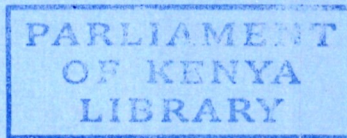


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT



OF

THE AUDITOR-GENERAL

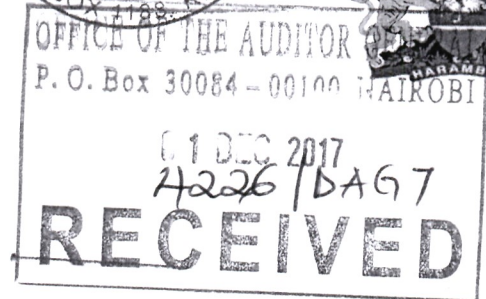
ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
NYARIBARI MASABA CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE 2016

*Paper laid
by the Hon. Benjamin Wabwire
14/3/2018*





NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYARIBARI
MASABA 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 –
NYARIBARI MASABA CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2016

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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The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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 Nyaribari Masaba 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 | Patrick M Lidovolo |
| 3. | Accountant | Charles Nyasani |
| 4. | | |

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Nyaribari Masaba 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) NYARIBARI MASABA NGCDF Headquarters

NGCDF Office Building.
P.O Bo 976-40202
KEROKA
KISII

(f) NYARIBARI MASABA NGCDF Contacts

Telephone: (254) 723-447-873
E-mail:nyaribarimasaba@NGCDF.go.ke

(g) NYARIBARI MASABA NGCDF Bankers

1. The Co-operative Bank of Kenya
KEROKA

(h) Independent Auditors

Auditor General
Office of 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

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

The NGCDFCs 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 Nyaribari Masaba.

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 NGCDFCs 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..........

Richard Onchari Okindo
CHAIRMAN NGCDFC

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.

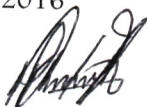
The Accounting Officer in charge of the Nyaribari Masaba NGCDF is responsible for the preparation and presentation of the NGCDF's financial statements, which give a true and fair view of the state of affairs of the NGCDF for and as at the end of the financial year (period) ended on June 30, 2016. This 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 Nyaribari Masaba 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 Nyaribari Masaba 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 Nyaribari Masaba 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 September 23, 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 - NYARIBARI MASABA 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 - Nyaribari Masaba Constituency set out on pages 5 to 19, 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 - Nyaribari Masaba 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. Transfers from CDF Board

The constituency management received from the National Government Constituencies Development Fund Board Kshs.116,123,008 against an annual allocation of Kshs.117,623,008 leading to unexplained difference of Kshs.1,500,000.

Desired service delivery may not have been fully attained on a timely basis due to delayed disbursement of funds.

2. Cash and Cash Equivalents

Cash and cash equivalents balance of Kshs.65,249,496 and analysis by bank reconciliation statement and other records had a list of un-presented cheques amounting to Kshs.1,437,459 which include stale cheques of Kshs.289,523 issued in the year under review and prior years that had not been reversed in the cashbook. Further, certificate of bank balances has not been availed for audit verification.

Consequently, it has not been possible to confirm that cash and cash equivalents balance of Kshs.65,249,496 is fairly stated.

3. Projects Implemented by PMCs Not Adequately Supported

- i. The constituency management disbursed Kshs.1,000,000 to the proposed Ikarango Health Centre for roofing, plastering, flooring, fitting, painting, electrification and ceiling. Physical verification conducted on 15 June 2017 however revealed that works on fitting, painting, electrification and ceiling had not been carried out and the health centre was not operational.
- ii. Nyaribari Masaba Environment Implementation Committee (PMCs) received Kshs.2,352,460 for environment activities. However, the expenditure returns were not made available for audit verification.

In absence of the expenditure returns, the funds disbursed may not have been utilized for the intended purpose.

