

REPUBLIC OF KENYA



*Paper Laid*  
*By LOMP, Hon. Bwalima*  
*on 11/4/2018*  
*[Signature]*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**







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

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016**

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –  
SOUTH MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016

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CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**Background information**

- (a) 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Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013.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, NG-CDF 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 the National Government development Agenda at the constituency level.

**(b) Key Management**

The NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND SOUTH MUGIRANGO 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

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

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of SOUTH MUGIRANGO Constituency. The reports and recommendation of ARMC when adopted by the 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) SOUTH MUGIRANGO NG-CDF Headquarters**

NG-CDF Office complex ,Nyarambe.  
P.O Box 991-40200.  
Kisii



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO  
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**(f) SOUTH MUGIRANGONGCDF Contacts**

Telephone: (254) 0725912723  
E-mail: south mugirango@ngcdf.go.ke

**(g) SOUTH MUGIRANGONGCDF Bankers**

1. Cooperative Bank of Kenya  
Rongo

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO  
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**II. FORWARD BY THE CHAIRPERSON NATIONAL GOVERNMENT  
CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NG-CDFC)**

It is my pleasure to present to you NG-CDFC SOUTH MUGIRANGO annual report and financial statements for the financial year 2015/2016

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

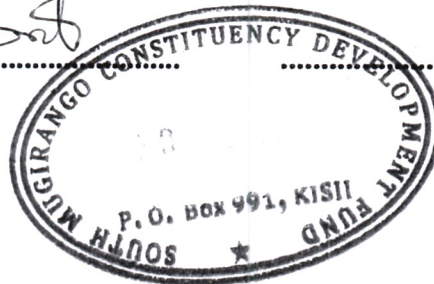
**Key achievements for the CDF**

- By providing funds directly to each constituency for fighting poverty, NG-CDF assists in ironing out regional imbalances due to patronage.
- NG-CDF has been able to open rural access roads (feeder roads) thus contributing to economic growth.
- Through the Health Sector NG-CDF has made it possible for the public to easily access health facilities
- Water projects have been implemented to enhance access to clean and reliable water.
- In the education sector-NG- CDF funding of schools has assisted in increasing student enrolment, the NG-CDF bursary has helped retain in schools students from low income families.

**Implementation challenges and recommended way forward**

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

ZERA OMWANDO NCDFC Chairperson.....





### III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NG-CDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

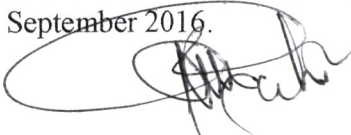
The Accounting Officer in charge of the SOUTH MUGIRANGO NG-CDF is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year (period) ended on June 30, 2016. This 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 SOUTH MUGIRANGO 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, 2016, and of the NG-CDF's financial position as at that date. The Accounting Officer charge of the SOUTH MUGIRANGO-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 NGCDF's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the SOUTH MUGIRANGO-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 30 September 2016.

  
Fund Account Manager



  
Chairperson



# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## **OFFICE OF THE AUDITOR-GENERAL** **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES** **DEVELOPMENT FUND - SOUTH MUGIRANGO CONSTITUENCY FOR THE YEAR ENDED 30** **JUNE 2016**

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### **REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - South Mugirango Constituency set out on pages 5 to 24, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility 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.

The 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.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments,

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund-South Mugirango Constituency for the year ended 30 June 2016*



the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Summary Statement of Appropriation**

- i. The summary statement of appropriation reflects an original budget of Kshs.127,151,820 and an adjustment of Kshs.32,326,334 bringing the total budget to Kshs.159,478,154. However, the adjustments have not been supported by approved code list showing the 2014/2015 activities that were financed in 2015/2016.
- ii. The Constituency received Kshs.126,651,820 against the budgeted amount of Kshs.127,151,820 leading to undisbursed balance of Kshs.500.000.
- iii. The management did not provided schedules of projects earmarked for implementation from the funds rolled-over from the previous year. In the absence of the list of the projects, it has not been possible to confirm that the funds were utilized for the intended purpose.

Consequently, the accuracy and validity of summary statements of appropriation cannot be confirmed.

#### **2. Non-filing of Expenditure Returns by Project Management Committees**

The Constituency Development Fund Committee disbursed a total of Kshs.38,637,931 being transfers to other Government units during the year under review and specifically, to primary and secondary schools. These funds were administered through Project Management Committees (PMCs) spread all over the Constituency. However, grants totalling Kshs.18,800,000 disbursed to various PMCs were not supported with expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents

In the absence of the supporting documents, the propriety of the disbursements totalling Kshs.38,637,931 cannot not be confirmed.

#### **3. Construction of Nyaketonkono Water Project**

The Constituency Development Fund Committee (CDFC) directly implemented the construction of Nyaketonkono Water Project at contract sum of Kshs.3,264,820 through a contract awarded to Sasi Contractors contrary to the provisions of the National



Government Constituencies Development Fund Act, 2015 which requires that all projects under the Act be implemented through Project Management Committees (PMCs) with the assistance of relevant National Government department. Direct implementation of projects by CDFCs contravenes the provisions of the Act.

### Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- South Mugirango Constituency as at 30 June 2016, 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.

### Other Matter

#### 1. Budget Performance Analysis

During the year under review, South Mugirango CDF was allocated Kshs.127,151,820 by the National Government Constituency Development Fund Board but received Kshs.126,651,820 and incurred an expenditure totalling Kshs.91,083,741. Comparison of budget and actual expenditure amounts for the year under review is shown below:

Item	Budget Kshs	Actual Kshs	Under Expenditure Kshs	Over Expenditure Kshs	Absorpt -ion Rate %
Receipts	127,151,820	126,651,820			96%
<b>Payments</b>					
Compensation of Employees	2,311,320	1,960,070	351,250		85%
Use of Goods and Services	7,873,808	3,993,164	3,880,644		51%
Committee Expenses	1,191,215	4,611,825		3,420,610	387%
Social Security Benefits	67,320	657,620		590,300	977%
Bursary/Cats/Mocks	17,500,000	13,180,000	4,320,000		75%
Transfers to Primary schools	14,000,000	18,737,931		4,737,931	134%
Transfers to Secondary Schools	20,500,000	19,900,000	600,000		97%
Transfer to tertiary Institutions	12,500,000	0	12,500,000		0%
Health Projects	400,000	0	400,000		0%
Water Projects	5,455,000	1,149,282	4,305,718		21%
Roads	35,385,510	19,121,508	16,264,002		54%
Security	1,700,000	3,600,000		1,900,000	212%
Environmental Projects	2,000,000	958,000	1,042,000		48%



