

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

NATIONAL ASSEMBLY PAPERS LAID

DATE: 13 MAR 2019 DAY: WEDNESDAY (pm)

LEADER OF THE MAJORITY PARTY - HON. A. DUARIE

CLERK-AT-THE-TABLE: M. WANJIKU MW

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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2017**

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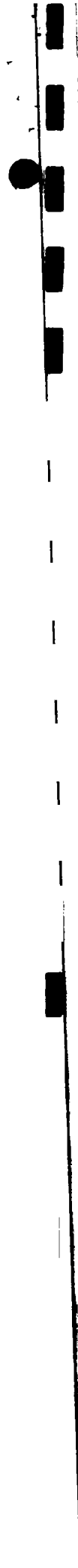


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
EMUHAYA CONSTITUENCY**

AMENDED REPORTS AND FINANCIAL STATEMENTS

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

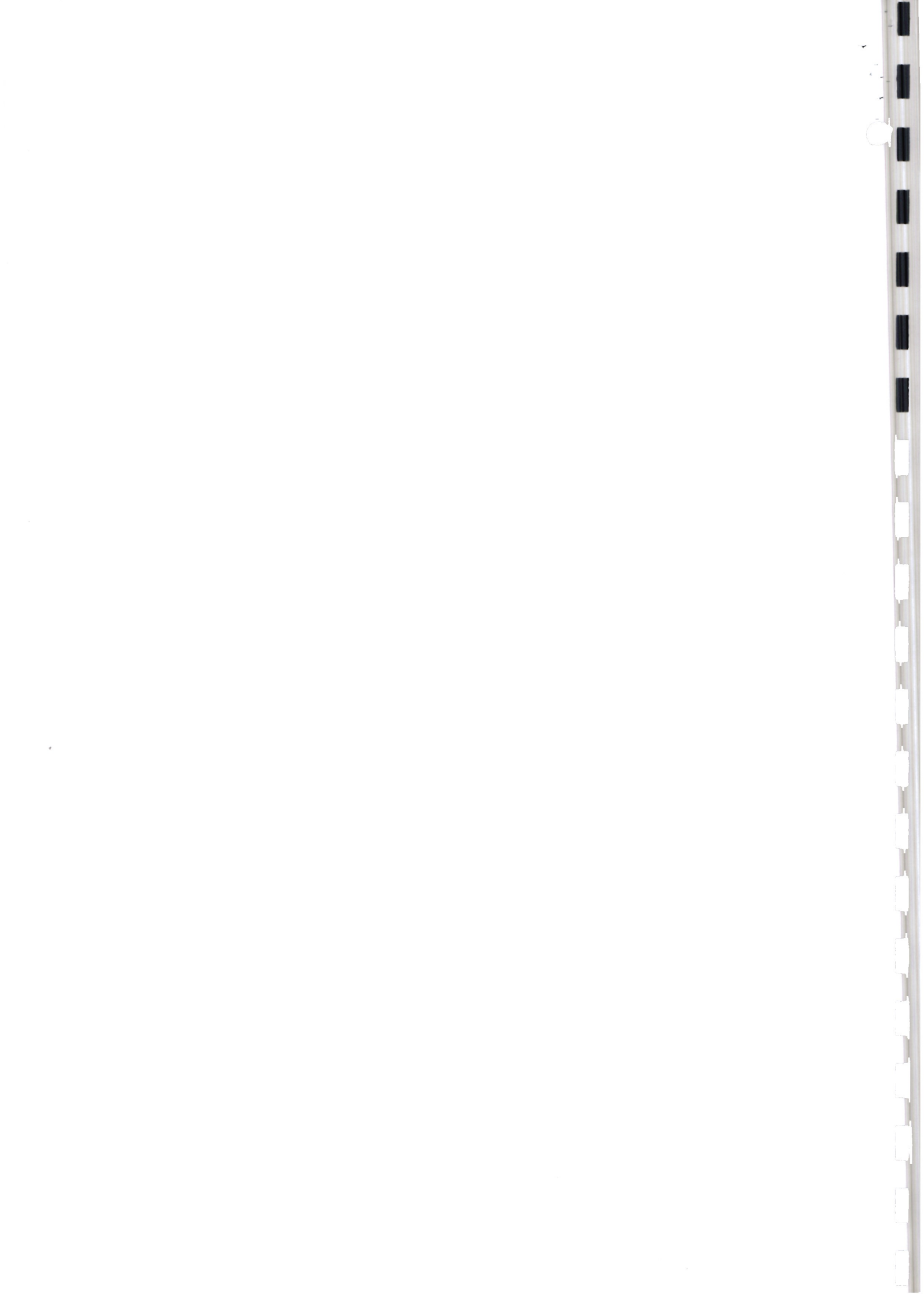
**Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30TH JUNE 2017**

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

(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:

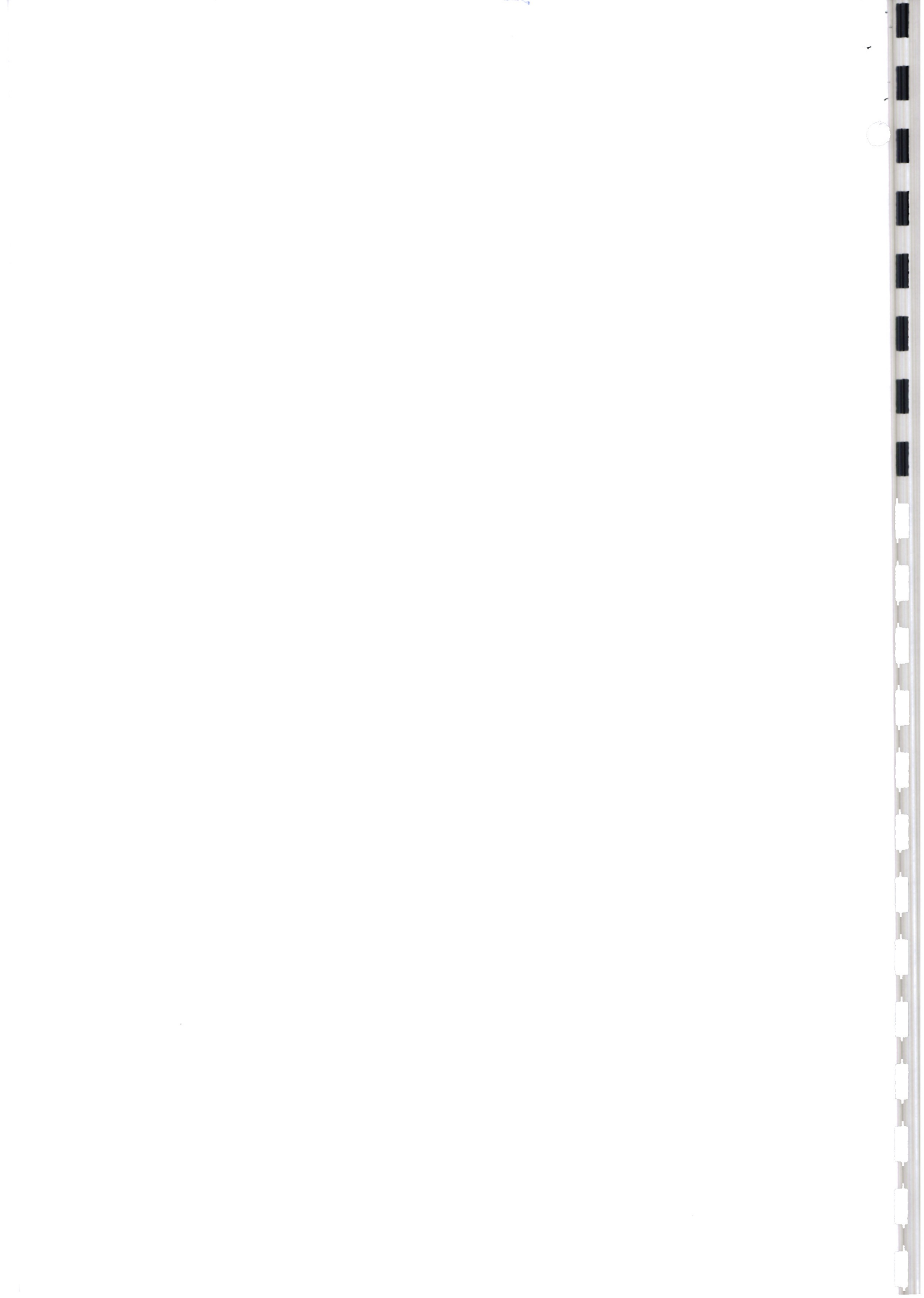
No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Paul Charles Mogendi
3.	Accountant	Collins Nundu
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of Emuhaya 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.

(e) EMUHAYANG-CDF Headquarters

P.O. Box 67 - 50307
Luanda Town, Next to Luanda DO's office at Mulukhoru
Kisumu -Luanda - Busia Highway
Luanda, KENYA



