANGO 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 SOUTH MUGIRANGO 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 25/06/2018 2018.

**N.G. CONSTITUENCY DEVELOPMENT FUND  
SOUTH MUGIRANGO**

.....  
**Fund Account Manager**.....  
Box 991 - 40200, KISII

  
.....  
**Chairperson**





# REPUBLIC OF KENYA

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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 - SOUTH MUGIRANGO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the financial statements of National Government Constituencies Development Fund - South Mugirango Constituency set out on pages 6 to 24, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined 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 effects 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 - South Mugirango Constituency as at 30 June 2018, 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 Kenya National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Net Financial Position

The statement of assets as at 30 June 2018 reflects total financial assets balance of Kshs. 9,037,362 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of assets shows net liabilities instead of the net financial position of Kshs.9,037,362.

##### 2. Summary Statement of Appropriation

Included in the summary statement of appropriation - recurrent and development combined for the year ended 30 June 2018 is an adjustment of Kshs.18,823,027 for both receipts and payments. However, the detailed schedule of the projects in the approved code list in the prior financial year represented by Kshs.18,823,027 was not presented for audit. In the circumstances, the accuracy and completeness of the summary statement of appropriation could not be confirmed.

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - South Mugirango Constituency for the year ended 30 June 2018*



The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - South Mugirango 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 Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections, I have determined that there are no key audit matters to communicate in my report.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Diversion of Funds to Un-approved Project**

Included in the transfers to other government units' expenditure of Kshs.18,223,000 is an amount of Kshs.1,600,000 disbursed to Ramoya Girls Secondary School for laying slab for the second floor of the library building. However, a physical verification of the project revealed that the funds were diverted and used to finish the laboratory counters and fitting of piping system and desk tiles of the laboratory without approval of the National Government Constituencies Development Fund Board. In the circumstances, the regularity and value for money of the expenditure of Kshs.1,600,000 could not be confirmed.

#### **2. Construction of Classrooms at Manywanda Girls Secondary School**

During the year under review, a total of Kshs.2,000,000 was disbursed for the proposed construction of four classrooms at Manywanda Girls Secondary School. A physically verification in March 2019 revealed that the project was incomplete and only a slab had been done. As a result, value for money of the expenditure could not be ascertained.



### 3. Budget Performance Analysis

A review of the budget performance revealed that there was general under- absorption of voted funds in the year 2017/2018 as indicated below:

Expenditure Component	Approved Final Budget (Kshs)	Actual Expenditure (Kshs)	Under Expenditure (Kshs)	% of Under-utilization
Compensation of employees	2,672,300	1,722,221	950,079	36 %
Use of goods and services	6,164,768	4,127,667	2,037,102	33 %
Transfers to other government units	47,243,717	18,223,000	29,020,717	61 %
Other grants and transfers	37,375,560	16,033,640	21,341,920	57%
Other Payments	12,177,027	1,705,000	10,472,027	86 %
<b>Total</b>	<b>105,633,372</b>	<b>41,811,528</b>	<b>63,821,845</b>	<b>60 %</b>

The underutilization of the budgeted funds negatively affected the achievements of some of the core objectives of the Fund and, denied the constituents efficient and effective service delivery.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

#### Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### Responsibilities of Management and Those Charged with Governance

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the ability of National Government Constituencies Development Fund - South Mugirango Constituency to sustain services, disclosing, as applicable, matters related to sustainability of services 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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources is applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.



Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

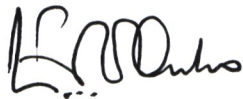
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- 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 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 business activities of the National Government Constituencies Development Fund - South Mugirango Constituency 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**

**17 June 2019**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**


	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board	1	43,405,172.00	81,896,602.00
Proceeds from Sale of Assets	2		
Other Receipts	3		2,000,000.00
<b>TOTAL RECEIPTS</b>		43,405,172.00	83,896,602.00
<b>PAYMENTS</b>			
Compensation of employees	4	1,722,220.86	2,720,627.00
Use of goods and services	5	4,127,666.68	8,418,706.00
Transfers to Other Government Units	6	18,223,000.00	70,565,362.00
Other grants and transfers	7	16,033,640.00	61,142,701.65
Acquisition of Assets	8		-
Other Payments	9	1,705,000.00	1,499,900.00
<b>TOTAL PAYMENTS</b>		41,811,527.54	144,347,296.65
<b>SURPLUS/DEFICIT</b>		1,593,644.46	(60,450,696)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

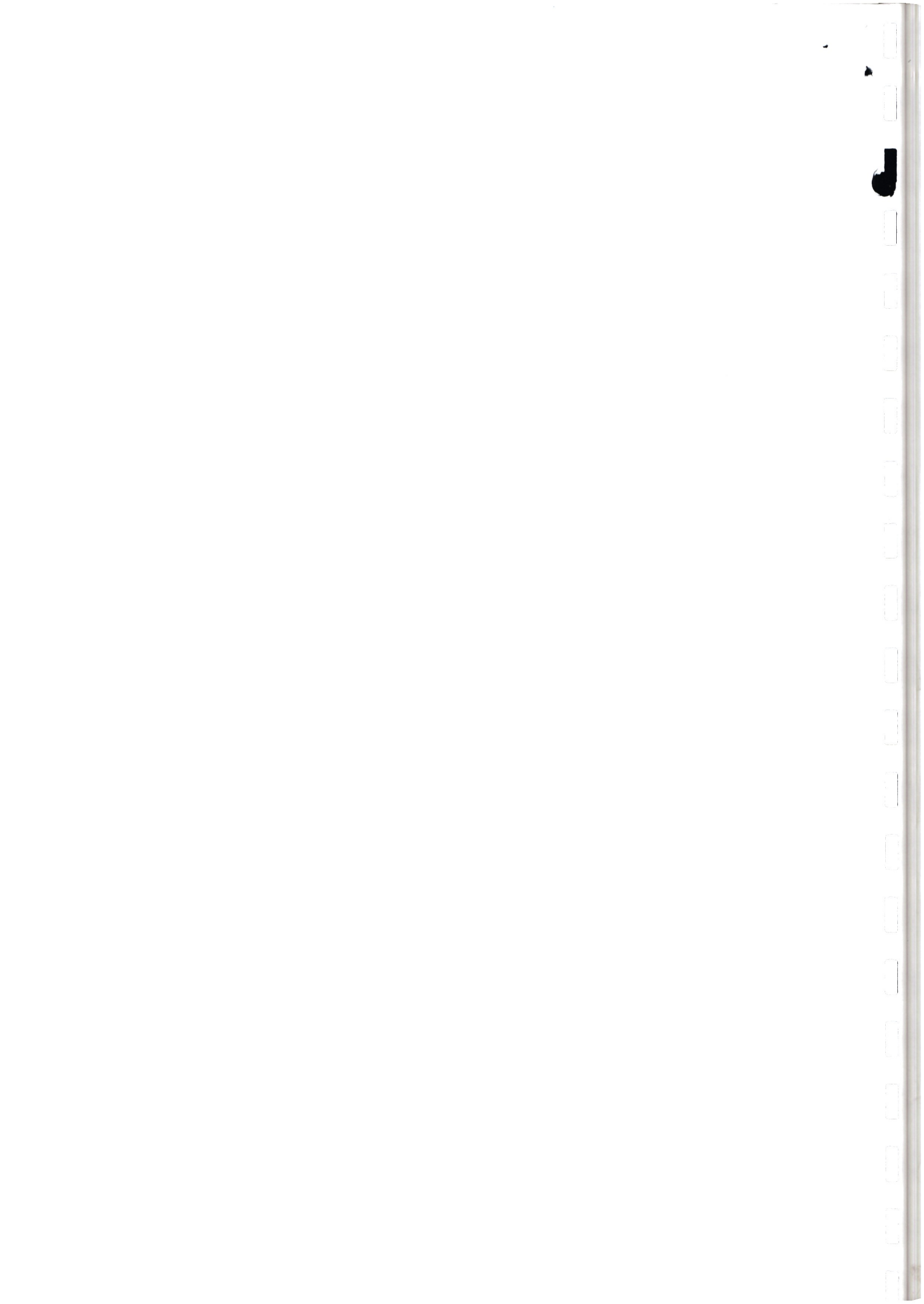
The SOUTH MUGIRANGO NGCDF financial statements were approved on 30/06/2018 2018 and signed by:



