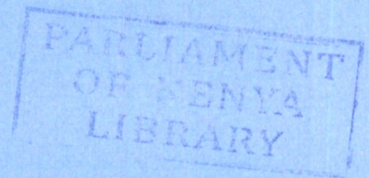




OFFICE OF THE AUDITOR-GENERAL

REPORT

OF



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 MAR 2019	WEDNESDAY
TABLED BY: Hon. Aden Duale Leader of majority party	ON
CLERK-AT-THE-TABLE: Moses Lemuna.	

THE AUDITOR-GENERAL

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BUTERE CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2017



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
BUTERE CONSTITUENCY**

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 CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

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

I. CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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

(b) Key Management

The BUTERE *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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Collins Obuya
3.	Accountant	Andrew Anyal
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Butere 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.

(ii)

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

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

(e) BUTERE CDF Headquarters

NGCDF Office Building
P.O. Box 326-50101,
Butere.

(f) BUTERE CDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Cooperative Bank, Mumias
A/C NO.01120068114200

(g) Independent Auditors

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

(h) 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- BUTERE
CONSTITUENCY**

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

**II FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT FUND
COMMITTEE (CDFC)**

As a committee the year 2016/17 financial year has brought both success and challenges. NG-CDFC Butere constituency received all the kshs81, 896,551.70 allocated for the financial year. We performed well despite the challenges by ensuring that we were well over 95% in the budget performance against actual amounts for current year based our programmes.

During the year we completed several facilities in the education, security and social services sectors. Most of completed projects were on-going projects carried over from the last financial year. However some of the projects started in 2016/2017 financial year are on-going and we hope to complete them in the first year of the financial year 2017/2018. For proper management of our projects we trained several project management committees.

The year 2016/2017 had the main challenge as overwhelming demands for bursary. Despite the increase allocation of Bursary, the demand was very high. We had also many requests for a project especially classes both for secondary and primary schools which we could not fulfil with the current allocation.

I sincerely thank the NG-CDF Board for timely disbursement which enabled us finish the projects. On behalf of NG-CDFC Butere constituency committee and employees I assure you of our total commitment and dedication in serving our constituency.

Mr. Fredrick Benson Kasamani
CHAIRMAN
NG-CDFC BUTERE CONSTITUENCY

II STATEMENT OF 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 agency shall prepare financial statements in respect of that agency. 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.

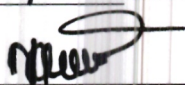
The Accounting Officer in charge of the NGCDF BUTERE Constituency Development Fund is responsible for the preparation and presentation of the NGCDF financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the NGCDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF accepts responsibility for the NGCDF 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 financial statements give a true and fair view of the state of NGCDF transactions during the financial year ended June 30, 2017, and of the NGCDF financial position as at that date. The Accounting Officer charge of the NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the 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 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 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
11/12 2017.



Fund Account Manager



Chairman NGCDFC

(v)

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 THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BUTERE CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund – Butere Constituency set out on pages 1 to 18, which comprise the statement of assets as at 30 June 2017, the statements of receipts and payments, statement of cash flows and statement of appropriation: recurrent and development combined 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 effects of the matter 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 – Butere Constituency as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

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

Basis for Qualified Opinion

Unutilized Projects and Unsupported Expenditure

The statement of receipts and payments reflects transfers to other Government units balance totaling Kshs.40,629,569 which in turn includes grants amounting to Kshs.16,500,000 for Shinamwenyuli Community Resource Centre spent on building a Health Centre. However, documentation on the project was not submitted for audit.

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

In addition, although the Resource Centre was complete with only inner doors yet to be installed, it had not been put to use at the time of audit.

Also included in the transfers to other Government units balance totaling Kshs.40,629,569 is an allocation of Kshs.1,000,000 made to Ematawa Primary School for the construction of an administration block. As with the Resource Centre, documentation on the project was not made available for audit review.