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

Reports and Financial Statements

For the year ended 30TH JUNE 2017

(f) EMUHAYANG-CDF Contacts

Telephone: (254) 728 508 674

E-mail: cdfemuhaya@cdf.go.ke | emuhayacdf@gmail.com

Website: www.cdf.go.ke | www.emuhaya.co.ke

(g) EMUHAYANG-CDF Bankers

Equity Bank

Luanda Branch

A/C No. 1120299846566

P.O. Box 34 - 50307

Luanda, Kenya

(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

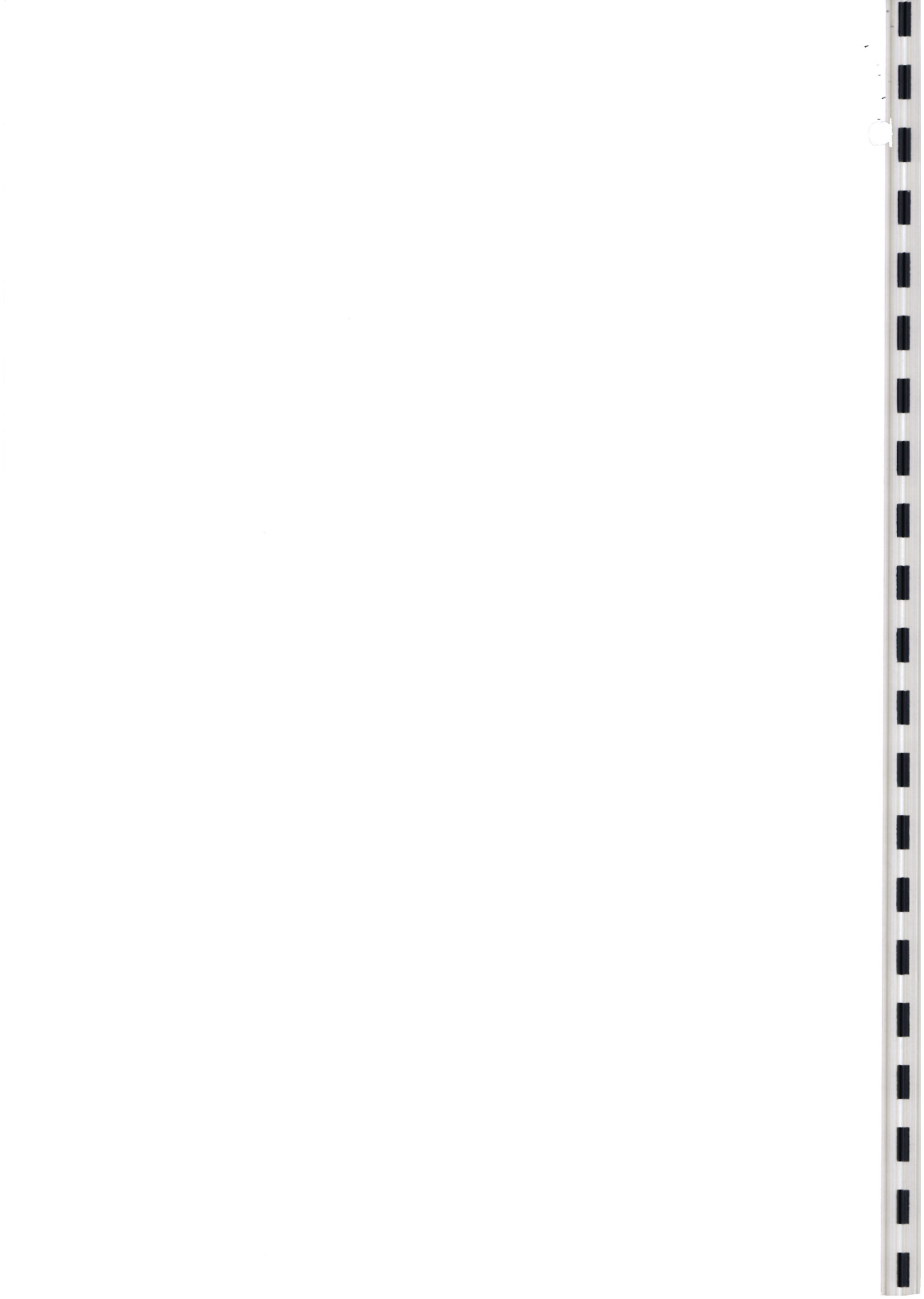
State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



**II. FOREWORD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

Key achievements for the Emuhaya CDFC

During the reporting period, Emuhaya NG-CDFC managed to complete construction of Ebulanawe High School Administration block/ classrooms and Dormitory and handed over; it also undertook Construction and renovation of several classrooms in Schools across the Constituency; Purchase of Computers to boost ICT in Secondary Schools; Commencement of Bunyore Teachers Training College through purchase of land and infrastructure development; raising of KCSE and KCPE mean-scores due to massive bursary support to students. Emuhaya NG-CDFC also undertook construction of (District) Sub-County offices to accommodate departmental heads after creation of a new district. The NG-CDFC also undertook training of PMCs to acquaint them with enough knowledge and skills on implementation of NG-CDF funded projects.

Emerging issues related to CDF

Constant court cases on the legality of CDF has many at times delayed disbursement of funds to the Constituency thus hampering timely and efficient implementation of projects at the grassroots.

There is still a high number of orphaned children requiring heavy bursary support at both Secondary Schools and Tertiary level. Funds available for bursaries are not adequate to fully and properly cater for the huge number of bursary applicants.

Despite some of the sectors being devolved thus restricted from funding by CDF, most residents are not aware of the roles of National and County Governments as far as funding and implementation of projects is concerned.

Implementation challenges and way forward

Projects Administration funding not adequate to provide adequate supervision, miscellaneous expenses for line ministries participation at times leading to poor workmanship.

Sign 
CHAIRMAN NG-CDFC



III. STATEMENT OF NG-CDF 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 CDF shall prepare financial statements in respect of that CDF. 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 *Emuhaya NG-CDF* is responsible for the preparation and presentation of the *NG-CDF's* financial statements, which give a true and fair view of the state of affairs of the *NG-CDF* 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 *NG-CDF*; (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 *NG-CDF*; (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 *Emuhaya NG-CDF* accepts responsibility for the *NG-CDF'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 *NG-CDF's* financial statements give a true and fair view of the state of *NG-CDF's* transactions during the financial year ended June 30, 2017, and of the *NG-CDF's* financial position as at that date. The Accounting Officer in charge of the *Emuhaya NG-CDF* further confirms the completeness of the accounting records maintained for the *NG-CDF*, which have been relied upon in the preparation of the *NG-CDF's* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *Emuhaya NG-CDF* confirms that the *NG-CDF* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the *NG-CDF'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 *NG-CDF'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.

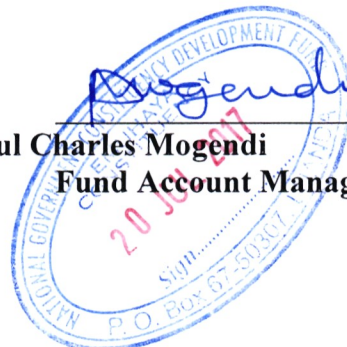
Approval of the financial statements

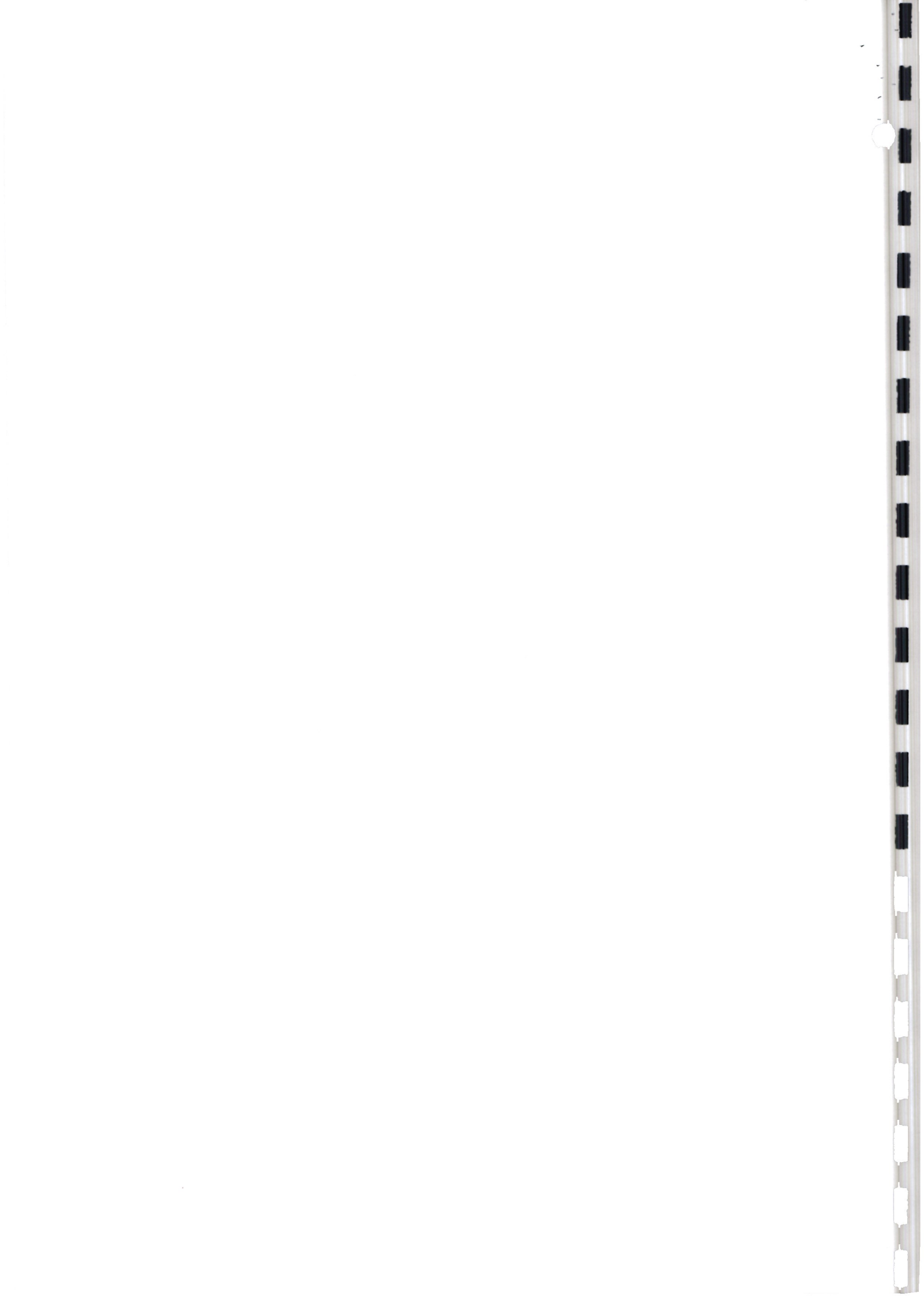
The *NG-CDF's* financial statements were approved and signed by the Accounting Officer on _____ 2017



**Alfred Abunza Asiachi
Chairman - NG-CDFC**

**Paul Charles Mogendi
Fund Account Manager**





REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMUHAYA 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 - Emuhaya Constituency set out on pages 5 to 26, 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, 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-Constituency Development Fund - Emuhaya 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 Standard (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 Basis of Qualified Opinion section, I confirm that nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Irregular Use of Unspent Funds for the Year 2015/2016

In 2015/2016 financial year, a total of Kshs.58,253,703 that had been budgeted for was received when the financial year was ending. However, the money formed part of the expenditures in 2016/2017 financial year notwithstanding the pending

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

programmes of previous period without approval or authorization from the board showing the areas/projects where it should be expended.