4. Projects Implementation

Constituency Development Fund Committee (CDFC) directly implemented projects in six primary schools and three secondary schools for electrification, installation of lightening arresters and water tanks totalling Kshs.6,750,000 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 departments. Direct implementation of projects 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 Nyaribari Masaba Constituency Development Fund 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 Public Finance Management Act, 2012 and the Constituencies Development Fund Act, 2015.

Other Matter

1. Budget Performance Analysis

- i. Constituency Fund management was allocated Kshs.117,623,008 by the National Government Constituencies Development Fund Board but only received Kshs.127,581,663 and utilized Kshs.74,901,126. The amount received in the year includes an amount of Kshs.11,458,655 rolled over from the financial year 2014/2015 and hence the amount disbursed by the National Government Constituency Development Fund Board for the current financial year amounted to Kshs.116,123,008 which is less than the allocation by Kshs.1,500,000.
- ii. A comparison of budget and actual amounts for the year under review as shown below:

| | Budget Kshs | Actual Kshs | Under Expenditure Kshs | Over Expenditure Kshs | Level of Absorp -tion |
|-------------------------|----------------|----------------|------------------------------|-----------------------------|-----------------------------|
| Receipts from the Board | 117,623,008 | 69,458,655 | 48,164,353 | | 59% |
| Other Receipts | | 117,000 | | 117,000 | 0% |
| Payments | | | | | |

| | | | | | |
|----------------------------|--------------------|-------------------|-------------------|------------------|------------|
| Compensation of employees | 3,080,000 | 1,927,800 | 1,152,200 | | 63% |
| Use of goods and services | 4,653,805 | 732,778 | 3,921,027 | | 16% |
| Audit fees | 500,000 | | 500,000 | | 0% |
| Committee expenses | 2,689,885 | 6,950,471 | | 4,260,586 | 258% |
| Emergency | 5,767,647 | 8,799,906 | | 3,032,259 | 153% |
| Constituency sports | 2,352,460 | 2,352,460 | | | 100% |
| Environment | 2,352,460 | 2,352,460 | | | 100% |
| Bursary- Secondary schools | 5,000,000 | - | 5,000,000 | | 0% |
| Bursary- Tertiary | 23,410,752 | - | 23,410,752 | | 0% |
| Mocks/CATS | 1,000,000 | - | 1,000,000 | | 0% |
| Primary schools | 24,000,000 | 18,085,625 | 5,914,375 | | 75% |
| Secondary schools | 16,000,000 | 11,748,865 | 4,251,135 | | 73% |
| Health Projects | 4,500,000 | 4,200,000 | 300,000 | | 93% |
| Electricity | 1,300,000 | 998,286 | 301,714 | | 77% |
| Roads | 14,817,256 | 12,861,565 | 1,955,691 | | 86% |
| Agriculture | 1,000,000 | 1,000,000 | - | - | 100% |
| Security | 4,098,742 | 2,890,910 | 1,207,832 | | 71% |
| Acquisition of Assets | 1,100,000 | - | 1,100,000 | | 0% |
| Total | 117,623,008 | 74,901,126 | 50,014,726 | 7,292,845 | 66% |

The following were noted:

- i. The Constituency underspent on thirteen (13) line items with a total expenditure of Kshs.50,014,726 and overspent on two (2) line items with a total of Kshs.7,292,845.
- ii. The expenditure shows that committee and emergency expenses had the highest over expenditure and no explanation was provided for the material variations neither were reallocations approved by the National Government Constituency Development Fund Board before the end of the financial year.
- iii. The prior year audited financial statements reflected the unspent funds as at 30 June 2015 of Kshs.12,451,959 and the statement of appropriation reflects an adjustment on the budget estimates of Kshs.12,451,959 .The management did not provided schedules of projects earmarked for implementation from the funds rolled over from the previous year.

Consequently, service delivery to citizens of the constituency may not have been attained due to slow rate of absorption of funds.

