

*Paper laid by the
Hon B-Washali
Kiprot
14/03/2018*

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT



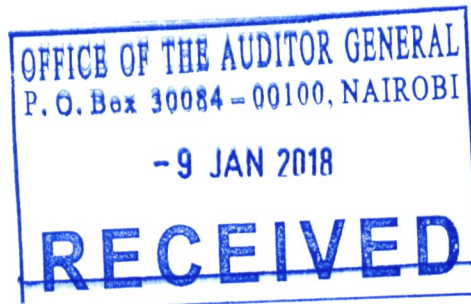
OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
BOMACHOGE CHACHE CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –
BOMACHOGE CHACHE CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	1
II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND COMMITTEE (NGCDFC).....	3
Sign.....	3
CHAIRMAN NGCDFC	3
III. STATEMENT OF NGCDF MANAGEMENT RESPONSIBILITIES.....	4
IV. STATEMENT OF RECEIPTS AND PAYMENTS.....	5
V. STATEMENT OF ASSETS.....	6
VI. STATEMENT OF CASHFLOW.....	7
VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	8
VIII. SIGNIFICANT ACCOUNTING POLICIES.....	25
IX. NOTES TO THE FINANCIAL TATESMENTS.....	26

CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE CHACHE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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

(b) Key Management

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

- i. Constituencies Development Fund Board (NGCDFB)
- ii. NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND Committee (NGCDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2015 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Daniel Oteri
3.	Accountant	Joseph Wesonga

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of **Bomachoge Chache** 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) BOMACHOGE CHACHENGCDF Headquarters

NGCDF Office Building.
P.O Box 303-40204
Ogembo.

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

(f) BOMACHOGE CHACHENGCDF Contacts

Telephone: (254) 728524023
E-mail: cdfbomachogechache@cdf.go.ke
Website: www.cdf.go.ke

(g) BOMACHOGE CHACHENGCDF Bankers

Bank Name	:	Equity Bank
Branch	:	Kisii
Account Name	:	BOMACHOGE CHACHE CDF
Account Number	:	0510261687855
Address	:	P.O Box 303-40204 Ogembo

(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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
CHACHECONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**

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

The NGNGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Bomachoge Chache.

However there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NGCDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approved of proposals and reallocations

The NGNGCDFCs wish that the issues of having the project on going for more than 2years be stopped and the NGCDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Sign.....
CHAIRMAN NGCDFC



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
CHACHE CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 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 **Bomachoge Chache** 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 **Bomachoge Chache** 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 charge of the **Bomachoge Chache** 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 **Bomachoge Chache** 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.



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 - BOMACHOGE CHACHE CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Bomachoge Chache Constituency set out on pages 5 to 27, 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

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

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 assessments, 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. Summary Statement of Appropriation

- i. The summary statement of appropriation indicates an original budget of Kshs.110,398,787 and an adjustment of Kshs.17,393,964 thus leading to the final budget to Kshs.127,792,751. However, the management had a bank balance rolled over from 2014/2015 of Kshs.10,627,878. Management did not provide schedules of projects earmarked for implementation from the funds rolled over from the prior year.
- ii. The disbursements from CDF Board reflects a figure of Kshs.99,498,787 while the statement of receipts and payments reflects amount received of Kshs.55,000,000 leading to an explained difference of Kshs.44,498,787.
- iii. The disbursed figure of Kshs.99,498,787 differs with the approved budget of Kshs.110,398,787 leading to undisbursed variance of Kshs.10,900,000 which was not explained or supported.

In the circumstances, the accuracy of the summary statement of appropriation could not therefore be confirmed.

2. Unsupported Expenditure

Payment documentation of Kshs.2,281,609 in respect of the following projects implementation activities were not availed for audit review:

Payee	Amount Kshs.
Bomachoge Chache CDF	149,590
Atom Construction Ltd	545,322
Ogembo Sunset Enterprise	387,612
Bomachoge Chache CDF	350,000
Agape Investiment Ltd	254,963
Atom Construction Co. Ltd	244,122

Commissioner of VAT	150,000
Tendere Primary School	200,000
Total	2,281,609

Consequently, the propriety of the expenditure could not be confirmed.