In the circumstances, it is not possible to confirm the accuracy and propriety of the expenditure totaling Kshs.17,500,000 incurred on the two projects.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund – Butere 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 requirements applicable to performing audits of financial statements in Kenya. I believe that the 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 matter described in the Basis for Qualified Opinion section, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

Projects Implementation Status (PIS)

The Fund had as at 30 June 2017 implemented 507 projects costing Kshs.396,141,481. Out this total 439 projects valued at Kshs.312,438,410 had been completed leaving 68 with a total allocation of Kshs.83,703,071 reported as ongoing as shown below:

FY	Ongoing		Complete		Total	
	No.	Value Kshs.	No.	Value Kshs.	No.	Value Kshs.
2013/14	8	7,540,000.00	162	72,279,089.40	170	79,819,089.40
2014/15	5	4,000,000.00	171	110,974,444.00	176	114,974,444.00
2015/16	14	18,064,623.00	79	103,836,773.00	93	121,901,396.00
2016/17	41	54,098,448.27	27	25,348,103.45	68	79,446,551.72
Total	68	83,703,071.27	439	312,438,409.85	507	396,141,481.12

However, of the 68 ongoing projects, 13 were started in 2014/15 financial and earlier meaning that management of NGCDFC-Butere initiated new projects before completing older ones. Apparently, the management have continually allocated multiple projects partial budgets leading to the current state of affairs.

During the year under review, a sample of thirteen (13) projects costing Kshs.28,400,000 were verified in May 2018. The following was the respective status:

No.	Items	Details	Amount Kshs.	Status
1.	Butere CDF lands PMC	Lands	1,000,000	Complete
2.	Shikunda Primary School	Re-roofing, re-painting, fascia board and 8 classes	1,000,000	Complete.
3.	Ematawa Primary School	Construction of admin block	1,000,000	Ongoing.
4.	Shibanga Primary School	Roof replacement, repainting and fascia board fixing of 8 classes	1,000,000	Complete.
5.	Shinamwenyuli Community Resource Centre	Construction of a building	16,500,000	Ongoing.
6.	Bukolwe Primary School	Completion of 4 Classrooms	1,500,000	At wall Plastering Level.
7.	Eshirembe Primary School	Completion of Administration Block	800,000	At wall Plastering Level.
8.	Emusunguri Primary School	Completion of 2 Classrooms	800,000	At wall Plastering Level.
9.	Bulanda Primary School	Completion of 2 Classrooms	800,000	At wall Plastering Level.
10.	Masaba Police Post	Construction of a police post.	1,800,000	Complete except armoury.
11.	Marenyo AP Camp	Construction of AP Camp to roofing level.	1,000,000	Completed up to lintel level.
12.	Ebushitnji Police Post	Construction of a Police post to completion.	1,50,000	Ongoing.
13.	Ematibira Primary School	Construction of a classroom.	800,000	Incomplete.
	Total		28,000,000	

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

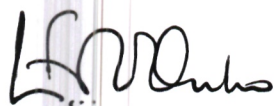
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

19 November 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

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

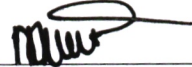
II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2016 - 2017 Kshs	2015-2016 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	81,896,552	121,401,396
TOTAL RECEIPTS		81,896,552	121,401,396
PAYMENTS			
Compensation of employees	2	2,128,326	1,802,600
Use of goods and services	3	14,902,800	10,029,937
Transfers to Other Government Units	4	40,629,569	57,550,000
Other grants and transfers	5	33,399,001	73,368,787
TOTAL PAYMENTS		91,059,696	142,751,324
SURPLUS/DEFICIT		(9,163,144)	(21,349,928)