2. Project Verification

During the year under review, ten (10) projects costing Kshs.10,538,750 were physically verified during the audit in June 2017 and eight projects were found to be complete.

| No. | Project Name | Activity | Total Amount Kshs | Status/ Observations | % of utilization |
|-----|---------------------|---|-------------------|----------------------|------------------|
| 1 | Riamakanda Primary | Construction of 2 model classrooms fully fitted with windows, doors, ceiling and painted | 1,250,000 | Complete | 100% |
| 2 | Kiamirega Primary | Construction of 2 model classrooms fully fitted with windows, doors, ceiling and painted | 1,250,000 | Complete | 100% |
| 3 | Ekerubo Dispensary | Superstructure, roofing, plastering, flooring, fitting, painting, electrification and ceiling | 1,000,000 | Ongoing | 100% |
| 4 | Bokebarori Primary | Construction of 2 model classrooms fully fitted with windows, doors, ceiling and painted | 1,250,000 | Complete | 100% |
| 5 | Ikorongo Secondary | Construction of 2 model classrooms fully fitted with windows, doors, ceiling and painted | 1,288,750 | Complete | 100% |
| 6 | Riamichoki | Construction of 2 model classrooms fully fitted with windows, doors, ceiling and painted | 750,000 | Complete | 100% |
| 7 | Riabigutu Secondary | Construction of 2 model classrooms fully fitted with windows, doors, ceiling and painted | 750,000 | Complete | 100% |
| 8 | Masabo Secondary | Construction of 2 model classrooms fully fitted with windows, doors, ceiling and painted | 750,000 | Complete | 100% |
| 9 | Emonga Primary | Construction of 2 model classrooms fully fitted with | 1,150,000 | Complete | 100% |

| | | | | | |
|----|---------------------|---|-----------|----------|------|
| | | windows, doors, ceiling and painted | | | |
| 10 | Ikarango Dispensary | Roofing, plastering, flooring, fitting, painting, electrification and ceiling | 1,100,000 | On-going | 100% |

It was noted that the two projects were not branded because they were on-going. Lack of branding risks overlapping of projects especially where there is multi-funding from other Government agencies.



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

Nairobi

31 January 2018

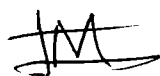
Reports and Financial Statements

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 | 127,581,663 | 99,509,926 |
| Proceeds from Sale of Assets | 2 | - | |
| Other Receipts | 3 | 117,000 | |
| TOTAL RECEIPTS | | 127,698,663 | 99,509,926 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 1,915,000 | 1,371,000 |
| Use of goods and services | 5 | 732,778 | 1,965,923 |
| Committee Expenses | 6 | 6,950,471 | 5,400,000 |
| Transfers to Other Government Units | 7 | 34,034,490 | 21,256,103 |
| Other grants and transfers | 8 | 31,255,587 | 91,979,984 |
| Acquisition of Assets | 9 | - | 2,992,982 |
| Social Security | 10 | 12,800 | 14,000 |
| Other Payments | 11 | - | - |
| TOTAL PAYMENTS | | 74,901,126 | 125,010,469 |
| SURPLUS/DEFICIT | | 52,797,537 | -25,500,543 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyaribari Masaba NGCDF financial statements were approved on September 23, 2016 and signed by:



Chairman - NGCDF




Fund Account Manager

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

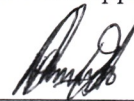
V. STATEMENT OF ASSETS AS AT 30 JUNE 2016

| | Note | 2015 - 2016 | 2014 - 2015 |
|---------------------------------------|------|-------------|--------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 12A | 65,249,496 | 12,451,959 |
| TOTAL FINANCIAL ASSETS | | 65,249,496 | 12,451,959 |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1st July... | 13 | 12,451,959 | 37,054,825 |
| Surplus/Deficit for the year | | 52,797,537 | (24,602,866) |
| Prior year adjustments | 14 | - | - |
| NET LIABILITIES | | 65,249,496 | 12,451,959 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyaribari Masaba NGCDF financial statements were approved on September 23, 2016 and signed by:



Chairman - NGCDFC




Fund Account Manager

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

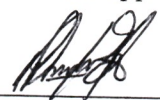
VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2016

| Receipts for operating income | | 2015 - 2016 | 2014 - 2015 |
|---|-----|--------------------|--------------------|
| Transfers from CDF Board | 1 | 127,581,663 | 99,509,926 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | 117,000 | - |
| | | 127,698,663 | 99,509,926 |
| Payments for operating expenses | | | |
| Compensation of employees | 4 | 1,915,000 | 1,371,000 |
| Use of goods and services | 5 | 732,778 | 1,965,923 |
| Committee Expenses | 6 | 6,950,471 | 5,400,000 |
| Transfers to Other Government Units | 7 | 34,034,490 | 21,256,103 |
| Other grants and transfers | 8 | 31,255,587 | 91,112,784 |
| Social Security | 10 | 12,800 | 14,000 |
| Other Payments | 11 | - | - |
| | | 74,901,126 | 121,119,810 |
| Adjusted for: | | | |
| Adjustments during the year | 14 | - | - |
| Net cash flow from operating activities | 12A | 52,797,537 | -21,609,884 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | - | - |
| Acquisition of Assets | 9 | - | -2,992,982 |
| Net cash flows from Investing Activities | | - | -2,992,982 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 52,797,537 | -24,602,866 |
| Cash and cash equivalent at BEGINNING of the year | 13 | 12,451,959 | 37,054,825 |
| Cash and cash equivalent at END of the year | | 65,249,496 | 12,451,959 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Nyaribari Masaba NGCDF financial statements were approved on September 23, 2016 and signed by:



 Chairman NGCDF



 Fund Account Manager

**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 a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilisation Difference e=c-d | % of Utilisation f=d/c % |
|-------------------------------------|----------------------|-------------------|-----------------------|---------------------------------|--|-----------------------------|
| RECEIPTS | | | | | | |
| Transfers from CDF Board | 117,623,008 | 12,451,959 | 130,074,967 | 127,581,663 | 2,493,304 | 57.7% |
| Other Receipts | | | | 117,000 | 117,000 | 0.0% |
| TOTAL | 117,623,008 | 23,012,936 | 130,074,967 | 127,698,663 | 2,610,304 | 57.6% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 3,024,000 | 68,959 | 3,092,959 | 1,915,000 | 1,177,959 | 61.5% |
| Use of goods and services | 10,803,432 | 200,000 | 11,003,432 | 732,778 | 10,270,654 | 6% |
| Transfers to Other Government Units | 44,500,000 | 12,183,000 | 56,683,000 | 34,034,490 | 22,648,510 | 60% |
| Other grants and transfers | 59,295,575 | 9,194,690 | 59,295,575 | 31,255,587 | 28,039,988 | 52.7% |
| Social Security | | | | 12,800 | | |
| TOTAL | 117,623,008 | 12,451,959 | 130,074,967 | 75,958,807 | 54,114,159 | 58.4% |

The NYARIBARI MASABA NGCDF financial statements were approved on September 23, 2016 and signed by:



Chairman NGCDF



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 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.

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.

VII. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

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2. PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

| | 2015 - 2016 | 2014 - 2015 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Interest Received | - | - |
| Rents | - | - |
| Receipts from Sale of tender documents | 117,000 | - |
| Other Receipts Not Classified Elsewhere | - | - |
| | - | - |
| Total | 117,000 | - |

4. COMPENSATION OF EMPLOYEES

| Description | 2015 - 2016 | 2014 - 2015 |
|--------------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Basic wages of contractual employees | 1,915,000 | 1,371,000 |
| Total | 1,915,000 | 1,371,000 |

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- NYARIBARI MASABA 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 | | 1,549,457 |
| Communication, supplies and services | | 420,000 |
| Insurance costs | | 546,466 |
| Fuel ,oil & lubricants | 677,000 | 200,000 |
| Bank Charges | 55,778 | |
| Total | 732,778 | 8,145,923 |