There were variations made by the accounting officer in the 2016/2017 budget estimates that had been approved by the NG-CDF Board without proper explanation on the basis of such kind of adjustments as shown below:

Receipt/Expense Item	Original Budget Approved by NG- CDF BOARD	Adjustments	Final Budget
	Kshs.	Kshs.	Kshs.
Receipts			
Transfer from NG-CDF Board	81,896,552	58,253,703	140,150,254
Total	81,896,552	58,253,703	140,150,254
Payments			
Compensation of Employees	2,950,943	291,750	3,242,694
Use of goods and Services	4,419,746	284,314	4,704,060
Transfer to Other Government Units	23,720,000	3,7288,583	61,008,853
Other grants and transfers	50,805,862	20,388,785	71,194,648
Total	81,896,552	58,253,703	140,150,254

In the absence of approval or authorization from the national CDF Board for use of the 2015/16 funds in 2016/17, this was an irregular application of public funds.

2. Transfer to Other Government Entities

2.1 Land for Bunyore Teachers Training College

Included in the transfer to other government entities of Kshs.61,008,853 is an amount of Kshs.3,500,000 paid for purchase of land for Bunyore Teachers Training College, LR No. East Bunyore/Ebusamia/2598. However, from the review of the land purchase records, it was noted that the evaluation report dated 8 June 2016 shows that the land was valued at Kshs.3,500,000, which was again confirmed by the local valuers opinion through report dated 20 September 2016.

However, the sale agreement between the vendor and Fund management dated 15 August 2016 reveals that the Fund management agreed to pay the seller Kshs.4,200,000. There were no records or documents in support of excess payment of Kshs.700,000.

In the circumstances, public funds may not have been applied economically and lawfully to the intended purpose as planned.

2.2 Construction of Three Classrooms at Emwatsi Primary

Included in the transfers to other government entities of Kshs.61,008,853 is an amount of Kshs.1,500,000 paid for construction of three (3) classrooms at Emwatsi Primary School. However, verification of the project records revealed loopholes as follows:

- (i) One of the classrooms had one wall not done but instead, the contractor used a wall of an existing classroom as part of the new structure. No variation order was availed as evidence for deviation from the contract agreement. Floors for all the three (3) classrooms had cracks, an indication of poor workmanship.
- (ii) There were no project progress reports from the Inspection and Acceptance Committee and the Works Officer to ascertain that the works were being inspected as the project progresses. None compliance with the Public Procurement and Assets Disposal Act, 2015 on inspection and acceptance report could have led to wrong specifications and poor workmanship and thus public funds might not have been applied lawfully and economically.
- (iii) There were no original tender documents for the successful contractor. Other requirements like NCA certificate and tax compliance certificate were also not availed for audit review.

3. Other Grants and Transfers

3.1 Lack of Acknowledgement>Returns for Bursary Funds

Included in other grants and transfers of Kshs.71,159,965 in the financial statements is Kshs.5,388,000 for bursaries to needy students for higher education and Kshs.18,178,400 for basic education, all totaling to Kshs.23,566,400.

However, only Kshs.2,489,700 for higher education and Kshs.11,602,268 for basic education disbursed was supported with acknowledgement letters/receipts from the recipient institutions. The total balance of Kshs.9,474,432 disbursed to both higher and basic education levels was not supported with either acknowledgement letters nor receipts.

In the circumstances, it was not possible to ascertain whether the funds disbursed reached intended beneficiaries, hence propriety of the expenditure could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Emuhaya 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 judgments, are of most significance in the audit of the financial statements of the year under review. Except for the matters described in the Basis for Qualified Opinion section of my report, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

Projects Implementation Status Reports

The analysis of project implementation status report as at 30 June 2017 revealed that the Fund had allocated funds for implementation of a total of 331 projects since 2013/2014 to 2016/2017 financial years. However, only 247 projects costing Kshs.168,791,521 had so far been completed. A total of 30 projects are still ongoing and Kshs.65,450,000 has already been paid for them. The status report also reveals that 4 projects have been ongoing since 2013/2014 and re-allocations have been done for 54 projects whose costs is Kshs.20,210,000.

The accounting officer did not give a justification/basis for failure to complete the 2013/2014 projects that have taken more than 3 years and the many re-allocations observed from the project implementation status report slow implementation of projects and thus leading to poor service delivery.

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 either intends to liquidate the Fund or to close 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 of Kenya. 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 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 in accordance with ISSAIs, I exercise professional judgment 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 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 continue offering services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and

separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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

28 December 2018

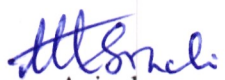
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30TH JUNE 2017**

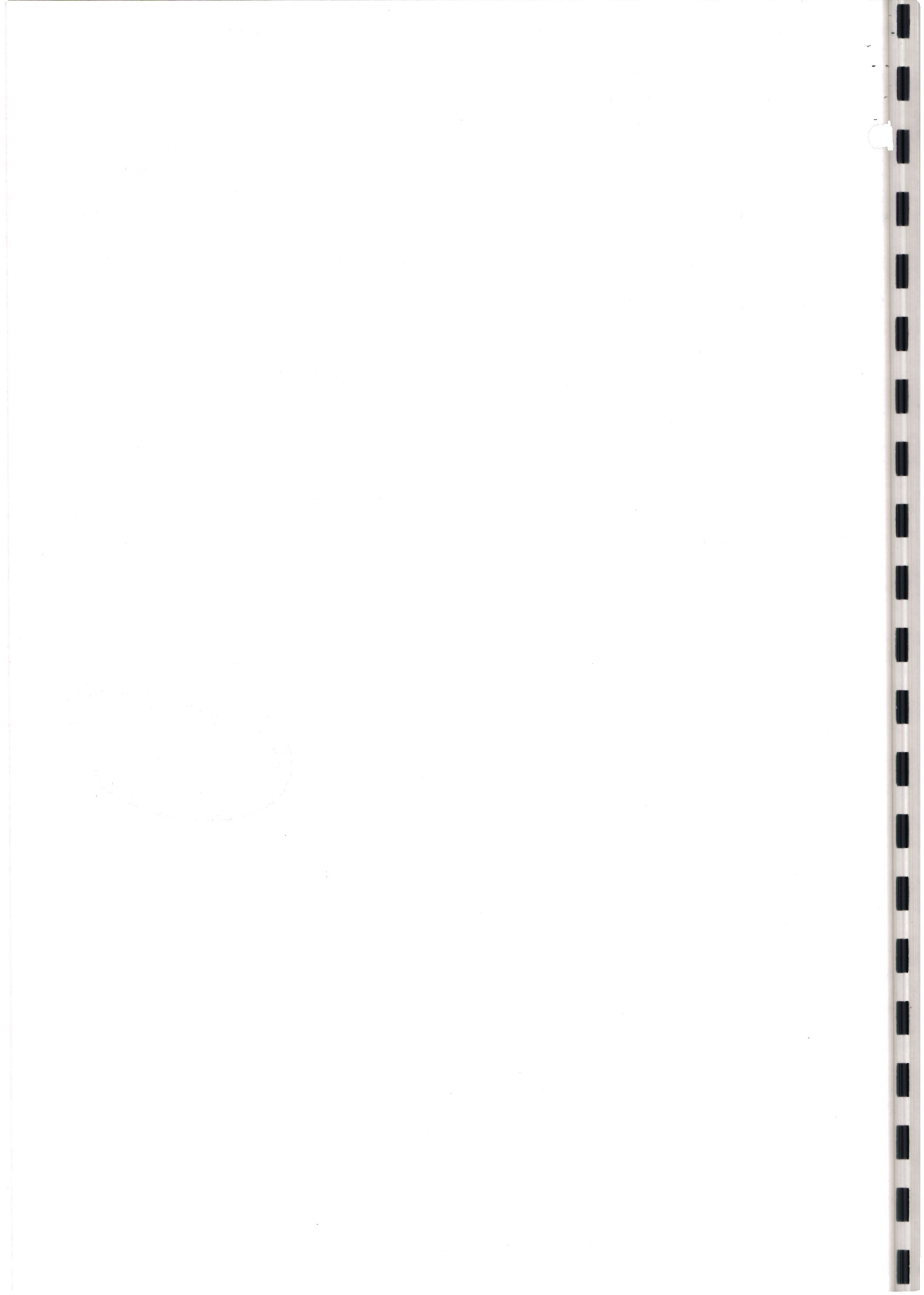
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016-2017 Kshs	2015-2016 Kshs
<u>RECEIPTS</u>			
Transfers from NG – CDF Board	1	81,896,551.70	134,626,941.50
TOTAL RECEIPTS		81,896,551.70	134,626,941.50
<u>PAYMENTS</u>			
Compensation of Employees	2	3,242,693.85	2,223,264.00
Use of goods and services	3	4,704,059.85	10,119,287.94
Transfers to Other Government Units	4	61,008,853.00	44,249,226.33
Other grants and transfers	5	70,589,032.50	42,523,257.68
Acquisition of Assets	6	00	91,037.50
TOTAL PAYMENTS		139,544,639.20	99,206,073.45
SURPLUS/DEFICIT		(57,648,087.50)	35,420,868.05

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMUHAYANG-CDF financial statements were approved on _____ 2017 and signed by:


Alfred Abunza Asiach
Chairman –NG-CDFC





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30TH JUNE 2017**


V. STATEMENT OF ASSETS

	Note	2016-2017 Kshs	2015-2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per cash book)	7	583,615.00	58,253,702.50
Cash at hand		22,000.00	
TOTAL FINANCIAL ASSETS		605,615.00	58,253,702.50
REPRESENTED BY			
Fund balance b/fwd	8	58,253,702.50	22,832,834.45
Surplus/Deficit for the year		(57,648,087.50)	35,420,868.05
NET FINANCIAL POSITION		605,615.00	58,253,702.50