3. Projects Implementation

- i. Constituency Development Fund Committee (CDFC) directly implemented projects totalling Kshs.10,687,023 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 Government department. Direct implementation of projects contravene the provisions of the Act.

- ii. **Road Projects**

Constituency Development Fund Committee (CDFC) directly implemented road projects totalling Kshs.33,164,656 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 Government department. Direct implementation of projects contravenes the provisions of the Act.

4. Non-filling of Expenditure Returns by the PMCs

Expenditure returns for projects worth Kshs.5,174,600 were not availed for audit review by the CDFC. This was attributed to the various PMCs who had not prepared the expenditure returns.

Consequently, the propriety of the funds disbursed to the PMCs during the year could not be confirmed.

5. Transfer to Health Institutions

The constituency management in the year 2015/2016 financial year transferred Kshs.5,000,000 to health institutions, though the CDF Board and which had been approved before the National Government Constituencies Development Fund Act, 2015 came into operation. Physical verification of construction of Nyansara Health Center revealed that the Health Centre is not yet complete. A staff house funded in the year under review is also almost complete.

However the following anomalies were noted;

- i. The Health Centre is constructed on land belonging to Nyansara Primary School and no records were provided on how the decision was reached.
- ii. The size of land to be occupied by the dispensary was not confirmed.

- iii. The National Government Constituencies Development Fund office has not provided the way forward for the Health centre since under the National Government Constituencies Development Fund Act, 2015 and the Constitution, health is a devolved function and there is likelihood of conflict between the two levels of Government since the Health Centre does not have ownership documents.

The project's continued funding will be in contravention of the Act and may end up not being utilized for the intended purpose despite public resources having been spent.

6. Fixed Asset Register

The acquisition of assets under Note 10 being for construction of CDF office of Kshs.15,068,420, construction of industrial park of Kshs.11,937,105 and summary of fixed asset under Annex 4 indicated acquired assets from prior years of Kshs.7,973,905 all totalling to Kshs.34,979,250. However, the figure was not supported by detailed fixed asset register.

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 Bomachoge Chache Constituency Development Fund and of its financial performance and its cash flows for the year then ended, as at 30 June 2016 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

Bomachoge Chache CDF was allocated Kshs.110,398,787 by the National Government Constituencies Development Fund Board but only Kshs.105,602,265 was disbursed to the constituency during the year. A comparison of budget of Kshs.110,398,787 and actual amounts of Kshs.117,064,692 for the year under review is as below:

Item	Budget Kshs.	Actual Kshs.	Under Expenditure Kshs.	Over Expenditure Kshs.	Absorption Rate %
Receipts	110,398,787	105,602,265			96%
Payments					
Compensation of employees	2,800,000	1,051,738	1,748,262	0	38%
Use of goods and services	4,321,949	1,165,890	3,156,059	0	27%
Committee expenses	2,413,942	5,122,856	0	2,708,914	212%
Social security benefits	400,000	58,320	341,680	0	15%
Bursary/Cats/Mocks	17,000,000	16,300,200	699,800	0	96%
Transfers to Primary schools	17,800,000	0	17,800,000	0	0%

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

Transfers to Secondary schools	12,200,000	9,000,000	3,200,000	0	74%
Transfers to Tertiary schools	800,000	1,500,000	0	700,000	188%
Health Projects	2,800,000	5,000,000	0	2,200,000	179%
Water Projects	800,000	4,400,900	0	3,600,900	550%
Roads	13,751,441	33,164,656	0	19,413,215	241%
Agriculture	3,000,000	1,976,600	1,023,400	0	66%
Security	3,000,000	3,200,000	0	200,000	107%
Sports Activities	1,692,608	2,403,007	0	710,399	142%
Environmental Projects	1,000,000	2,700,000	0	1,700,000	270%
Emergency	5,519,939	3,015,000	2,504,939	0	55%
NG CDF Office	12,598,908	15,068,420	0	2,469,512	120%
Buyonge Industrial Park	8,500,000	11,937,105	0	3,437,105	140%
Total	110,398,787	117,064,692	30,474,140	37,140,045	106%

