

Paper laid by the
Hon. B. Wambali
Mps
14/3/18

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
BOBASI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2016**



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

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CONSTITUENCY DEVELOPMENT FUND- BOBASI 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The Constituencies Development Fund (NGCDF) was set up under the NGCDF Act, 2003 now repealed by the NGCDF Act, 2013.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 Bobasi 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	John Onger
3.	Accountant	Joseph Wesonga
4.		

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Bobasi 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) BOBASI NGCDF Headquarters

Bobasi Constituency Development Fund.
P.O BoX 98-40204
Opposite DCC's Offices,
Hospital Road,
Nyamache, Kenya.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

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

(f) BOBASI NGCDF Contacts

Telephone: (254) 0710426880
E-mail:Bobasi@cdf.go.ke

(g) BOBASI NGCDF Bankers

1. Co-operative Bank – Kisii Branch
A/C No. 01120018210900
P.O Box 2469 - 40200
Kisii

(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- BOBASI
CONSTITUENCY**

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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 Bobasi.

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.....
CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
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 Bobasi 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 Bobasi 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 incharge of the Bobasi 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 Bobasi 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
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- BOBASI 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- Bobasi Constituency set out on pages 5 to 24, which comprise the statement of financial assets as at 30 June 2016, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 National Government Constituencies Development Fund (NGCDF) Board

The Constituency received from the NGCDF Board an amount of Kshs.132,102,892 against a budget of Kshs.136,032,885 resulting in a difference of Kshs.3,929,993. Desired service delivery may not have been attained on a timely basis due to delayed disbursement of funds.

2. Compensation of Employees

The compensation of employees figure balance of Kshs.991,567 was not supported by a breakdown or payees and the payments per month. Further, payrolls for the months of October to November 2015, January and February 2016 were not made available for audit review.

Consequently, the accuracy and propriety compensation of employees balance of Kshs.991,567 could not be confirmed.

3. Implementation Water Projects

The Constituency disbursed a total of Kshs.23,750,155 under other grants and transfers during the year under review as reflected in the statement of receipts and transfers. Out of this amount, Kshs.4,219,957 in respect of water projects was paid directly to the contractors to implement projects contrary to the provisions of the National Government Constituencies Development Fund Act, 2015 and procurement laws.

Consequently, the expenditure incurred was in contravention of the law.

4. Non-Filling of Expenditure Returns by Project Management Committees

The Constituency disbursed a total of Kshs.59,994,983 under transfers to other Government entities during the year under review as reflected in the statement of receipts and transfers. Out of this amount, Kshs.49,994,983 was administered

through Project Management Committees (PMCs) spread throughout the constituency. However, the PMCs have not filed expenditure returns including cashbooks, bank statements, stores records, minutes, and other relevant accounting documents with likelihood of money being lost due to non-accountability by the PMCs.

In consequence, the status of the projects may not be known due to lack of records.

5. Transfers to Health Institutions

Bobasi CDF management transferred Kshs.15,082,760 to Health Institutions as detailed below:

Dispensary	Amount Kshs.
Kionyo Dispensary	9,643,494
Nyamache Hospital (KMTC)	1,089,074
Omosaria Dispensary	1,037,074
Kenyerere Health Centre	1,679,237
Nyakegogi Dispensary	614,000
Nyansakia Health Centre	776,313
Kenyambi Dispensary	131,415
Kiobegi Dispensary	112,153
Total	15,082,760

Although the National Government Constituencies Development Fund Board approved the transfers for projects whose construction started before the National Government Constituencies Development Fund Act, 2015 came into operation, verification done at Omosaria and Kionyo Dispensaries on 10 and 11 May 2017 revealed the projects were far from being completed and their continued funding will be in contravention of the Act.