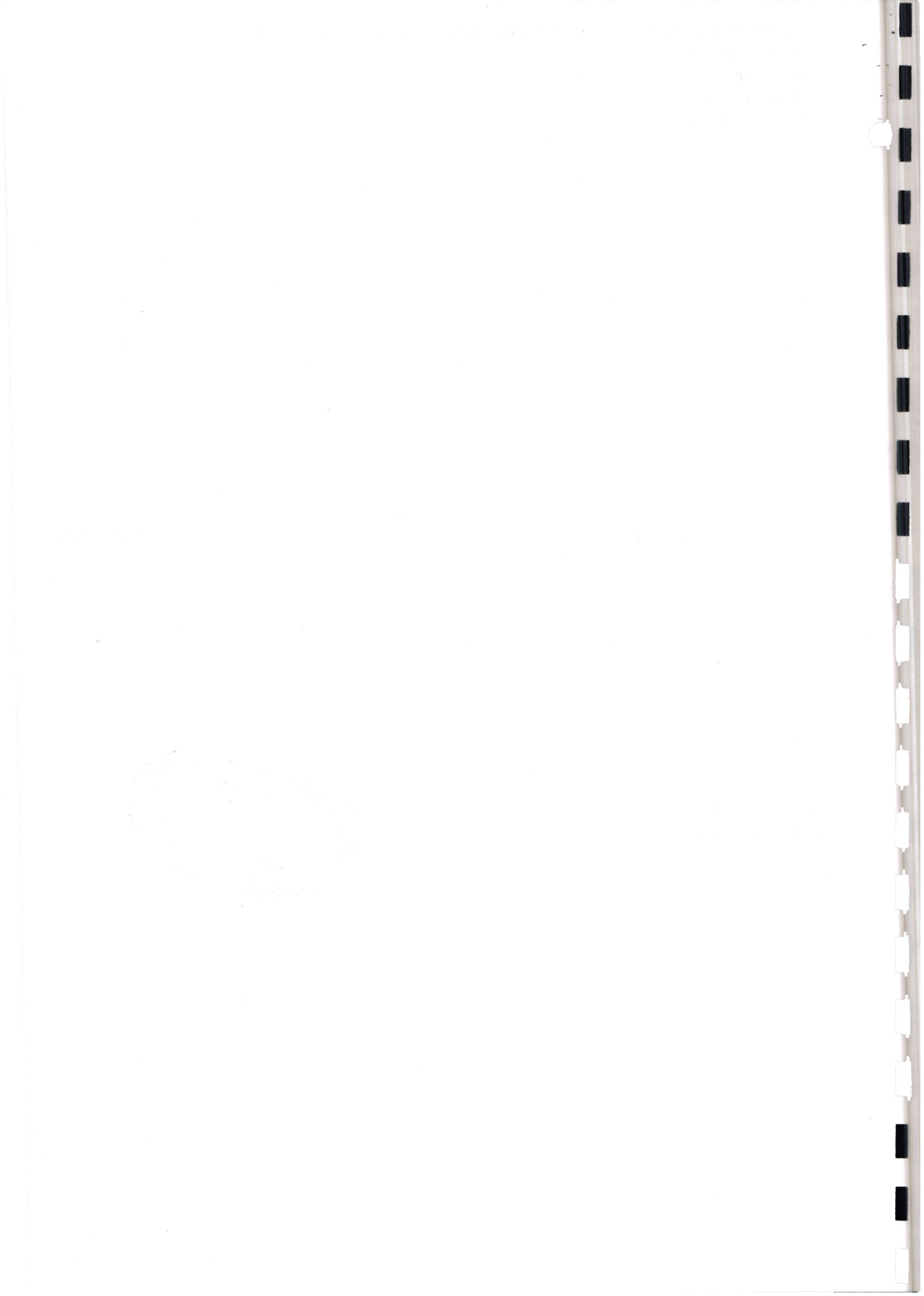
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMUHAYANG-CDF financial statements were approved on _____ 2017 and signed by:



**Alfred Abunza Asiachi
Chairman - NG-CDFC**



**Paul Charles Mogenji
Fund Account Manager**




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

**Reports and Financial Statements
For the year ended 30TH JUNE 2017**

VI. STATEMENT OF CASHFLOW

Receipts for operating income	2016– 2017	2015 - 2016
Transfers from NG-CDF Board	1 81,896,551.70	134,626,941.50
	81,896,551.70	134,626,941.50
Payments for operating expenses		
Compensation of Employees	2 3,242,693.85	2,223,264.00
Use of goods and services	3 4,704,059.85	10,119,287.94
Transfers to Other Government Units	4 61,008,853.00	44,249,226.33
Other grants and transfers	70,589,032.50	42,523,257.68
	139,544,639.20	99,115,035.95
Net cash flow from operating activities	(57,648,087.20)	35,511,905.55
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of Assets	6 00	91,037.50
Net cash flows from Investing Activities		(91,037.50)
NET INCREASE IN CASH AND CASH EQUIVALENT	(57,648,087.50)	35,420,868.05
Cash and cash equivalent at BEGINNING of the year	7 58,253,702.50	22,832,834.45
Cash and cash equivalent at END of the year	8 605,615.00	58,253,702.50

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The EMUHAYANG-CDF financial statements were approved on _____ 2017 and signed by:

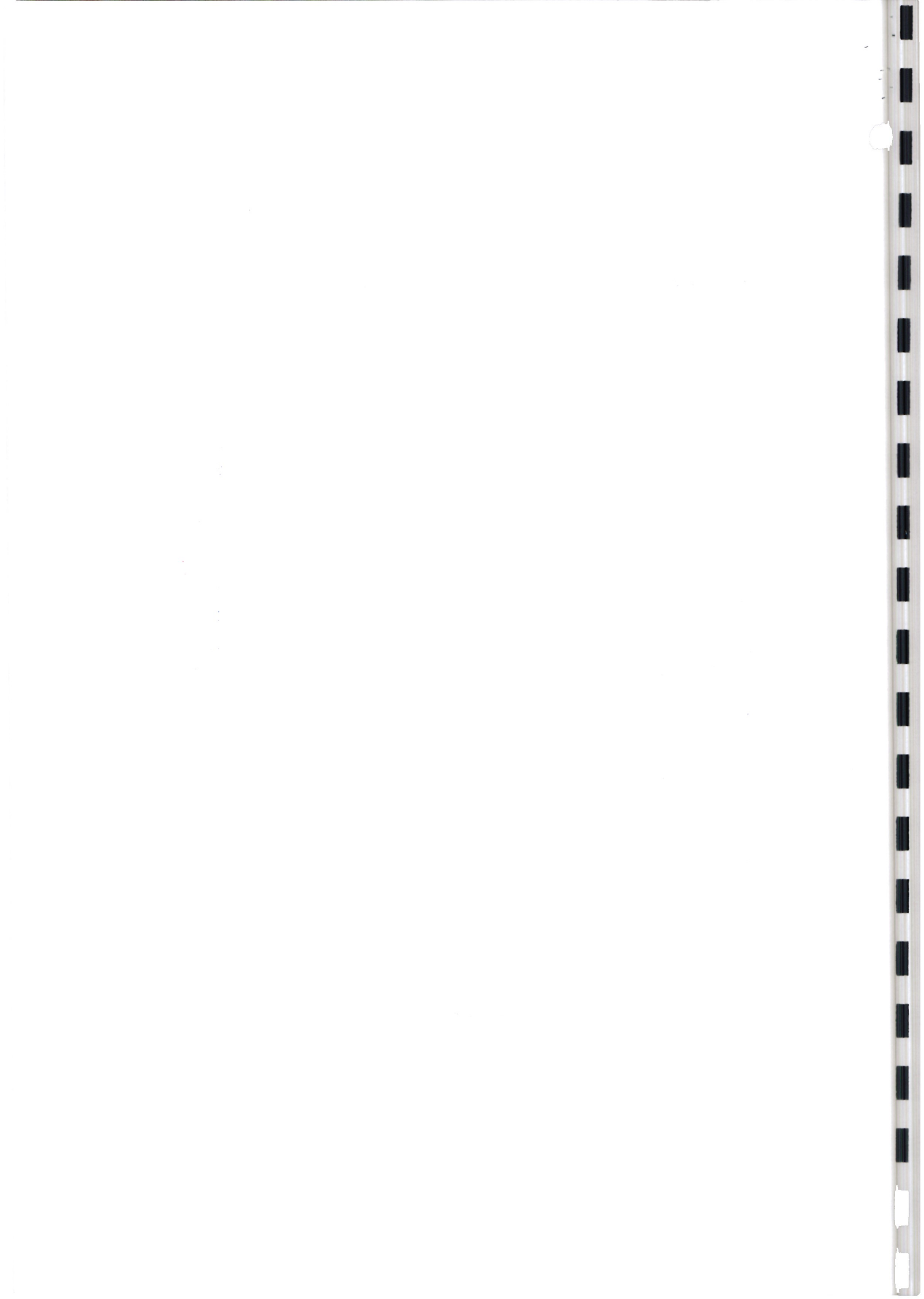


Alfred Abunza Asiachi
Chairman NG-CDFC



Paul Charles Mogendi
Fund Account Manager





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY
Reports and Financial Statements
For the year ended 30TH JUNE 2017


I. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	81,896,551.70	58,253,702.50	140,150,254.20	140,150,254.20	0.00	100%
TOTALS	81,896,551.70	58,253,702.50	140,150,254.20	140,150,254.20	0.00	100%
PAYMENTS						
Compensation of Employees	2,950,943.40	291,750.45	3,242,693.85	3,242,693.85	-	100%
Use of goods and services	4,419,746.26	284,313.59	4,704,059.85	4,704,059.85	-	100%
Transfers to Other Government Units	23,720,000.00	37,288,583.00	61,008,583.00	61,008,583.00	-	100%
Other grants and transfers	50,805,862.04	20,388,785.46	71,194,647.50	70,589,032.50	605,615.00	99.58%
TOTALS	81,896,551.70	58,253,702.50	140,150,254.20	139,544,639.20	605,615.00	99.57%

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 50% of utilization) and any overutilization]

The EMUHAYA NG-CDF financial statements were approved on _____ 2017 and signed by:


Alfred Abunza Asiachi
 Chairman NG-CDFC





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 *NG-CDF* 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 *NG-CDF*.