**Chairperson - NGCDFC**

  
 N.G. CONSTITUENCY DEVELOPMENT FUND  
 SOUTH MUGIRANGO  
 DATE.....  
**SIG Fund Account Manager**  
 P. O. Box 991 - 40200, KISII






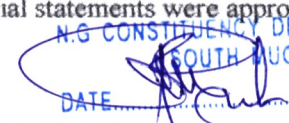
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

**V. STATEMENT OF ASSETS**

	Note	2017 - 2018 Kshs	2016 - 2017 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	9,037,361.77	7,443,717.31
Cash Balances (cash at hand)	10B		-
Outstanding Imprests	11		-
<b>TOTAL FINANCIAL ASSETS</b>		9,037,361.77	7,443,717.31
<b>REPRESENTED BY</b>			
Retention	12	0	
Fund balance b/fwd 1st July...	13	7,443,717.31	7,443,717.31
Surplus/Deficit for the year		1,593,644.46	
Prior year adjustments	14	0	-
<b>NET LIABILITIES</b>		9,037,361.77	7,443,717.31

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SOUTH MUGIRANGO NGCDF financial statements were approved on 30/06/2018 2018 and signed by:

  
Chairperson - NGCDFC

  
Fund Account Manager  
N.G. CONSTITUENCY DEVELOPMENT FUND  
SOUTH MUGIRANGO  
DATE .....  
SIGN .....  
P. O. Box 991 - 40200, KISH



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

**VI. STATEMENT OF CASHFLOW**

<b>Receipts for operating income</b>		<b>2017-2018</b>	<b>2016 - 2017</b>
Transfers from CDF Board	1	43,405,172	81,896,602.00
Other Receipts	3	-	2,000,000.00
		<b>43,405,172</b>	<b>83,896,602.00</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,722,221	2,720,627.00
Use of goods and services	5	4,127,667	8,418,706.00
Transfers to Other Government Units	6	18,223,000	70,565,362.00
Other grants and transfers	7	16,033,640	61,142,701.65
Other Payments	9	1,705,000	1,499,900.00
		<b>41,811,528</b>	<b>144,347,297.8</b>
<b>Adjusted for:</b>			
Adjustments during the year	14		-
<b>Net cash flow from operating activities</b>		<b>41,811,528</b>	<b>144,347,297.2</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	9		-
<b>Net cash flows from Investing Activities</b>			<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>1,593,644</b>	<b>(60,450,695)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>7,443,717</b>	<b>67,894,413</b>






**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

Cash and cash equivalent at END of the year		9,037,362	7,443,717
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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SOUTH MUGIRANGO NGCDF financial statements were approved on 29/06/2018 and signed by:

  
\_\_\_\_\_  
**Chairperson NGCDFC**

  
\_\_\_\_\_  
**DATE Fund Account Manager**  
SIGN.....  
P. O. Box 991 - 40200, KISII



**CONSTITUENCIES DEVELOPMENT FUND SOUTH MUGIRANGO CONSTITUENCY**  
**Reports and Financial Statements**  
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**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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	18,823,027	105,633,372	80,848,889	54,784,483	48.0%
Proceeds from Sale of Assets			-	-	-	0.0%
Other Receipts		-	-	-	-	0.0%
<b>TOTAL RECEIPTS</b>	<b>86,810,345</b>	<b>18,823,027</b>	<b>105,633,372</b>	<b>80,848,889</b>	<b>54,784,483</b>	<b>48.0%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,472,300	200,000	2,672,300	1,722,221	950,079	64.0%
Use of goods and services	5,340,630	824,138	6,164,768	4,250,667	1,914,102	69.0%
Transfers to Other Government Units	31,800,000	15,443,717	47,243,717	18,100,000	29,143,717	38.3%
Other grants and transfers	35,020,387	2,355,177	37,375,564	16,033,640	21,341,920	42.9%
Other Payments	12,177,027		12,177,027	1,705,000	10,472,027	14.0%
<b>TOTAL</b>	<b>86,810,345</b>	<b>18,823,027</b>	<b>105,633,372</b>	<b>41,811,528</b>	<b>63,821,845</b>	<b>39.6%</b>






