

REPUBLIC OF KENYA



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THE AUDITOR-GENERAL

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MAJORITY LEADER

ON

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

FOR THE YEAR ENDED
30 JUNE 2018





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

25 MAR 2019

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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
WEST MUGIRANGO

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
CONSTITUENCY
Report and Financial Statement
For the year ended June 30, 2018

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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO CONSTITUENCY

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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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003 amended in 2007 and repealed by the CDF Act, 2013.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, NG-CDF Act 2015. The National Government Constituencies Development Fund Act, (NG-CDFA) 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 Constituency level.

(b) Key Management

The 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.	AIE Holder	Robert Serem
3.	Sub-County Accountant	Andrew Anyal
4.	Chairman NG CDFC	Joseph Meroka
5.	Member NG CDFC	Veronica M. Kerubo

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of West Mugirango Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government Constituencies 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) West Mugirango NGCDF Headquarters

Nyamira County Council Offices
Opposite Nyamira Matatu Stage
P.O. Box 425-40500
Nyamira, Kenya.

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
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(f) West Mugirango NGCDF Contacts

Telephone: (254) 714 836 279
E-mail: westmugirango@cdf.go.ke
Website: www.cdf.go.ke

(g) West Mugirango NGCDF bankers

Kenya Commercial Bank
Nyamira Branch
Ac No. 1103318764
P.o Box 528
Nyamira...

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
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**FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPEMENT
COMMITTEE (NG-CDFC)**

West Mugirango National Government Constituency Development Fund Committee received Kshs 76,353,447.10 during financial year 2017/2018. The NG-CDFC did its best to implement projects as per approved budgets which included projects for Financial year 2014/2015 and 2015/16 and 2016/17 .We were able to implement projects to the tune of Kshs 44,029,378 ranging from schools, , bursary, Overhaul of constituency Motor Vehicle, water and environmental activities

The implemented projects have had a major impact on the community. Over five Thousand college and university students have benefited from bursary

Protection of water springs has also helped in improving clean water supply

The Constituency now boasts of an almost complete CDF office complex. The building has enough space to accommodate the parliamentary offices, NGCDF offices and other partners that shall be interested to work in this region. The major challenge to absorption of fund has been delays occasioned from the NG CDF BOARD and acquaintance of our team to adhere to government procedures.

FOR *Joseph M.N Meroka*

.....Date.....

10/04/2019

Joseph M.N Meroka
Chairman – NG- CDFC

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
CONSTITUENCY

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II. STATEMENT OF CONSTITUENCY 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 entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

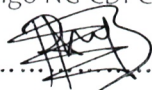
The Fund Account Manager in charge of the West Mugirango NG-CDF is responsible for the preparation and presentation of the Constituency's financial statements, which give a true and fair view of the state of affairs of the Constituency as at the end of the financial year ended on June 30, 2018. This 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 constituency; (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 constituency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

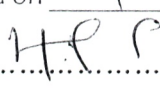
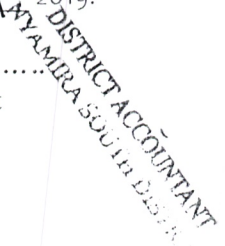
The Fund Account Manager in charge of the West Mugirango NG-CDFC accepts responsibility for the Constituency's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS) and relevant legal framework of the Government of Kenya. The Fund Account Manager is of the opinion that the West Mugirango CDF financial statements give a true and fair view of the state of Constituency's transactions during the financial year ended June 30, 2018, and of the Constituency's financial position as at that date. The Fund Account Manager in charge of the West Mugirango NG-CDF further confirms the completeness of the accounting records maintained for the Constituency, which have been relied upon in the preparation of the Constituency financial statements as well as the adequacy of the systems of internal financial control.

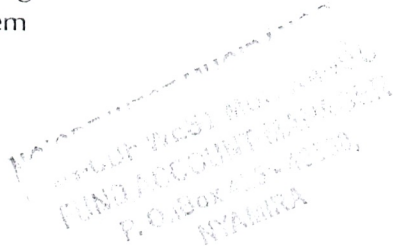
The Fund Account Manager in charge of the West Mugirango NG-CDFC confirms that the entity has complied fully with applicable Government Regulations and that the Constituency's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Fund Account Manager confirms that the Constituency'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 West Mugirango NG-CDFC financial statements were approved and signed on 16/06/2019.