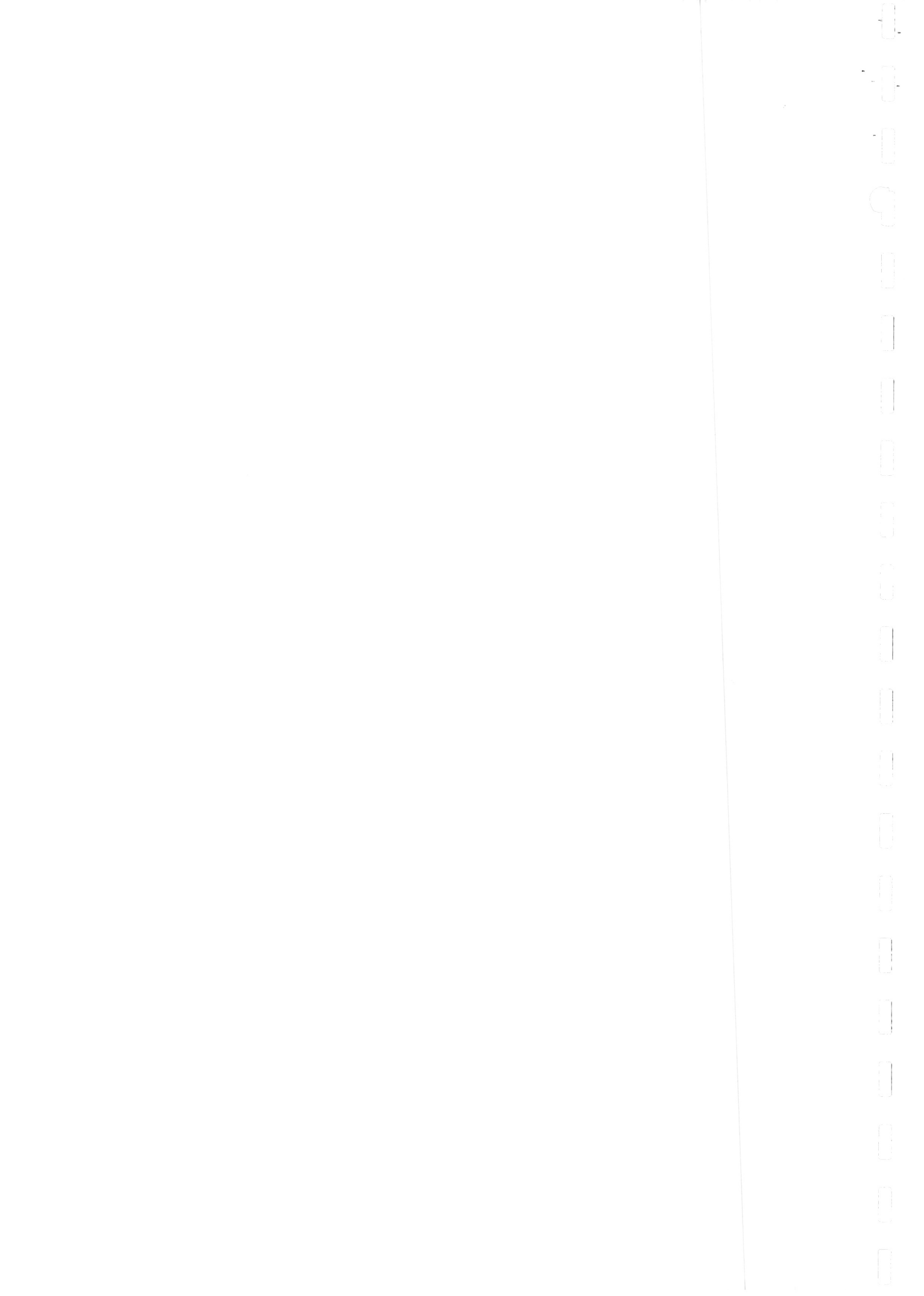
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF *BUTERE* financial statements were approved on _____ 2017 and signed by:



Chairman - NGCDFC



Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

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


III. STATEMENT OF ASSETS

	Note	2016 - 2017 Kshs	2015 - 2016 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	1,764,146	10,927,290
TOTAL FINANCIAL ASSETS		1,764,146	10,927,290
REPRESENTED BY			
Retention			
Fund balance b/fwd 1st July...	6	10,927,290	32,277,218
Surplus/Deficit for the year		(9,163,144)	(21,349,928)
NET LIABILITIES		1,764,146	10,927,290