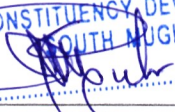
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
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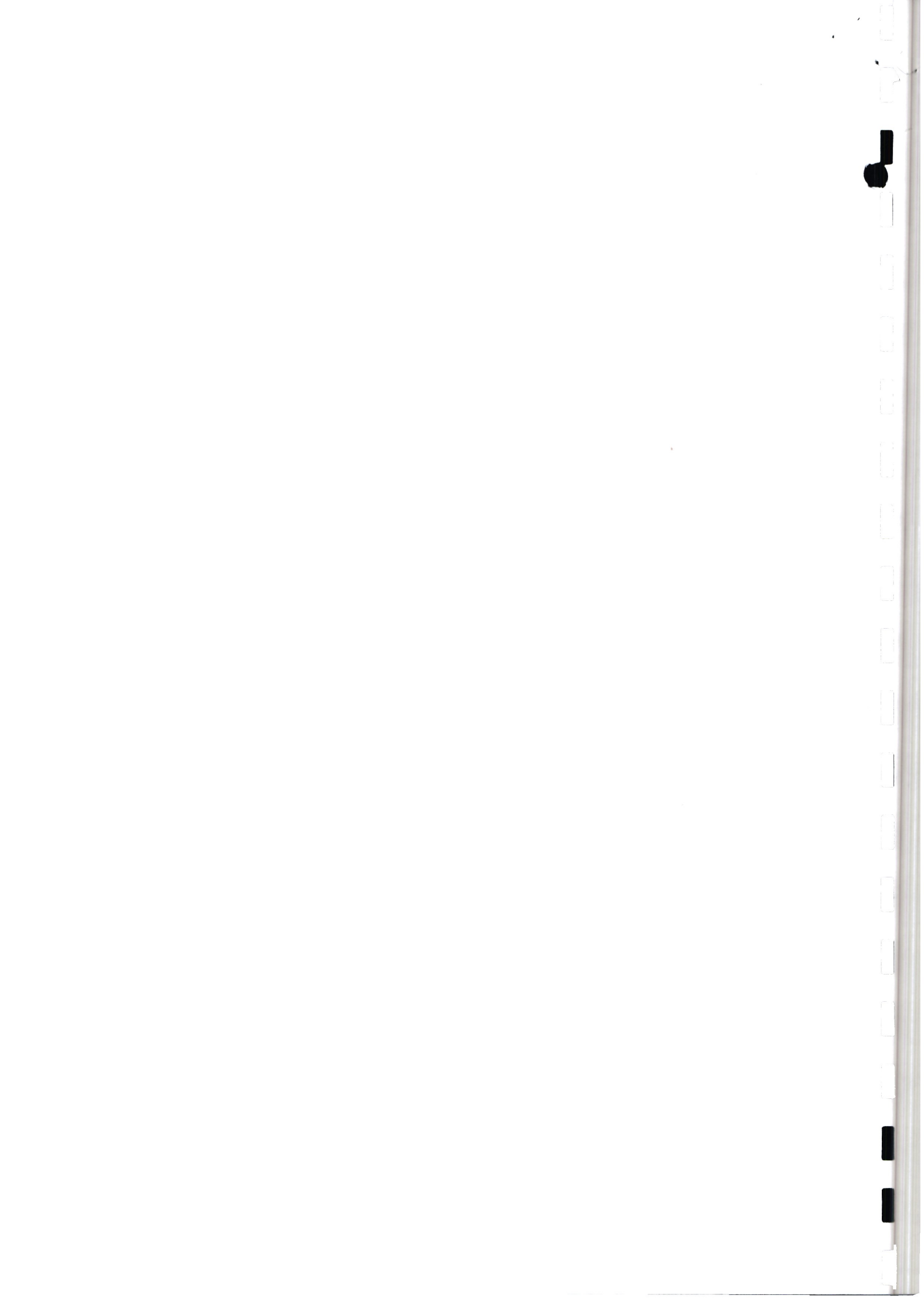
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- There was general under absorption of voted funds in all areas as indicated in the table due to late disbursement of fund for the financial year.

The SOUTH MUGIRANGO NGCDF financial statements were approved on 25/06/ 2018 and signed by:

  
\_\_\_\_\_  
**Chairperson NGCDF**

  
\_\_\_\_\_  
**Fund Account Manager**  
P. O. Box 991-40200, KISII





## **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**

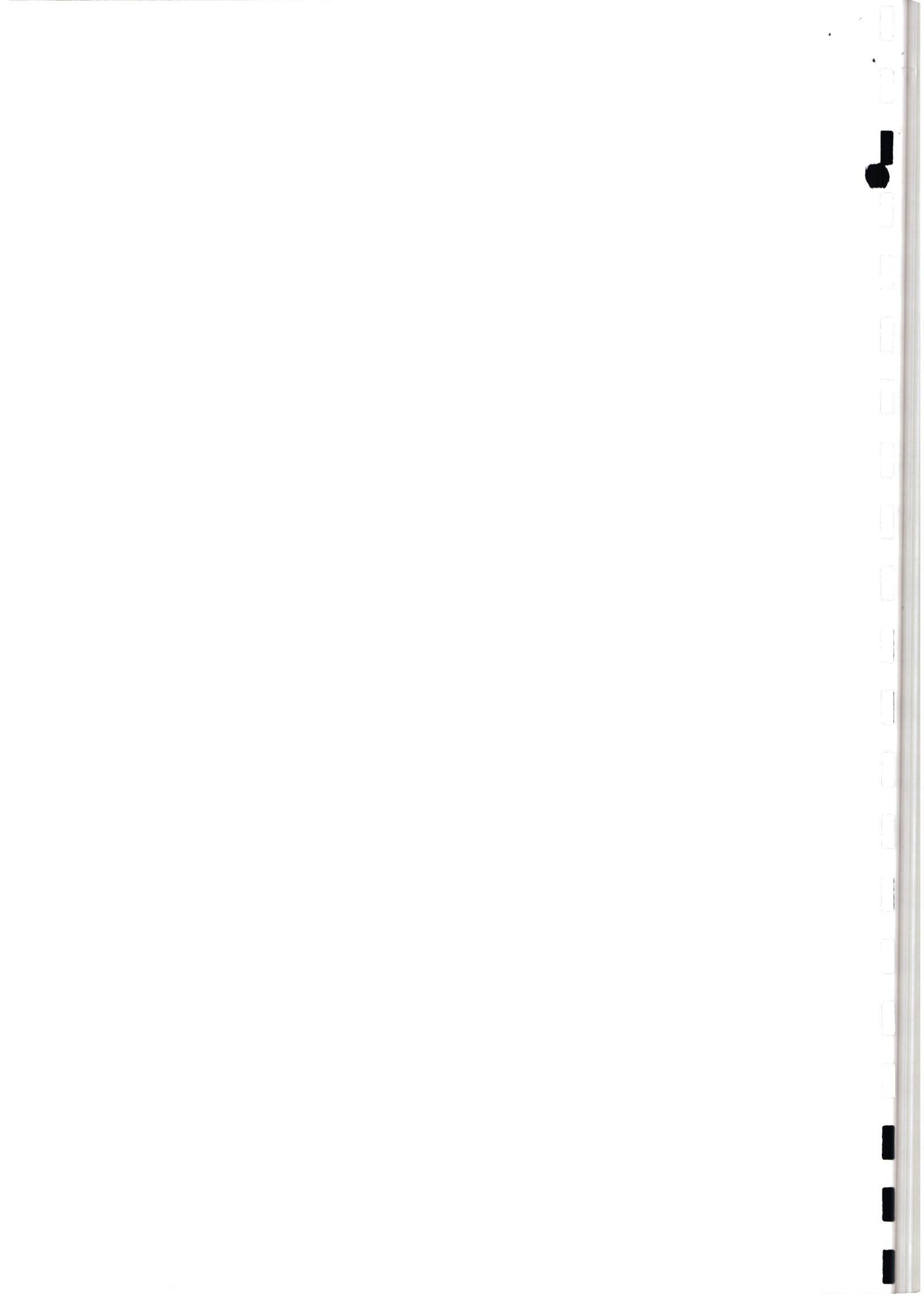
The NGCDF recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NGCDF. In addition, the NGCDF recognises all expenses when the event occurs and the related cash has actually been paid out by the NGCDF.