6. Fixed Assets Register

The summary of fixed assets at annex 4 reflect under Kshs.4,772,993 as at 30 June 2016. However, the figure was not supported by fixed assets register. Consequently, the accuracy of the summary of fixed assets figure could not 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 - Bobasi 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Other Matter

1. Budget Performance Analysis

During the year under review, Bobasi CDF management was allocated Kshs.136,032,885 by the National Government Constituencies Development Fund Board but only Kshs.132,102,892 was disbursed to the constituency during the year. A comparison of budget and actual amounts for the year under review is as shown below:

Item	Budget	Actual	Under Expenditure	Over Expenditure	Absorption Rate
	Kshs	Kshs	Kshs	Kshs	%
Receipts	136,032,885	132,102,892	3,929,993		
Administration	5,561,973	991,567	4,570,406		18
Use of goods and services	2,600,000	959,223	1,640,777		37
Committee expenses	4,080,986	2,645,950	1,435,036		65
Audit Fees	500,000	0	500,000		0
Bursary- Tertiary	12,836,467	16,945,898		4,119,431	132
Transfers to Primary schools	21,700,000	14,362,223	7,337,777		66
Transfers to Secondary schools	21,836,000	20,550,000	1,286,000		94
Transfers to Tertiary schools	10,500,000	10,000,000	500,000		95
Health Projects	19,959,812	15,082,760	4,877,052		76
Electricity Projects	1,800,000	0	1,800,000		0
Water Projects	17,200,000	4,301,500	12,898,500		25
Environment	1,200,000	0	1,200,000		0
Sports Activities	1,200,000	0	1,200,000		0
Roads	5,000,000	680,000	4,320,000		14
Emergency	5,767,647	0	5,767,647		0
Agriculture	3,600,000	1,500,000	2,100,000		42

Security	700,000	350,000	350,000		50
Total	136,032,885	88,369,121	51,783,195	4,119,431	65

The following issues were noted:

- i. The prior year audited financial statements reflected the unspent funds as at 30 June 2015 of Kshs.24,492,282 while the statement of appropriation reflects an adjustment on the budget estimates of Kshs.44,492,282 leading to unreconciled variance of Kshs.20,000,000 .The management did not provided schedules of projects earmarked for implementation from the funds rolled over from the prior year
- ii. The overall under spending was 35% below budget mainly attributed to late disbursement of funds to various Project Management Committees (PMCs).
- iii. The Constituency under spent on seventeen (17) line items with a total expenditure of Kshs.52,283,195 and overspent on one (1) line items with a total of Kshs.4,945,898.
- iv. Included in the total payments of Kshs.88,369,121 in the statements of receipts and payments is expenditure of Kshs.24,492,282 which relates to 2014/2015 as a balance of cash and cash equivalents which was rolled over to the year under review.
- v. The expenditure shows that bursary had the highest over expenditure and no explanation was provided for the material variations neither were reallocations by the National Government Constituencies Development Fund Board before the end of the financial year.
- vi. As at 30 June 2016, the reconciled bank balance was Kshs.68,226,053. However some of the projects had not been undertaken and thus the residents may not have received the services as provided for in the approved budget.

Consequently, delayed service delivery to citizens of the constituency due to slow rate of absorption of funds.

2. Project Verification

During the year under review, fourteen (14) projects whose payments totaled to Kshs.27,478,713 were physically verified in May 2017 in which four projects were confirmed to be complete and in use while ten were ongoing as tabulated below;

Details	Project Activity	Amount Kshs	Status
Kionyo Dispensary (Jomzulu General Contractors)	Construction of Health Centre	3,410,464	Structure done up to second floor/Far from being complete
Nyamache Hospital (Kmtc)	Construction of Health Centre	900,000	Finished and in use
Omosaria Dispensary (Sezi Construction Co. Ltd)	Construction of Health Centre	864,769	Super structure done up to second floor
Nyacheki Primary School	Construction of classroom	250,000	Classrooms finished and in use
Nyagiki Primary School	Construction of classroom	250,000	Classrooms finished and in use
Orogare Tti	Construction of TTC	10,000,000	Structure done/Plastering ,fixing of windows and doors ongoing
Gionseri Girls Sec. School	Construction of classroom	3,100,000	Construction of 3rd floor and roofing - Plastering ongoing
Riambase Sec. Sch.	Construction of dormitory	2,500,000	Construction of 2 dormitories complete and in use
Suguta Girls Secondary (Gesure Building And Contractors Ltd)	Construction of dormitory	1,365,000	School complete and in use
Nyamache Boys High School	Construction of dormitory	900,000	2 dormitories finished and in use
Getai Sec. School	Construction of classroom	600,000	One Classroom done up to Lintel/Plastering and flooring/doors, widows and electrification on classroom 2
Igego Water Projects	Rehabilitation of water spring	3,098,480	Project complete though no labelling
Omosaria Tea Buying Centre	Painting and plastering	120,000	Project complete and labelling done