2. Recognition of revenue and expenses

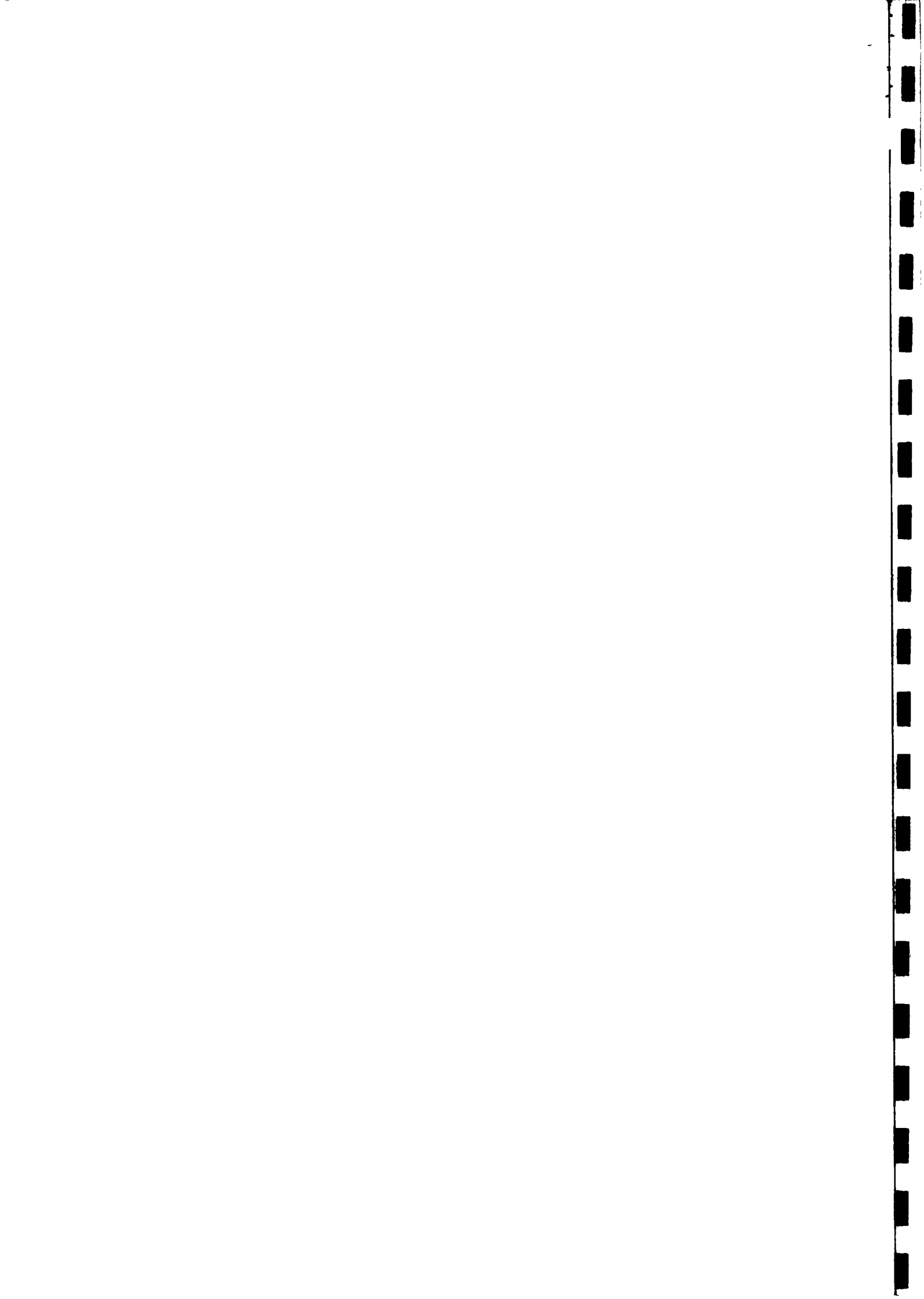
The *NG-CDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *NG-CDF*. In addition, the *NG-CDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *NG-CDF*.

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 advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.



5. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the *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

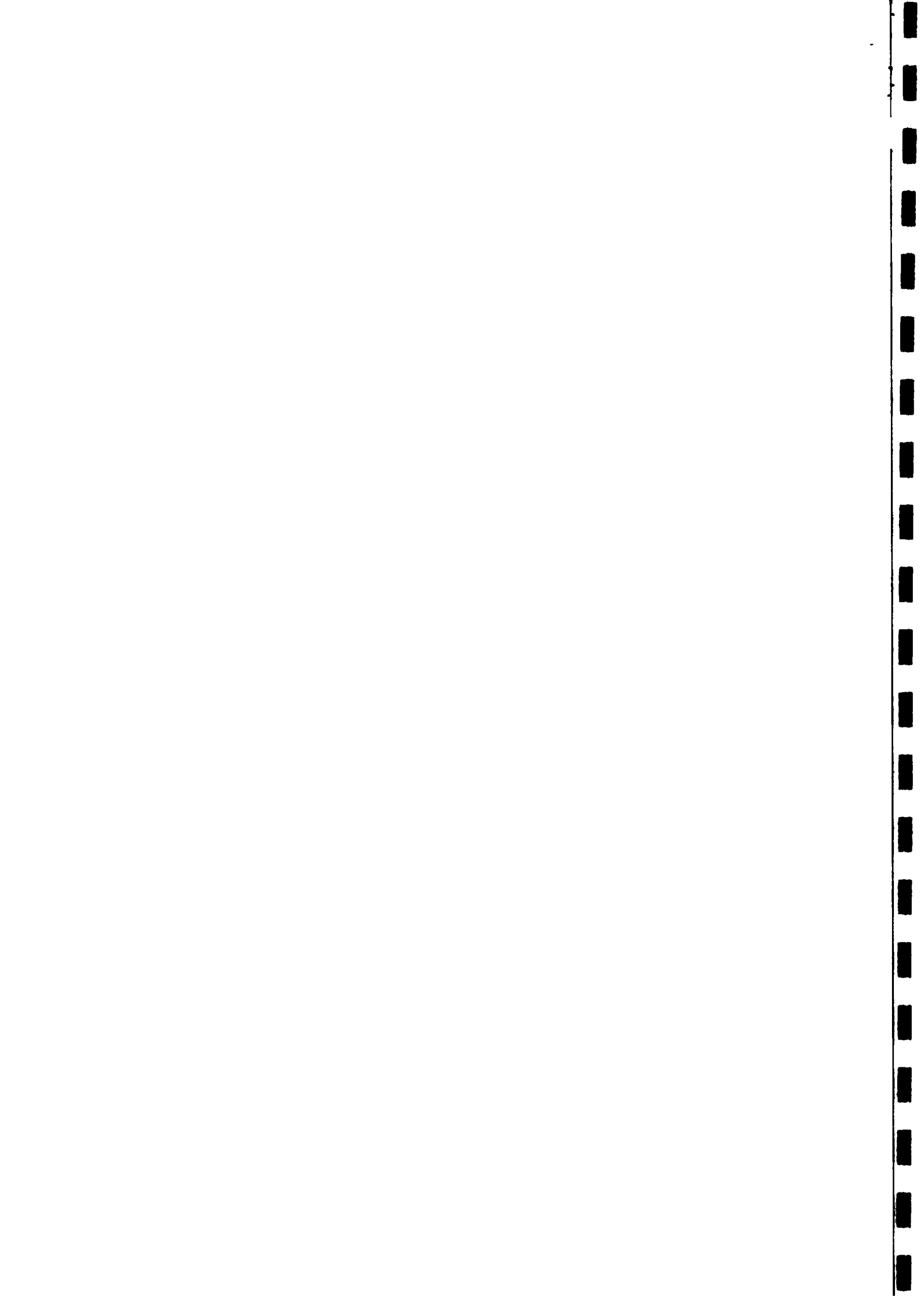
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NG-CDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment 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 –
EMUHAYA CONSTITUENCY**

Reports and Financial Statements

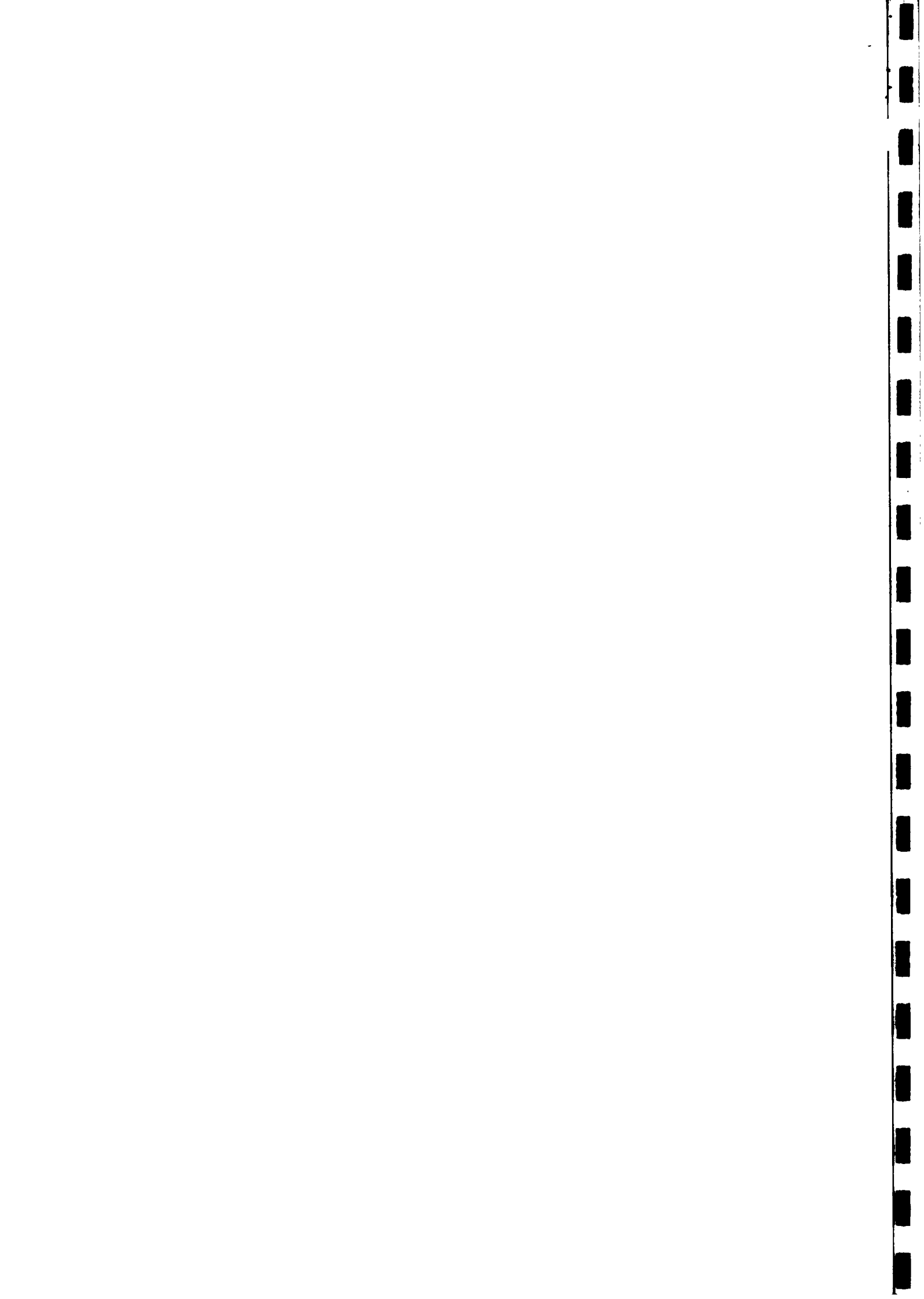
For the year ended 30TH JUNE 2017

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM NG-CDF BOARD

Description		2016 - 2017	2015 - 2016
		Kshs	Kshs
AIE NO	A790776		25,895,032.50
AIE NO	A724074		10,000,000.00
AIE NO	A724212		10,000,000.00
AIE NO	A820547		10,000,000.00
AIE NO	A820719		24,000,000.00
AIE NO	A820785		54,731,909.00
AIE NO	A829541	4,094,827.60	
AIE NO	A839588	36,853,449.00	
AIE NO	A855671	40,948,275.10	
TOTAL		81,896,551.70	134,626,941.50