### **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 – SOUTH  
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**For the year ended June 30, 2018**

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**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Pending bills**

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

**6. Budget**

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

**7. Comparative figures**

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

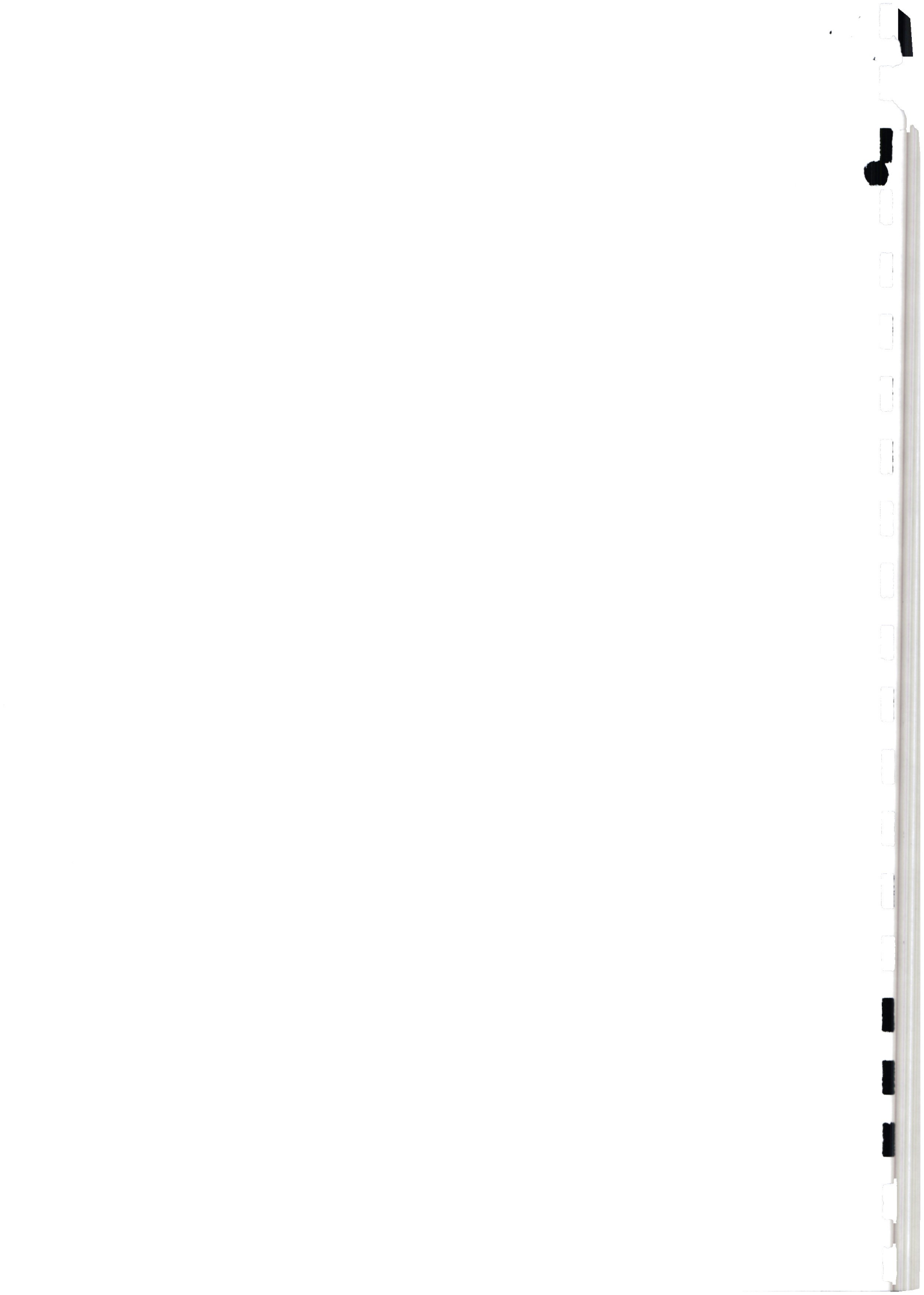
**8. Subsequent events**

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

**9. Unutilized Funds**

Unutilized funds consist of bank balances in the constituency account and previous years balance not yet disbursed by the Board to the constituency at the beginning of the financial year, these balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of the NGCDF Act 2015.





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH MUGIRANGO CONSTITUENCY**  
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**IX. NOTES TO THE FINANCIAL STATEMENTS**

<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>			
<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Normal Allocation		<b>5,500,000.00</b>	<b>4,094,827.60</b>
	A892903	37,905,172.00	36,853,499.00
			40,948,275.10
<b>TOTAL</b>		<b>43,405,172.00</b>	<b>83,896,601.70</b>

<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>			
<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Receipts from the Sale of Buildings		-	
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	
Receipts from the Sale of office and general equipment		-	
	<b>Total</b>	-	
<b>3 OTHER RECEIPTS</b>			
<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Interest Received		-	-
Rents		-	-
Interest Received		-	-
Other Receipts Not Classified Elsewhere (specify)		-	-
<b>Total</b>		-	-