Emergency	5,767,647	3,214,341	2,553,306		56%
Audit Fee	500,000	0	500,000		0%
<b>Total</b>	<b>127,151,820</b>	<b>91,083,741</b>	<b>46,216,920</b>	<b>10,648,841</b>	<b>72%</b>

The following were noted:

- i. Overall under expenditure was 36% below budget mainly attributed to low absorption of funds.
- ii. The Constituency under spent on eleven (11) line items with a total expenditure of Kshs.46,216,920 and overspent on four (4) line items with a total of Kshs.10,648,841.
- iii. Included in the total payments of Kshs.91,083,741 in the statements of receipts and payments is expenditure of Kshs.35,568,079 which relates to 2014/2015 which were rolled-over to the financial year 2015/2016.
- iv. The expenditure shows that committee expenses, security, primary schools, and social security had the highest over expenditure. No explanation was provided for the material variations and neither were reallocations approved by the National Government Constituencies Development Fund Board before the end of the financial year as required under the NGCDF Act 2015.
- v. As at 30 June 2016, the reconciled bank balance was Kshs.67,894,413. However some of the projects had not been undertaken and thus the citizens did not receive all the services provided for in the approved budget.

Delayed service delivery due to slow rate of absorption of funds may cause projects vital to the community's welfare not to be implemented.

## 2. Project Verification

Sixteen (16) projects costing Kshs.22,407,817 were physically verified in June 2017. Nine of the projects were found to be complete and in use as analysed below:

Details	Project Activity	Kshs	Remarks
Rigena SDA Primary School	Construction of 2 classrooms and renovation of 7 classrooms	1,000,000	Project complete and labelling done
Nyakeyo Mixed Secondary School	Renovation of dormitory	500,000	Project complete and labelling done
Kiobweri Igare Road	Opening, grader works	3,264,820	Project complete and labelling done
Nyagetonkono Water Project	Rehabilitation of water spring	922,997	Project complete and labelling done
Bosinange Chiefs office	Construction of office	700,000	80% complete. No Labelling done

Kiendege Sec School	construction of science laboratory	700,000	Complete and in use
Nyangweta SDA Secondary School	Construction of a dining hall	3,000,000	Complete and in use
Nyatwoni Secondary School	Construction of two classrooms	1,000,000	Complete and in use
Marongo PAG.Sec.School	Construction of dormitory	1,000,000	Complete and in use
Ramoya Hill Sec	Construction of dormitory	2,000,000	Complete and in use
Nduru Girls High School	Construction of girls dormitory	2,500,000	Complete and in use
Nyamondo Water Project	rehabilitation of distribution lines	350,000	ongoing
Ekioge Water Project	purchase and fixing the main switch and wiring the pump house	470,000	ongoing
Moticho -Suguta	routine maintainance, drainage 6km	1,500,000	Complete and in use
Nyamarambe Esaka	Routine maintainance drainage 8 km	1,500,000	Complete and in use
Riogaro Riasabuonsi Nyandoro Matino Eboya Access Road	opening grader works 4km	2,000,000	Complete and in use
	<b>Total</b>	<b>22,407,817</b>	

It was noted that two projects were not branded because they were on-going. Lack of branding risks overlapping of projects especially in instances where other government agencies fund similar projects.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**20 February 2018**



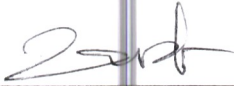
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO  
CONSTITUENCY

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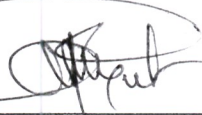
IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2016

		2015 - 2016	2014 - 2015
RECEIPTS	Note	Kshs	Kshs
Transfers from CDF board	1	126,651,820	119,890,426
Proceeds from Sale of Assets	2		
Other Receipts	3	-	
<b>TOTAL RECEIPTS</b>		<b>126,651,820</b>	<b>119,890,426</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,960,070	1,506,669
Use of goods and services	5	3,045,164	2,967,977
Committee Expenses	6	5,559,825	7,085,150
Transfers to Other Government Units	7	38,637,931	23,772,493
Other grants and transfers	8	41,223,131	79,086,983
Social Security	9	657,620	21,500
Acquisition of Assets	10	-	-
Other Payments	11	-	138,427
<b>TOTAL PAYMENTS</b>		<b>91,083,741</b>	<b>114,579,199</b>
<b>SURPLUS/DEFICIT</b>		<b>35,568,079</b>	<b>5,311,226</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SOUTH MUGIRANGO NG-CDF financial statements were approved on 30 September 2016 and signed by:

  
Chairperson - NGCDFC



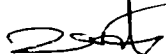
  
Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO  
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V. STATEMENT OF ASSETS AS AT 30 JUNE 2016

	Note	2015 - 2016 Kshs	2014 - 2015 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	12A	67,894,413	32,326,334
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	13	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b><u>67,894,413</u></b>	<b><u>32,326,334</u></b>
<b>REPRESENTED BY</b>			
Retention	14		
Fund balance b/fwd 1st July 2015	15	32,326,334	27,015,117
Surplus/Deficit for the year		35,568,079	5,311,227
Prior year adjustments	16	-	-
<b>NET LIABILITIES</b>		<b><u>67,894,413</u></b>	<b><u>32,326,344</u></b>

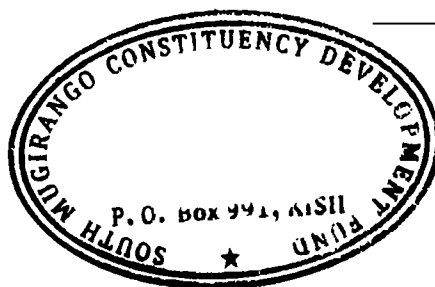
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Chairperson – NG-CDFC



Fund Account Manager





NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- SOUTH MUGIRANGO  
CONSTITUENCY

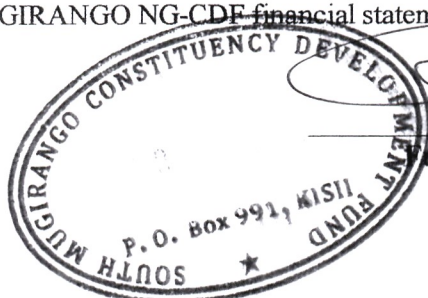
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VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2016