6. COMMITTEE EXPENSES

| Description | 2015 - 2016 | 2014 - 2015 |
|-------------------------------|------------------------|------------------------|
| | Kshs | Kshs |
| Other Committee Expenses -M&E | 3,800,000 | 3,200,000 |
| Committee Allowance | 3,150,471 | 2,230,000 |
| Total | 6,950,471 | 5,430,000 |

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

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7. OTHER GRANTS AND OTHER PAYMENTS

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

OTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

| <u>Non-Financial Assets</u> | | 2015 - 2016 | 2014 - 2015 |
|---|--|------------------------|--------------------|
| | | Kshs | Kshs |
| Refurbishment of Buildings | | - | 2,408,551 |
| Purchase of Office furniture and fittings | | | 584,431 |
| Total | | - | 2,992,982 |

9. SOCIAL SECURITY

| Description | 2015 - 2016 | 2014 - 2015 |
|-------------------------------|------------------------|--------------------|
| | Kshs | Kshs |
| Employer contribution to NSSF | 12,800 | 14,400 |
| Total | 12,800 | 14,400 |

Reports and Financial Statements

For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER PAYMENTS

| | | | |
|--------------|--|---|---|
| TOTAL | | - | - |
| | | | |

10A: Bank Accounts (cash book bank balance)

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

| Name of Officer or Institution | Date Imprest Taken | Amount Taken | Amount Surrendered | Balance |
|---------------------------------------|---------------------------|---------------------|---------------------------|----------------|
| | | Kshs | Kshs | Kshs |
| | | | | |
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| 12 Retention | | | |
|----------------------------|--------------|--------------------|--------------------|
| Supplier/Contractor | PV no | 2015 - 2016 | 2014 - 2015 |
| | | Kshs | Kshs |
| | | | |
| | | | |
| | | | |
| TOTAL | | | |

13. BALANCES BROUGHT FORWARD

| | 2015 - 2016 | 2014 - 2015 |
|---------------|----------------------------------|----------------------------------|
| | Kshs (1/7/2015) | Kshs (1/7/2014) |
| Bank accounts | 11,554,281 | 37,054,825 |
| Cash in hand | | |
| Imprest | | - |
| Total | 11,554,281 | 37,054,825 |

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 | 18,924,723 | 18,924,723 |
| Transport equipment | 4,000,000 | 4,000,000 |
| Office equipment, furniture and fittings | 1,357,635 | 1,357,635 |
| ICT Equipment, Software and Other ICT Assets | 75,000 | 75,000 |
| Total | 24,357,358 | 24,357,358 |

Reports and Financial Statements

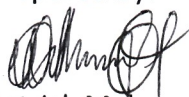
For the year ended June 30, 2016

ANNEX 5 – PROGRESS REPORTS ON FOLLOWUP OF PREVIOUS AUDIT REPORTS

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

| Reference Number | Audit Issues in 2014/20`15 | Management Comments | Focal Point | Status |
|---|--|---------------------|--------------|----------|
| Statement of Financial Assets | The statement of financial assets indicates that the fund balance brought forward at 1 st July 2014 was Kshs. 37,054,825 which differs with the 2013/2014 closing balance figure of Kshs. 38,874,825. In addition, the total financial assets figure of Kshs. 12,451,951 differs with the net liabilities figure of Kshs. 11,554,281. The accuracy of the fund balance brought forward figure of Kshs. 37,054,825 could not be confirmed. | | Fund Manager | Resolved |
| Summary Statement of Appropriation | The summary statement of appropriation indicates that the current year's final budget figures for total receipts and total payments as Kshs. 110,968,581 and Kshs. 137,365,819 respectively. However, records from the CDF board indicates that the final approved budget figure as Kshs. 101,168,581. The accuracy of the summary statement of appropriation could not therefore be confirmed. | | Fund Manager | Resolved |

Prepared by:



Patrick Malongo Lidovolo,

Fund Account Manager

Nyaribari Masaba NGCDFC