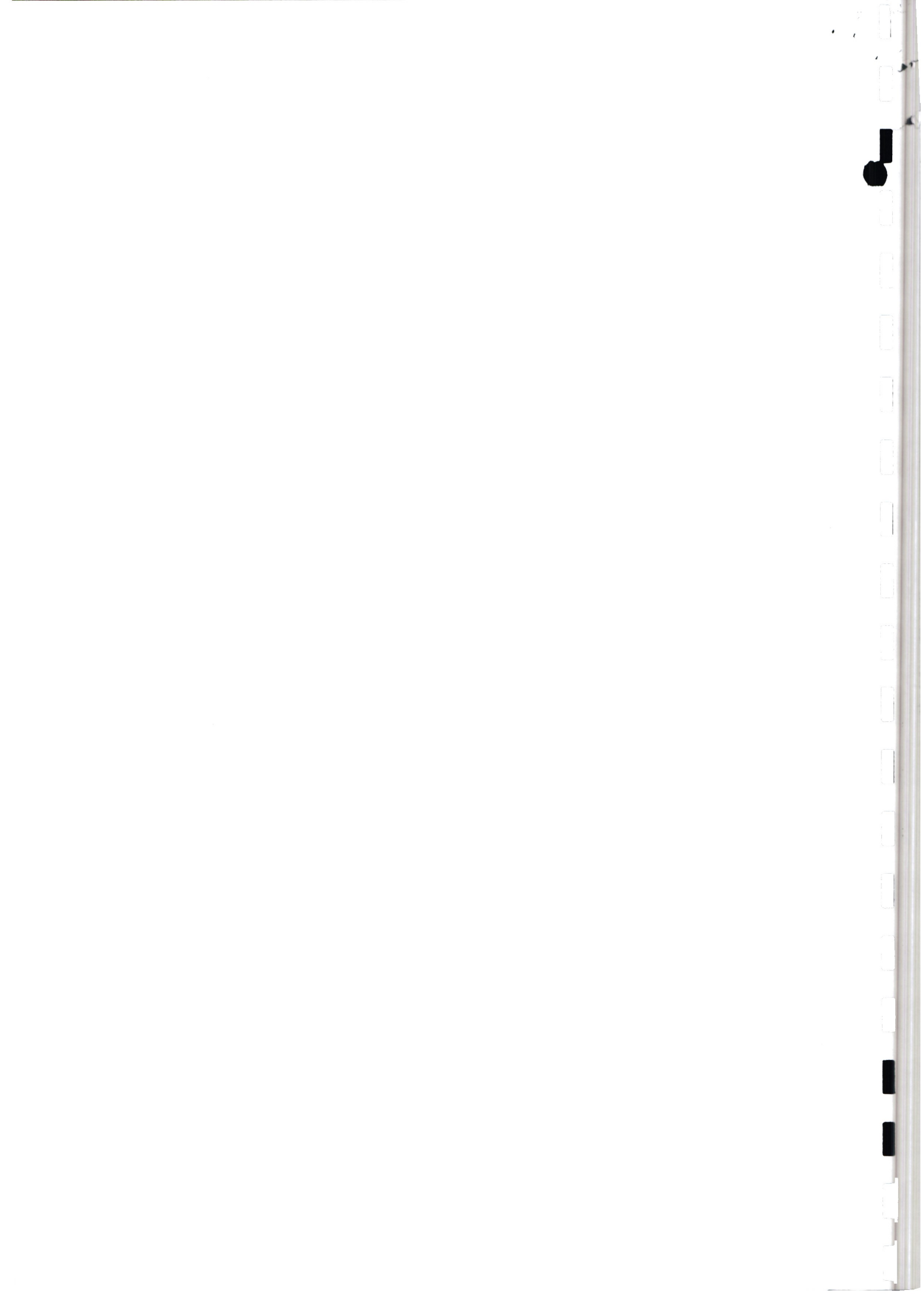




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NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>4 COMPENSATION OF EMPLOYEES</b>			
<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees		1,722,220.86	1,474,672.12
Basic wages of casual labour			21,000.00
<b>Personal allowances paid as part of salary</b>			-
House allowance			-
Transport allowance			-
Leave allowance			-
Other personnel payments(MEDICAL ALLOWENCE)			-
Employer contribution to NSSF			-
gratuity			1,224,955.08
<b>Total</b>		<b>1,722,220.86</b>	<b>2,720,627.20</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>5 USE OF GOODS AND SERVICES</b>			
<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services		65,938.37	
Office rent		156,000.00	156,000
Communication, supplies and services		12,000.00	-
Domestic travel and subsistence		560,840.00	640,400.00
Printing, advertising and information supplies & services		168,000.00	-
Rentals of produced assets			-
Training expenses		250,400.00	1,169,600.00
Hospitality supplies and services		114,800.00	230,064.00
Other committee expenses		1,854,400.00	1,218,400.00
Committee allowance		785,000.00	3,791,500.00
Insurance costs			-
Specialised materials and services		127,200.00	-
Office and general supplies and services			464,617.00
Fuel ,oil & lubricants		65,500.00	55,200
Other operating expenses			-
Routine maintenance – vehicles and other transport equipment		71,968.00	683,125
Routine maintenance – other assets		18,620.31	9,800
<b>Total</b>		<b>4,127,666.68</b>	<b>8,418,706</b>





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>			
<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools		6,000,000.00	38,009,784.56
Transfers to secondary schools		3,600,000.00	12,717,669.70
Transfers to Tertiary institutions		8,500,000.00	19,437,908.02
Transfers to Health institutions		0	400,000.00
<b>TOTAL</b>		<b>18,100,000.00</b>	<b>70,565,362.28</b>

<b>7 OTHER GRANTS AND OTHER PAYMENTS</b>			
<b>Description</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Bursary -Secondary		778,000.00	1,739,000.00
Bursary -Tertiary		15,255,640.00	23,675,000.00
water		0	5,313,200.00
Security		0	2,511,895.00
Roads		0	20,189,400.11
Other capital grants and transfer(Environment)		0	900,000.00
Emergency Projects (specify)		0	6,814,206.54
<b>Total</b>		<b>16,033,640.00</b>	<b>61,142,701.65</b>

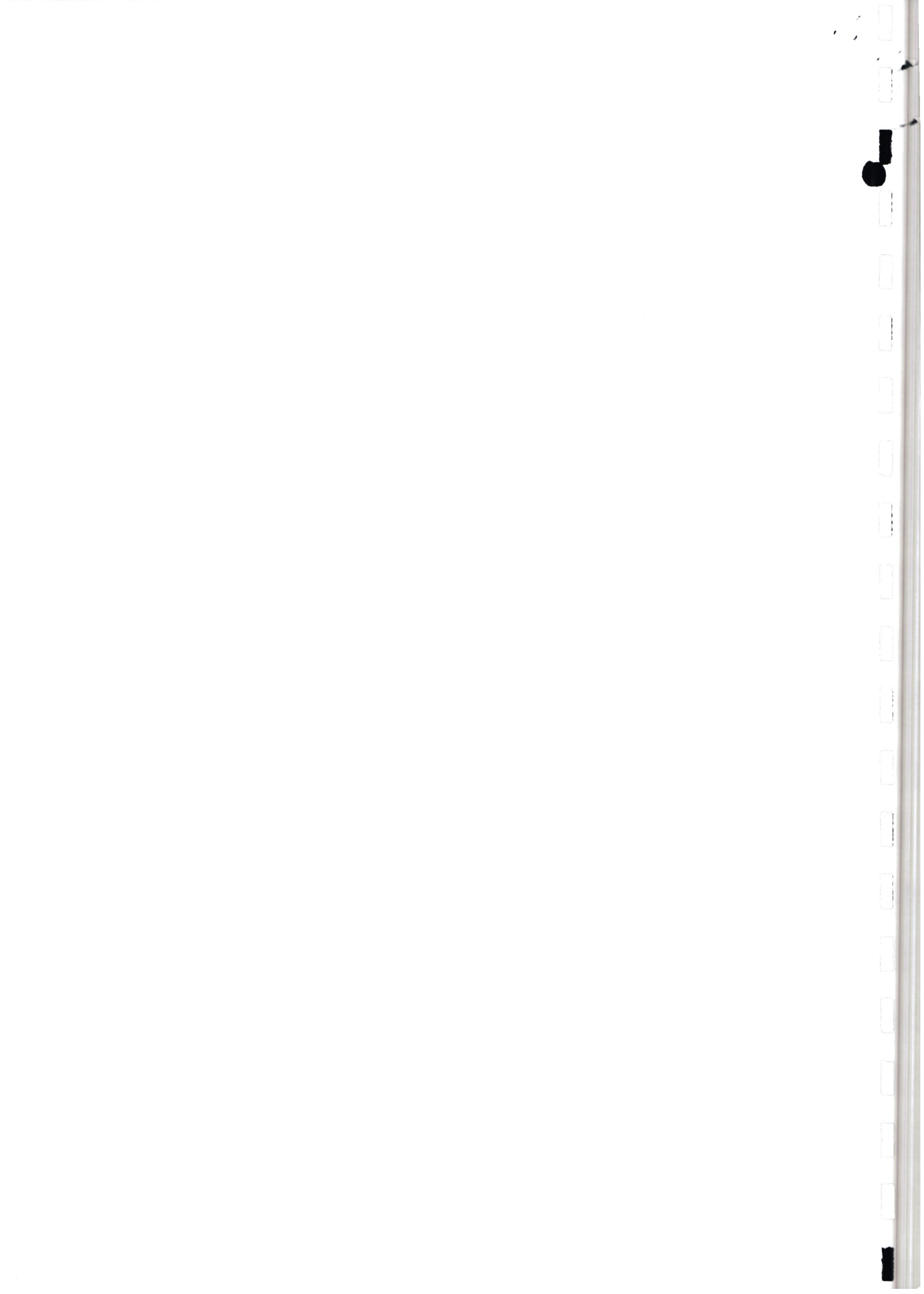




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NOTES TO THE FINANCIAL STATEMENTS (Continued)I