.....
Fund Account Manager
Name: Robert serem


.....
Sub County Accountant
Name: ANREW ANYAL



FUND ACCOUNT MANAGER
P.O. BOX 13-45100
NYAMIRA

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - WEST MUGIRANGO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - West Mugirango Constituency set out on pages 5 to 19, which comprise the statement of financial 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 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 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- West 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 National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Transfers from CDF Board

The summary statement of appropriation reflects transfers from CDF Board of Kshs.76,863,777 while the statement of receipts and payments reflects receipts of Kshs.76,353,447 from the Board, leading to unreconciled and unexplained difference of Kshs.510,330. Consequently, the accuracy of receipts for the year ended could not be confirmed.

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

2. Compensation of Employees

The statement of receipt and payments reflects expenditure of Kshs.925,771 in respect of compensation of employees. However, expenditure totalling Kshs.655,795 was not adequately supported. Consequently, the validity of the expenditure of Kshs.655,795 could not be ascertained.

3. Transfers to Other Government Units

Included in the transfers to other government units' expenditure of Kshs.6,236,062 is an amount of Kshs.4,436,062 relating to transfers to secondary schools which, however, differs with the ledger figure of Kshs.3,000,000 leading to unreconciled and unexplained of Kshs.1,436,062. Consequently, the accuracy and completeness of the expenditure of the of Kshs.6,236,062 on transfers to other government entities could not be confirmed.

4. Net Financial Position

The statement of financial assets as at 30 June 2018 reflects total financial assets of Kshs.33,151,270 and nil liabilities. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the net financial position of Kshs.33,151,270 has instead been presented as net liabilities.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - West 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 judgement, 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 are no key 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. Drilling of Borehole at Kebirigo Shopping Centre

Included in the other grants and transfers expenditure of Kshs.22,434,000 is an amount of Kshs.600,000 which was paid to a contractor for drilling a borehole at Kebirigo shopping Centre despite lack of budgetary provision for water projects during the financial year 207/2018. Further, contract records relating to the project were also not provided for audit review to confirm the contract terms.

Physical verification done on 14 January 2019 revealed that the project had stalled and the local community had converted the borehole drilling site into a market stall. In addition, water is a devolved function and it is not clear how the West Mugirango NG-CDF funded a function of the County Government of Nyamira.

Consequently, the value for money and regularity of the expenditure of Kshs.600,000 could not be confirmed.

2. Unimplemented Budgeted Projects

The management did not implement a total of four projects worth Kshs.4,200,000 out of the approved twenty-two projects worth Kshs.15,600,000 as detailed below:

School	Activities	Amount (Kshs)
Ikurucha Primary	Construction of block: (foundation, walling, plastering, flooring and fixing of windows and doors)	700,000
Kebirigo Primary	Completion of water borehole; installation of submersible pump, purchase of water storage tanks (2No 5000 lt), erection of raisers and distribution of water in Kebirigo primary school and Kebirigo Secondary school.	1,400,000
Ekarama Primary	Purchase of water storage tanks (2No, 5000), erection of raisers and distribution of water in Ekerama Primary school	1,500,000
Kuura secondary	Construction of 1 classroom: foundation, plastering, flooring, roofing, and fixing of windows and doors	600,000
Total		4,200,000

The delay in implementation of the planned projects affects subsequent projects and consequently, the objectives of the fund may not be achieved.

3. Construction of Ultra-Modern CDF Offices

A contract for construction of Ultra-Modern CDF Offices was awarded to a contractor at a sum of Kshs.27,165,395.20 in 2016/2017 financial year. The construction work was to take not more than eight months effective from 6 October 2016. A physical verification of the project on 16 January 2019 revealed the following anomalies:

- i. The fund did not have a valid title deed for the land on where the construction of the offices had been done.
- ii. The project had gone beyond the anticipated eight months' period yet there was no request for extension of time from the contractor.
- iii. Although the building was more that 95% complete awaiting furnishing and launching of the office for use, the stair case was narrow and not to the expected standards.
- iv. The contractor had been paid a total of Kshs.25,156,536. However, the 10% mandatory retention fee had not been not properly deducted given that 10% of the contract sum of Kshs.27,165,395.20 translates to Kshs.2,716,539. This means that by the end of the financial year 2017/2018 the contractor ought to have been paid a total of Kshs.24,448,855 and not Kshs.25,156,536.
- v. Although acquisition of assets expenditure of Kshs.4,056,439 reflected in the financial statements for the year under review relates to the construction of ultra-modern CDF offices, expenditure returns were not made available for audit review to confirm the last expenditure of Kshs.4,056,439 incurred on the project.