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

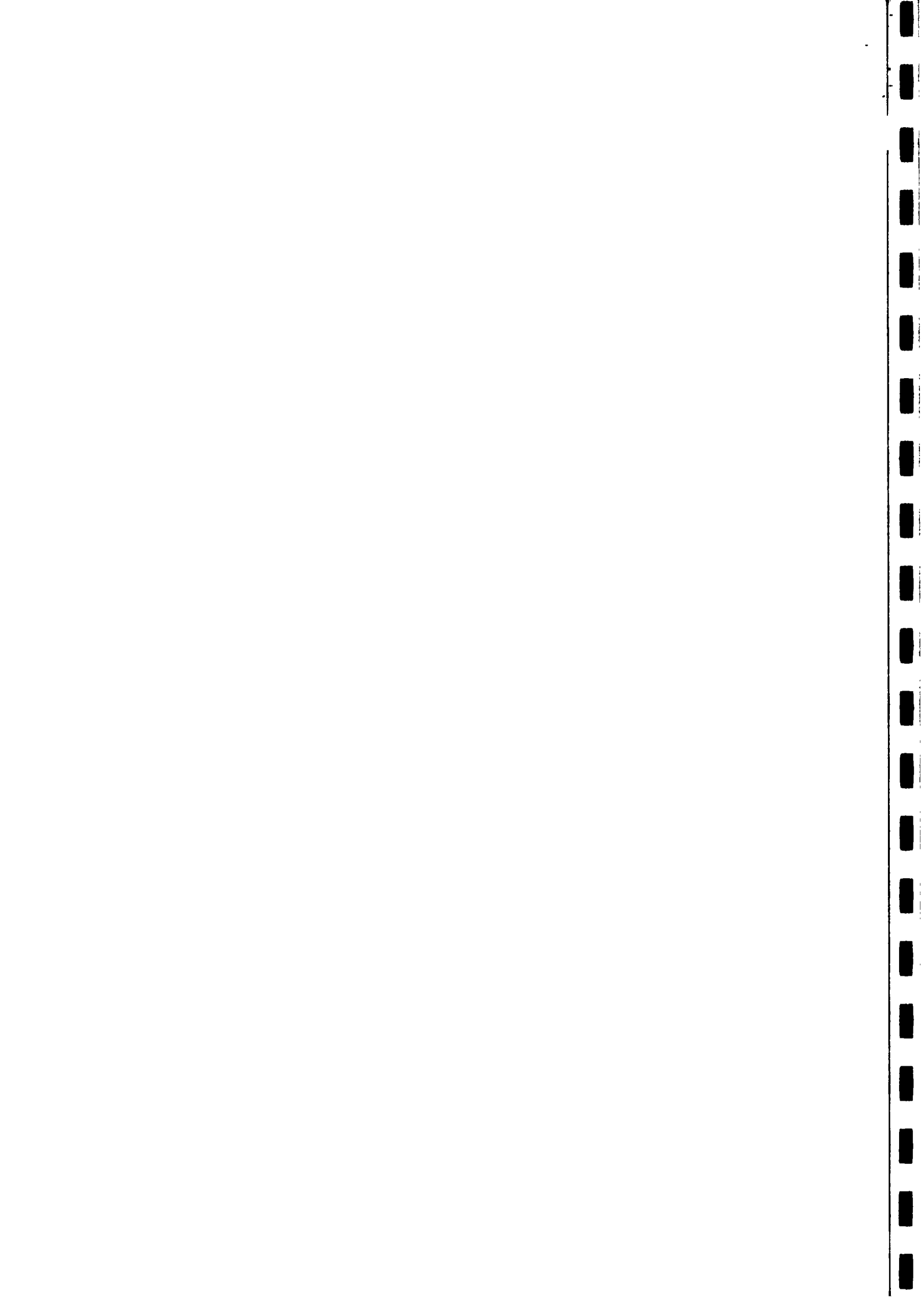
**Reports and Financial Statements
For the year ended 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	3,130,120.97	2,129,664.00
Basic wages of casual labour	88,100.00	72,000.00
Employer contribution to NSSF	24,472.88	21,600.00
Total	3,242,693.85	2,223,264.00





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

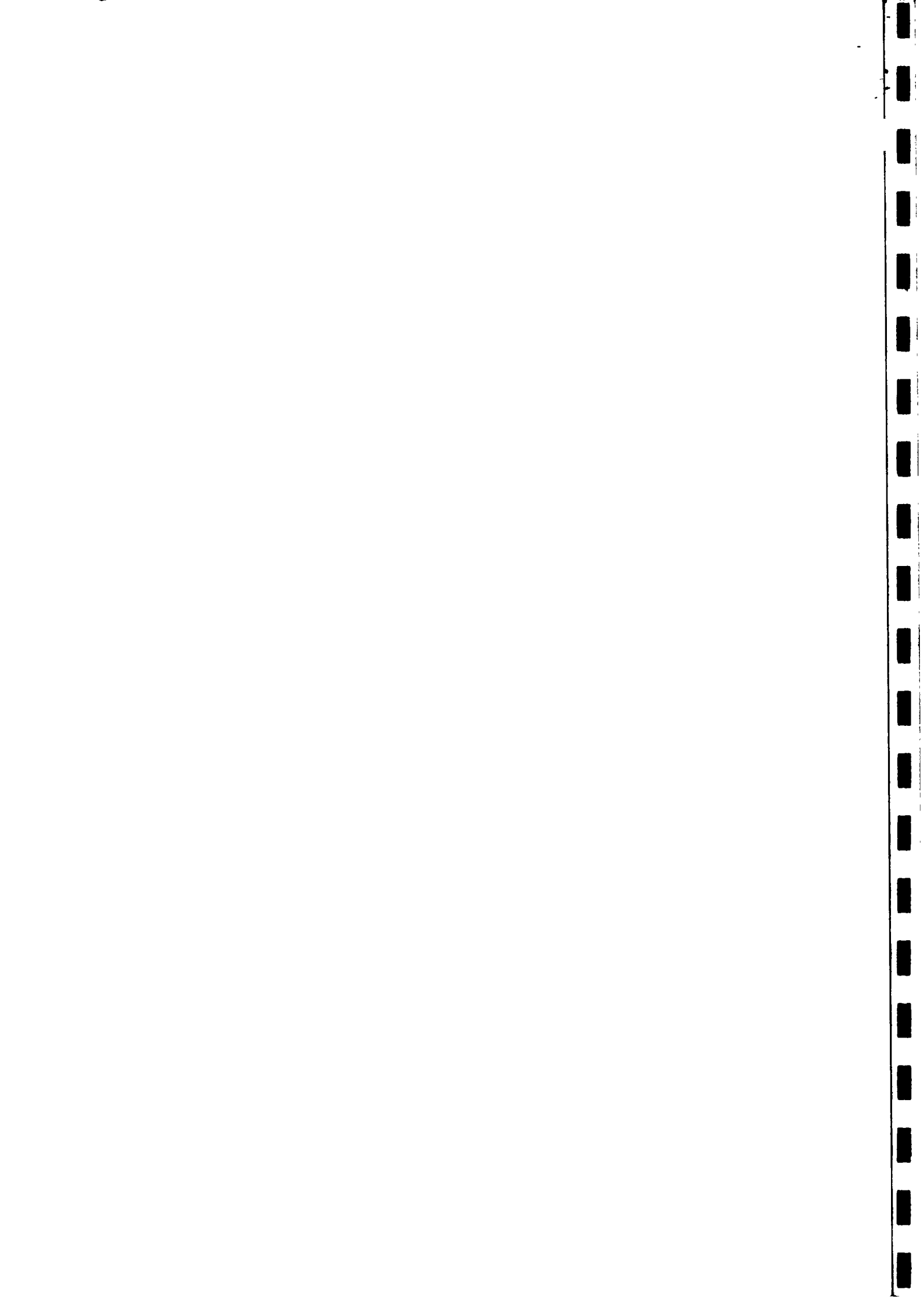
**Reports and Financial Statements
For the year ended 30TH JUNE 2017**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Utilities, supplies and services	45,255.15	59,531.40
Communication, supplies and services	144,935.70	534,798.00
Domestic travel and subsistence	00	642,900.00
Printing, advertising and information supplies & services	00	1,210,380.00
Training expenses	869,850.00	00
Hospitality supplies and services	00	151,800.00
Insurance costs	00	149,792.00
Office and general supplies and services	1,095,951.00	1,995,444.00
Other operating expenses	423,640.00	1,360,445.00
Routine maintenance – vehicles and other transport equipment	491,978.00	235,417.54
Committee allowances	467,150.00	2,809,750.00
Committee expenses	1,165,300.00	969,030.00
Total	<u>4,704,059.85</u>	<u>10,119,287.94</u>