The following matters were noted:

- i. The overall over spending was 6% above budget mainly attributed to roll over of the funds from 2014/2015.
- ii. The Constituency under spent on eight (8) line items with a total expenditure of Kshs.30,474,140 and overspent on ten (10) line items with a total of Kshs.37,140,045.
- iii. Included in the total payments of Kshs.117,064,692 in the statements of receipts and payments is expenditure of Kshs.11,462,427 which relates to 2014/2015 which were rolled over to the financial year 2015/2016.
- iv. The expenditure shows that committee expenses, tertiary, water, roads, sports, office construction and Buyonge Industrial Park had the highest over expenditure and no explanation was provided for the material variations neither for reallocations done by the board before the end of the financial year.
- v. The prior year audited financial statements reflected the unspent funds as at 30 June 2015 of Kshs.10,627,879 while the statement of appropriation reflects an adjustment on the budget estimates of Kshs.17,393,964 leading to unreconciled variance of Kshs.6,766,085. The management did not provided schedules of projects earmarked for implementation from the funds rolled over from the prior year.

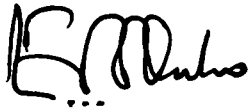
The public may not have received the services as provided for in the approved budget due to delayed service delivery as a result of slow rate of absorption of funds.

2. Project Verification

During the year under review, eighteen (18) projects whose payments totalled Kshs.22,137,105 were physically verified in June 2017. Seventeen (17) projects were complete and in use while one was ongoing as per the table below:

Details	Project Activity	Kshs	Observations
Nyansara D.O.K Health Centre	Construction of staff house	1,000,000	Not in use/Done as per scope
Egetonto Dispensary	Construction of staff house	500,000	Done as per the scope of work
Sengera Health Centre	Ceiling and painting	500,000	Completed as per scope of work
Misesi Health Centre	Construction of Health Centre	500,000	Complete and in use
St. Edward Nyabioto Secondary School	Plaster and painting of Administration block	500,000	Done as per the scope of work
Getuki Secondary School	Plaster and painting of Administration block	500,000	Done as per the scope of work
Buyonge Secondary School	Construction of Administration block	500,000	Done as per the scope of work
Gakero E.L.C.K Secondary School	Walling Roofing of hall	500,000	Super structure done
Nyamoronga Secondary School	Construction of Administration block	500,000	Done as per the scope of work
Kegaria-Mwobo-Rionyonso Road	Opening, reshaping and drainage	1,000,000	Project complete though no labelling
Nyatara Itabago Road	Opening, reshaping and drainage	1,100,000	Project complete though no labelling
Mananasi-New CDF Office	Opening, reshaping and drainage	1,000,000	Project complete though no labelling
Nyaburumbasi Youth Polytechnic	Construction of toilets	200,000	Project complete though no labelling
Misesi Ap Post	Plastering, flooring, fixing windows and doors and painting administration block	500,000	Project complete. Labelling done
Sengere Police Post	Plastering, flooring, fixing windows and doors and painting administration block	400,000	Project complete. Labelling done
Sengere Chief's Office	Ceiling, plastering and painting of administration block	300,000	Project complete. Labelling done
Nyamiobo Primary School	Flooring, windowing, fixing of doors and glasses in three classrooms	700,000	Project complete. Labelling done
Buyonge Industrial Park	Refurbishment of building	11,937,105	Building was abandoned
		22,137,105	

Further, upon physical verification of Buyonge industrial park, building that was under refurbishment was abandoned after the sector was devolved. The constituency office was also still incomplete.