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	126,651,820	119,890,426
Other Receipts	3	-	-
		<b>126,651,820</b>	<b>119,890,426</b>
<b>Payments for operating expenses</b>			
Compensation of employees	4	1,960,070	1,506,669
Use of goods and services	5	3,045,164	2,967,977
Committee Expenses	6	5,559,825	7,085,150
Transfers to Other Government Units	7	38,637,931	23,772,493
Other grants and transfers	8	41,223,131	79,086,983
Social Security	9	657,620	21,500
Other Payments	11	-	138,427
		<b>91,083,741</b>	<b>114,579,199</b>
<b>Adjusted for:</b>			
Adjustments during the year	11	-	-
<b>Net cash flow from operating activities</b>		<b>35,568,079</b>	<b>5,311,227</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	-	-
<b>Net cash flows from Investing Activities</b>		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>35,568,079</b>	<b>5,311,227</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	15	<b>32,326,334</b>	<b>27,015,117.00</b>
<b>Cash and cash equivalent at END of the year</b>		<b>67,894,413</b>	<b>32,326,344</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The SOUTH MUGIRANGO NG-CDF financial statements were approved on 30 September 2016 and signed by:

  
Chairperson NG-CDFC



  
and Account Manager

*CONSTITUENCIES DEVELOPMENT FUND SOUTH MUGIRANGO CONSTITUENCY*  
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**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
<b>RECEIPTS</b>						
Transfers from CDF Board	127,151,820	32,326,334	159,478,154	158,978,154	500,000	99.7%
Proceeds from Sale of Assets				-	-	
Other Receipts				-	-	
<b>TOTAL</b>	<b>127,151,820</b>	<b>32,326,334</b>	<b>159,478,154</b>	<b>158,978,154</b>	<b>500,000</b>	<b>99.7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,378,640	500,000	2,878,640	1,960,070	260,950	90.9%
Use of goods and services	7,873,808	-	7,873,808	3,045,164	4,828,644	39%
Committee Expenses	1,191,215		1,191,215	5,559,825	4,368,610	467%
Transfers to Other Government Units	47,400,000	23,137,931	70,537,931	38,637,931	31,900,000	54.8%
Other grants and transfers	67,808,157	8,688,403	76,496,560	41,223,131	35,273,429	53.9%
Social Security				657,620	-	100%
Other Payments	500,000		500,000		500,000	0.0%
<b>TOTAL</b>	<b>127,151,820</b>	<b>32,326,334</b>	<b>159,478,154</b>	<b>91,083,741</b>	<b>68,394,413</b>	<b>57.1%</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016**

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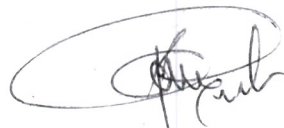
- a. There is underutilization of funds in transfers to the other governments units other grants and transfer is because part of the funding had not been granted to the respective projects due to delayed funding from the NG-CDF board.
- b. The excess expenditure on committee expenses is a result of amalgamation of Monitoring and evaluation and Office administration which serves the item of committee expenses.
- c. The excess in use of goods and services are as a result of employer's contribution and penalties due to late payments which were not budgeted for.

The SOUTH MUGIRANGONGCDF financial statements were approved on 30 September 2016 and signed by:



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**Chairperson NG-CDF**



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**Fund Account Manager**



## 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 NGCDF.

### 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 other employees to be used and rendered or accounted for at the end of the financial year.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
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For the year ended June 30, 2016  
SIGNIFICANT ACCOUNTING POLICIES (Continued)

**5. Pending bills**

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

**6. Budget**

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

**7. Comparative figures**

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

**8. Subsequent events**

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>			
Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Disbursement	A 724154	10,000,000.00	119,890,426
	A 796370	10,000,000.00	
	A820790	20,000,000.00	
	A 820644	10,000,000.00	-
	A821000	13,000,000.00	
	A825814	63,651,820.00	
<b>TOTAL</b>		<b>126,651,820.00</b>	<b>119,890,426</b>

<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>			
Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Receipts from the Sale of Buildings		-	
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	
Receipts from the Sale of office and general equipment		-	
	<b>Total</b>		

<b>3 OTHER RECEIPTS</b>			
Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Interest Received		-	-
<b>Total</b>		<b>-</b>	<b>-</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 COMPENSATION OF EMPLOYEES

Description	2015 -	2014 -
	2016	2015
	Ksh	Ksh
Basic wages of contractual employees	1,780,070	1,506,669
Basic wages of casual labor	-	-
<b>Personal allowances paid as part of salary</b>	-	-
House allowance	120,000	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments(MEDICAL ALLOWENCE)	60,000	-
gratuity	-	-
<b>Total</b>	<b>1,960,070</b>	<b>1,506,669</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**5 USE OF GOODS AND SERVICES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services		
Office rent	78,000	156,000
Communication, supplies and services	6,960	410,260
Domestic travel and subsistence	1,031,100	573,600
Printing, advertising and information supplies & services	271,020	-
Rentals of produced assets	-	-
Training expenses	681,000	1,473,500
Hospitality supplies and services	-	553,500
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	207,483.86	362,489.44
Fuel ,oil & lubricants	474,000	725,960
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	295,600.20	843,597
Routine maintenance – other assets	-	-
<b>Total</b>	<b>3,045,164</b>	<b>2,967,977</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. COMMITTEE EXPENSES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Other committee expenses	4,611,825	7,085,150
Committee allowance	948,000	
<b>Total</b>	<b>5,559,825</b>	<b>7,085,150</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
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For the year ended June 30, 2016

**7 TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Transfers to primary schools	18,737,931	7,120,977.50
Transfers to secondary schools	19,900,000	12,200,000.00
Transfers to Tertiary institutions	-	
Transfers to Health institutions	-	4,451,515.48
<b>TOTAL</b>	<b>38,637,931</b>	<b>23,772,493</b>

**8 OTHER GRANTS AND OTHER PAYMENTS**

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary -Secondary	100,000	-
Bursary -Tertiary	13,080,000	17,951,000
Bursary-Special schools	-	-
Mocks & CAT	-	-
water	1,149,282	13,775,743.80
Agriculture (food security)		-
Electricity projects	-	-
Security	3,600,000	-
Roads	19,121,508	46,606,323.67
office renovations	-	619,915.30
Other capital grants and transfer(Environment	958,000	134,000
Emergency Projects	3,214,341	-
<b>Total</b>	<b>41,223,131</b>	<b>79,086,983</b>

**9. SOCIAL SECURITY**

Description	2015 - 2016	2014 - 2015
	Ksh	Ksh
Personal allowances paid as part of salary	-	
Employer contribution to NSSF	657,620	23,500
gratuity	-	
<b>Total</b>	<b>657,620</b>	<b>23,500</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACQUISITIONS OF ASSETS

