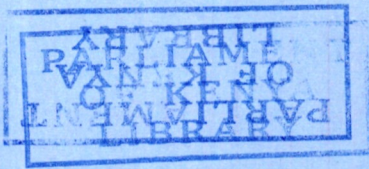


*Paper aud by
Hon. B. Wathale
19/3/2018*

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT



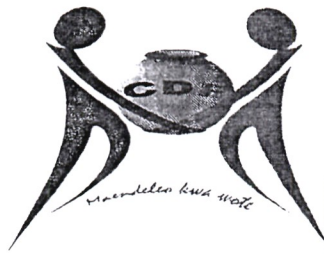
OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE 2016**



OFFICE OF THE AUDITOR
P. O. Box 30084 - 00100, NAIROBI
17 JAN 2018
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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-
KURIA EAST 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 –
KURIA EAST CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2016

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA EAST
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) was set up under the CDF Act, 2003 now repealed by the CDF Act, 2013.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

(b) Key Management

The Kuria East Constituency's day-to-day management is under the following key organs:

- i. National Government 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 2016 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Korir K. Bernard
3.	Accountant	Nyabuto Mogaga
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kuria East Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the 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) KURIA EAST NGCDF Headquarters

P.O. Box 7-40416
KEGONGA.
Nairobi, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA EAST
CONSTITUENCY**

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

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

The Kuria East NG CDF put up an exemplary performance in utilization of the Kshs. 112,349,620.00 received from the NGCDF Board between the 1st of July, 2015 and 30th June 2016, being able to utilizing 80% of the available fund despite the fact that some of the funds were received just weeks to the end of the 2015/2016 financial year. During the year ended 30th June, 2016 we are able to complete and handover 75% of the projects.

Despite the forgoing, key challenges remain due to the high poverty levels in the constituency, causing the NGCDF to be inundated with a multitude of proposals for funding we can barely cover.

We are however heartened that the constituency's allocation continues to grow year to year.

Ultimately our aims as the Kuria East NGCDF is to leverage to utilization of the NGCDF funds to ensure that the Constituency is able to develop as quickly as possible while always ensuring that transparency and accountability prevail in all our activities

Kind Regards,

Sign. 
CHAIRMAN NGCDFC

REPUBLIC OF KENYA

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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 – KURIA EAST 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 – Kuria East Constituency set out on pages 5 to 22, which comprise statement of assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation: recurrent and development 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.

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

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 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. Use of Goods and Services

Included in the use of goods and services balance of Kshs.9,291,121 is Kshs.2,189,600 relating to committee expenses but which amount is not supported with minutes, signed acknowledgement of receipts and activity schedules.

Consequently, the propriety of committee expenses of Kshs.2,189,600 for the year ended 30 June 2016 cannot be confirmed.

2. Other Grants and Transfers

Transfers to other government entities reflects Kshs.41,413,422 during the year ended 30 June 2016 which however had several variances between the support documents provided for audit review and the balances in the financial statements as shown below:

Item	Financial Statement Figure Kshs.	Support Documents Kshs.	Variance Kshs.
Bursary-Secondary School	6,888,051	6,896,700	(8,649)
Bursary-Tertiary	6,000,000	5,882,000	118,000
Bursary-Special Schools	1,622,244	891,300	730,944
Security	14,850,000	15,404,731	(554,731)
Roads	5,000,000	5,000,000	-
Sports	0	200,000	(200,000)
Environment	1,800,000	1,400,000	400,000
Emergency	5,253,384	5,253,384	-
Balances	41,413,679	40,928,115	485,564

Consequently, the propriety of other grants and transfers of Kshs.485,564 for the year ended 30 June 2016 cannot be confirmed.

3. Statement of Appropriation – Recurrent and Development

The summary statement of appropriation for recurrent and development expenditure reflects original budget balance of Kshs.110,349,620. However, the approved budget as per the National Government Constituencies Development Fund Board reflected Kshs.110,849,620 thus resulting to an unexplained difference of Kshs.500,000. This underfunding is likely to lead to some projects not being implemented. In addition, the adjustments indicated as Kshs.32,829,747 have not been supported. In addition, the statement reflects actual receipts of Kshs.143,179,367 while the statement of receipts and payments shows Kshs.112,349,620 leading to unexplained difference of Kshs.30,829,747.

Consequently, the accuracy of the summary statement of appropriation – recurrent and development cannot be confirmed.