<b>8 ACQUISITION OF ASSETS</b>			
<b>Non-Financial Assets</b>		<b>2017 - 2018</b>	<b>2016- 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings		-	-
Construction of Buildings		-	-
Refurbishment of Buildings		-	-
Purchase of Vehicles		-	-
Purchase of Bicycles & Motorcycles		-	-
Overhaul of Vehicles		-	-
Purchase of office furniture and fittings		-	-
Purchase of computers ,printers and other IT equipment's		-	-
Purchase of photocopier		-	-
Purchase of other office equipment's		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
<b>Total</b>		-	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>9 Other Payments</b>		<b>2017 - 2018</b>	<b>2016- 2017</b>
Strategic Plan		1,705,000.00	1,499,900.00
specify			-
specify			-
<b>TOTAL</b>		<b>1,705,000.00</b>	<b>1,499,900.00</b>

<b>10A: Bank Balances (cash book bank balance)</b>			
<b>Name of Bank, Account No. &amp; currency</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
	<b>Account Number</b>	<b>Kshs (30/6/2018)</b>	<b>Kshs (30/6/2017)</b>
cooperative bank,Rongo.	01120018205600,	9,037,361.77	7,443,717.31
<b>Total</b>		<b>9,037,361.77</b>	<b>7,443,717.31</b>

<b>10B: CASH IN HAND)</b>			
		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs (30/6/2018)</b>	<b>Kshs (30/6/2017)</b>
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-



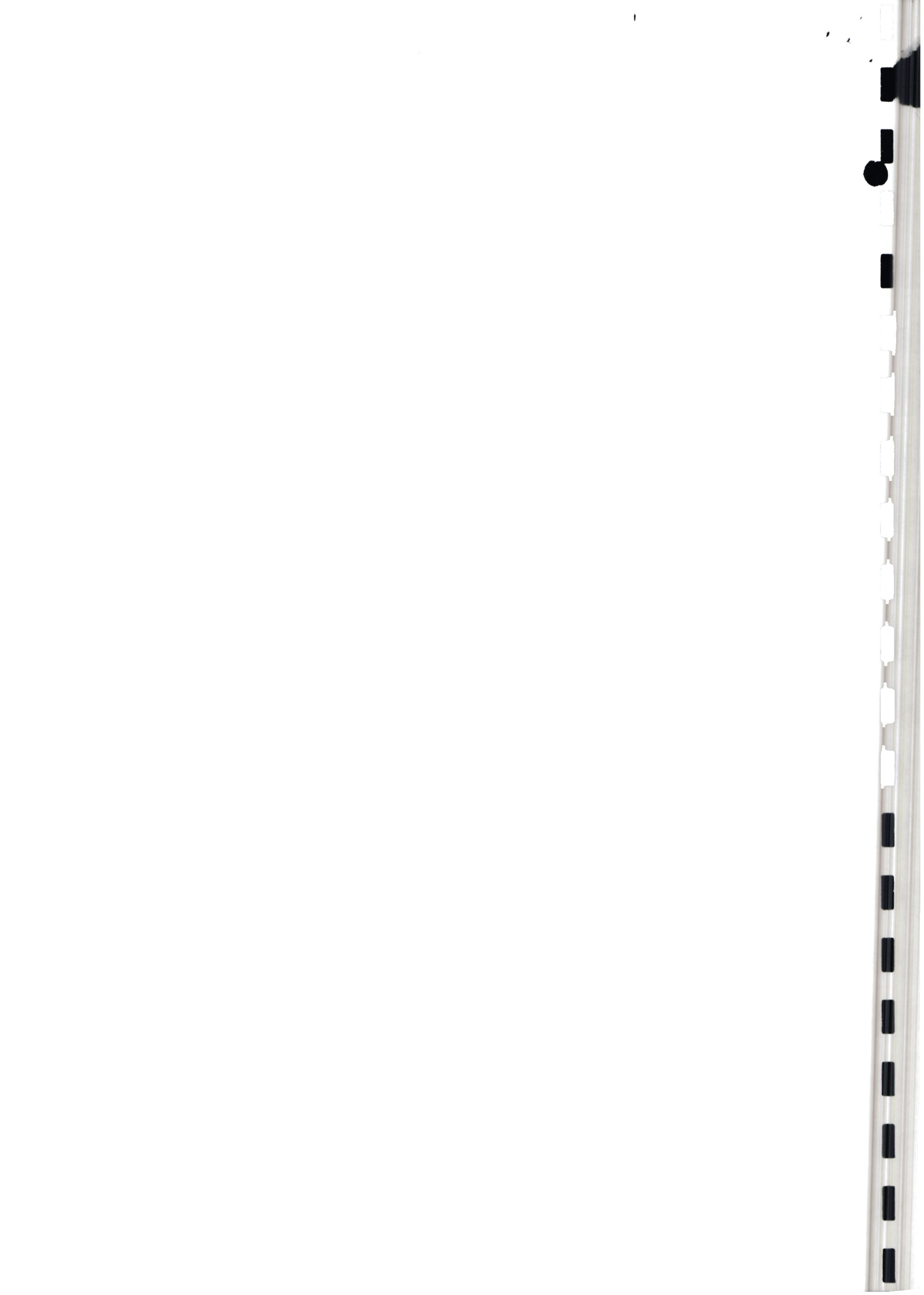


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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>11: OUTSTANDING IMPRESTS</b>				
<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2018)</i>
	<i>Date imprest taken</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
			-	-
		-	-	-
		-	-	-
		-	-	-

<b>12 Retention</b>			
<i>Supplier/Contractor</i>	<i>PV no</i>	<i>2017 - 2018</i>	<i>2016 - 2017</i>