<b>Non-Financial Assets</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of Office furniture and fittings	-	-
Purchase of computers ,printers and other IT Equipment's	-	-
Purchase of photocopier	-	-
Purchase of other office Equipment's	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**11 OTHER PAYMENTS**

	2015 - 2016	2014 - 2015
	Kshs	Kshs
NHIF	-	21,260
KRA	-	143,275
<b>TOTAL</b>	<b>-</b>	<b>164,535</b>

<b>12A: Bank Balances (cash book bank balance)</b>			
Name of Bank, Account No. & currency		2015 - 2016	2014 - 2015
	Account Number	Kshs (30/6/2016)	Kshs (30/6/2015)
COOPERATIVE BANK, RONGO.	01120018205600,	67,894,413	32,326,334.00
<b>Total</b>		<b>67,894,413</b>	<b>32,326,334</b>

**12B: CASH IN HAND**

	2015 - 2016	2014 - 2015
	Kshs (30/6/2015)	Kshs (30/6/2015)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
**Reports and Financial Statements**  
For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>13: OUTSTANDING IMPRESTS</b>			
<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>
	<b>Date imprest taken</b>	<i>Kshs</i>	<i>Kshs</i>
			-
		-	-
		-	-
<b>14 Retention</b>			
<b>Supplier/Contractor</b>	<b>PV no</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**15 BALANCES BROUGHT FORWARD**

	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs (1/7/2015)</b>	<b>Kshs (1/7/2014)</b>
Bank accounts	32,326,334.00	24,224,336
Cash in hand	-	
Imprest	-	2,790,780
<b>Total</b>	<b>32,326,334</b>	<b>27,015,117</b>

<b>16. PRIOR YEAR ADJUSTMENTS</b>	<b>2015 - 2016</b>	<b>2014 - 2015</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts		
Cash in hand	-	
Imprest	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2016

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015- 2016 Kshs	2014 - 2015 Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<b>0</b>	<b>0</b>

17.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	0	0
Middle management	0	0
Unionisable employees	0	0
Others (specify)	0	0
	<b>0</b>	<b>0</b>

17.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities (see attached list)	30,294,280	0
Amounts due to other grants and other transfers (see attached list)	28,217,459	0
Others (specify)	2,552,768	0
	<b>61,064,507</b>	<b>0</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH  
MUGIRANGO CONSTITUENCY  
For the year ended June 30, 2016

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Historical Cost
	(Kshs)	(Kshs)
	2015/16	2014/15
Land		NIL
Buildings and structures	7,281,179.00	7,281,179.00
Transport equipment	4,378,363.00	4,378,363.00
Office equipment, furniture and fittings	81,180.00	81,180.00
ICT Equipment, Software and Other ICT Assets	280,067.00	280,067.00
Other assets (cutlery)	10,274.00	10,274.00
<b>Total</b>	<b>12,031,063.00</b>	<b>12,031,063.00</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH MUGIRANGO CONSTITUENCY

For the year ended June 30, 2016

**ANNEX 5 – FOLLOWUP OF PREVIOUS AUDIT REPORTS**

The following audit issues raised by the auditor in the prior years and how we have responded:

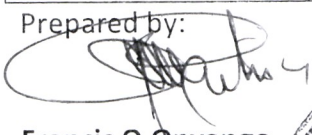
Reference Number	Audit Issues in 2014/20`15	Management Comments	Focal Point	Status
<b>Summary Statement of Appropriation</b>	The summary statement of appropriation indicates the current year's final budget figures for total receipts and total payments as Kshs. 144,114,763. However, a record from the National Government Constituency Development Fund Board indicates that the final approved budget for the year 2014/2015 was Kshs. 119,890,426. The accuracy of the Summary statement of appropriation could not therefore be confirmed		Fund Manager/Accountant	Resolved
<b>Implementation of Projects</b>	Contrary to the provisions of the CDF Act which requires that all projects under the Act be implemented through Project Management Committees (PMCs) with the assistance of relevant Government departments, it was observed that there were some projects funded by the CDF being implemented by the Constituency Development Fund Committee (CDFC)		Fund Manager/Accountant	Resolved
<b>Unauthorized Re-allocation of Funds</b>	A review of the accounting records of South Mugerango indicated that payments for the purchase of furniture and the		Fund Manager/Accountant	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – SOUTH MUGIRANGO CONSTITUENCY

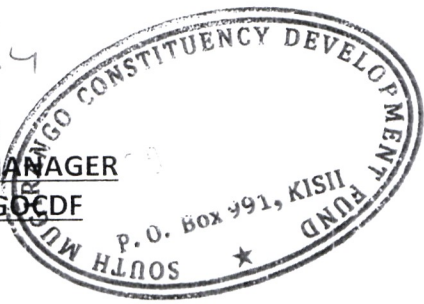
For the year ended June 30, 2016

	Nyamokomba water projects exceeded the approved allocations for the year under review. The CDF used funds from other budget items			
Inadequate Project Implementation documents	The South Mugirango Constituency Development Fund committee disbursed a total of Kshs 23,772,493 in the form of transfers to other Government units during the year under review as reflected in the statement of receipts and transfers. These funds were administered through Project Management Committees (PMCs) spread throughout the constituency. During the audit review, disbursements totaling Kshs 13,700,000 made to various PMCs were not adequately supported with complete expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents		Fund Manager/Accountant	Resolved

Prepared by:



Francis O. Onyango  
**FUND ACCOUNT MANAGER**  
**SOUTH MUGIRANGO CDF**





REPUBLIC OF KENYA

PARLIAMENT  
OF KENYA  
LIBRARY



*Paper Laid*  
*By Hon. Duale MP*  
*Lomp on 11/4/2018*  
*[Signature]*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE 2016**





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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-IKOLOMANI  
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2016

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

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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, NG-CDF 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 the National Government development Agenda at the constituency level.