4. Purchase of a School Bus for Gesiaga Secondary School

Included in the transfer to other government units' expenditure of Kshs.6,236,062 is an amount of Kshs.2,000,000 paid to Gesiaga Secondary School for the purchase of a school bus. This was a co-funding project between the West Mugirango NG-CDF and the Parents and Teachers Association (PTA) with the total cost of the bus of being Kshs.5,500,000.

A physical verification done on 14 January 2019 revealed that the bus had not been branded. Further, there was no budget for the purchase of a school bus and as such the source of the funds used to procure the bus could not be ascertained. Consequently, the regularity of expenditure incurred on the purchase of a school bus could not be confirmed.

5. Renovation of Classrooms at Rangenyo Primary School

Included in the transfer to other government units' expenditure of Kshs.6,236,062 is an amount of Kshs.1,3000,00 which was paid to Rangenyo Primary School for

renovation of four classrooms. The approved budget was Kshs.700,000, while the management incurred the expenditure of Kshs.1,300,000 leading to an over expenditure of Kshs.600,000 which had not been budgeted for.

A physical verification done on 14 January,2019 revealed that the works carried out included roofing, replacement of the window, doors, painting and flooring. The project was implemented using labour-based method, completed and in use. However, the bank statements for the project were not provided for audit to ascertain how the funds were being withdrawn from the bank and applied.

6. Renovation of Classrooms at Nyamwetu Primary School

Included in the transfer to other government units' expenditure of Kshs.6,236,062 is an amount of Kshs.400,000 for renovation of a classroom at Nyamwetu Primary School. A physical verification conducted on 15 January 2019 revealed that works carried out included wall finishes, roofing and rain water disposal, floor finishes, window and doors. However, the following anomalies were noted:

- i. The project was labour intensive and the bank statements were not produced for audit verification.
- ii. The expenditure report/returns and payment certificates were not provided for audit review.

Consequently, the regularity and value for money of the expenditure incurred could not be confirmed.

7. Budget Performance Analysis

The West Mugirango NG-CDF management had budgeted for receipts of Kshs.131,648,260 but received Kshs.76,863,777 and thus, resulting in under-realization of Kshs.54,784,483 or 42% of the final approved budget. In addition, the West Mugirango NG-CDF spent a total of Kshs.44,029,378 against a budget of Kshs.131,648,260 leading to under expenditure of Kshs.87,618,883 or 67 %. The under-utilization of the budget negatively affected the efficiency and effectiveness of service delivery to the constituents.

8. Cash and Cash Equivalent – Unspent Balance

The statement of financial assets reflects cash and cash equivalents balance of Kshs.33,151,270 as at 30 June 2018 but the management did not prepare a new proposal for the unspent funds at the end of financial year as required by the National Government Constituencies Development Fund Act, 2015. In the foregoing circumstances, it could not be ascertained how the unspent funds were to be utilized in the subsequent financial year.

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

Conclusion

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- West Mugirango Constituency to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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 are 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 about 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 and that public resources are applied in an effective way, 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 audit 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 noncompliance. 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 the Fund to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the National Government Constituencies Development Fund-West 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

04 July 2019

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
 CONSTITUENCY
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III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	76,353,447	115,960,847
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	4,000
TOTAL RECEIPTS		76,353,447	115,964,847
PAYMENTS			
Compensation of employees	4	925,771	1,698,388
Use of goods and services	5	10,377,106	13,205,698
Transfers to Other Government Units	6	6,236,062	50,290,000
Other grants and transfers	7	22,434,000	83,389,480
Acquisition of Assets	8	4,056,439	24,876,977
Other Payments	9	-	1,400,000
TOTAL PAYMENTS		44,029,378	174,860,543
SURPLUS/DEFICIT		32,324,070	(58,895,696)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The West Mugirango NG-CDFC financial statements were approved on 10/04/ 2019 and signed by:

.....
 Fund account manager
 Name: ROBERT SEREM

.....
 Sub County Accountant
 Name: ANDREW ANYAL

DISTRICT ACCOUNTANT
 MUKURUMBI SOUTH DISTRICT

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
CONSTITUENCY

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IV. STATEMENT OF FINANCIAL ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalentents			
Bank Balances (as per the cash book)	10A	33,151,270	510,330
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		33,151,270	510,330
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	510,330	59,406,026
Surplus/Deficit for the year		32,324,070	(58,895,696)
Prior year adjustments	14	316,871	-
NET LIABILITIES		33,151,270	510,330