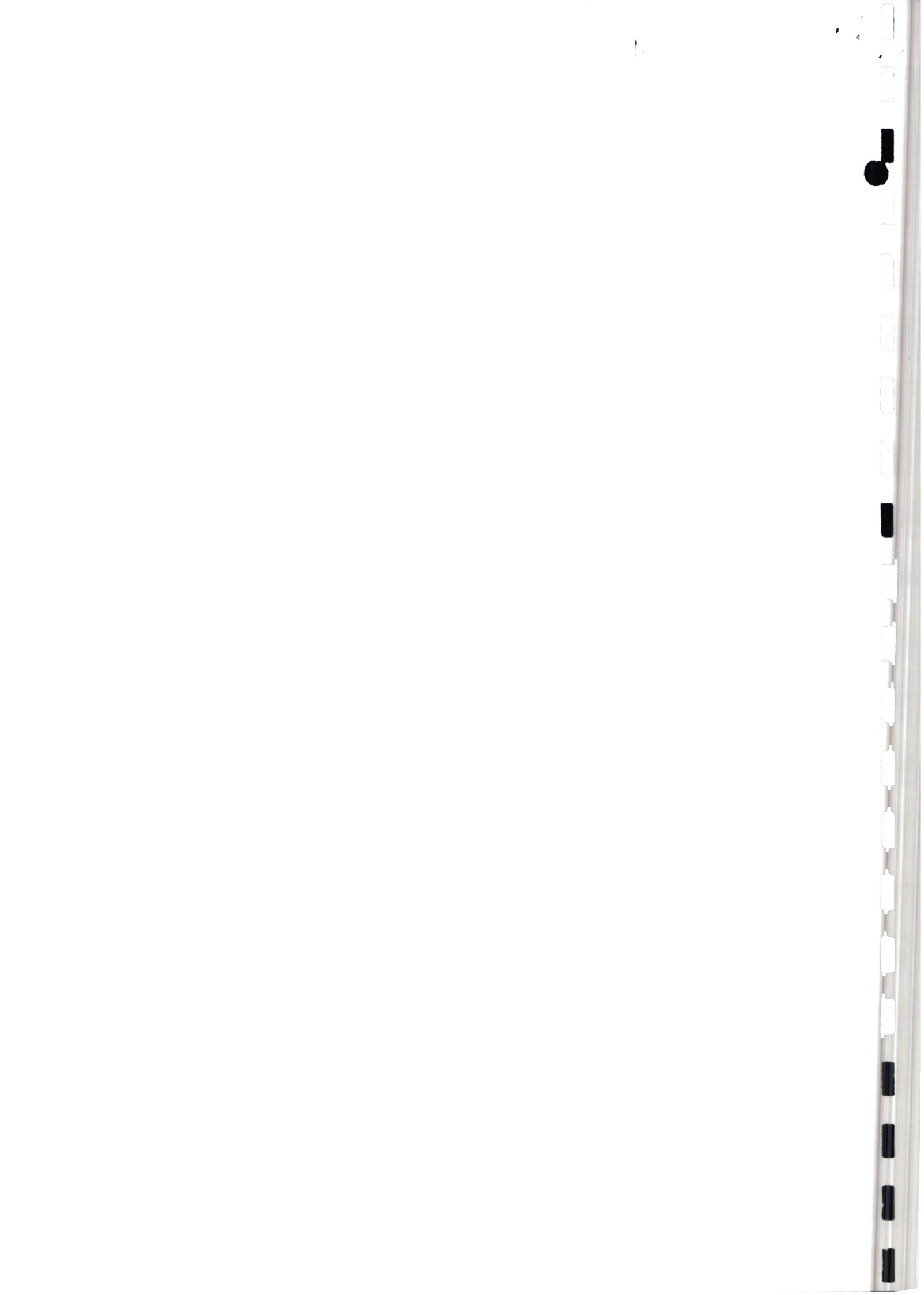


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NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>13 BALANCES BROUGHT FORWARD</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
		<b>(30/6/2018)</b>	<b>(30/6/2017)</b>
Bank accounts		25,533,334.76	7,443,717.31
Cash in hand			
Imprest			
<b>Total</b>		<b>25,533,334.76</b>	<b>7,443,717.31</b>

<b>14. PRIOR YEAR ADJUSTMENTS</b>		<b>2017 - 2018</b>	<b>2016 - 2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts			
Cash in hand		-	
Imprest		-	-
		-	-
<b>Total</b>		<b>-</b>	<b>-</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
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**15. OTHER IMPORTANT DISCLOSURES**

**15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2017- 2018</b>	<b>2016 - 2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	xxx	xxx
Construction of civil works	xxx	xxx
Supply of goods	xxx	xxx
Supply of services	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

**15.2: PENDING STAFF PAYABLES (See Annex 2)**

	<b>Kshs</b>	<b>Kshs</b>
Senior management	xxx	xxx
Middle management	xxx	xxx
Unionsable employees	xxx	xxx
Others (specify)	xxx	xxx
	<b>xxx</b>	<b>xxx</b>

**15.3: UNUTILIZED FUNDS (See Annex 3)**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of Employees	950,079	0
Use of Goods and Services	1,914,102	0
Amount due to other Government entities	29,143,717	0
Amount due to Other Grants and other transfers	21,341,920	0
Other Payments	10,472,027	0
<b>Total</b>	<b>63,821,841</b>	<b>0</b>



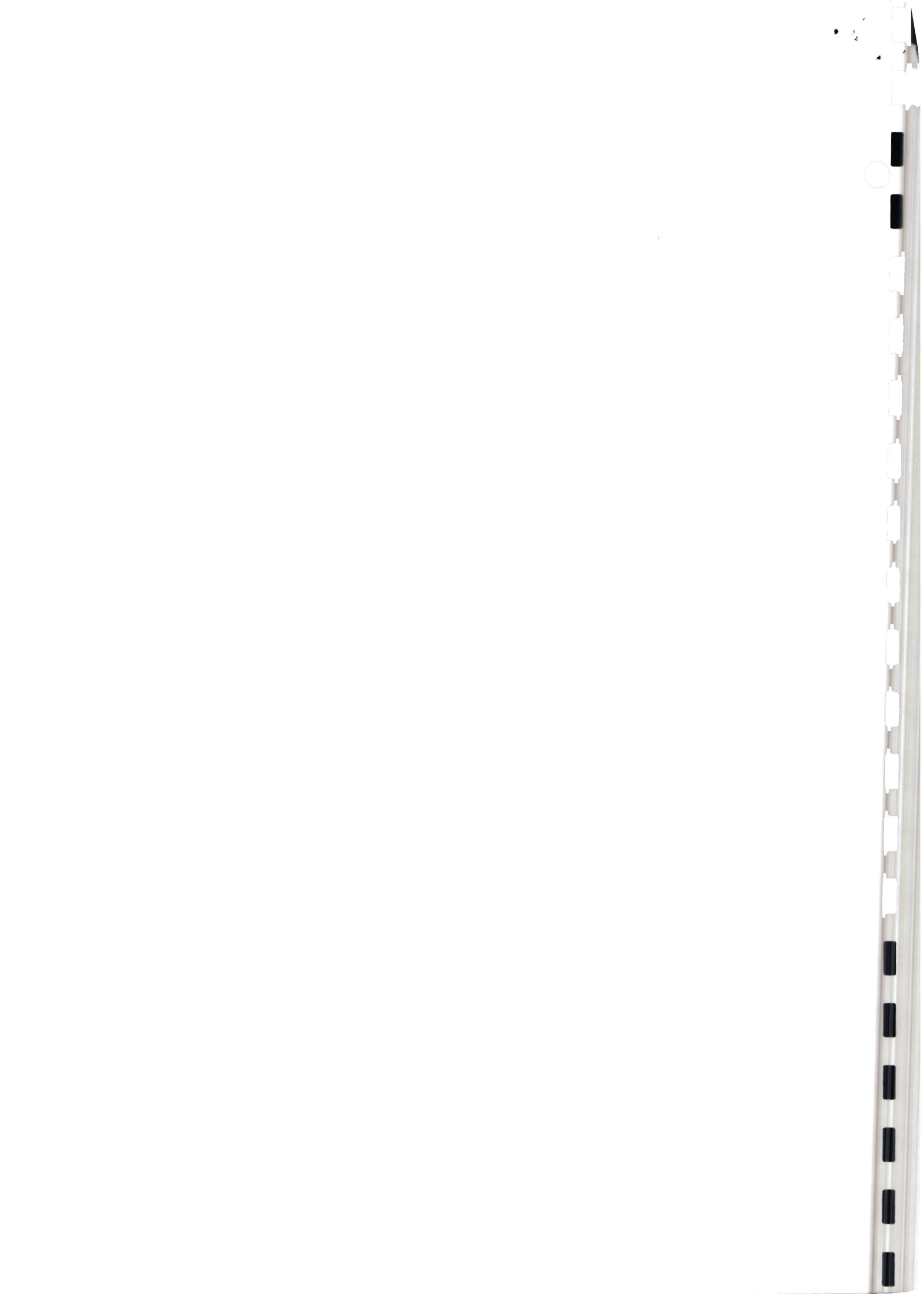


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
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**ANNEX 3 – UNUTILIZED FUNDS**