(b) Key Management

The Ikolomani 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 30<sup>th</sup> June 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Mr. Yusuf Mbuno
2.	A.I.E holder	Mr. Tom Ageng'a
3.	Accountant	Mr. Erick Ochuka

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Ikolomani Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National Government Constituency Development Fund Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) IKOLOMANI NG-CDF Headquarters

Ikolomani NG-CDF Office Building.  
Behind Malinya Market-Off Sigalagala-Butere Road  
P.O Box 2773-50100  
Kakamega



(f) IKOLOMANI NG-CDF Contacts

Telephone: +254-716-830-440  
E-mail: [cdfikolomani@cdf.go.ke](mailto:cdfikolomani@cdf.go.ke)

(g) IKOLOMANI NG-CDF Bankers

Cooperative Bank of Kenya  
P.O Box 595-50100  
Kakamega

(h) Independent Auditors

Auditor General  
Kenya National Audit Office  
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. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY  
DEVELOPMENT FUND COMMITTEE (NGCDFC)

To the residents of Ikolomani Constituency it's my pleasure to present the annual financial statements for Ikolomani NG-CDF for the financial year 2015/16. The NG-CDF Act, 2015 requires that every constituency develop and submit, within three months of the close of each financial year, financial statements to the Auditor General through the NG-CDFB. This report is thus submitted in fulfilment of this requirement for the financial year ended June 30, 2016.

The Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

During the last financial year 2015/16 we had an approved budget of KShs 114,234,538.00. In addition there was a balance of KShs 26,948,987.50 from the previous financial year to bring to a total of KShs 141,183,525.50 as expected receipts from the NG-CDF Board. Further, a total of KShs 140,683,525.50 was received from the CDF Board, which represents approximately 99.7% of the total sums we had expected to receive, being the amounts of the total budget together with the balance from the previous financial year. In the same vein, the Ikolomani CDFC managed to disburse to various entities an average of 93%. Just to highlight a few areas; Transfers to other government entities was 100%, while other grants and transfers was 85%. These high figures were achieved despite the late disbursements of funds from the CDF Board.

This Annual Financial Report is divided in three sections; an informational section, statement of CDF management responsibilities and the financial statements section comprising of; Statement of Receipts and payments; Statement of Assets, Statement of Cash flow; Statement of appropriation; significant accounting policies; and notes to the financial statement together with their respective annexes.

I am very grateful to the Kakamega South Sub County Accountant; Mr. Erick Ochuka for his support in maintaining proper accounting records which indeed has formed the basis of preparing this annual financial statements. In addition my deepest gratitude goes to the Fund Account Manager with his staff who have worked tirelessly to ensure that this report comes to fruition. I personally wish to thank them for their commitment and dedication. Let me also recognize the contribution of my committee who have worked so hard towards achieving the targets for this financial year. I am indeed fortunate to be supported by a team of individuals with extensive knowledge and experience. I thank them for their commitment and support. Thank you for your interest, and in reviewing the 2015/16 Annual Financial Report.

Sign: .....  
David Muliru Lisamula  
NG-CDFC Chairman

Date: 15/09/2016

### III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF shall prepare financial statements in respect of that NGCDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

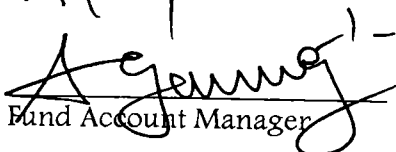
The Accounting Officer in charge of the Ikolomani NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility 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.

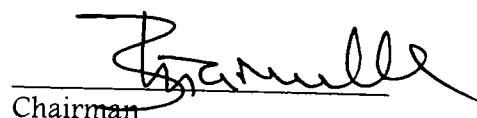
The Accounting Officer in charge of the Ikolomani NGCDF accepts responsibility for the NGCDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF's financial statements give a true and fair view of the state of NGCDF's transactions during the financial year ended June 30, 2016, and of the NGCDF's financial position as at that date. The Accounting Officer in charge of the Ikolomani NGCDF further confirms the completeness of the accounting records maintained for the NGCDF, which have been relied upon in the preparation of the NGCDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Ikolomani NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

#### Approval of the financial statements

The NGCDF's financial statements were approved and signed by the Accounting Officer on 15/09/2016 2016.

  
Fund Account Manager

  
Chairman



# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - IKOLOMANI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Ikolomani Constituency set out on pages 5 to 17, which comprise the statement of assets and liabilities as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility 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.

The 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.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with international Standards of Supreme audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Ikolomani Constituency for the year ended 30 June 2016*



assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

### **Basis for Adverse Opinion**

#### **1. Accuracy, Completeness and Presentation of the Financial Statements**

The International Public Sector Accounting Standards (IPSAS) (Cash Basis) financial statements presentation format prescribed by the Kenya Public Sector Accounting Standards Board requires the management to include the action taken on the previous year auditor's recommendations. In the year 2014/2015, Ikolomani CDF had an adverse audit opinion. However, the report on follow-up of the issues raised in the audit report has not been included in the financial statements for the year under review as required. Therefore, the presentation of the financial statements does not conform to IPSAS (Cash Basis) as prescribed by Kenya Public Sector Accounting Standards Board and in accordance with the Public Finance Management Act, 2012.

In the circumstances, the completeness and presentation of the financial statement as at 30 June 2016 could not be confirmed.

#### **2. Implementation of Project Works**

The Fund management procured works totalling Kshs.13,081,000 during the year under review. However, the implementations of the projects had various challenges as highlighted in the remarks column below;

	<b>Project Beneficiary</b>	<b>Amount</b>	<b>Remarks</b>
1	Shihalia Primary School	5,500,000	The project for construction of 8 storey model classes was awarded to a local construction company at an initial contract sum of Kshs.8,200,000. The contractor was thereafter discontinued after failing to meeting his contractual obligations and replaced by another local company. This was after being paid Kshs.5,331,767 in two certificates for the works done. The new contractor was engaged to complete the works at a cost of Kshs.4,000,000 which brought the project anticipated cost to Kshs.9,331,767 which is Kshs.1,131,767 higher than the original cost of Kshs.8.2m. During an audit inspection conducted in Feb 2017, it was noted that the new contractor had residual staff on site after being paid Kshs.2,197,868 with reasonable works outstanding on the project.