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The West Mugirango NG-CDFC financial statements were approved on 10/04/ 2019 and signed by:



Fund account manager
Name: ROBERT SEREM



Sub County Accountant
Name: ANDREW ANYAL

DISTRICT ACCOUNTANT
NYAMIRA SOUTH DISTRICT

• NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
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V. CASH FLOW STATEMENT

Receipts for operating income		2017 - 2018	2016 - 2017
Transfers from CDF Board	1	76,353,447	115,960,847
Other Receipts	3	-	4,000
		76,353,447	115,964,847
Payments for operating expenses			
Compensation of Employees	4	925,771	1,698,388
Use of goods and services	5	10,377,106	13,205,698
Transfers to Other Government Units	6	6,236,062	50,290,000
Other grants and transfers	7	22,434,000	83,389,480
Other Payments	9	-	1,400,000
		39,972,939	149,983,566
Adjusted for:			
Adjustments during the year	14	316,871	-
Net cash flow from operating activities		36,697,379	(34,018,719)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	4,056,439	24,876,977
		-	-
Net cash flows from Investing Activities		(4,056,439)	(24,876,977)
NET INCREASE IN CASH AND CASH EQUIVALENT		32,640,941	(58,895,696)
Cash and cash equivalent at BEGINNING of the year	13	510,330	59,406,026
Cash and cash equivalent at END of the year		33,151,270	510,330

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The West Mugirango NG-CDFC financial statements were approved on 10/04 2019 and signed by:

.....
 Fund Account manager
 Name: ROBERT SEREM

.....
 Sub County Accountant
 Name: ANDREW ANYAL

DISTRICT ACCOUNTANT
 NAMBIRA SOUTH DISTRICT

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
CONSTITUENCY

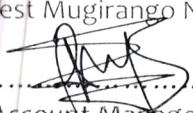
Report and Financial Statement

For the year ended June 30, 2018

VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT & DEVELOPMENT

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	86,810,345	44,837,915	131,648,260	76,863,777	54,784,483	58.4%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
TOTAL RECEIPTS	86,810,345	44,837,915	131,648,260	76,863,777	54,784,483	58.4%
PAYMENTS						
Compensation of Employees	1,600,000	390,330	1,990,330	925,771	1,064,559	46.5%
Use of goods and services	9,607,310	2,092,413	11,699,723	10,377,106	1,322,617	88.7%
Transfers to Other Government Units	27,352,830	2,000,000	29,352,830	6,236,062	19,060,330	35.1%
Other grants and transfers	36,502,344	40,355,172	76,857,516	22,434,000	54,423,516	29.2%
Acquisition of Assets	11,747,861	-	11,747,861	4,056,439	11,747,861	0.0%
Other Payments	-	-	-	-	-	#DIV/0!
TOTAL	86,810,345	44,837,915	131,648,260	44,029,378	87,618,883	33.4%

The West Mugirango NG-CDFC financial statements were approved on 10/09/2019 and signed by:


Fund Account Manager
Name: ROBERT SEREM


Sub County Accountant
Name: ANDREW ANYAL

DISTRICT ACCOUNTANT
NAME: SUB-COUNTY

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
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 for the year ended June 30, 2018

VII. TRIAL BALANCE AS AT 30TH JUNE 2018

	DR	CR
Cash and Cash equivalents		
Bank Balances	33,151,270	
Cash Balances	-	
Outstanding Imprest	-	
Payments		
Compensation of Employees	925,771	
Use of goods and services	10,377,106	
Transfers to Other Government Units	6,236,062	
Other grants and transfers	22,434,000	
Acquisition of Assets	4,056,439	
Other Payments	-	
Receipts		
Transfers from the Board		76,353,447
Proceeds from sale of assets		-
Others receipts		-
Prior Year Adjustment		316,871
Fund Balance b/f		510,330
	44,029,378	
TOTAL	77,180,648	77,180,648

The West Mugirango NG-CDFC financial statements were approved on 10/04/2019 and signed by:

.....
 Fund Account Manager

.....
 Sub County Accountant

H.F.P

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
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For the year ended June 30, 2018