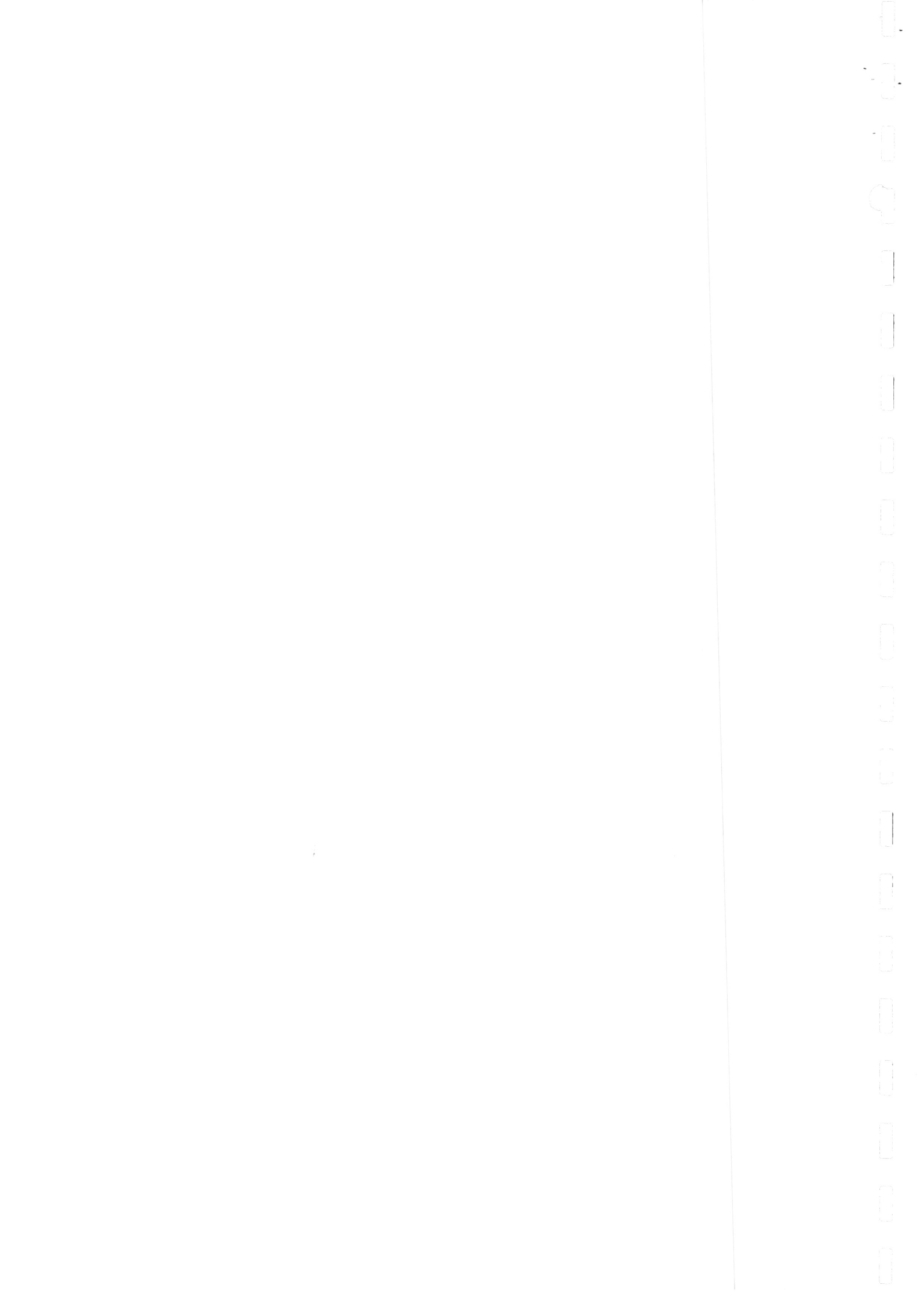
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF **BUTERE** financial statements were approved on 14/12/ 2017 and signed by:



Chairman - NGCDFC



Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

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


IV. STATEMENT OF CASHFLOW

		2016 - 2017	2015 - 2016
Receipts for operating income			
Transfers from CDF Board	1	81,896,552	121,401,396
Payments for operating expenses			
Compensation of Employees	2	2,128,326	1,802,600
Use of goods and services	3	14,902,800	10,029,937
Transfers to Other Government Units	4	40,629,569	57550000
Other grants and transfers	5	33,399,001	73,368,787
		(91,059,696)	142,751,324
Net cash flow from operating activities		(9,163,144)	(21,349,928)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		0	0
Acquisition of Assets		0	0
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(9,163,144)	(21,349,928)
Cash and cash equivalent at BEGINNING of the year	6	10,927,290	32,277,218
Cash and cash equivalent at END of the year	7	1,764,146	10,927,290

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF **BUTERE** financial statements were approved on 2017 and signed by:



Chairman NGCDFC



Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2017

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board(AIA)	81,896,552	10,927,290	92,823,842	92,823,842	00	100%
Proceeds from Sale of Assets						
Other Receipts						
PAYMENTS						
Compensation of Employees	2,196,640	-	2,196,640	2,128,326	68,314	97%
Use of goods and services	14,380,440	522,360	14,902,800	14,902,800	00	100%
Transfers to Other Government Units	40,229,569	400,000	40,629,569	40,629,569	00	100%
Other grants and transfers	25,089,903	10,004,930	35,094,833	33,399,001	1,695,832	95%
TOTALS	81,896,552	10,927,290	92,823,842	91,059,696	1,764,146	

The NG-CDF *BUTERE* financial statements were approved on 11/12 2017 and signed by:



 Chairman CDF



 Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2017

VI. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NGCDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *NGCDF*.

2. Recognition of revenue and expenses

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

3. In-kind contributions

In-kind contributions are donations that are made to the *NGCDF* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *NGCDF* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

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.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
CONSTITUENCY**

Reports and Financial Statements

For the year ended 30th June 2017

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Pending bills

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

6. Budget

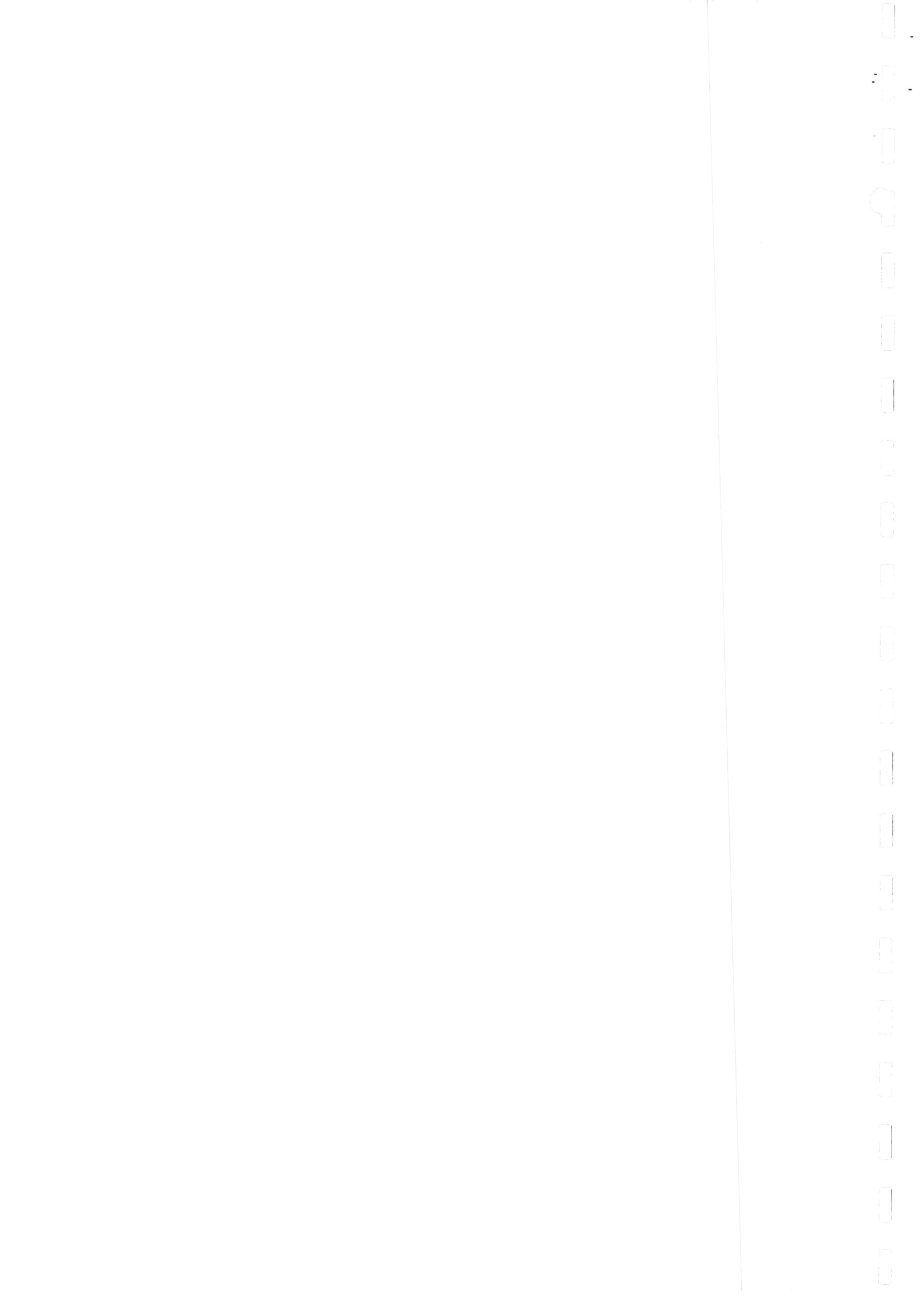
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NGCDF's* budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment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