			No details were provided for these certified works.
2	Lirhembe Girls High School	3,204,000	The school has a library project which started in 2007 but the project stalled and look abandoned. Wastage was noted given the school had used the funds advanced to construct a temporary roof while other materials like blocks are wearing off at the site. Poor workmanship was observed in the partially complete ground floor where the floor has cracked and windows affected by weight. It was further noted that the school chose in another project before completing the older one where Ikolomani CDF also contributed Kshs.1,600,000 towards procurement of a school bus. No details on how the bus was purchased were availed.
5	Imbale Secondary School	2,377,000	The project was for construction of a storey dormitory awarded to a local company in October 2014 at a contract sum of Kshs.10,865,770. The contractor has so far been paid Kshs.8,308,059 and has a balance of Kshs1,502,839. The site was abandoned in July 2016 and the contractor was not on site during the time of audit verification in February 2017. The remaining works which include roofing, plumbing, electrical, ceiling, flooring, painting and associated accessories may not be completed with the balance in the event the contractor does not resume construction. The school had no funds in the account and the project therefore lies in suspense.
6	Friends Secondary School Lusui	2,000,000	The construction of the Kshs.7.6m twin laboratory has been ongoing since 2014 with the contractor having already been paid Kshs.4.0m. The project appears to have procurement challenges given there were other contractors who had capacity and had quoted as low as Kshs.6.7m or about 900,000 lower. Currently the contractor is not in site and the project is stalled. The roofing structure was varied from timber with ceiling to steel without ceiling. These variations had not been documented and the costs of the omissions and additions could not be verified.
	<b>Total</b>	<b>13,081,000</b>	

### 3. Construction of Roads

The Fund management allocated funds for roads construction totalling Kshs.7,000,000 as shown below whose construction works however, had a number of irregularities as indicated below;



	Project	Amount	Remarks
1	Mutaho-Matietie Road	4,000,000	The road according to Bills of quantity was estimated to be 4km. Physical verification indicated the road was about 4km and had been graded to 7m and graveled to 4m wide and a depth of about 0.08m. The bills indicate travelling cost at Kshs.2,540,450 which is Kshs.1,348,450 higher than the recalculated actual work of Kshs.1,192,000. No certificate for measured work was provided to justify the overpayment.
2	Shikunga-River Yala Road	3,000,000	The project cost was Kshs.2,551,774 having awarded to a local company as the contractor. Physical verification revealed that the road was about 3.5km long and grading was done at 5m instead of 7m while gravelling was only 4m instead of 25m with a depth of 0.05m instead of 0.1m as indicated in the bills of quantities.
	<b>Total</b>	<b>7,000,000</b>	

Consequently, the road works valued at Kshs.7,000,000 could not be ascertained as correctly implemented and that the residents of the constituency may not have obtained value for money on these projects.

### Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis of Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of National Government Constituencies Development Fund - Ikolomani Constituency as at 30 June 2016, 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 do not comply with the National Government Constituencies Development Fund Act, 2015.

### Other Matter

#### 1. Budget Performance

The Fund had budgeted receipts of Kshs.171,697,426 including Kshs.57,462,888 brought forward from 2014/2015. However, the actual expenditure was Kshs.159,721,251 resulting in an under expenditure of Kshs.11,976,175 as analyzed below:

Receipt/Expense Item	Final Budget	Actual Expenditure	Difference	% of Utilization
Transfers from CDF Board	171,697,426	159,721,251	11,976,175	93%
<b>Payments</b>				
Compensation of Employees	4,728,126	2,530,981	2,197,144	53.5%

*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Ikolomani Constituency for the year ended 30 June 2016*

Use of goods and services	9,244,440	8,489,733	754,706	91.8%
Transfers to Other Government Units	101,287,931	101,287,811	120	99.9%
Other grants and transfers	54,436,530	46,203,717	8,232,814	84.8%
Acquisition of Assets	2,000,400	1,209,009	791,391	60.4%
Other Payments	50,000	0	50,000	0%

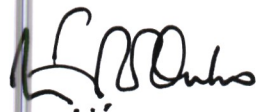
Consequently, the Fund did not operate within the approved budget and this might impact negatively in respect to service delivery to the constituents.

## 2. Project Analysis

The Fund management had approved plan to implement a total of one hundred and eighty seven (187) projects between financial year 2013/2014 to 2015/2016, valued at Kshs.294,945,460. However, 12 projects valued at Kshs.511,800,000 had not started, seventy nine (79) projects valued at Kshs.123,563,433 were still ongoing, seven (7) projects valued at Kshs.17,100,000 stalled and only ninety four (94) projects valued at Kshs.142,482,026 had been completed.

Sector	Complete		Not yet started		Ongoing		Stalled/Abandoned	
	No	Value	No	Value	No	Value	No	Value
Administration	8	14,267,941	2	1,000,000	14	14,011,319	-	-
Education	60	81,677,791	8	4,800,000	61	104,810,735	5	10,700,000
Environment	-	-	-	-	1	500,000	-	-
Health	3	4,141,380	-	-	2	3,241,380	-	-
Markets	2	3,064,468	-	-	-	-	-	-
Roads	12	30,156,125	2	6,000,000	-	-	2	6,400,000
Security	4	4,550,000	-	-	-	-	-	-
Sports	4	4,411,963	-	-	1	1,000,000	-	-
Water	1	212,360	-	-	-	-	-	-
<b>Total</b>	<b>94</b>	<b>142,482,027</b>	<b>12</b>	<b>11,800,000</b>	<b>79</b>	<b>123,563,433</b>	<b>7</b>	<b>17,100,000</b>

Consequently, the Fund did not operate within the approved budget and this might impact negatively in respect to service delivery to the constituents.



**FCPA Edward R.O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**08 March 2018**

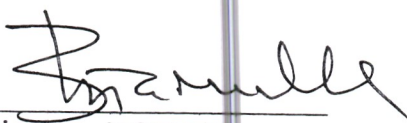


NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IKOLOMANI CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2016

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016 KShs	2014 - 2015 KShs
<b>RECEIPTS</b>			
Transfers from CDF board	1	140,683,525.50	125,895,497.10
Other Receipts	2	50,000.00	-
<b>TOTAL RECEIPTS</b>		<b>140,733,525.50</b>	<b>125,895,497.10</b>
<b>PAYMENTS</b>			
Compensation of employees	3	2,530,981.20	1,528,087.20
Use of goods and services	4	8,489,733.16	8,407,414.55
Transfers to Other Government Units	5	101,287,811.00	50,866,954.60
Other grants and transfers	6	46,203,716.50	43,340,017.60
Acquisition of Assets	7	1,209,009.00	614,889.00
<b>TOTAL PAYMENTS</b>		<b>159,721,250.86</b>	<b>104,757,362.95</b>
<b>SURPLUS/DEFICIT</b>		<b>(18,987,725.36)</b>	<b>21,138,134.15</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ikolomani NGCDF financial statements were approved on 15/09/2016 and signed by:

  
 Chairman - NGCDFC

  
 Fund Account Manager

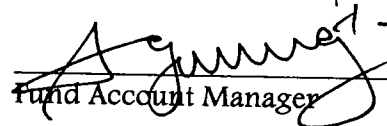
NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IKOLOMANI CONSTITUENCY  
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V. STATEMENT OF ASSETS