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

a) 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 and relevant legal framework of the Government of Kenya. 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 Constituency. 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 Constituency.

b) Recognition of revenue and expenses

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

c) In-kind contributions

In-kind contributions are donations that are made to the Constituency 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 Constituency 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.

d) 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 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 CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
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For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Receivables and payables**

Receivables are funds due to the Constituency at the end of the financial year from the NG-CDF Board and other sources but not yet received while payables are funds due to other parties at the end of the financial year but not yet paid. As receivables and payables do not involve the receipt or payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Constituency at the end of the year. When the receivables or payables are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

f) **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 Constituency'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 Constituency's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

g) **Comparative figures**

This is the first year the Constituency is preparing financial statements and hence we do not have comparative figures.

h) **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, 2018.

▪ NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-WEST MUGIRANGO
CONSTITUENCY

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For the year ended June 30, 2018

IX. NOTES TO FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES

GFS CODES	Description		2017-2018	2016 - 2017
			Kshs	Kshs
1330407	Normal Allocation	AIE NO. A 839536		4,094,827.60
		AIE NO. A 855179		36,853,449.00
		AIE NO. A 825989		47,383,547.00
		AIE NO. A 839705		10,000,000.00
		A855520		17,629,023
		AIE NO. A	5,500,000.00	
		AIE NO. A 896786	37,905,172.00	
		AIE NO. A 892870	2,000,000.00	
		AIE NO. A 892725	30,948,275.10	
1330408	Conditional grants	AIE NO...		-
1330409				-
	TOTAL		76,353,447.10	115,960,846.6

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4 COMPENSATION OF EMPLOYEES

2110000	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2110201	Basic wages of contractual employees		858,903.15	1,621,600.00
2110202	Basic wages of casual labour			
	Personal allowances paid as part of salary			
2110301	House allowance			
2110314	Transport allowance			
2110320	Leave allowance			
2110326	Other personnel payments			
2120101	Employer contribution to NSSF		66,868.00	76,788.00
2710120	Gratuity-contractual employees			
	TOTAL		925,771.15	1,698,388.00

5. USES OF GOODS AND SERVICES

2200000	Description		2017 - 2018	2016 - 2017
			Kshs	Kshs
2210100	Utilities, supplies and services		150,000.00	876,542.00
2210101	Electricity		6,500.00	
2210104	Office rent			
2210200	Communication, supplies and services			453,218.00
2210300	Domestic travel and subsistence			620,909.00
2210500	Printing, advertising and information supplies & services-Strategic Plan			505,643.00
2210600	Rentals of produced assets			
2210700	Training expenses		899,100.00	387,654.00
2210800	Hospitality supplies and services			234,127.00
2210802	Other committee expenses		468,000.00	2,688,580.00
2210809	Committee allowance		4,458,087.00	3,695,548.00

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2210900	Insurance costs			
2211000	Specialised materials and services			
2211100	Office and general supplies and services			575,342.00
2211200	Fuel ,oil & lubricants		200,000.00	1,287,653.00
2211300	Other operating expenses		3,465,000.00	906,543.00
2211301	Bank Service Commission and Charges		7,579.35	
2211313	Security Operations			
2220100	Routine maintenance – vehicles and other transport equipment		722,840.00	876,543.00
2220200	Routine maintenance – other assets			97,396.00
	TOTAL		10,377,106.35	13,205,698

6. TRANSFERS TO OTHER GOVERNMENT ENTITIES

2630200	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2630204	Transfers to Primary schools	1,800,000.00	28,190,000.00
2630205	Transfers to Secondary schools	4,436,062.00	19,100,000.00
2630206	Transfers to Tertiary institutions		1,000,000.00
2630207	Transfers to Health institutions		2,000,000.00
	TOTAL	6,236,062.00	50,290,000.00

7 OTHER GRANTS AND OTHER PAYMENTS

2640000	Description	2017 - 2018	2016 - 2017
		Kshs	Kshs
2640101	Bursary -Secondary	21,534,000.00	9,320,344.00
2640102	Bursary -Tertiary		33,005,203.00
2640104	Bursary-Special schools		0
2640105	Mocks & CAT	-	1,500,000.00
2640504	Water	600,000.00	10,649,180.00
2640505	Food security		3,673,792.00
2640506	Electricity		3,398,000.00