Riruka Tea Buying Centre	Painting and plastering	120,000	Project complete and labelling done
	Total	27,478,713	



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

Nairobi

01 February 2018

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

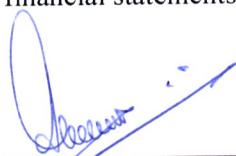
Reports and Financial Statements

For the year ended June 30, 2016

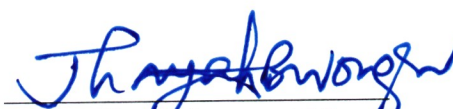
**IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE
2016**

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	132,102,892	108,379,140
Proceeds from Sale of Assets	2	-	
Other Receipts	3	-	
TOTAL RECEIPTS		132,102,892	108,379,140
PAYMENTS			
Compensation of employees	4	991,567	982,154
Use of goods and services	5	3,632,416	1,000,249
Committee Allowances		-	5,443,700
Transfers to Other Government Units	6	59,994,983	61,750,355
Other grants and transfers	7	23,750,155	46,149,113
Social Security		-	12,000
Acquisition of Assets	8	-	271,296
Other Payments	9	-	-
TOTAL PAYMENTS		88,369,121	115,608,867
SURPLUS/DEFICIT		43,733,771	(7,229,727)

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



Chairman - NGCDFC



Fund Account Manager

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
CONSTITUENCY**

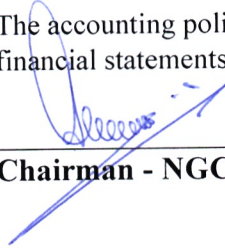
Reports and Financial Statements

For the year ended June 30, 2016

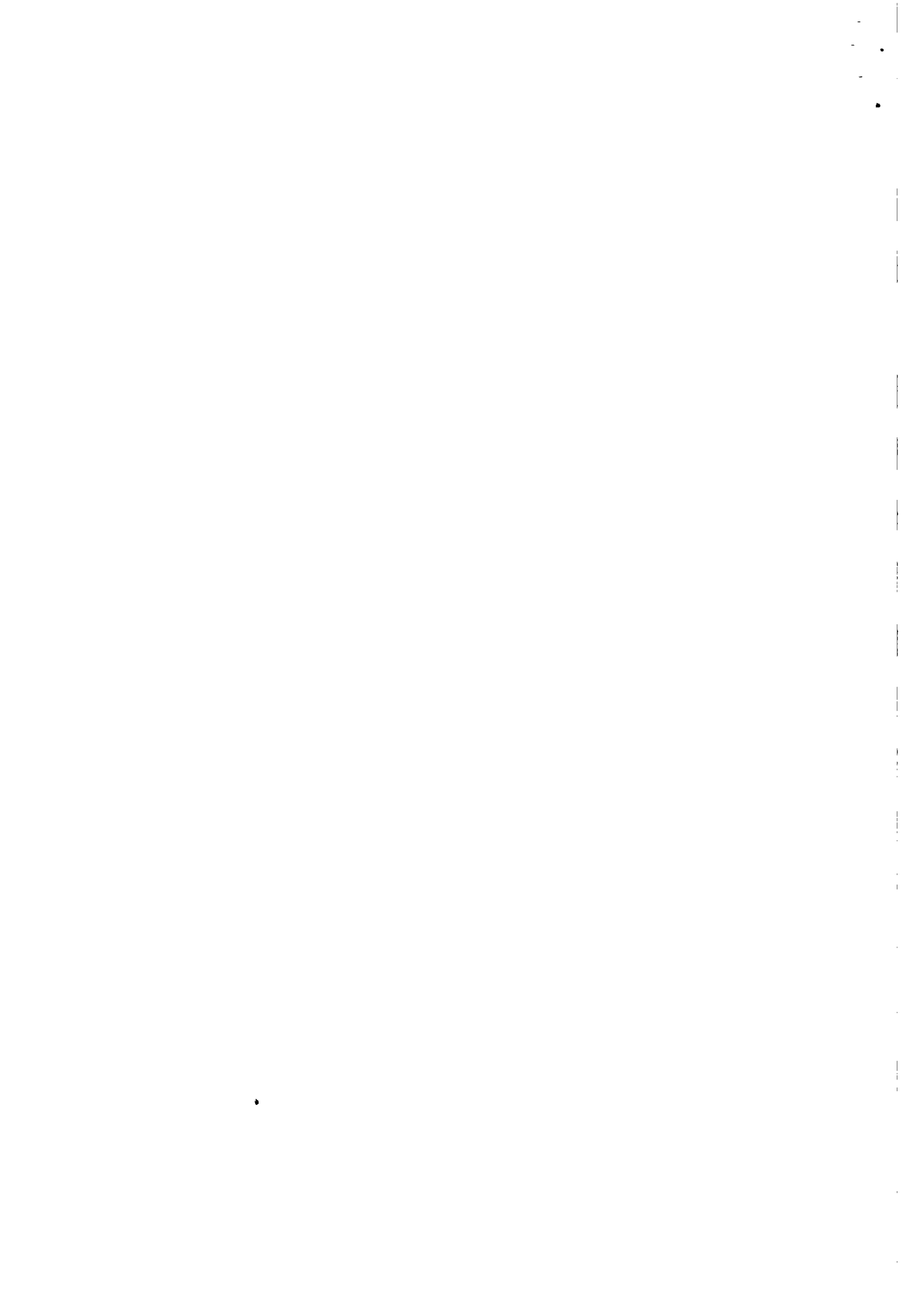
V. STATEMENT OF ASSETS AS AT 30 JUNE 2016

	Note	2015 - 2016	2014 - 2015
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	68,226,053	24,492,282
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		68,226,053	24,492,282
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	24,492,282	31,722,009
Surplus/Deficit for the year		43,733,771	(7,229,727)
Prior year adjustments	14	-	-
NET LIABILITIES		68,226,053	24,492,282

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


Chairman - NGCDFC


Fund Account Manager



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- BOBASI
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	132,102,892	108,379,140
Other Receipts	3	-	-
		132,102,892	108,379,140
Payments for operating expenses			
Compensation of Employees	4	991,567	982,154
Use of goods and services	5	3,632,416	1,000,249
Committee Allowances		-	5,443,700
Transfers to Other Government Units	6	59,994,983	61,750,355
Other grants and transfers	7	23,750,155	46,149,113
Social Security Benefits	8	-	12,000
Acquisition of Assets	9	-	271,296
Other Payments		-	-
		88,369,121	115,608,867
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		43,733,771	(6,958,431)
Cash flow From Investing Activities			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(271,296)
Net cash flows from Investing Activities		-	(271,296)
Net Increase In Cash And Cash Equivalent		43,733,771	(7,229,727)
Cash and cash equivalent at BEGINNING of the year	13	24,492,282	31,722,009
Cash and cash equivalent at END of the year		68,226,053	24,492,282