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

Reports and Financial Statements

For the year ended 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
Transfers to primary schools (see attached list)	22,250,000.00	11,700,000.00
Transfers to secondary schools (see attached list)	19,547,333.70	20,625,276.33
Transfers to tertiary institutions (see attached list)	18,829,870.00	10,000,000.00
Transfers to health institutions (see attached list)	381,649.30	1,923,950.00
TOTAL	61,008,853.00	44,249,226.33

5. OTHER GRANTS AND OTHER TRANSFERS

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	23,832,518.00	14,937,600.00
Bursary – tertiary institutions (see attached list)	7,909,900.00	7,540,435.00
Mocks & CATs (see attached list)	493,020.00	571,900.00
Water projects (see attached list)	1,534,799.00	665,766.00
Electricity projects (see attached list)	00	1,817,249.18
Security projects (see attached list)	32,518,254.00	1,866,220.00
Roads projects (see attached list)	00	8,140,335.00
Sports projects (see attached list)	00	1,985,174.00
Environment projects (see attached list)	300,000.00	00
Emergency projects (see attached list)	3,800,541.50	4,807,541.00
Agriculture Projects	200,000.00	100,000.00
Total	70,589,032.50	42,432,220.18





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

Reports and Financial Statements

For the year ended 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

Non Financial Assets

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Total Assets	54,228,095.26	54,228,095.26
Total	54,228,095.26	54,228,095.26





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

Reports and Financial Statements

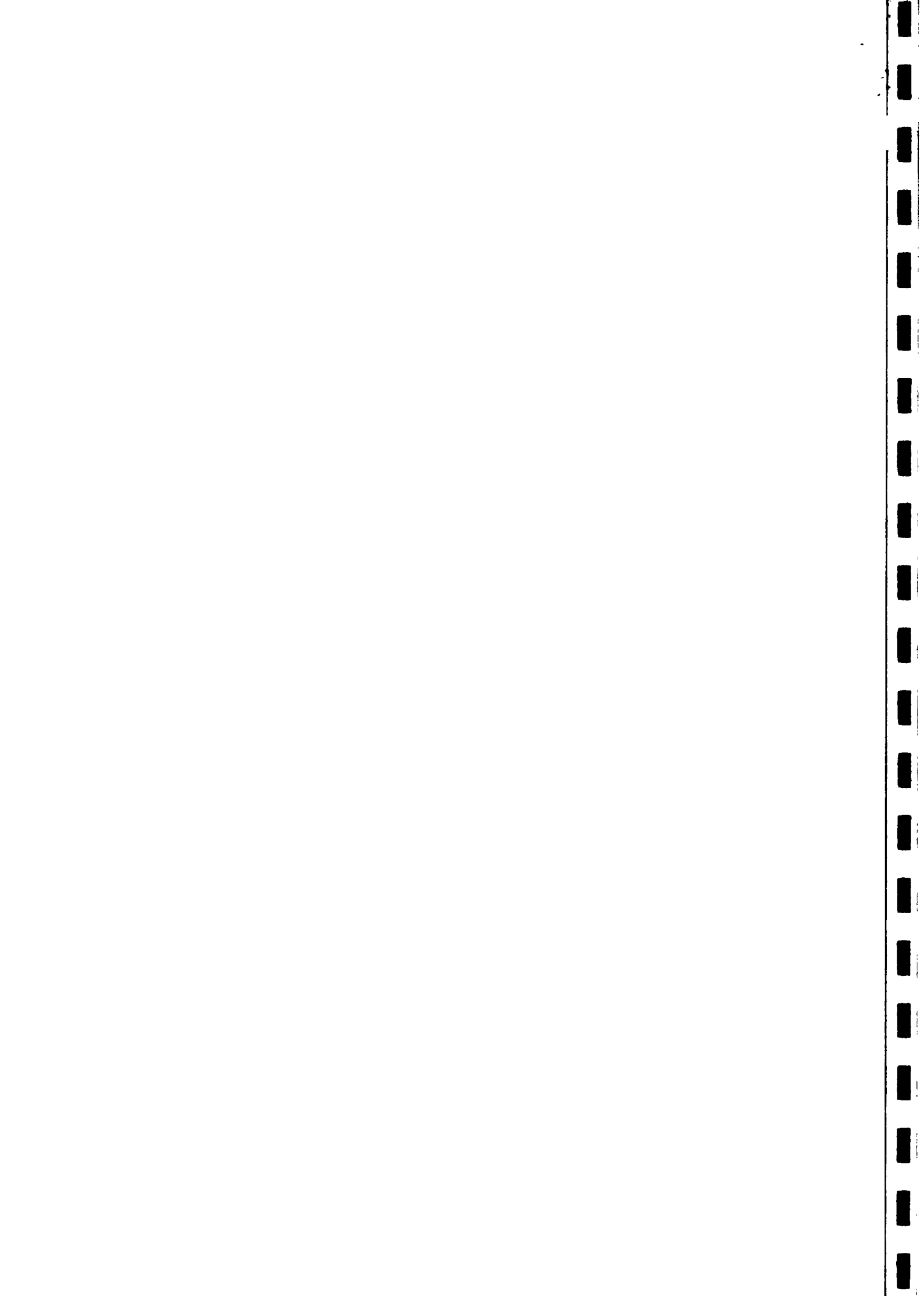
For the year ended 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2016 - 2017	2015 - 2016
	Kshs	Kshs
<i>Equity Bank, Account No. 1120299846566</i>	583,615.00	58,253,702.50
Total	583,615.00	58,253,702.50





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
EMUHAYA CONSTITUENCY**

Reports and Financial Statements

For the year ended 30TH JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	58,253,702.50	27,387,906.05
Imprest	00	00
Total	58,253,702.50	27,387,906.05

[Provide short appropriate explanations as necessary]





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
 EMUHAYA CONSTITUENCY
 Reports and Financial Statements
 For the year ended 30TH JUNE 2017**

9. OTHER IMPORTANT DISCLOSURES

	2016– 2017	2015– 2016
9.1: PENDING STAFF PAYABLES		
	Kshs	Kshs
Gratuity to contracted employees	00	1,037,575.93
	00	1,037,575.93

9.2: OTHER PENDING PAYABLES (See Annex 1)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)		32,000,000
Amount due to use of Goods and Services	22,000.00	
Amounts due to other grants and other transfers (see attached list)	583,615.00	24,635,987.96
	605,615.00	58,253,702.50

9.3 PMC BANK ACCOUNT BALANCES (see Annex 3)

	Kshs	Kshs
PMC Account balances	9,175,723.10	8,976,626.00
	9,175,723.10	8,976,626.00





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY
Reports and Financial Statements
For the year ended 30TH JUNE 2017

ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2017	Outstanding Balance 2016	Comments
Amounts due to Contractors							
1.		a	B	C	d=a-c		
2.							
3.							
4.							





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY
Reports and Financial Statements
For the year ended 30TH JUNE 2017

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	2,300,000.00	2,300,000.00
Buildings and structures	41,293,933.26	41,293,933.26
Transport equipment	7,005,545.00	7,005,545.00
Office equipment, furniture and fittings	1,452,442.00	1,452,442.00
ICT Equipment, Software and Other ICT Assets	2,176,175.00	2,176,175.00
Other Machinery and Equipment	00	00
Heritage and cultural assets	00	00
Intangible assets	00	00
Total	54,228,095.26	54,228,095.26





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY

Reports and Financial Statements

For the year ended 30TH JUNE 2017

ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
EBULAMBA PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120298729815	3,522.00	111,365.00
MUCHULA PRIMARY SCHOOL	KCB-LUANDA BRANCH	1132448646	18,553.00	363.00
ESALWA PRIMARY SCHOOL	KCB-LUANDA BRANCH	1128768704	22,538.00	10,186.00
MUNGOYE PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120270719075	607.00	-
ESSUMBA PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	112029757567	610.00	192,665.00
ESIBAKALA PRIMARY SCHOOL	KCB-LUANDA BRANCH	1128917890	29,400.00	90.00
ESSABA PRIMARY SCHOOL	KCB-LUANDA BRANCH	1128504030	360,197.00	417.00
MWITUHA PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120271458638	905	-
EBUKHAYA PRIMARY SCHOOL	KCB-LUANDA BRANCH	1135727392	2,559.50	
EBUTUTI PRIMARY SCHOOL	KCB-LUANDA BRANCH	1120261526036	4,306.50	905,423.50
EBUCHELI PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	112026261493763	288,195	1,067.00
EMMUKUNZI PRIMARY SCHOOL	KCB-LUANDA BRANCH	1135372268	1,169.50	1,615
ELUNUNI PRIMARY SCHOOL	KCB-LUANDA	1156281598	51,803	963,285.00
EMATSULI PRIMARY SCHOOL	KCB-LUANDA BRANCH	1172327785	2042.00	625.00
EMUSUTSWI PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120297574136	478.00	190.00
MWITUKHO PRIMARY SCHOOL	KCB-LUANDA BRANCH	11374432227	10,756	831.00
EBUNANGWE PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120266328646	9090.60	500.00
EMUHONDO PRIMARY SCHOOL	KCB-LUANDA	1156096154	233.00	30.00
ESIBUYE PRIMARY SCHOOL	KCB-LUANDA	1127963317	77,998.00	720.00
EBUSIRATSI C.O.G PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120297543435	2,999.45	1,469.45
ASSEBU PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120261593871	501,119.0	869.00
ESIRULO PRIMARY SCHOOL	KCB-LUANDA BRANCH	1110441711	513.00	703.00
EMBALI ADMINISTRATION CENTRE	EQUITY-LUANDA BRANCH	1120263364002	5,675.00	2,790.00
EMUHAYA ADMINISTRATION CENTRE-EMUSIRE	KCB-LUANDA BRANCH	1184222099	152,305.00	-
EMAKAKHA POLICE POST	KCB-LUANDA BRANCH	1128504030	201,200.00	-
ELUHOBE PRIMARY SCHOOL	KCB-LUANDA BRANCH	1128504030	249.50	1,050.00