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2640507	Security		300,000.00	550,000.00
2640508	Roads and Bridges			13,490,487.00
2640509	Sports			2,564,000.00
2640510	Environment			1,235,000.00
2640511	Provincial Administration			0
2640512	Cultural Projects			0
2640513	Agriculture			0
2640200	Emergency Projects			4,003,473.00
	TOTAL		22,434,000.00	83,389,479

8. ACQUISITIONS OF ASSETS

3100000	Non Financial Assets		2017 - 2018 Kshs	2016 - 2017 Kshs
3110102	Purchase of Buildings		-	-
3110202	Construction of Buildings		4,056,439	22,396,276.90
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of office furniture and fittings			2,090,000.00
3111002	Purchase of computers ,printers and other IT equipments			390,700.00
3111005	Purchase of photocopier		-	-
3111009	Purchase of other office equipments		-	-
3111112	Purchase of soft ware			-
3130101	Acquisition of Land		-	-
	TOTAL		4,056,439	24,876,976.90

9	Other Payments			
	specify- strategic plan			900,000

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specify –sign posts		-	500,000
specify		-	
TOTAL			1,400,000.00

10A: Bank Balances (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2017 - 2018 Kshs (30/6/2018)	2016 - 2017 Kshs (30/6/2017)
<i>Kenya commercial bank, Nyamira branch AC NO. 1103318764</i>	<i>A/C No.1103318764</i>	33,151,270.30	510,330.00

13 BALANCES BROUGHT FORWARD

		2017 - 2018 Kshs (1/7/2018)	2016 - 2017 Kshs (1/7/2017)
Bank accounts		510,330.00	59,406,026.00
Cash in hand			
Imprest			
TOTAL		510,330.00	59,406,026.00

14. PRIOR YEAR ADJUSTMENTS

		2017 - 2018 Kshs	2016 - 2017 Kshs
Bank accounts		316,871.00	-
Cash in hand			-
Imprest			-
TOTAL		316,871.00	

15.1 OTHER IMPORTANT DISCLOSURES

		2017 - 2018 Kshs	2016 - 2017 Kshs
Construction of buildings		-	-

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Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	412,358.00
TOTAL		-	412,358.00

15.2: PENDING STAFF PAYABLES (See Annex 2)

		2017 - 2018	2016 - 2017
		Kshs	Kshs
Senior management		-	-
Middle management		-	154,637.00
Unionisable employees		-	13,915.00
Others (specify)		-	168,552.00

15.3: UNUTILIZED FUNDS (See Annex 3)

		2017 - 2018	2016 - 2017
		Kshs	Kshs
Compensation of Employees		1,064,559	
Use of Goods and Services		1,322,617	
Amounts due to other Government entities (see attached list)		19,060,330	18,475,477.00
Amounts due to other grants and other transfers (see attached list)		54,426,516	14,462,798.00
Acquisition of Assets		11,747,861	-
		87,618,883	32,938,275.00

15.4: PMC account balances (See Annex 5)

	Kshs	Kshs
PMC account Balances (see attached list)	0	456,762
	0	456,762

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2017/18	2016/17
Land		
Buildings and structures	27,454,408.00	22,554,408.00
Transport equipment	8,800,000.00	8,800,000.00
Office equipment, furniture and fittings	4,483,127.00	4,483,127.00
ICT Equipment, Software and Other ICT Assets	836,422.00	836,422.00
Other Machinery and Equipment	5,000.00	5,000.00
Heritage and cultural assets	-	-
Intangible assets	50,999.00	50,999.00
Total	40,786,395.00	36,729,956.00

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance	Bank Balance
			2017/18	2016/17
Gesiaga secondary school	Equity			
Bobembe girl boarding primary school	KCB		NIL	
Ikurucha primary school			NIL	
Nyamwetureko primary school	KCB		490.00	
Rangenyo primary school	KCB		NIL	
Gianchore chiefs /AP camp	KCB		NIL	
Total				

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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)
KSM/NG-CDF/WM/2016/17(13)	Inaccuracies of financial statements	The were errors of omission that were actually corrected.	Mr magero	Resolved	Resolved
	Devolved functions	The funds were spent on the projects after consultation with the CDF BOARD. The facilities were constructed at institutions falling under our mandate.	Mr magero	Resolved	Resolved
	Unaccounted for funds	The funds were actually disbursed to the primary school. Payment vouchers are available	Mr magero	Resolved	Resolved
	Prior year audit issues	The follow up was made.	Mr magero	Resolved	Resolved