Name	Brief Description	Transaction	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees	Payment of Salaries and other allowances		950,079.00		
Use of goods & services			1,914,102.00		
Amounts due to other Government entities			29,143,717.00		
<b>Sub-Total</b>			<b>32,007,898.00</b>		
Amounts due to other grants and other transfers			21,341,920.00		
<b>Sub-Total</b>			<b>21,341,920.00</b>		
<b>Sub-Total</b>			<b>53,349,818.00</b>		
Acquisition of assets					
Others ( <i>specify</i> )					
Other payments			10,472,027.00		
<b>Sub-Total</b>			<b>10,472,027.00</b>		
<b>Grand Total</b>			<b>63,821,845.00</b>		



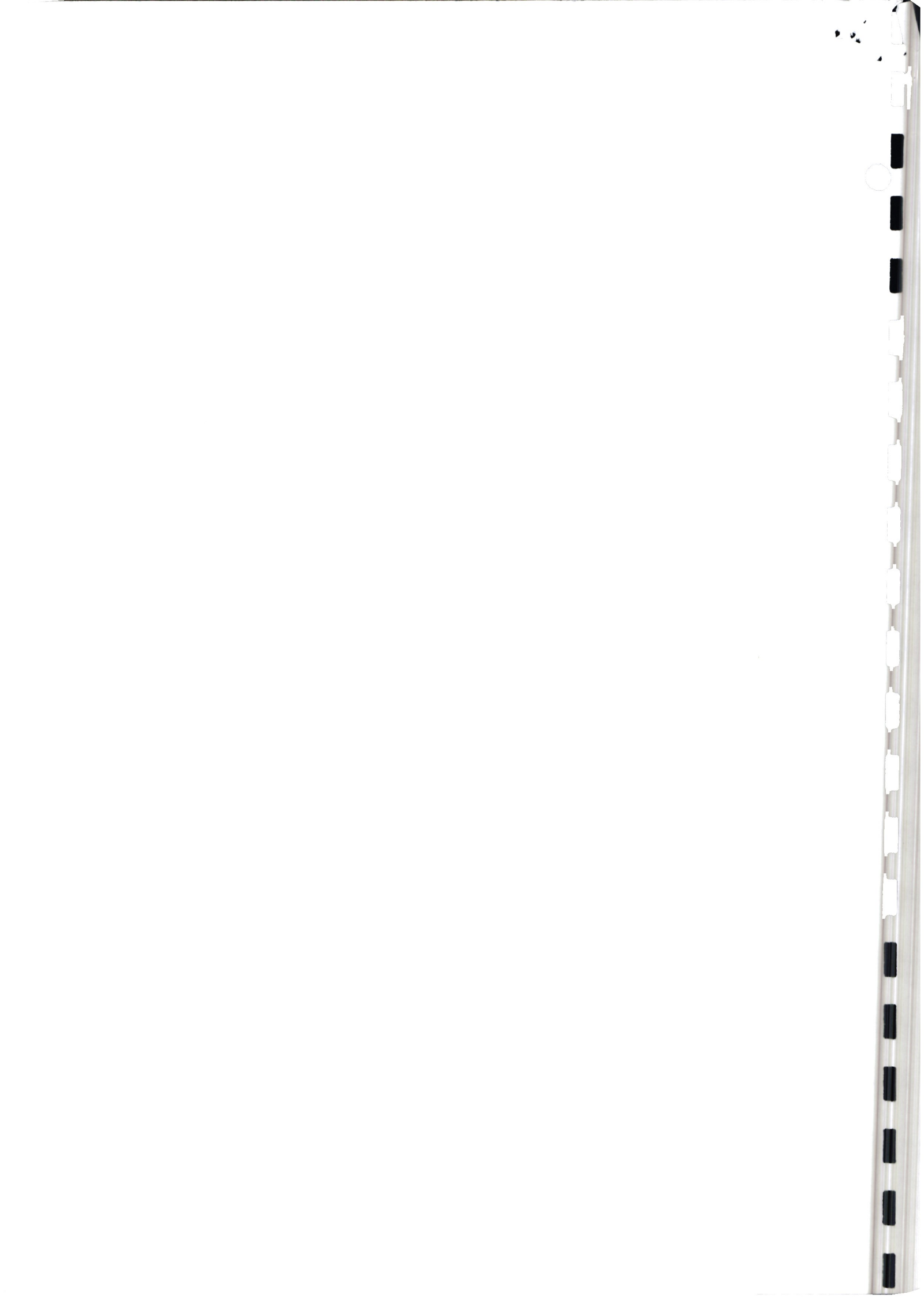


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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2017/18	2016/17
Land		NIL
Buildings and structures	7,281,179.00	7,281,179.00
Transport equipment	4,378,363.00	4,378,363.00
Office equipment, furniture and fittings	81,180.00	81,180.00
ICT Equipment, Software and Other ICT Assets	280,067.00	280,067.00
Other assets (cutlery)	10,274.00	10,274.00
<b>Total</b>	<b>12,031,063.00</b>	<b>12,031,063.00</b>

Prepared by:   
 NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
 SOUTH MUGIRANGO  
 DATE: .....  
 Francis Onyango  
 SIGN: .....  
 Fund Account Manager, P.O. BOX 100, KISII  
SOUTH MUGIRANGO



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
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<b>TRIAL BALANCE AS AT 30TH JUNE 2018</b>			
		<b>DR</b>	<b>CR</b>
<b>Cash and Cash equivalents</b>			
	Bank Balances	9,037,362	
	Cash Balances	-	
	Outstanding Imp rest	-	
<b>Payments</b>			
	Compensation of Employees	1,722,221	
	Use of goods and services	4,250,667	
	Transfers to Other Government Units	18,100,000	
	Other grants and transfers	16,033,640	
	Social Security Benefits	-	
	Acquisition of Assets	-	
	Other Payments	1,705,000	
<b>Receipts</b>			
	Transfers from the Board		43,405,172
	Proceeds from sale of assets	-	-
	Others receipts		-
	Prior Year Adjustment		-
	<b>Fund Balance b/f</b>		<b>7,443,717</b>
	<b>TOTAL</b>	<b>50,848,889</b>	<b>50,848,889</b>