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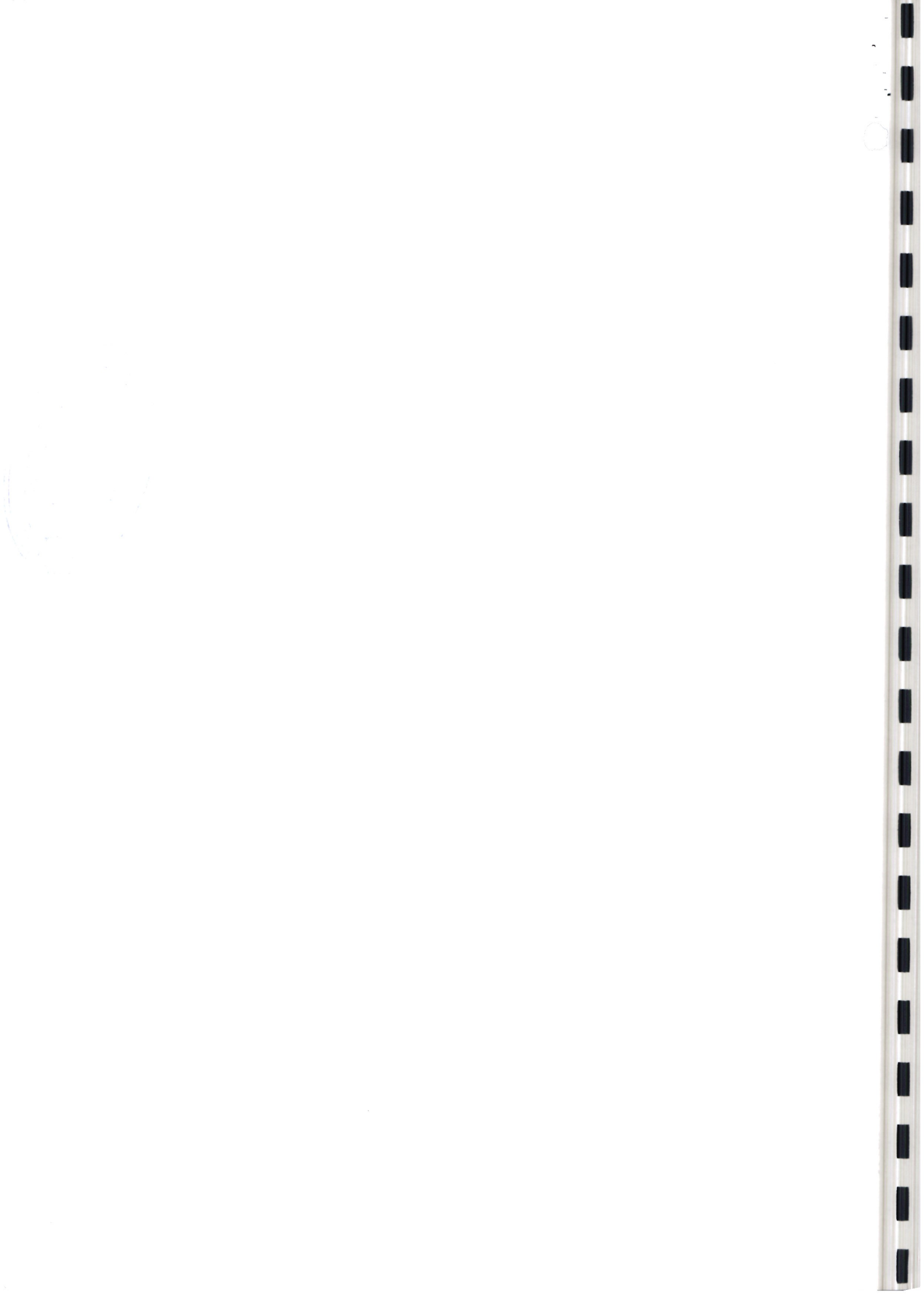
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY

Reports and Financial Statements

For the year ended 30TH JUNE 2017

PMC	Bank	Account Number	Bank Balance 2016/17	Bank Balance 2016/15
EBUKANGA SECONDARY SCHOOL	KCB-LUANDA BRANCH	1135492557	5,496.00	6306.00
KILINGILI PRIMARY SCHOOL	EQUITY-LUANDA BRANCH	1120298825577	2,287.00	2,287.00
ESIBILA PRIMARY SCHOOL	KCB-LUANDA BRANCH	1128440121	449.50	1545.00
ESSABA SECONDARY SCHOOL	EQUITY-LUANDA BRANCH	1120261600376	17,644.50	1,002,214.00
EMUSIRE PRIMARY SCHOOL	KCB-LUANDA BRANCH	1129105326	1793.00	689.00
MUNDICHIRI PRIMARY SCHOOL	KCB-LUANDA BRANCH	1135268096	529.00	2,625.00
EBUSILOLI SECONDARY SCHOOL	EQUITY-LUANDA BRANCH	1120297669043	33,145.00	33,145.00
ESSUNZA PRIMARY SCHOOL	KCB-LUANDA BRANCH	1135400210	5434.00	824.00
MUNGGOYE SECONDARY SCHOOL	EQUITY-LUANDA BRANCH	1120262677491	607.00	127,782.00
EBUKHAYA SECONDARY SCHOOL	KCB-LUANDA BRANCH	1132346576	13,083.00	12,639.00
EMUREMBE PRIMARY SCHOOL	KCB-LUANDA BRANCH	1128390361	573.00	1425.00
MWITUHA SECONDARY SCHOOL	EQUITY-LUANDA BRANCH	1120263402646	23,541.00	725.00
EBUSIRATSI SECONDARY SCHOOL	EQUITY-LUANDA BRANCH	1120261705382	852.50	602.50
EMMUKUNZI SECONDARY SCHOOL	KCB-LUANDA	1135372268	1169.00	1615.00
ESSUNZA SECONDARY SCHOOL	KCB-LUANDA BRANCH	1184431043	892,505.00	-
ST.PETER'S ITUMBU SECONDARY SCHOOL	KCB-LUANDA BRANCH	1133420842	170.00	170.00
EBUNANGWE SECONDARY SCHOOL	EQUITY-LUANDA BRANCH	1120264795411	6,639.00	56,639.00
EBUYALU PRIMARY SCHOOL	KCB-LUANDA BRANCH	11137362308	1680.00	2505.00
EBUKOOLO SECONDARY SCHOOL	EQUITY-LUANDA BRANCH	1120299446123	1,475.00	625.00
MWICHIO POLICE POST	KCB-LUANDA BRANCH	1130293610	1,363.00	1380.00
EBUKOOLO AP CAMP	EQUITY-LUANDA BRANCH	1120266296005	5,770.00	120.00
EMANYINYA AP CAMP	EQUITY-LUANDA BRANCH	1120298713446	315.10	315.10
EBUSIRATSI AP CAMP	EQUITY-LUANDA BRANCH	1120266392380	831.00	100.00
ILUNGU AP CAMP	EQUITY-LUANDA BRANCH	1120297411756	293.00	98.00
EBUKANGA AP CAMP	EQUITY-LUANDA BRANCH	1120299089561	88.50	2072.50
ESSABA AP CAMP	KCB-LUANDA BRANCH	1120342856	7,109.50	670.00
ESIRULO AP CAMP	EQUITY-LUANDA BRANCH	1120299431944	47,483.50	273.50
ESSABA DISPENSARY	EQUITY-LUANDA BRANCH	1120266392380	222.50	2,322.50
NZALWA YOUTH POLYTECHNIC	EQUITY-LUANDA BRANCH	1120266392380	222.50	7,210.00





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY

**Reports and Financial Statements
For the year ended 30TH JUNE 2017**

PMC	Bank	Account Number	Bank Balance 2016/17	Bank Balance 2016/15
EMMUKUNZI POLYTECHNIC	KCB-LUANDA BRANCH	1120142938	504.50	2,051.00
EBUKANGA T.T.I	EQUITY-LUANDA BRANCH	1120246516476	5,506,637.00	5,506,732.00
LUANDA TEA BUYING CENTRE	EQUITY-LUANDA BRANCH	1120198554185	1,364.95	1,364.95
ESIREMBELA TEA BUYING CENTRE	EQUITY-LUANDA BRANCH	112029751296	15,920.00	1300.00
Total			9,175,723.10	8,976,626.00





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY
Reports and Financial Statements
For the year ended 30TH JUNE 2017

ANNEX 4: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
VHG/CDF/INSP/17	<u>Review of Budget Performance:</u> The CDF incurred some of the expenditure against the approved budget resulting to under expenditure of various budget lines	Kindly refer to the corrected financial statements 2014/2015 for correct amounts i.e. amount budgeted, actual expenditure and the under/over expenditure. Refer to page 29 of the corrected financial statements.	Paul Charles Mogendi FAM	Resolved	N/A
VHG/CDF/INSP/17	<u>Undisbursed Allocation –</u> Kshs.25,895,032.50: The CDF received funds amounting to Kshs. 77,685,097.50 in the year against total National Allocation of Kshs. 103,580,130 resulting to undisbursed allocation of Kshs.25,895,032.50	The funds of Kshs.25,895,032.50 for financial year 2014/2015 for CDF Emuhaya were received on 07/07/2015. This was after the financial year had been closed. The late disbursement led to delayed implementation of projects, therefore isn't the making of CDF Emuhaya.	Paul Charles Mogendi FAM	Resolved	N/A
VHG/CDF/INSP/17	<u>Incorrect Opening balances in the Financial Statement:</u> The opening balances reported in the financial statement did not agree with last years' audited financial statement as shown.	During audit and discussions on the exit meeting, the CDFC realised the errors on the already submitted financial statements of 2014-2015. The CDF thus made the corrections.	Paul Charles Mogendi FAM	Resolved	N/A





NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – EMUHAYA CONSTITUENCY

Reports and Financial Statements

For the year ended 30TH JUNE 2017

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)
VHG/CDF/INSP/1/17	Discrepancies in the financial statement figures – Kshs.30,757,775.35: The expenditure lines highlighted in the financial statements could not agree with the ledgers provided and its source documentations. Furthermore, the supporting schedules could not be properly linked to prepared cashbook for transactions verification.	There was an anomaly in the initial financial statements submitted for audit. This correction has been done hence the revised financial statements contains the correct figures.	Paul Charles Mogendi FAM	Resolved	N/A
VHG/CDF/INSP/1/17	Un-supported Account balances – Kshs.55,431,913.50: The management did not avail for audit verification the detailed supporting ledgers and documents in respect of the account balances highlighted. The schedules availed were block figures per month for the whole year with poor audit trail hence not verifiable.	I have revised the schedules supporting the above total of Kshs.55,431,913.50. The revision entails the expenditures analyzed in details as per voteheads.	Paul Charles Mogendi FAM	Resolved	N/A