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

Nairobi

31 January 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
CHACHE CONSTITUENCY**

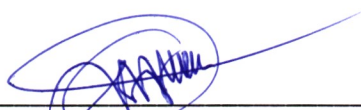
Reports and Financial Statements

For the year ended June 30, 2016

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

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	105,602,265	52,102,265
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		105,602,265	52,102,265
PAYMENTS			
Compensation of employees	4	1,051,738	1,059,506
Use of goods and services	5	1,165,890	2,601,395
Committee Meeting Allowances	6	5,122,856	6,934,232
Transfers to Other Government Units	7	15,500,000	31,570,696
Other grants and transfers	8	67,160,543	42,196,719
Social Security Benefits	9	58,320	12,000
Acquisition of Assets	10	27,005,345	6,544,000
Other Payments	11	-	-
TOTAL PAYMENTS		117,064,692	90,918,549
SURPLUS/DEFICIT		(11,462,427)	(38,816,284)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Bomachoge Chache NG-CDF financial statements were approved on 15/09/2016 and signed by:



Chairman - NGCDFC





Fund Account Manager

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE CHACHE CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2016

V. STATEMENT OF ASSETS AS AT 30 JUNE 2016

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	834,548	10,627,879
Cash Balances (cash at hand)	12B	-	-
Outstanding Imprests	13	-	-
TOTAL FINANCIAL ASSETS		(834,548)	10,627,879
REPRESENTED BY			
Retention	14		
Fund balance b/fwd 1st July 2015	15	10,627,879	49,444,162
Surplus/Defict for the year		(11,462,427)	(38,816,284)
Prior year adjustments	16	-	-
NET LIABILITIES		(834,548)	10,627,878

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



Chairman - NGCDFC





Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOMACHOGE
CHACHECONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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

		2015 - 2016	2014 - 2015
Receipts for operating income			
Transfers from CDF Board	1	105,602,265	52,102,265
Other Receipts	3	-	-
Total Receipts		105,602,265	52,102,265
Payments for operating expenses			
Compensation of employees	4	1,051,738	1,059,506
Use of goods and services	5	1,165,890	2,601,395
Committee Meeting Allowances	6	5,122,856	6,934,232
Transfers to Other Government Units	7	15,500,000	31,570,696
Other grants and transfers	8	67,160,543	42,196,719
Social Security Benefits	9	58,320	12,000
Other Payments	11	-	-
TOTAL PAYMENTS		90,059,349	84,374,548
Net cash flow from operating activities		15,542,918	(32,272,283)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	10	27,005,345	(6,544,000)
Net cash flows from Investing Activities		(27,005,345)	(6,544,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		11,462,428	38,816,284
Cash and cash equivalent at BEGINNING of the year	13	10,627,879	49,444,162
Cash and cash equivalent at END of the year		(834,549)	10,627,878

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


Chairman NGCDF




Fund Account Manager

CONSTITUENCIES DEVELOPMENT FUND BOMACHOGE CHACHECONSTITUENCY

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 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	110,398,787	17,393,964	127,792,751	105,602,265	22,190,487	82.6%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
TOTAL	110,398,787	17,393,964	127,792,751	105,602,265	22,190,487	82.6%
PAYMENTS						
Compensation of employees	2,700,000	22,775	2,822,775	1,051,738	1,203,899	27%
Use of goods and services	4,321,949	71,189	4,393,138	1,165,890	3,227,248	93.7%
Committee Meeting Allowances	2,321,949	0	2,321,949	5,122,856	2,800,907	221%
Transfers to Other Government Units	15,000,000	3,300,000	18,300,000	15,500,000	2,800,000	84.7%
Other grants and transfers	56,500,000	2,000,000	58,500,000	67,160,543	(8,660,543)	114.8%
Social Security Benefits	100,000		100,000	58,320	41,680	58%
Acquisition of Assets	30,000,000	12,000,000	42,000,000	27,005,345	14,994,656	64.3%
Other Payments			-		-	

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

TOTAL	110,398,787	17,393,964	127,792,751	117,064,691	10,728,060	91.6%
--------------	--------------------	-------------------	--------------------	--------------------	-------------------	--------------

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOMACHOGE
CHACHE CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2016**