7. Comparative figures

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

8. Subsequent events

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



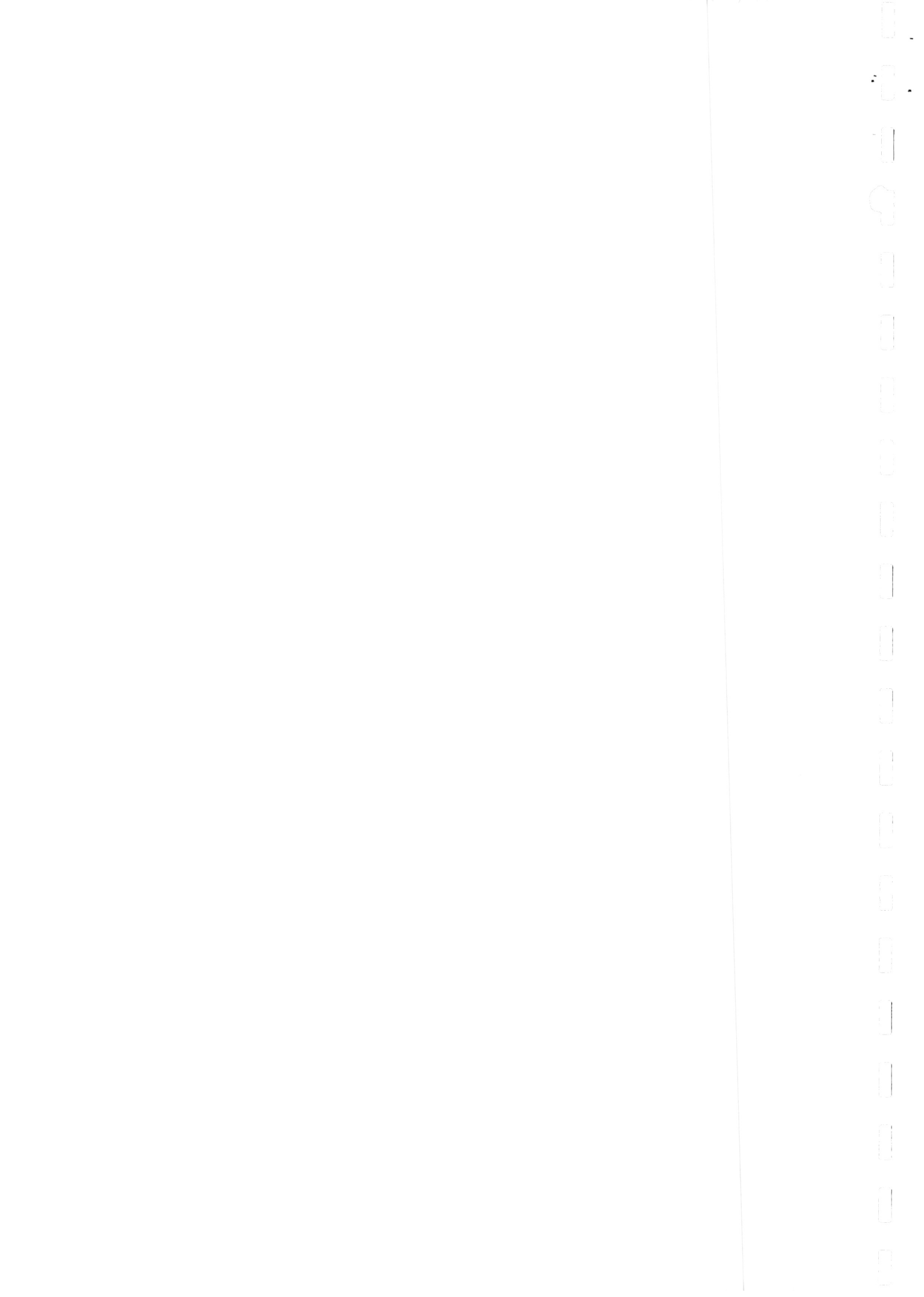
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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**Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015 - 2016
	Kshs	Kshs
CDF Board		
AIE NO	4,094,827.60	10,000,000
AIE NO	36,853,449	10,000,000
AIE NO	40,948,275	20,000,000
(other constituency e.g, parent constituency)		20,000,000
		30,000,000
		31,401,396
TOTAL	81,896,551.70	121,401,396



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Basic wages of contractual employees	1,950,026	1,628,700
Social Security Fund	178,300	173,900
	<hr/> 2,128,326 <hr/>	<hr/> 1,802,600 <hr/>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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**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
Committee Expenses	7,576,500	457,000
Communication, supplies and services	247,600	192,000
Domestic travel and subsistence	424,500	4,062,037
Printing, advertising and information supplies & services	0	20,000
Rentals of produced assets	0	0
Training expenses	2,580,000	543,000
Hospitality supplies and services	212,095	443,250
Insurance costs	0	0
Specialized materials and services	558,630	1,015,400
Office and general supplies and services	1,392,800	1,404,900