	Note	2015 - 2016 KShs	2014 - 2015 KShs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	8	11,282,448.09	30,513,900.55
Outstanding Imprests	9	254,000.00	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>11,536,448.09</b>	<b>30,513,900.55</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd. 1st July...	8	30,513,900.55	9,375,766.40
Surplus/Deficit for the year		(18,987,725.36)	21,138,134.15
Prior year adjustments	11	10,272.90	-
<b>NET LIABILITIES</b>		<b>11,536,448.09</b>	<b>30,513,900.55</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ikolomani NGCDF financial statements were approved on 15/09/2016 and signed by:

  
 Chairman - NGCDFC

  
 Fund Account Manager

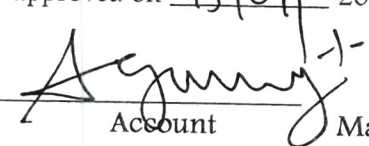


NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- IKOLOMANI CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2016

VI. STATEMENT OF CASHFLOW			
Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	140,683,525.50	125,895,497.10
Other Receipts	2	50,000.00	-
		<u>140,733,525.50</u>	<u>125,895,497.10</u>
Payments for operating expenses			
Compensation of Employees	3	2,530,981.20	1,528,087.20
Use of goods and services	4	8,489,733.16	8,407,414.55
Transfers to Other Government Units	5	101,287,811.00	50,866,954.60
Other grants and transfers	6	46,203,716.50	43,340,017.60
		<u>158,512,241.86</u>	<u>104,142,473.95</u>
Adjusted for:			
Prior Year Adjustments	11	10,272.90	-
Changes in Receivables		(254,000.00)	-
Net cash flow from operating activities		<u>(18,022,443.46)</u>	<u>21,753,023.15</u>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	7	(1,209,009.00)	(614,889.00)
Net cash flows from Investing Activities		<u>(1,209,009.00)</u>	<u>(614,889.00)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	10	30,513,900.55	9,375,766.40
Cash and cash equivalent at END of the year		<u>11,282,448.09</u>	<u>30,513,900.55</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ikolomani NGCDF financial statements were approved on 15/09/16 2016 and signed by:

  
 Chairman NGCDF

  
 Fund Account Manager

**UNSW JENKINS DEVELOPMENT FUND INULOMANI CONSISTENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016**

**VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual Comparable Basis	on Budget Utilisation Difference	% Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	114,234,538.00	57,462,888.05	171,697,426.05	171,197,426.05	500,000.00	99.7%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	50,000.00	50,000.00	50,000.00	-	100.0%
<b>TOTAL</b>	<b>114,234,538.00</b>	<b>57,512,888.05</b>	<b>171,747,426.05</b>	<b>171,247,426.05</b>	<b>500,000.00</b>	<b>99.7%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,600,000.00	2,128,125.50	4,728,125.50	2,530,981.20	2,197,144.30	53.5%
Use of goods and services	5,586,891.00	3,657,548.50	9,244,439.50	8,489,733.16	754,706.34	91.8%
Transfers to Government Units	70,350,000.00	30,937,931.00	101,287,931.00	101,287,811.00	120.00	100.0%
Other grants and transfers	34,397,647.00	20,038,883.05	54,436,530.05	46,203,716.50	8,232,813.55	84.9%
Acquisition of Assets	1,300,000.00	700,400.00	2,000,400.00	1,209,009.00	791,391.00	60.4%
Other Payments	-	50,000.00	50,000.00	-	50,000.00	0.0%
<b>TOTAL</b>	<b>114,234,538.00</b>	<b>57,512,888.05</b>	<b>171,747,426.05</b>	<b>159,721,250.86</b>	<b>12,026,175.19</b>	<b>93.0%</b>

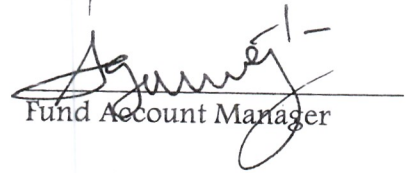
*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI  
CONSTITUENCY*

**Reports and Financial Statements**

**For the year ended June 30, 2016**

The IKOLOMANI NGCDF financial statements were approved on 15/09/2016 and signed by:

  
Chairman NGCDF

  
Fund Account Manager



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI  
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

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VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI  
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Reports and Financial Statements

For the year ended June 30, 2016

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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5. Pending bills

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

6. Budget

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

7. Comparative figures

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

8. Subsequent events

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI  
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Reports and Financial Statements

For the year ended June 30, 2016

IX. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Normal allocation		
A790780	26,948,987.50	45,048,534.60
A724088	20,000,000.00	24,948,987.50
A820557	10,000,000.00	16,169,393.00
A820734	27,000,000.00	12,779,594.50
A825726	56,734,538.00	26,948,987.50
<b>TOTAL</b>	<b>140,683,525.50</b>	<b>125,895,497.10</b>

2. OTHER RECEIPTS

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Receipts from Sale of tender documents	50,000.00	-
<b>Total</b>	<b>50,000.00</b>	<b>-</b>

3. COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Basic wages of contractual employees	1,371,284.00	935,245.20
Basic wages of casual labour	8,000.00	16,500.00
Personal allowances paid as part of salary		
House allowance	256,000.00	142,000.00
Transport allowance	280,000.00	160,000.00
Leave allowance	52,000.00	36,000.00
Other personnel payments	63,000.00	32,000.00
Employer contribution to NSSF	75,600.00	38,400.00
Gratuity	425,097.20	167,942.00
<b>Total</b>	<b>2,530,981.20</b>	<b>1,528,087.20</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI  
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Reports and Financial Statements

For the year ended June 30, 2016

4. USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Utilities, supplies and services	32,039.10	38,871.10
Communication, supplies and services	426,557.82	313,608.95
Domestic travel and subsistence	1,720,200.00	1,014,500.00
Printing, advertising and information supplies & services	9,200.00	3,600.00
Rentals of produced assets	315,000.00	22,000.00
Hospitality supplies and services	306,900.00	103,660.00
Other committee expenses	3,543,357.78	4,206,000.00
Committee allowance	370,000.00	751,000.00
Insurance costs	196,000.00	261,075.00
Office and general supplies and services	652,032.00	861,918.00
Fuel ,oil & lubricants	443,264.00	368,700.00
Bank Service Commission and Charges	20,100.00	43,582.50
Routine maintenance – vehicles and other transport equipment	436,082.46	410,899.00
Routine maintenance – other assets	19,000.00	8,000.00
<b>Total</b>	<b>8,489,733.16</b>	<b>8,407,414.55</b>