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



Chairman NGCDF





Fund Account Manager

VII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of revenue and expenses

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

3. In-kind contributions

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

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE CHACHE CONSTITUENCY**

Reports and Financial Statements

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 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 –
BOMACHOGE CHACHE CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2016

VIII. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	A790827	38,090,777.50	26,051,132
	A 759745	12,511,487.00	-
	A 796410	20,000,000	15,630,679
	A 820702	20,000,000	-
	A820956	15,000,000	10,420,453
TOTAL		105,602,265	52,102,265

2. PROCEEDS FROM SALE OF ASSETS

	2015 – 2016	2014 – 2015
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Total		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE CHACHECONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014 - 2015	2013 - 2014
	Kshs	Kshs	Kshs
Interest Received	-	-	-
Rents	-	-	-
Receipts from Sale of tender documents	-	-	-
Other Receipts Not Classified Elsewhere	-	-	-
	-	-	-
Total	-	-	-

4. COMPENSATION OF EMPLOYEES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Basic wages of contractual employees	1,051,738	1,059,506
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Total	1,051,738	1,059,506

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE CHACHE 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	500,000	10,000
Office rent	200,000	90,000
Communication, supplies and services	-	247,000
Domestic travel and subsistence	-	240,000
Printing, advertising and information supplies & services	-	107,940
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	-	159,000
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	-	301,910
Fuel ,oil & lubricants	410,000	308,998
Other operating expenses	-	32,645
Routine maintenance – vehicles and other transport equipment	55,890	103,902
Routine maintenance – other assets	-	-
Total	1,165,890	2,601,395

6. COMMITTEE EXPENSES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Other Committee Expenses	2,378,998	3,876,500
Committee allowance	2,235,040	3,057,732
Total	5,122,856	6,934,232

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 -	2014 -
	2016	2015
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools	-	15,237,937
Transfers to secondary schools	9,000,000	7,300,000
Transfers to tertiary institutions	1,500,000	1,100,000
Transfers to Internal Security		1,200,000
Transfers to Agriculture		1,200,000
Transfers to Electricity		750,000
Transfers to health institutions	5,000,000	4,482,759
Transfers to Buyonge industrial park	-	300,000
-TOTAL	15,500,000	31,570,690

8. OTHER GRANTS AND OTHER PAYMENTS

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bursary – secondary schools	1,445,500	-
Bursary – tertiary institutions	14,191,500	13,674,160
Bursary – special schools	-	-
Mock & CAT	663,200	-
Water projects	4,400,900	1,300,000
Agriculture projects	1,976,600	
Electricity projects	-	
Security projects	3,200,000	
Roads projects	33,164,656	18,295,535
Sports projects	2,403,188	1,104,000
Environment projects	2,700,000	1,382,917
Emergency Projects	3,015,000	5,772,108
Construction of CDFC Office		668,000
Total	67,160,543	42,196,719

9. SOCIAL SECURITY

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Employer contribution to NSSF	58,320	12,000
gratuity	-	-
Total	58,320	12,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE CHACHE CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. ACQUISITION OF ASSETS

Non-Financial Assets	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	15,068,420	
Refurbishment of Buildings	11,937,105	-
Purchase of Vehicles and Other Transport Equipment	-	6,544,000
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	27,005,345	6,544,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE CHACHECONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

0

[Include an annex of the list is longer than 1 page.]

12 Retention			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
TOTAL			

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE CHACHE CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

0

[Include an annex of the list is longer than 1 page.]