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 - Kuria East 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. Budgetary Control and Performance

1.1. Budget Performance

The Constituency's final approved budget for 2015/2016 amounted to Kshs.143,179,367. During the same period, the National Government Constituencies Development Fund Board disbursed Kshs.119,779,624 or 84% of the approved budget resulting to an under-funding of Kshs.23,399,743 as detailed below:

Receipt/Expense Item	Approved Budget (Kshs)	Actual Expenditure (Kshs)	Under-Expenditure (Kshs)	% of Utilisation
Receipts				
Transfers from CDF Board	143,179,367	143,179,367	-	100.00%
Payments				
Compensation of Employees	2,681,800	2,103,150	578,650	85.1%

Use of Goods and Services	9,364,412	9,291,121	73,291	99.2%
Transfers to Other Government Units	51,560,000	45,900,000	5,660,000	89.0%
Other Grants and Transfers	67,573,154	41,413,422	26,159,732	61.3%
Acquisition of Assets	12,000,000	21,071,931	(9,071,931)	175.6%
Total	143,179,366	119,779,624	23,399,742	83.7%

Failure to observe budgetary provisions is likely to affect service delivery to the residents of the constituency. In addition, the management has not explained why it exceeded budget in the acquisition of assets by Kshs.9,071,931 without approval from National Government Constituencies Development Fund Board.

1.2. Project Verification

Execution of works on fourteen (14) projects costing Kshs.15,560,577 was verified in the course of the audit. Six (6) of the projects were found to be complete and eight (8) were at various stages of completion as tabulated below:

	Project Name	Activity	Budget (Kshs)	Level Of Completion %	Observations
1	Remanyanki Primary School	Building of a new classroom	600,000	90	Work was in progress
2	Kebaroti Primary School	Wiring, plastering, ceiling, tilling and painting of administration block	800,000	100	Complete but completion certificate was not issued
3	Kebaroti Mixed Secondary School	Roofing, plastering, wiring and painting of Dining Hall	3,768,055	100	Complete
4	Kebaroti Secondary School	Roofing, fixing doors, windows, plastering, wiring and painting of an ongoing twin staff houses	1,639,450	90	Completed but wiring was in progress
5	Chinato Health Centre	Wiring, ceiling, tilling of an ongoing maternity block	1,853,072	95	Complete but wiring was pending
6	Komotobo Secondary School	Construction of a new dormitory	1,000,000	90	Ongoing. Outstanding works include ceiling, latrines and fascia board
7	Nyaroa Primary School	Construction of a new classroom	600,000	100	Complete
8	Nyamutiro Police Post	Plastering, wiring and painting of four staff	300,000	100	Complete.

		houses			
9	Nyamotambe Assistant Chief	Roofing, fixing doors, windows, wiring and plastering	300,000	95	Plastering and painting outstanding
10	Gokeharaka Secondary School	Flooring and walling an ongoing two storage administration/class rooms building	2,000,000	30	Flooring of 1 st floor
11	Nyamaranya Primary School	Construction of a new classroom	600,000	90	Painting, ceiling, fascia board and electrification outstanding.
12	Nyamotambe Secondary School	Roofing, plastering and flooring of a dormitory	1,000,000	100	Complete
13	Kemakoba Primary School	Construction of a new classroom	600,000	100	Complete
14	Nyabasi West Chiefs Office	Construction of new chief office	500,000	50	At the Lintel level
	Total		15,560,577		

2. Previous Year Matters

The constituency management has not indicated in the financial statements for the year under review the status on follow-up of audit issues reported in the previous year as required by Public Sector Accounting Standards Board's Reporting Template.



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

Nairobi

31 January 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA EAST
CONSTITUENCY**

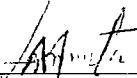
Reports and Financial Statements

For the year ended June 30, 2016

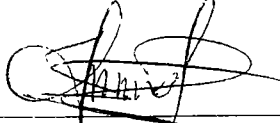
IV.STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board	1	112,349,620	102,626,645
TOTAL RECEIPTS		112,349,620	102,626,645
PAYMENTS			
Compensation of employees	2	2,103,150	2,308,051
Use of goods and services	3	9,291,121	11,905,504
Transfers to Other Government Units	4	45,900,000	27,259,431
Other grants and transfers	5	41,413,422	41,413,375
Acquisition of Assets	6	21,071,931	-
TOTAL PAYMENTS		119,779,624	82,886,362
SURPLUS/DEFICIT		(7,430,004)	19,740,283

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kuria East NGCDF financial statements were approved on 30/6/16 2016 and signed by:



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- KURIA EAST
CONSTITUENCY**

Reports and Financial Statements


For the year ended June 30, 2016

IV. STATEMENT OF CASHFLOW

Receipts for operating income		2015 - 2016	2014 - 2015
Transfers from CDF Board	1	112,349,620	102,626,645
		112,349,620	102,626,645
Payments for operating expenses			
Compensation of Employees	2	2,103,150	2,308,051
Use of goods and services	3	9,291,121	11,905,504
Transfers to Other Government Units	4	45,900,000	27,259,431
Other grants and transfers	5	41,413,422	41,413,375
		98,707,693	82,886,362
Net cash flow from operating activities		13,641,927	19,740,283
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(21,071,931)	-
Net cash flows from Investing Activities		(21,071,931)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(7,430,004)	19,740,283
Cash and cash equivalent at BEGINNING of the year	13	30,829,747	11,089,464
Cash and cash equivalent at END of the year		23,399,743	30,829,747

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kuria East NGCDF financial statements were approved on 30/8 2016 and signed by:


Chairman CDFC


Fund Account Manager

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

VI. TRIAL BALANCE AS AT 30TH JUNE 2016

		DR	CR
Cash and Cash equivalents			
	Bank Balances	23,399,744	
Payments			
	Compensation of Employees	2,103,150	
	Use of goods and services	9,291,121	
	Committee Expenses	-	
	Transfers to Other Government Units	45,900,000	
	Other grants and transfers	41,413,422	
	Social Security Benefits		
	Acquisition of Assets	21,071,931	
	Other Payments	-	
Receipts			
	Transfers from the Board		112,349,620
Prior Year Adjustment			-
Fund Balance b/f			30,829,747
TOTAL		143,179,367	143,179,367

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

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 –
KURIA EAST 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	AIE NO A724026		7,300,000.00
	AIE NO A724113	10,000,000.00	18,856,661.25
	AIE NO A796308	10,000,000.00	14,693,996.75
	AIE NO.A820591	10,000,000.00	11,462,664.50
	AIE NO.A820825	25,000,000.00	26,156,661.00
	AIE NO A825734	55,349,620.00	24,156,661.50
	AIE NO.A724026	2,000,000.00	
TOTAL		112,349,620.00	102,626,645.00

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

Description	2015 - 2016	2014 - 2015
	Kshs	Kshs
Utilities, supplies and services	66,267.00	124,294.00
Communication, supplies and services	400,500.00	477,380.00
Domestic travel and subsistence	736,800.00	1,004,140.00
Printing, advertising and information supplies & services	271,340.00	472,360.00
Training expenses	2,183,000.00	1,416,808.00
Hospitality supplies and services	462,923.00	188,705.00
Other committee expenses	786,000.00	3,255,790.00
Committee allowance	1,760,000.00	2,700,700.00
Specialised materials and services	126,800.00	54,850.00
Office and general supplies and services	397,055.00	487,188.00
Fuel, oil & lubricants	1,332,576.00	1,270,410.00
Other operating expenses		70,679.30
Routine maintenance – vehicles and other transport equipment	433,860.00	318,900.00
Routine maintenance – other assets	334,000.00	63,300.00
Total	9,291,121.00	11,905,504.30

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

Non Financial Assets		2015 - 2016	2014 - 2015
		Kshs	Kshs
Buildings		21,071,930.80	-
Total		21,071,930.80	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
KURIA EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2015 - 2016	2014 - 2015
	Kshs	Kshs
1.Tertiary Institution	0.00	10,000,000
2.Bursary	3,612,812.20	0.00
3.Health	1,300,000	0.00
TOTAL	4,912.812.20	10,000,000

15.2: OTHER PENDING PAYABLES (See Annex 2)

	2016	2015
	Kshs	Kshs
Amounts due to other Government entities (see attached list)	7,500,000	-
Amounts due to other grants and other transfers (see attached list)	1,200,000	-
Total	8,700,000	-

15.3: PENDING STAFF PAYABLES

	2016	2015
	Kshs	Kshs
Salaries (June 2016)	144,087.00	-
Total	144,087.00	-

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

ANNEX 2 - ANALYSIS OF PENDING OTHER PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
		a	b	c	d=a-c	
Amounts due to other Government entities						
1.Divisional Police Headquarters	Security	18,000,000	2014	10,500,000	7,500,000.00	-
2. Sport	Organizing of sport Activity	1,200,000	-	-	1,200,000.00	-
TOTAL		19,200,000.00	-		8,700,000.00	