Other operating expenses	164,700	381,500
Routine maintenance – vehicles and other transport equipment	390,000	900,400
Routine maintenance – other assets	1,355,975	420,000
Total	14,902,144	9,839,487



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2016 - 2017	2015- 2016
	Kshs	Kshs
Transfers to National Government entities	15,700,000	900,000
Transfers to primary schools (see attached list)	24,529,569	36,450,000
Transfers to secondary schools (see attached list)	400,000	11,600,000
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	0	9,500,000
TOTAL	40,629,569	58,450,000

5. OTHER GRANTS AND OTHER PAYMENTS

	2016 - 2017	2015- 2016
	Kshs	Kshs
Bursary – secondary schools (see attached list)	10,960,000	7,847,926
Bursary – tertiary institutions (see attached list)	7,300,000	4,000,000
Bursary – special schools (see attached list)	200,000	100,000
Mock & CAT (see attached list)	0	1,350,000
Water projects (see attached list)	2,000,000	2,000,000
Community resource centre	0	900,000
Electricity projects (see attached list)	480,852	5861.30
Security projects (see attached list)	6,698,149	7,280,000
Roads projects (see attached list)	0	40,730,000
Sports projects (see attached list)	1,980,000	1,750,000
Environment projects (see attached list)	1,500,000	2,300,000
Emergency projects (see attached list)	2,280,000	5,105,000
Total	33,399,001	73,368,787