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


Chairman NGCDF

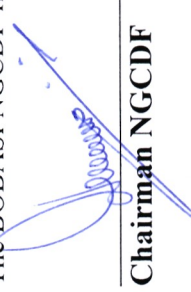

Fund Account Manager

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	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	136,032,885	44,492,282	180,525,167	132,102,892	48,422,275	73%
Proceeds from Sale of Assets				-	-	
Other Receipts	-			-	-	
TOTAL	136,032,885	44,492,282	180,525,167	132,102,892	48,422,275	73%
PAYMENTS						
Compensation of Employees	2,600,000	1,408,433	4,008,433	991,567	3,016,866	25%
Use of goods and services	5,165,357	3,000,000	8,165,357	3,632,416	4,532,941	45%
Transfers to Other Government Units	68,498,097	17,694,624	86,192,721	59,994,983	26,197,738	70%
Other grants and transfers	58,567,318	21,188,725	79,756,043	23,750,155	56,005,888	30%
Acquisition of Assets	1,202,113	1,200,500	2,402,613	-	2,402,613	-
Other Payments			-		-	-
TOTAL	136,032,885	44,492,282	180,525,167	88,369,121	92,156,046	43%

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


Chairman NGCDF


Fund Account Manager

V. 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 – BOBASI
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 – BOBASI
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VI. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2015 - 2016	2014 - 2015
		Kshs	Kshs
Normal allocation			
	A759727	64,102,892	108,379,140
	A 759745	34,000,000	-
	A 820951	34,000,000	-
TOTAL		132,102,892	108,379,140

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		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2015 - 2016	2014 - 2015
	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	891,869	982,154
Basic wages of casual labour	-	-
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF gratuity	99,698	12,000
	-	-
Total	991,567	994,154

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOBASI
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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	60,000	-
Office rent	-	-
Communication, supplies and services	-	415,000
Domestic travel and subsistence	116,000	150,000
Printing, advertising and information supplies & services	77,243	101,180
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Other committee expenses	426,000	1,575,210
Committee allowance	2,219,950	3,868,490
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	-	-
Fuel ,oil & lubricants	625,811	300,000
Other operating expenses	47,412	34,069
Routine maintenance – vehicles and other transport equipment	60,000	-
Routine maintenance – other assets	-	-
Total	3,632,416	6,443,949

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOBASI
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2015 -	2014 -
	2016	2015
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	14,362,223	18,650,000
Transfers to secondary schools (see attached list)	20,550,000	26,390,701
Transfers to tertiary institutions (see attached list)	10,000,000	-
Transfers to health institutions (see attached list)	15,082,760	16,709,654
TOTAL	59,994,983	61,750,355

7. OTHER GRANTS AND OTHER PAYMENTS

	2015 -	2014 -
	2016	2015
	Kshs	Kshs
Bursary – secondary schools (see attached list)	-	-
Bursary – tertiary institutions (see attached list)	16,918,655	13,559,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Water projects (see attached list)	4,301,500	17,558,384
Agriculture projects (see attached list)	1,500,000	1,661,394
Electricity projects (see attached list)	-	-
Security projects (see attached list)	350,000	2,000,000
Roads projects (see attached list)	680,000	10,480,364
Sports projects (see attached list)	-	-
Environment projects (see attached list)	-	-
Other Projects (see attached list)	-	-
Emergency Projects (specify)	-	700,000
Total	23,750,155	46,149,113

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOBASI
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non-Financial Assets	2015 - 2016	2014 - 2015
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	74,796
Purchase of ICT Equipment, Software and Other ICT Assets	-	196,500
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	-	271,296

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOBASI
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

2015 - 2016 **2014 - 2015**
Kshs **Kshs**

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2015 - 2016	2014 - 2015
	Kshs	Kshs
Co-operative Bank, Kisii Branch – A/C No. 01120018210900	15,653,938	6,871,365
	-	-
	-	-
	-	-
	15,653,938	6,871,365
10B: CASH IN HAND		
	2015 - 2016	2014 - 2015
	Kshs	Kshs
Location 1		
Other Locations (specify)		
Total		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOBASI
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For the year ended June 30, 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

	2015 - 2016	2014 - 2015
	Kshs	Kshs
Bank accounts	24,492,282	76,140,983
Cash in hand		
Imprest	-	-
Total	24,492,282	76,140,983

14. PRIOR YEAR ADJUSTMENTS

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BOBASI
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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE