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 - 2016	2014 - 2015
	KShs	KShs
Transfers to primary schools (see attached list)	75,337,931.00	29,384,195.60
Transfers to secondary schools (see attached list)	24,949,880.00	16,000,000.00
Transfers to tertiary institutions (see attached list)	1,000,000.00	-
Transfers to health institutions (see attached list)	-	5,482,759.00
<b>TOTAL</b>	<b>101,287,811.00</b>	<b>50,866,954.60</b>

6. OTHER GRANTS AND OTHER PAYMENTS

	2015 – 2016	2014 -2015
	KShs	KShs
Bursary – secondary schools (see attached list)	6,969,500.00	4,849,500.00
Bursary – tertiary institutions (see attached list)	3,530,500.00	5,148,000.00
Mock & CAT (see attached list)	1,862,872.00	1,170,000.00
Security projects (see attached list)	250,000.00	4,943,383.00
Roads projects (see attached list)	28,256,124.50	16,500,000.00
Sports projects (see attached list)	2,300,000.00	3,867,962.60
Environment projects (see attached list)	360,000.00	-
Other Projects (see attached list)	-	3,000,000.00
Emergency Projects (specify)	2,674,720.00	3,861,172.00
<b>Total</b>	<b>46,203,716.50</b>	<b>43,340,017.60</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI  
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

Non-Financial Assets	2015 - 2016	2014 - 2015
	KShs	KShs
Refurbishment of Buildings	-	406,500.00
Purchase of Bicycles & Motorcycles	475,500.00	-
Purchase of Office Furniture and General Equipment	266,109.00	208,389.00
Purchase of ICT Equipment, Software and Other ICT Assets	467,400.00	-
<b>Total</b>	<b>1,209,009.00</b>	<b>614,889.00</b>

8: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Cooperative Bank, Kakamega Branch A/C No.01120023550000	11,282,448.09	30,513,900.55
<b>TOTAL</b>	<b>11,282,448.09</b>	<b>30,513,900.55</b>

9: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		KShs	KShs	KShs
Tom Oriwa Ageng'a	14/06/2016	100,000.00	-	100,000.00
Tom Oriwa Ageng'a	21/06/2016	112,000.00	-	112,000.00
Tom Oriwa Ageng'a	21/06/2016	42,000.00	-	42,000.00
				<b>254,000.00</b>

10. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	KShs	KShs
Bank accounts	30,513,900.55	9,375,766.40
Cash in hand		
<b>Total</b>	<b>30,513,900.55</b>	<b>9,375,766.40</b>

11. PRIOR YEAR ADJUSTMENTS

	2014 - 2015	2013 - 2014
	KShs	KShs
Bank accounts	10,272.90	-
<b>Total</b>	<b>10,272.90</b>	<b>-</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – IKOLOMANI  
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Reports and Financial Statements  
For the year ended June 30, 2016

Prior year adjustments were occasioned by reversals in the cashbook without replacements relating to previous years. In addition they were errors in the cashbook which were discovered after the closure of the financial year. The summary of the adjustments are as follows;

ERRORS IN THE CASHBOOK EXPLAINED Details	Amount	Sub Total
Reversal of Cheque No. 000660	74,040.20	
Reversal of Cheque No. 000914	900.00	
Reversal of Cheque No. 000947	2,000.00	
Reversal of Cheque No. 002443	5,916.20	
Reversal of Cheque No. 002992	12,600.00	
Reversal of Cheque No. 002983	16,417.20	
<b>Sub Total</b>		<b>111,873.60</b>
Overcast -Cheque No. 3483	90,000.00	
Overcast- Cheque No. 3311	10,000.00	
NHIF-Correction	1,600.00	
Correction on Cashbook	0.70	
<b>Sub Total</b>		<b>(101,600.70)</b>
<b>Cumulative Error on the Cashbook</b>		<b><u>10,272.90</u></b>



**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2016 (Kshs'000)**

**ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES**

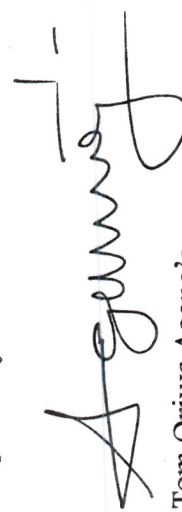
Name	Brief Transaction Description	Original Amount	Date Payable Contracte d	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2015	Comments
Amounts due to other Government entities		a	b	c	d=a-c		
Sub-Total							
Amounts due to other grants and other transfers							
1. Emergency Fund	To cater for any unforeseen occurrences in the constituency during the financial year	5,767,647.00	n/a	1,000,000.00	4,767,647.00	2,188,190.00	Funds are held at the constituency account awaiting allocation to need projects
2. Bursary	Payment of fees to needy students	12,000,000.00	n/a	11,500,000.00	502,500.00	2,500.00	Funds are held at the constituency account awaiting awarding
3. Environment	Provision of seedlings to schools	110,000.00	n/a	0.00	420,000.00	310,000.00	
Sub-Total Others (specify)		17,877,647.00			5,690,147.00	2,500,690.00	
4. Administration and M&E Expenses	For incurring office running costs and monitoring and evaluation	6,986,981.00	n/a	3,145,352.91	5,346,301.09	1,504,673.00	Funds are held at the constituency account
5. Audit Fee	Payment of audit fee to KENAO	500,000.00	n/a	0.00	1,000,000.00	500,000.00	These funds are earmarked for reallocation
Sub-Total		7,486,981.00			6,346,301.09	2,004,673.00	
Grand Total		25,364,628.00			12,036,448.09	4,505,363.00	

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)  
 Reports and Financial Statements  
 For the year ended June 30, 2014 (Kshs'000)

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land	300,000.00	300,000.00
Buildings and structures	5,000,000.00	5,000,000.00
Transport equipment	5,306,500.00	4,831,000.00
Office equipment, furniture and fittings	2,190,278.00	1,924,169.00
ICT Equipment, Software and Other ICT Assets	839,900.00	372,500.00
Other Machinery and Equipment	440,380.00	440,380.00
Heritage and cultural assets	0.00	0.00
Intangible assets	0.00	0.00
<b>Total</b>	<b>14,077,058.00</b>	<b>12,868,049.00</b>

Prepared by:

 15/07/2015

Tom Oriwa Ageng'a  
 Fund Account Manager  
 IKOLOMANI