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. BALANCES BROUGHT FORWARD

	2016 - 2017	2015 - 2016
	Kshs	Kshs
Bank accounts	10,927,290	32,277,218
Cash in hand		-
Imprest		-
Total	10,927,290	32,277,218

[Provide short appropriate explanations as necessary]

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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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
COOPERATIVE BANK,MUMIAS,- 01120068114200	1,764,146	10,927,290
Total	1,764,146	10,927,290

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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For the year ended 30th June 2017**

8.0 OTHER IMPORTANT DISCLOSURES

8.1 PMC ACCOUNT BALANCES	2016 - 2017	2015 - 2016
	Kshs	
Pmc account balances (see annex2)	370,676	N/A
	<u>370,676</u>	



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	2016 - 2017	2015 - 2016
	Kshs	Kshs
Amount owed	nil	500,000
	<u>Nil</u>	<u>500,000</u>

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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For the year ended 30th June 2017

Asset class	Historical Cost (Kshs) 2016/17	Historical Cost (Kshs) 2015/16
Land	400,000	400,000
Buildings and structures	10,205,707.50	10,205,707.50
Transport equipment	340,800	340,800
Office equipment, furniture and fittings	537,000	537,000
ICT Equipment, Software and Other ICT Assets	313,690	313,690
Other Machinery and Equipment	-	-
Heritage and cultural assets	-	-
Intangible assets	-	-
Total	11,797,198	11,797,198

ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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**Reports and Financial Statements
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ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2017

PMC	Bank	Account number	Bank Balance 2016/17	Bank Balance 2015/16
ESHIANINI PRIMARY SCHOOL	COOP	01141499522500	1,125.00	
MASABA PRIMARY	COOP	01141234856701	78,005.50	
MANYALA PRIMARY	COOP	01141234744500	2,290.00	
SHITSITSWI PRIMARY	COOP	01141234122101	20,325.00	
INAYA PRIMARY	COOP	01141068219200	262,980.00	
SHINAMWENYULI COMMUNITY RESOURCE	COOP	01141499872500	5,950.50	
Total			370,676.00	

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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**Reports and Financial Statements
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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2	1 regular fund title-reporting entity changing from constituency development fund Butere to NGCDF Butere. Financial statements were not presented under the new reference	Accounts adjusted to reflect the new reference	Collins Obuya (F.A.M)	Resolved	Resolved
1.4	Outstanding imprest – Note 12c to the financial statements reflecting outstanding imprest of shs 370,000 not analysed	The imprest were surrendered and properly adjusted in the amended financial statements	Collins Obuya (F.A.M)	Resolved	Resolved
2.0	Budgetary control and performance-under expenditure of 32,277,218.	Management attributed under expenditure to delayed disbursements from the National treasury	Collins Obuya (F.A.M)	Resolved	Resolved
4.0	Acquisition of fixed assets kshs370,000-No comparative of previous years balances	The previous year's comparative balances and breakdown was provided in the amended financial statements	Collins Obuya (F.A.M)	Resolved	Resolved



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BUTERE
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For the year ended 30th June 2017

TRIAL BALANCE AS AT 30TH JUNE 2017			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	1,764,145.59	
	Cash Balances	-	
	Outstanding Imprest	-	
Payments			
	Compensation of Employees	2,128,326	
	Use of goods and services	14,902,800	
	Committee Expenses	-	
	Transfers to Other Government Units	40,629,569	
	Other grants and transfers	33,399,001	
	Social Security Benefits		
	Acquisition of Assets		
	Other Payments	-	
Receipts			
	Transfers from the Board		81,896,552
	Proceeds from sale of assets		-
	Others receipts		-
	Prior Year Adjustment		-
	Fund Balance b/f		10,927,290
	TOTAL	92,823,842	92,823,842