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

15.2: PENDING STAFF PAYABLES

	Kshs	Kshs
Senior management		
Middle management		
Unionisable employees		
Others		

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities		
Amounts due to other grants and other transfers		
Others		

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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE

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

15.2: PENDING STAFF PAYABLES

	Kshs	Kshs
Senior management		
Middle management		
Unionisable employees		
Others		

15.3: OTHER PENDING PAYABLES (See Annex 3)

	Kshs	Kshs
Amounts due to other Government entities		
Amounts due to other grants and other transfers		
Others		

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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 CONSTITUENCIES DEVELOPMENT FUND – BOBASI CONSTITUENCY
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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 CONSTITUENCIES DEVELOPMENT FUND – BOBASI CONSTITUENCY
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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2015	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
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 CONSTITUENCIES DEVELOPMENT FUND – BOBASI CONSTITUENCY
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ANNEX 5 – PRIOR YEAR ISSUES

S/NO.	ISSUES	ACTION
1.	<p>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. 140,101,149. However, records from the National Government Constituency Development Fund Board indicates that the final approved budget for the year 2014/2015 was Kshs. 128,205,784. The accuracy of the Summary statement of appropriation could not therefore be confirmed.</p>	Issue addressed by the management
2.	<p>Transfers to Other Government Units</p> <p>The statement of Receipts and Payments indicates that transfers to other government units amounted to Kshs. 61,750,355 during the year under review. Included in this figure were transfers to secondary schools amounting to Kshs. 5,350,000 which were not supported with payment vouchers, minutes of committee meetings, and returns from PMCs amongst other documents. In the absence of the supporting documents, the propriety of such expenditure could not be ascertained.</p>	‘‘
3.	<p>Cash and cash equivalents</p> <p>The statement of financial assets indicates that the total cash and cash equivalents as at 30 June 2015 was Kshs. 24,492,282. However, the bank reconciliation statement for the month of June 2015 indicates that there were bankings amounting to Kshs. 330,000 which have not been supported nor explained from management. Consequently, the accuracy of the cash and cash equivalents figure of Kshs. 24,492,282 could not be confirmed.</p>	‘‘
4.	Unsupported Payments	‘‘

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

ANNEX 5 – PRIOR YEAR ISSUES

S/NO.	ISSUES	ACTION
1.	<p>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. 140,101,149. However, records from the National Government Constituency Development Fund Board indicates that the final approved budget for the year 2014/2015 was Kshs. 128,205,784. The accuracy of the Summary statement of appropriation could not therefore be confirmed.</p>	Issue addressed by the management
2.	<p>Transfers to Other Government Units</p> <p>The statement of Receipts and Payments indicates that transfers to other government units amounted to Kshs. 61,750,355 during the year under review. Included in this figure were transfers to secondary schools amounting to Kshs. 5,350,000 which were not supported with payment vouchers, minutes of committee meetings, and returns from PMCs amongst other documents. In the absence of the supporting documents, the propriety of such expenditure could not be ascertained.</p>	,,
3.	<p>Cash and cash equivalents</p> <p>The statement of financial assets indicates that the total cash and cash equivalents as at 30 June 2015 was Kshs. 24,492,282. However, the bank reconciliation statement for the month of June 2015 indicates that there were bankings amounting to Kshs. 330,000 which have not been supported nor explained from management. Consequently, the accuracy of the cash and cash equivalents figure of Kshs. 24,492,282 could not be confirmed.</p>	,,
4.	<p>Unsupported Payments</p> <p>Included in the statement of receipts and payments figure of Kshs. 115,608,867 are Kshs. 1,271,545, Kshs. 46,149,113 and nil in respect of use of goods and services, other grants and other payments and acquisition of assets while the relevant supporting document had Kshs. 1,000,251, Kshs. 42,280,649 and Kshs. 271,294 respectively resulting to unexplained difference of Kshs. 271,294, Kshs. 3,868,464 and Kshs. 271,294</p>	,,


John Ongeri
Fund Account Manager
BOBASI