12 Retention			
Supplier/Contractor	PV no	2015 - 2016	2014 - 2015
		Kshs	Kshs
TOTAL			

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
BOMACHOGE CHACHE CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	10,627,879	49,444,162
Cash in hand		
Imprest	-	-
Total	10,627,87	49,444,162

15. PRIOR YEAR ADJUSTMENTS

	2015 - 2016	2014 - 2015	2012 - 2013
	Kshs	Kshs	Kshs
Bank accounts	-	501,642	-
Cash in hand	-	-	-
Imprest	-	-	-
Total	-	501,642	-

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

16. OTHER IMPORTANT DISCLOSURES

16.1: PENDING ACCOUNTS PAYABLE

	2015- 2016	2014 - 2015
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		

16.2: PENDING STAFF PAYABLES

	Kshs	Kshs
Senior management		
Middle management		
Unionisable employees		
Others (specify)		

16.3: OTHER PENDING PAYABLES

	Kshs	Kshs
Amounts due to other Government entities		
Amounts due to other grants and other transfers		
Others (specify)		

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2015 d=a-c	Outstanding Balance 2014	Comments
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		A	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Sub-Total							
Middle Management							
4.							
5.							
6.							
Sub-Total							
Unionisable Employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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

ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount a	Date Payable Contracted b	Amount Paid To-Date c	Outstanding Balance 2015 d=a-c	Outstanding Balance 2014	Comments
Amounts due to other Government entities							
1.							
2.							
3.							
	Sub-Total						
Amounts due to other grants and other transfers							
4.							
5.							
6.							
	Sub-Total						
	Sub-Total						
Others (specify)							
7.							
8.							
9.							
	Sub-Total						
	Grand Total						

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

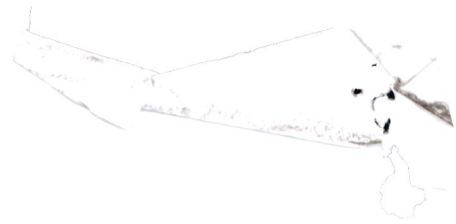
ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class		Historical Cost (Kshs) 2015/16	Historical Cost (Kshs) 2014/15
Land		N/A	N/A
Buildings and structures		27,005,345	668,000
Transport equipment			-
Office equipment, furniture and fittings	Office Table		46,200
	Conference Table		67,995
	Office Chairs		290,000
	Office Chairs		175,925
	Office Chairs		41,500
	Book Shelf		27,900
	Cabinet Steel		53,985
	Pedestal Fixes		29,600
	Glass Cabinet		28,800
	Toyota Land cruiser		6,544,000
Total		27,005,345	7,973,905

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

ANNEX 5 – PRIOR YEAR AUDIT ISSUES

AUDIT ISSUES	MANAGEMENT ACTION	STATUS
<p>1. Summary Statement of Appropriation</p> <p>The summary statement of appropriation indicates the current year's final budget figures for total receipts and total payments as Kshs. 153,648,692. However, records from the National Government Constituency Development Fund Board indicates that the final approved budget for the year 2014/2015 was Kshs. 92,704,529. In addition, the actual figures do not correspond with those in the Statement of Receipts and Payments. The accuracy of the Summary statement of appropriation could not therefore be confirmed</p>		
<p>2. Non-filing of Expenditure Returns by the Project Management Committees</p> <p>The Bomachoge Chache Constituency Development Fund committee disbursed a total of Kshs. 31,570,696 in the form of transfers to other Government units during the year under review as reflected in the statement of receipts and payments. These funds were administered through Project Management Committees (PMCs) spread throughout the constituency.</p>		



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

AUDIT ISSUES	MANAGEMENT ACTION	STATUS
<p>During the audit review, disbursements totaling Kshs. 14,682,759 made to various PMCs were not adequately supported with complete expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents. Consequently, we could not confirm the propriety of the funds disbursed to the PMCs during the year.</p>		
<p>3. Use of Emergency Funds</p> <p>During the year under review, the Bomachoge Chache Constituency used emergency funds amounting to Kshs. 5,772,108 for various projects as indicated in note 6 to the financial statements. However, the use of emergency funds did not meet the thresholds set for urgent and unforeseen need for expenditure on the projects</p>		
<p>4. Non deduction of Withholding Tax</p> <p>During the year under review, Bomachoge Chache Constituency Development Fund made payments totaling to Kshs. 18,295,535 towards roads projects within the constituency. From the review of accounting records maintained by the fund, it was observed that withholding tax was not deducted from payments to contractors which is in contravention of the Income tax Act.</p>		

